

**Articles of Association of Inner Mongolia Yitai Coal Co., Ltd.**

**29 December 2022**

## Contents

Chapter 1 General Provisions . . . . .	2
Chapter 2 Purpose and Scope of Business . . . . .	4
Chapter 3 Share and Registered Capital . . . . .	5
Chapter 4 Capital Reduction and Share Repurchase . . . . .	9
Chapter 5 Financial Assistance for Purchase of the Company's Shares . . . . .	13
Chapter 6 Shares and Shareholder Register . . . . .	14
Chapter 7 Right and Obligations of Shareholders . . . . .	21
Chapter 8 the Shareholders' General Meetings . . . . .	26
Chapter 9 Special Procedures about Voting of the Class Shareholders . . . . .	52
Chapter 10 Board of Directors . . . . .	55
Chapter 11 Independent Directors . . . . .	71
Chapter 12 Manager and Senior Management . . . . .	77
Chapter 13 Secretary to the Board of Directors . . . . .	80
Chapter 14 Supervisory Committee . . . . .	83
Chapter 15 Qualifications and Duties of the Directors, Supervisors, Managers and Other Senior management . . . . .	86
Chapter 16 Financial and Accounting System and Profit Distribution . . . . .	94
Chapter 17 Appointments of Accounting Firm and Internal Audit . . . . .	101
Chapter 18 Merger and Division of the Company . . . . .	104
Chapter 19 Dissolution and Liquidation of the Company . . . . .	106
Chapter 20 Procedure for Amendments of Articles of Association . . . . .	109
Chapter 21 Resolution of Disputes . . . . .	110
Chapter 22 Notices and Announcements . . . . .	111
Chapter 23 Supplementary Provisions . . . . .	114

# Articles of Association of Inner Mongolia Yitai Coal Co., Ltd.

## Chapter 1 General Provisions

Article 1.01 To safeguard the legal interests of Inner Mongolia Yitai Coal Co., Ltd., its shareholders and creditors and regulate the organization and behavior of the Company, the Articles of Association are formulated in accordance with the Company Law, the Securities Law, the Special Provisions, the Mandatory Clauses, the Guidelines for the Articles of Association, the listing rules of the stock exchanges where the Company's shares are listed as well as other relevant laws, regulations and rules.

The Company is a joint stock company incorporated with limited liability in accordance with the Company Law and other relevant laws, regulations and rules. The Company was founded by means of flotation with the Nei Zheng Gu Pi Zi (1997) No.14 joint stock company approval issued by Inner Mongolia People's Government, and the Company was registered with the Inner Mongolia Administration for Industry and Commerce and obtained its business license with a unified social credit code of 11506006264024904.

On 15 July 1997, with approval by Security Committee of the State Council, the Company initially issued 166 million domestically listed shares in US dollar in the domestic stock markets (B Shares), which are listed on the Shanghai Stock Exchange on 8 August 1997.

Article 1.02 The registered name of the Company:  
Chinese: 内蒙古伊泰煤炭股份有限公司  
English: Inner Mongolia Yitai Coal Co., Ltd.

Article 1.03 Domicile of the Company: Yitai Tianjiao North Road, Dongsheng District, Ordos, Inner Mongolia, China  
Postcode: 017000  
Tel: (86) 0477-8565688  
Facsimile: (86) 0477-8565660

Article 1.04 The Chairman of the Board of Directors of the Company is the legal representative of the Company.

Article 1.05 The Company is a joint stock limited company in perpetual existence.

All of the assets shall be divided into shares of equal value. The shareholders shall be responsible for the Company to the extent of the shares held by them. The Company shall bear the liabilities for its debts with all its assets.

The Company is an independent legal entity, being governed and protected by laws, regulations and rules of the PRC.

All behaviors of the Company shall comply with laws, regulation and rules of the PRC and of where the shares are listed and protect shareholders' lawful rights and interests.

Article 1.06 The Articles of Association are passed by resolution at the general meeting of the Company and come into effect from the date of being approved by the relevant authorities (if necessary).

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 behaviour, and the rights and obligations between the Company and the shareholders and among the shareholders. The previous Articles of Association will automatically be invalid.

Article 1.07 The Articles of Association are binding on the Company and its shareholders, directors, supervisors, president and other senior management, all of whom may assert rights in respect of the Company's affairs in accordance with the Articles of Association.

On the premise of not violation of the Article 21.01 of the Articles of Association, shareholders shall have the right to take legal proceedings against the Company; the Company shall have the right to take legal proceedings against its shareholders; shareholders shall have the right to take legal proceedings against other shareholders; and shareholders shall have the right to take legal proceedings against directors, supervisors, presidents and other members of the senior management of the Company pursuant to the provisions of the Articles of Association. Disputes among shareholders, directors, supervisors and senior management involving the provisions of the Articles of Association shall be resolved through consultation first.

The term "legal proceedings" mentioned in the preceding paragraph shall include the commencement of legal proceedings before a court or application for arbitration to an arbitration organization.

Article 1.08 Subject to the PRC laws and administrative regulations, the Company has financing rights or rights to provide loans. The financing rights of the Company includes (but not limited to) the issuance of corporate bonds, mortgage or pledge of the ownership or use right of part or all of the assets of the Company, and any other rights which are permitted by the PRC laws and administrative regulations, as well as, various forms of guarantees provided to any third party (which includes but is not limited to the subsidiaries or associated companies of the Company) under any circumstances. Notwithstanding the above, the exercising of the aforesaid rights by the Company should not undermine or abolish the rights of shareholders of any classes.

Article 1.09 The Company may invest in other limited liability companies or the joint stock limited companies, and shall be responsible for the invested companies to the extent of the capital contributions it has made.

However, unless stipulated by laws otherwise, the Company shall not be jointly and severally liable to such enterprise(s) for their liabilities as their investor.

Article 1.10 Other senior management referred to in the Articles of Association include the manager, vice manager, chief financial officer, chief engineer, secretary to the Board of Directors and other personnel confirmed by the Board of Directors.

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

Article 2.01 The operation purpose of the Company is to consolidate and expand the scale of production, put emphasis on raising economic benefit with the scientific management as guidance, make great effort in expanding domestic and international markets, accumulate funds for the Company, seek more interests for the shareholders, create wealth for society.

Article 2.02 The business scope of the Company is as approved by the company registration authority.

The business scope of the Company includes: production, transportation, washing, coking and sale of raw coal, import of coal, earthquake recovery construction project, cartage service, loading, highway construction and operation, import of coal mine equipment and coal chemical industry equipment, gas station (be confined only to operate with certificates by branches), mining materials, solar power generation, electric power business for equipment (repair, test), electrical equipment installation, mine construction, equipment leasing, farming, tourism development, tourism business, catering, hotel business, conference business, bath, hydrotherapy, fitness training and outdoor activities,

sale of tobacco and wine, sale of non-staple food (The above operation shall not be conducted without approvals whereas such approvals are required under relevant laws, administrative regulations and the decisions of the State Council).

Approval shall be obtained in accordance with the law for matters that fall within the operating scope of the company and are subject to approval in accordance with laws and regulations.

### **Chapter 3 Share and Registered Capital**

Article 3.01 The Company shall have ordinary shares at all times. It may have other kinds of shares according to needs, upon approval of the examination and approval department authorized by the State Council.

The Company may issue preference shares in accordance with the laws.

Article 3.02 The Company's shares shall be issued in accordance with the principles of openness, fairness, and equality, with equal rights attributed to each of the shares of the same class. Shares of the same class issued at the same time shall be issued at the same conditions and same price per share; the same price per share shall be paid for the same class of shares subscribed for by any institution or individual.

Article 3.03 Shares of the Company are in the form stock. Shares issued by the Company shall have a par value of RMB1 per share.

The "RMB" mentioned above refers to legal currency of the PRC.

Article 3.04 With the approval of China securities regulatory authority, the Company may issue shares to domestic and overseas investors.

The "overseas investors" mentioned above refer to the investors of foreign countries and regions including Hong Kong, Macau and Taiwan who have subscribed for the shares issued by the Company. The term "domestic investors" refers to those investors who have subscribed for shares issued by the Company in PRC other than those regions mentioned above.

Article 3.05 Shares issued to domestic investors and subscribed for in RMB shall be referred to as "domestic shares".

Shares issued to overseas investors and subscribed for in foreign currency shall be referred to as "foreign shares".

The “foreign currency” mentioned above refers to legal currencies of other countries or regions other than RMB that is approved by the State Regulatory Authority of Foreign Exchange and may be used to pay as the share capital to the Company.

Article 3.06 The shares of the Company domestically listed with a par value denominated in RMB and subscribed and traded in US Dollars shall be referred to as domestically listed foreign shares (B Shares). The shares issued by the Company listed in Hong Kong with a par value denominated in RMB and subscribed and traded in Hong Kong Dollars shall be referred to as overseas listed foreign shares (H shares).

Article 3.07 The Company was established on 23 September 1997 by means of flotation. The total share capital of the Company was 366 million shares of RMB1.00 each, among which, 200 million shares were domestic legal person’s shares held by the promoter, accounting for 54.64% of the total share capital; 166 million B shares were issued, accounting for 45.36% of the total share capital.

As at 12 July 2012, the Company issued 163,003,500 H shares. The total share capital of the Company was 1,627,003,500 shares, among which, 800,000,000 shares were domestic legal person’s shares, accounting for 49.17% of the total number of ordinary shares issued by the Company, 664,000,000 was B Shares, accounting for 40.81% of the total number of ordinary shares issued by the Company, and 163,003,500 was H Shares, accounting for 10.02% of the total number of ordinary shares issued by the Company.

The total number of shares of the Company was 3,254,007,000 shares, of which 1,600,000,000 was domestic legal person’s shares, accounting for 49.17% of the total number of ordinary shares issued by the Company, 1,328,000,000 was B shares, accounting for 40.81% of the total number of ordinary shares issued by the Company, and 326,007,000 was H shares, accounting for 10.02% of the total number of ordinary shares issued by the Company.

Article 3.08 Regarding the plan for issuing overseas listed foreign shares and domestic shares by the Company as approved by the China securities regulatory authority, the Board of Directors of the Company may arrange for the implementation of such plan through separate issues.

The Company’s plan for the separate issues of overseas listed foreign shares and domestic shares in accordance with the above paragraph may be implemented separately within 15 months of the date of approval by the China securities regulatory authority.

Article 3.09 In issuing the planned shares, the Company shall issue the domestic shares, the domestically listed foreign shares and the overseas listed foreign shares in single tranches respectively. Where there are special circumstances such that the shares cannot be issued in one tranche, the Company may issue the shares in several tranches, subject to approval by the China securities regulatory authority.

Article 3.10 The Company's registered capital was RMB3,254,007,000.

Article 3.11 The Company may approve of capital increases in accordance with relevant provisions of the Articles of Association depending on its business and development requirements.

The Company may increase its capital by:

- (1) issuing new shares to non-specific investors;
- (2) placing new shares to existing shareholders;
- (3) distributing new shares to existing shareholders;
- (4) converting provident fund into share capital increases;
- (5) other means permitted by laws, administrative regulations and China securities regulatory authority

Upon approval in accordance with the provisions of the Articles of Association, the increase of capital by the Company shall be implemented in accordance with the relevant national laws, administrative regulations.

Article 3.12 Unless otherwise required by laws or administrative regulations, shares of the Company may be freely transferred with no lien attached.

Article 3.13 The Company shall not accept its shares as the subject of pledge.

Transfer, donate, inherit and pledge the domestic legal person's shares, domestically listed foreign shares or overseas listed foreign shares shall be in accordance with the PRC laws and the Articles of Association, respectively. To transfer or divert the shares, the Company shall appoint the share registration agent(s) with the registration, and complete the transfer of ownership in accordance with the relevant regulations.



Article 3.14 Shares of the Company held by the promoters shall not be transferred within one year as of the date of incorporation of the Company.

Directors, supervisors, and senior management of the Company shall declare to the Company their ordinary shareholdings in the Company and the changes therein, and their transfer of ordinary shares shall be no more than 25% of their total ordinary shareholdings in the Company each year during their term of office. The above personnel shall not transfer their shareholdings in the Company within half year after their resignation.

A Director, supervisor or senior management who leaves office prior to the expiry of his term shall comply with the following restrictive requirements during his term of office and within 6 months after the expiry of his term of office:

- (1) the number of Shares transferred per year must not exceed 25% of the total number of Shares of the Company held by him;
- (2) a director, supervisor and senior management shall not transfer the Shares of the Company held by him within 6 months after his resignation;
- (3) adhere to other requirements stipulated by laws, administrative regulations, departmental rules, regulatory documents and operating rules of the stock exchange where the Company were listed in relation to the transfer of shares by a director, supervisor and senior management.

If the transfer restriction involves H shares, then the relevant provisions of the Listing Rules of the Stock Exchange of Hong Kong shall apply.

Article 3.15 In the event that any of the Company's directors, supervisors, and senior management as well as its shareholders each holding more than 5% ordinary shares in the Company sell their shares or other equity securities within six months after the purchase of such shares, or purchase shares within six months after the sale of such shares, all proceeds obtained therefrom shall be vested in the Company, and the Board of Directors will forfeit such proceeds. However, for a securities company that holds more than 5% ordinary shares due to its underwriting of unsold shares, or under other circumstances as stipulated by the CSRC, the sale of such shares shall not be subject to the six-month period restriction. If the transfer restriction involves H shares, then the relevant provisions of the Listing Rules of the Stock Exchange of Hong Kong shall apply.

The shares or other equity securities held by directors, supervisors, senior management and natural person shareholders referred to in the preceding provision include shares or other equity securities held by their spouses, parents and children in their own account and others' account.

In the event that the Board of Directors fails to comply with the provisions of the first paragraph of this Article, ordinary shareholders have the right to request the Board of Directors to implement the related provisions within 30 days. In the event that the Board of Directors fails to implement the requirements within the period specified above, ordinary shareholders may initiate litigation in the People's Court directly in their own names for the interest of the Company.

In the event that the Board of Directors does not comply with the provisions of the first paragraph of this Article, the responsible director or directors shall bear joint and several liabilities according to the law.

#### **Chapter 4 Capital Reduction and Share Repurchase**

Article 4.01 Under the condition that relevant provisions of national laws and administrative regulations have been complied with, the Company may reduce its registered capital in accordance with the provisions of the Articles of Association.

Article 4.02 The Company shall prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company shall notify its creditors within 10 days of adopting the resolution to reduce its registered capital, and shall publish at least three announcements to that effect in the newspapers within 30 days of the said date. Creditor shall be entitled to require the Company to repay its debts in full or to provide a corresponding guarantee of repayment within 30 days of receiving the written notice, or within 45 days of the date of the first announcement for those who did not receive the written notice.

The registered capital of the Company after capital reduction shall not be less than the statutory minimum.

Article 4.03 The Company may repurchase its outstanding ordinary shares after approved in accordance with procedures provided in the Articles of Association and approved by the relevant national competent authorities:

- (1) cancellation of shares for the purpose of reducing the registered capital of the Company;
- (2) merger with another company that holds shares in the Company;

- (3) to use the shares in the employee stock ownership plan or as share incentive;
- (4) request from shareholders for the Company to repurchase their shareholdings due to their objection to the resolution of merger or division made at an shareholders' general meeting;
- (5) to use the shares to satisfy the conversion of those corporate bonds convertible into shares issued by the Company;
- (6) to safeguard corporate value and shareholders' equity as the Company deems necessary.

Repurchase of issued ordinary shares by the Company shall be conducted in accordance with the provisions of Articles 4.04 to 4.07 of the Articles of Association.

#### Article 4.04

The Company may repurchase its shares by approval of the relevant authorities of the state in the following ways:

- (1) issuing repurchase offers to all shareholders in the same proportions;
- (2) repurchasing through open on-market transactions;
- (3) repurchasing by off-market agreement;
- (4) other means authorized by the China securities regulatory authority.

#### Article 4.05

The Company's repurchase of its shares by off-market agreement is subject to prior approval by the shareholders' general meeting in accordance with the provisions of the Articles of Association. Upon prior approval by the shareholders' general meeting in the same manner, the Company may rescind or change the contracts concluded in the manner set forth above, or waive any of its rights in such contracts.

The share repurchase contracts referred to in the above paragraph shall include (but not limited to) agreements whereby it's agreed to bear the obligation and obtain the right to repurchase shares.

The Company may not transfer its contract for the repurchase of its shares or any of its rights therein.

That, where the Company has the rights to repurchase the redeemable shares, repurchases not made through the market or by tender shall not exceed a certain maximum price limit; if repurchases are made by tender, such tenders shall be made available to all shareholders alike.

#### Article 4.06

Following the legal repurchase of ordinary shares by the Company for the purpose of reducing registered capital of the Company, such shares shall be deregistered within the period prescribed by laws, administrative regulations, and the Articles of Association, and the Company shall apply to the original company registry for registration of the change in registered capital. The total par value of the deregistered ordinary shares shall be deducted from the registered capital of the Company.

The circumstances for the Company's repurchase of ordinary shares of the Company categorized under provisions (1) to (2) of Article 4.03 of the Article of Association shall be approved by resolution of Shareholders' general meeting. The repurchases of B shares of the Company for the reasons specified in provisions (3), (5) and (6) of Article 4.03 hereof shall be subject to the approval of a resolution related thereto at a board meeting attended by more than two-thirds of the directors; and the repurchases of H shares of the Company for reasons specified in provisions (3), (5) and (6) of Article 4.03 hereof shall be subject to the resolution of the Shareholders' general meeting.

In circumstances categorized under provision (1) of Article 4.03 of the Articles of Association, the Company shall deregister such ordinary shares within 10 days of the date of repurchase; in circumstances categorized under provisions (2) and (4), such ordinary shares shall be transferred or deregistered within six months.

In circumstances categorized under provisions (3), (5) and (6) of Article 4.03 of the Articles of Association, the total number of shares held by the Company shall not exceed 10% of the total number of shares issued by the Company, and shall be transferred or deregistered within three years.

If the Company purchases the shares of the Company, the Company shall perform the obligation of information disclosure in accordance with the Securities Law and relevant laws and regulations. If the Company purchases the shares of the Company in accordance with the circumstances categorized under provisions (3), (5) and (6) of Article 4.03, it shall conduct such purchases through centralized public transaction.

Article 4.07

The Company shall comply with the following provisions when repurchasing its issued and outstanding ordinary shares, unless the Company is already in the process of liquidation:

- (1) In the event that ordinary shares of the Company are repurchased at par value, the payment therefore shall be deducted from the Company's book balance of distributable profit and the proceeds from a new share issue made to repurchase old shares;
- (2) In the event that ordinary shares of the Company are repurchased at a price higher than the par value, the portion equivalent to the par value shall be deducted from the Company's book balance of distributable profit and the proceeds from a new share issue made to repurchase old shares; and the portion in excess of the par value shall be handled as follows:
  1. in the event that ordinary shares are repurchased at par value, the payment therefore shall be deducted from the book balance of distributable profit of the Company;
  2. in the event that ordinary shares are repurchased at a price higher than the par value, the payment therefore shall be deducted from the Company's book balance of distributable profit and the proceeds from a new share issue made to repurchase old shares; provided, however, that the amount deducted from the proceeds from the new share issue shall not exceed the total premium obtained at the time of issuance of the old shares, nor shall it exceed the balance of the premium account (or capital reserve account) of the Company (including the premiums from the new share issue) at the time of repurchase;
- (3) Payments by the Company for purposes set forth below shall be paid out of the distributable profits of the Company:
  1. acquisition of the right to repurchase its ordinary shares;
  2. modification of the contract for the repurchase of its ordinary shares;
  3. release from any of its obligations under the repurchase contract.

- (4) After the par value of the deregistered ordinary shares has been deducted from the registered capital of the Company in accordance with relevant regulations, the amount deducted from the distributable profits for repurchasing the portion of the par value of ordinary shares shall be included in the premium account (or capital reserve account) of the Company.

Article 4.08 The Company shall apply to the registration authority for registration of the change of its increase or reduction of the registered share capital.

## **Chapter 5 Financial Assistance for Purchase of the Company's Shares**

Article 5.01 The Company or its subsidiaries shall not provide any financial assistance in any form and at any time to purchasers or prospective purchasers of shares of the Company. Purchasers of shares of the Company described above shall include persons that directly or indirectly undertake obligations due to their purchase of the Company's shares.

The Company or its subsidiaries shall not provide financial assistance in any form and at any time to the above obligors in order to reduce or discharge their obligations.

The provisions of this Article do not apply to the circumstances described in Article 5.03 of this Chapter.

Article 5.02 The financial assistance referred to in this Chapter shall include (but not limited to) those given by way of:

- (1) gift;
- (2) guarantee (including the undertaking of liability or the provision of property by the guarantor in order to secure the performance of the obligation by the obligor), compensation (however, not including compensation arising from faults made by the Company), and the release or waiver of rights;
- (3) provision of a loan or conclusion of a contract under which the obligations of the Company are to be fulfilled prior to the obligations of the other party, and a change in the parties to such loan or contract as well as the transfer of rights under such loan or contract;
- (4) financial assistance in any other form when the Company is insolvent or has no net assets, or when such assistance would lead to a major reduction in the net assets of the Company.

The undertaking of obligations referred to in this Chapter shall include the undertaking of an obligation by the obligor through concluding a contract or making an arrangement (regardless of whether such contract or arrangement is enforceable or not, and whether such obligation is undertaken by the obligor individually or jointly with any other person), or through changing its financial position in any other way.

Article 5.03

The following actions shall not be regarded as actions prohibited under Article 5.01 of this Chapter:

- (1) the Company provides the relevant financial assistance in good faith for the benefit of the Company, and the main purpose of such assistance is not for the purchase of shares of the Company, or such assistance is a part of a general project plan of the Company;
- (2) the Company lawfully distributes its assets as dividends;
- (3) the Company distributes dividends in the form of shares;
- (4) the Company reduces its registered capital, repurchase its shares, or adjust its shareholding structure in accordance with these Articles;
- (5) the Company provides a loan by the Company in the ordinary course of its business and within its business scope (provided that such action does not lead to a reduction in the net assets of the Company, or that the financial assistance is paid out of the distributable profits of the Company if a reduction of net assets does occur);
- (6) the Company provides money for an employee shareholding scheme (provided that such action does not lead to a reduction in the net assets of the Company, or that the financial assistance is paid from the distributable profits of the Company if a reduction of net assets does occur).

## **Chapter 6 Shares and Shareholder Register**

Article 6.01

Shares of the Company shall be in bearer shares.

In addition to the particulars provided for in the Company Law, the share certificates of the Company shall clearly indicate such other particulars as required to be specified by the stock exchange where shares of the Company are listed.

The regulations of the place where the share are listed shall be applied in condition of paperless transactions of shares.

During the time of H shares listed in the Hong Kong Stock Exchange, the Company shall ensure that all its listing documents and share certificates include the statements stipulated below and shall instruct and cause each of its share registrars not to register the subscription, purchase or transfer of any of its shares in the name of any particular holder unless and until such holder delivers to such share registrar a signed form in respect of such shares bearing statements to the following effect:

- (1) the acquirer of shares agrees with the Company and each of its shareholder, and the Company agrees with each shareholder, to observe and comply with the Company Law, the Special Provisions and the Articles of Association;
- (2) the acquirer of shares agrees with the Company, each of its shareholders, directors, supervisors, managers and other senior management and the Company (acting for the Company and for each director, supervisor, managers and other senior management) agrees with each shareholder, to refer all differences and claims arising from its Articles or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association. Any reference to arbitration will be deemed to authorize the arbitration tribunal to conduct hearing in open session and to publish its award. Such arbitration will be final and conclusive;
- (3) the acquirer of shares agrees with the Company and each shareholders that shares in the Company are freely transferable by the holder of such shares; and
- (4) the acquirer of shares authorizes the Company to enter into a contract on his behalf with each director, manager and other senior management whereby such directors, manager and officers undertake to observe and comply with their obligations to shareholders stipulated in the Articles of Association.

#### Article 6.02

The share certificates of the Company shall be signed by the chairman. In the event that signatures of other senior management of the Company are required by the stock exchange where shares of the Company are listed, the share certificates shall also be signed by such other senior management. The share certificates



shall become effective once the Company's seal (including the Company's securities seal) is affixed thereto or printed thereon. Authorization by the Board of Directors shall be attained prior to the Company's seal or securities seal being affixed or printed on the share certificates of the Company. The signature of the chairman or other senior management on the share certificates may also be in printed form.

Article 6.03

The Company shall keep a register of shareholders and enter therein the following details:

- (1) each shareholder's name, address (domicile), occupation or nature;
- (2) class and quantity of the shares held by each shareholder;
- (3) amount paid or payable for the shares held by each shareholder;
- (4) serial number of the shares held by each shareholder;
- (5) each shareholder's date of registration as a shareholder;
- (6) each shareholder's date of termination as a shareholder.

The shareholder register is the full proof of a shareholder's holding of the Company shares, unless there's evidence to the contrary.

Any issuance or transfer of overseas-listed foreign shares shall be registered in the register of shareholders of overseas-listed foreign shares maintained in the place where such shares are listed according to the Articles of Association.

Where 2 or more persons are registered as the joint shareholders, they shall be deemed as the joint shareholders of such shares, and shall be subject to the following provisions:

- (1) The Company may not register more than 4 persons as joint shareholders for any share;
- (2) The joint shareholders shall jointly or individually assume the responsibility for amounts of fees payable for relevant shares;
- (3) In the event that any shareholder among the joint shareholders decease, only the other remaining shareholders of the joint shareholders shall be deemed as the joint owners of the relevant shares. However, the Board of Directors has the right to require the presentation of the death certificate of the deceased for effectuating the change in the register of the shareholders; and

- (4) Among the joint shareholders of any shares, only the shareholder that is listed first in the register of shareholders shall be entitled to receive the share certificate of the relevant shares, to receive notices, and to attend the shareholders general meeting and enjoy full voting power of the relevant shares. Any notice received by such shareholder shall be deemed as having been served to all fellow joint shareholders.

Article 6.04 The Company may, in accordance with mutual understanding and agreements made between the China securities regulatory authority and overseas securities regulatory authorities, maintain the register of shareholders for overseas-listed foreign shares overseas and appoint an overseas agent as manager. The original register of shareholders for overseas listed foreign shares listed in Hong Kong shall be maintained in Hong Kong.

A duplicate copy of the register of shareholders for the holders of overseas listed foreign shares shall be maintained at the Company's residence. The appointed overseas agent(s) shall at all times ensure consistency between the original and the duplicate copy of the register of shareholders.

In the event of any inconsistency between the original and the duplicate copy of the register of shareholders for overseas listed foreign shares, the original register of shareholders shall prevail.

Article 6.05 The Company shall maintain a complete register of shareholders.

A register of shareholders shall include the following components:

- (1) the register of shareholders that is maintained at the Company's residence (other than those share registers described in subparagraphs (2) and (3) of this Article);
- (2) the register of shareholders in respect of the holders of overseas listed foreign shares that is maintained in the same place as the overseas stock exchange on which the shares are listed;
- (3) the registers of shareholders that are maintained in such other places as the Board of Directors may consider necessary for the purpose of listing the Company's shares.

Article 6.06 Parts of the register of shareholders shall not overlap. No transfer of shares registered in any part of the register shall, during the continuous period of such registration, be registered in any other part of the register.

All fully paid overseas listed foreign shares listed in Hong Kong may be freely transferred, bestowed, inherited or pledged in accordance with the Articles of Association; unless the following conditions are met, the Board of Directors may refuse to recognize any instruments of transfer without cause and at will:

- (1) a fee of 2.50 Hong Kong dollars (per instrument of transfer), or such higher amount as the board of the directors may from time to time dictate but not exceeding the amount permitted from time to time by the Listing Rules of Stock Exchange, shall have been paid to the Company for registration of the instrument of transfer and other documents relating to, or that will affect the ownership of shares;
- (2) the instrument of transfer shall only relate to overseas listed foreign shares listed in Hong Kong;
- (3) the stamp duty that is chargeable on the instrument of transfer shall have been paid;
- (4) the relevant share certificate(s) and any other certificate that the Board of Directors may reasonably require to evidence that transfer rights in the transferor shall have been provided;
- (5) should it be intended that the shares be transferred to joint owners, the maximum number of joint owners shall not exceed 4;
- (6) the Company shall not have any liens on the relevant shares;

Changes and corrections to each part of the register of shareholders shall be carried out in accordance with the laws of the places where each part is kept.

All transfers of overseas listed foreign shares shall be effected by a written instrument of transfer in an ordinary or usual form or any other form acceptable to the Board of Directors (including the standard transfer format or form of transfer specified by the Hong Kong Stock Exchange from time to time), which shall be signed under hand by the transferor and the transferee. Where the transferor or transferee is a recognized clearing house (a “Recognized Clearing House”) as defined by the relevant laws and regulations at the place of listing of the shares of the Company or its nominee, the instrument of transfer may be signed under hand or in a machine-imprinted format. All instruments of transfer shall be maintained at the legal address of the Company or such other places as the Board of Directors may specify from time to time.

Should the Company refuse to register any transfer of shares, it shall, within 2 months from the date of the formal application for the transfer, provide the transferor and the transferee with a notice stating its refusal of registration of such transfer.

Article 6.07 If there is any provision on prior to a the Shareholders' general meeting or the reference date set by the Company for the purpose of distribution of dividends, the period of closure of register of members by the laws and regulations of China and the Listing Rules of the Stock Exchange, such provision shall prevail.

Article 6.08 When the Company is to convene a shareholders' general meeting, distribute dividends, be liquidated, or to carry out other acts requiring confirming of equity interests, the Board of Directors or the convener of the shareholders' general meeting shall determine the record date. The shareholders included in the register of shareholders at the close of business on record date shall be shareholders who enjoy the relevant rights and interests.

Article 6.09 Any person that challenges the register of shareholders and requires his name to be entered into or removed from the register may apply to a court with such jurisdiction for correction of the register.

Article 6.10 Any shareholder who is registered in the register of shareholders or requires his name to be entered into the register of shareholders may apply to the Company for issuance of a replacement certificate in respect of such shares ("Relevant Shares") if his share certificates ("Original Share Certificate") is lost.

Applications for a replacement share certificate by shareholders of domestically-listed-foreign shares shall be addressed pursuant to the relevant requirements of the Company Law.

Applications for a replacement share certificate by holders of overseas-listed-foreign shares shall be addressed pursuant to the law, the rules of the stock exchange, or other relevant regulations of the jurisdiction in which the original register of shareholders for overseas-listed foreign shares is maintained.

With respect to holders of H Shares who have lost their share certificates, the replacement of share certificate shall comply with the following requirements:

- (1) The applicant shall submit an application to the Company in a prescribed form along with a notarization or a statutory declaration stating the grounds upon which the application is made and the circumstances and evidence of the loss. Moreover, the applicant shall declare that no other person shall be entitled to have his name entered into the register of shareholders with respect to the Relevant Shares;
- (2) The Company shall not have received any declaration made by any person other than the applicant declaring that his name shall be entered into the register of shareholders with respect to such shares (prior to the issue of a replacement share certificate to the applicant);

- (3) In the event that the Company intends to issue a replacement share certificate to an applicant, it shall publish an announcement of such intention at least once every 30 days within a period of 90 days in the newspaper as prescribed by the Board of Directors;
- (4) Prior to its publication, the Company shall deliver, to the stock exchange on which its shares are listed, a copy of aforementioned announcement. The Company may publish the announcement upon receipt of confirmation from such stock exchange confirming the announcement has been exhibited on the premises of said stock exchange. Such announcement shall be exhibited on the premises of the stock exchange for a period of 90 days;

In case an application for a replacement share certificate is made without the consent of the registered holder of the Relevant Shares, the Company shall deliver, by mail, to such registered shareholder a copy of the announcement to be published;

- (5) Upon expiration of the 90-day period referred to in the provisions (3) and (4) of this Article, the Company may issue the replacement share certificate to the applicant in the event that the Company has not received any objections from any person with respect to the issuance of a replacement share certificate;
- (6) When the Company issues a replacement share certificate pursuant to the provisions of this Article, it shall cancel the original share certificate and record the cancellation of said original share certificate, along with the issuance of the replacement share certificate in the register of shareholders;
- (7) All expenses relating to the cancellation of the original share certificate and the issuance of a replacement share certificate shall be borne by the applicant, and the Company shall have the right to refuse to take any action until reasonable guarantee is provided by the applicant.

#### Article 6.11

Where the Company issues a replacement share certificate pursuant to the Articles of Association, as for a bona fide purchaser obtaining the new share certificate referred to above or a shareholder registered as a owner of the relevant shares (in case of a bona fide purchaser), his name (title) shall not be removed from the register of shareholders.

Article 6.12 The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original share certificate or the issuance of the replacement share certificate, unless the said person claiming damage proves that the Company has acted in a deceitful manner.

### **Chapter 7 Right and Obligations of Shareholders**

Article 7.01 The Company's shareholders are persons that lawfully hold shares of the Company and whose names (titles) are entered in the register of shareholders.

Shareholders shall enjoy rights and have obligations according to the category and number of shares held by them. Holders of shares of the same category shall enjoy equal rights and have equal obligation.

The Company shall not exercise any of its rights to freeze or otherwise impair any of the rights attached to any shares of the Company by reason only that a person or persons who are interested directly or indirectly therein have failed to disclose their Interests to the Company.

Article 7.02 The ordinary shareholders of the Company shall be entitled to the following rights:

- (1) the right to dividends and other distributions in proportion to the number of shares held;
- (2) the right to request, convene, preside and attend or appoint a proxy to attend shareholders' general meetings and to exercise the voting right there at in accordance with the laws;
- (3) the right to supervise and manage the business activities of the Company and to put forward proposals and raise inquiries;
- (4) the right to transfer, bestow and pledge shares in accordance with the laws, administrative regulations and provisions of the Articles of Association;
- (5) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:
  1. the right to obtain a copy of the Articles of Association, subject to payment of the cost of such copy;

2. the right to inspect and copy, subject to payment of a reasonable charge:
  - (1) the register of all shareholders;
  - (2) personal particulars of each of the Company's directors, supervisors, managers and other senior management including:
    - (a) present name and alias and any former name and alias;
    - (b) principal address (residence);
    - (c) nationality;
    - (d) primary and all other part-time occupations;
    - (e) identification document and its number;
  - (3) the state of the Company's share capital;
  - (4) the latest audited financial statements and the reports of the Board of Directors, auditors and the Supervisory Committee;
  - (5) the special resolution of the Company;
  - (6) reports showing the aggregate par value, quantity, maximum and minimum price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount incurred by the Company for this purpose;
  - (7) a copy of the latest annual review report, which shall be submitted to the State Administration for Industry and Commerce of the PRC or other authorities for inspection;
  - (8) minutes of shareholders' general meetings, resolutions of meetings of the Board of Directors, resolutions of meetings of the Supervisory Committee; and
  - (9) corporate bonds stub.

The Company shall lodge documents (1) to (9) excluding (2) aforementioned and any other applicable documents with the Company's information disclosure department and principal place of business in Hong Kong under the requirements of the Hong Kong Listing Rules, for the purpose of inspection by the public and holders of overseas listed foreign shares free of charge ((8) aforementioned is for shareholders' inspection only);

- (6) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the number of shares held;
- (7) request for the Company to repurchase the shareholdings of shareholders who objects to resolutions of mergers and demergers approved in shareholders' general meetings; and
- (8) other rights conferred by laws, administrative regulations and the Articles of Association.

Article 7.03 Shareholders who request for the information described in the previous Article shall provide written documentation as proof of their shareholdings' category and amount. The Company shall provide the information as requested upon confirmation of the identification of the shareholders.

Article 7.04 Shareholders have the right to apply to the civil courts for contents of resolutions of shareholders' general meetings and the Board of Directors meeting that is in violation of laws and administrative regulations to be found invalid.

In the event that the convening and voting procedures of shareholders' general meetings and Board of Directors meetings are in violation of laws, administrative regulations, or the Articles of Association, or the contents of resolutions are in violation of the Articles of Association, shareholders have the right to apply to the civil courts for revocation within 60 days of the date of resolutions.

Article 7.05 In the event that directors and senior management violate laws, administrative regulations, or the Articles of Association whilst performing duties of the Company, resulting in losses for the Company, shareholders that individually or jointly hold over 1% of ordinary shares of the Company and continuously for over 180 days have the right to request the Supervisory Committee to begin legal proceedings in the civil courts by written application; in the event that the Supervisory Committee violate laws, administrative regulations, or the Articles of Association whilst performing duties of the Company, resulting in losses for the Company, ordinary shareholders described above have the right to request the Board of Directors to begin legal proceedings in the civil courts by written application.



In the event that the Supervisory Committee or the Board of Directors refuse to begin legal proceedings after receiving the written request of shareholders described in the previous provision, or have not begun legal proceedings within 30 days of receiving the written request, or do not begin legal proceedings immediately under urgent circumstances that will lead to irreparable losses to the interests of the Company, the shareholders described in the previous provision have the right to begin legal proceedings directly with the civil courts for the best interests of the Company.

In the event that the lawful rights of the Company are violated by others resulting in losses, shareholders described in the first paragraph of this Article may begin legal proceedings with the civil courts in accordance with the previous two provisions of this Article.

Article 7.06 In the event that directors and senior management act in violation of laws, administrative regulations, or the Articles of Association, resulting in the loss of interests of shareholders, shareholders may begin legal proceedings with the civil courts.

Article 7.07 The ordinary shareholders of the Company shall have the following obligations:

- (1) Abide by laws, administrative regulations, and the Articles of Association;
- (2) To pay subscription fees on the basis of the shares subscribed by them and the method of capital injection;
- (3) Shall not give up their shares other than in circumstances stipulated by laws or regulations;
- (4) Shall not abuse shareholder rights to damage the interests of the Company or other shareholders; shall not abuse the independent position and limited liability of the corporate judicial person to damage the interests of the debtors of the Company; shareholders that abuse their shareholder rights and cause losses for the Company or other shareholders shall be held responsible for compensation in accordance with laws. Shareholders that abuse the independent position and limited liability of the corporate judicial person and evade debts, resulting in serious damages to the interests of debtors of the Company, shall be held responsible for all associated responsibilities of Company debts;
- (5) Other obligations imposed by laws, administrative regulations, and the Articles of Association.

Shareholders shall not bear any further liabilities to the share capital other than the conditions agreed to by the subscriber of the relevant shares upon subscription.

Article 7.08

In addition to obligations imposed by the laws, administrative regulations or required by the Listing Rules of Stock Exchange of the stock exchange on which the shares of the Company are listed, a Controlling Shareholder shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of all or some of the shareholders of the Company:

- (1) to relieve a director or supervisor of his duty to act honestly in the best interest of the Company;
- (2) to approve the deprivation by a director or supervisor (for his own benefit or for the benefit of another person) of the Company's assets by any means, including (without limitation) opportunities advantageous to the Company;
- (3) to approve the deprivation by a director or supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (without limitation) rights to distributions and voting rights save for the restructuring of the Company submitted to shareholders' general meeting for approval in accordance with the Articles of Association.

Article 7.09

The term "Controlling Shareholder" referred to in the Articles of Association means a person who satisfies any one of the following conditions:

- (1) a person who, acting alone or in concert with others, has the power to elect more than half of the directors;
- (2) a person who, acting alone or in concert with others, has the power to exercise or to control the exercise of 30% (inclusive) or more of the voting rights in the Company;
- (3) a person who, acting alone or in concert with others, holds 30% (inclusive) or more of the issued and outstanding ordinary shares of the Company with voting rights attached thereto;
- (4) a person who, acting alone or in concert with others, has de facto control of the Company in any other way.

The term “acting in concert” herein shall mean that two or more persons, through legal means such as agreement (verbal or written), cooperation, affiliate relations, enlarge their control proportion in the shares of the Company or reinforce their control in the Company and take actions expressing the same will when exercising the voting rights of the Company.

Article 7.10 The controlling shareholders and actual controllers of the Company shall not use the connected relations to damage the interests of the Company; otherwise they shall make compensation for the loss incurred to the Company.

The controlling shareholders and actual controllers of the Company shall act honestly to the Company and general public shareholders. The controlling shareholders shall duly exercise contributors’ rights according to law, shall not damage the legitimate rights and interests of the Company and general public shareholders by such means as profit distribution, asset reorganization, external investment, fund appropriation and loan guarantee and shall not abuse its controlling status to damage the interests of the Company and general public shareholders.

Article 7.11 Shareholders that hold over 5% of shares of the Company with voting rights and intend to pledge their shareholding shall submit a written report to the Company on the day of such action.

To pledge the shareholding of H Shares shall be conducted in accordance with the Hong Kong laws, rules of stock exchange and other relevant regulations.

### **Chapter 8 the Shareholders’ General Meetings**

Article 8.01 The shareholders’ general meeting shall be the authoritative organization of the Company and shall exercise the functions and powers in accordance with laws.

Article 8.02 The shareholders’ general meeting shall exercise the functions and powers to:

- (1) decide on the business policies and investment plans of the Company;
- (2) elect and replace directors and to decide on the matters relating to the remuneration of directors;
- (3) elect and replace non-employee supervisors, and to decide on the matters relating the remuneration of supervisors;
- (4) deliberate and approve reports of the Board of Directors;
- (5) deliberate and approve reports of the Supervisory Committee;

- (6) deliberate and approve the annual financial budget and final account proposals of the Company;
- (7) deliberate and approve the Company's plans for profit distribution and making up losses;
- (8) make resolutions concerning the increase or reduction of the Company's registered capital;
- (9) make resolutions on matters such as the mergers, divisions, dissolution, liquidation, or changes to the structure of the Company;
- (10) make resolutions on the issuance of debentures by the Company;
- (11) make resolutions on the engagement, dismissal and non-reappointment of the Company's accounting firm;
- (12) amend the Articles of Association;
- (13) deliberate and approve changes to the usage of raised funds;
- (14) deliberate the motions raised by the board of supervisors and shareholders as stipulated by the Articles of Association;
- (15) Company of substantial assets which exceed 30% of the total assets of the Company at the most recent audit;
- (16) deliberate the matters listed in Article 8.03 of the Articles of Association;
- (17) deliberate the stock option incentive plan and employee stock ownership plan;
- (18) modify profit distribution policies prescribed by this Articles of Association;
- (19) deliberate other relevant matters as required to be decided in the shareholders' general meetings in accordance with laws, administrative regulations, departmental regulations, the Articles of Association or the listing rules of the place of listing of the Company.

Article 8.03

The following matters shall be submitted to the shareholders' general meeting of the Company for approval:

(1) The material non-connected transactions of the Company, such as external investment, asset acquisition or disposal, entrusted wealth management and external donations, meeting any of the following standards:

1. Total assets (book value or appraised value, whichever is higher if both exist) involved in the transaction exceed 50% of the latest audited total assets of the Company;
2. Net assets (book value or appraised value, whichever is higher if both exist) of the target of the transaction (such as share equity) exceed 50% of the latest audited net assets of the Company, and the absolute amount exceeds RMB50 million;
3. The consideration of the transaction (including liabilities and expenses incurred) exceed 50% of the latest audited net assets of the Company and the absolute amount exceeds RMB50 million;
4. The profit of the transaction exceeds 50% of the audited net profit of the Company for the most recent accounting year, and the absolute amount exceeds RMB5 million;
5. The operating revenue generated by the target of the transaction (such as share equity) for the most recent accounting year exceeds 50% of the audited operating revenue of the Company for the most recent accounting year, and the absolute amount exceeds RMB50 million;
6. The net profit generated by the target of the transaction (such as equity) for the most recent accounting year exceeds 50% of the audited net profit of the Company for the most recent accounting year, and the absolute amount exceeds RMB5 million.

(2) Connected transactions

The connected transactions (excluding the provision of guarantee, acceptance of monetary assets as gift and undertaking of liability solely for the reduction or exemption of obligations of the Company) between the Company and connected persons with an amount of over RMB30 million (including liabilities and expenses incurred) and accounting for over 5% of the absolute value of the latest audited net assets of the Company shall be submitted to the shareholders' general meeting for consideration after being submitted to the Board of Directors for approval.

The transactions of the Company entered into with the same connected person and the transactions related to subjects under the same category of transactions entered into with different connected person that take place within 12 consecutive months shall be subject to the aforesaid provisions separately in accordance with the principle of cumulative calculation.

- (3) Any of the external guarantees shall be deliberated and approved by the shareholders' general meeting, shall be subject to the deliberation and approval of the Board of Directors before presenting the proposal to the shareholders' general meeting, including but not limited in the cases set below:
1. any single guarantee with an amount exceeding 10% of the latest audited net assets of the Company;
  2. any guarantee provided after the total amount of external guarantees by the Company and its holding subsidiaries exceeding 50% of the latest audited net assets of the Company;
  3. any guarantee provided after the total amount of external guarantees by the Company and its holding subsidiaries exceeding 30% of the latest audited total assets of the Company;
  4. any guarantee exceeding 30% of the latest audited total assets of the Company when being aggregated with the amount of guarantees incurred in the preceding 12 consecutive months;
  5. any guarantee provided to those with a gearing ratio of over 70%;
  6. any guarantee provided to shareholders, actual controllers of the Company, and their respective connected parties;
  7. other guarantees subject to the consideration at the shareholders' general meeting in accordance with the provisions of the listing rules of the stock exchange where the Company's shares were listed.

In particular, the guarantee in provision 4 of the preceding paragraph shall be passed by more than two-thirds of the voting rights held by the shareholders present at the meeting. In provision 6 above, the shareholders or the shareholders controlled by the actual controllers shall refrain from the voting, and the voting shall be passed by more than half of other shareholders present at the shareholders' general meeting.

- (4) If the financial assistance matter falls under any of the following circumstances, it shall also be submitted to the shareholders' general meeting for consideration and approval after being reviewed and approved by the Board of Directors:
1. the amount of a single financial assistance exceeds 10% of the latest audited net assets of the listed company;
  2. the latest financial statement data of the funded target shows that the gearing ratio exceeds 70%;
  3. the cumulative amount of financial assistance in the last 12 months exceeds 10% of the latest audited net assets of the Company;
  4. other circumstances as stipulated by the Shanghai Stock Exchange or the Articles of Association.

If the funded target is a holding subsidiary within the scope of the Company's consolidated financial statements, and other shareholders of such holding subsidiary do not include the controlling shareholder, actual controller of the Company and their respective connected parties, the provisions of the preceding two paragraphs may be exempted.

The Company shall not provide financial assistance to the connected parties of the Company, except for the provision of financial assistance to an connected joint-stock company which is not controlled by the controlling shareholder or the actual controller of the Company, provided that other shareholders of such connected joint-stock company shall provide financial assistance on the same conditions in proportion to their capital contributions.

Where the Company provides financial assistance to any connected joint-stock company as defined under the preceding paragraph, in addition to the consideration and approval by more than half of all non-related directors, it is also subject to consideration and approval by more than two-thirds of the non-related directors present at the Board meeting, and shall be submitted to the shareholders' general meeting for consideration.

If financial assistance violates any approval rights or consideration procedures stipulated in laws, administrative regulations, or the Articles of Association, and causes losses to the Company, the Company has the right to pursue the liability of the relevant personnel accountable.

Except for matters specifically stipulated in relevant laws, administrative regulations, departmental rules, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and the Articles of Association, such matters shall be implemented in accordance with relevant special provisions.

If any data involved in the indicators calculation above is negative, the absolute value shall apply.

The permission of the shareholders' general meeting to the above transactions shall also comply with the relevant provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

Article 8.04 The Company shall not, without prior approval of shareholders at general meetings as special resolution, enter into any contract with any person other than a director, supervisor, manager and other senior management whereby the administration of the whole or any substantial part of the business of the Company is to be handed over to such person.

Article 8.05 The shareholders' general meeting shall include annual general meetings and extraordinary general meetings. The shareholders' general meeting shall be convened by the Board of Directors. Annual general meetings shall be held once every year, and within 6 months of the end of the preceding financial year.

The Board of Directors shall convene an extraordinary general meetings within 2 months of the occurrence of any of the following circumstances:

- (1) the number of directors is less than the number provided for in the Company Law or less than 2/3 of the total as required by the Articles of Association;
- (2) the losses of the Company that have not been made up reach 1/3 of the total paid-in share capital of the Company;
- (3) shareholders, individually or jointly, holding 10% (including 10%, excluding voting proxy) or more of the Company's issued and outstanding voting shares, request to convene an extraordinary general meetings in writing;
- (4) when deemed necessary by the Board of Directors or proposed by the Supervisory Committee;
- (5) when independent director(s) propose and, more than a half of the independent directors approve to hold such meeting;



- (6) other circumstances as required by laws, administrative regulations, departmental regulations, or the Articles of Association.

The number of shares in provision (3) above shall be calculated from the date which the shareholders raise the written request.

Article 8.06 Independent directors shall have the right to propose to the Board of Directors to convene an extraordinary general meeting, which shall be subject to the approval by more than half of all independent directors. Regarding the proposal of the independent director to convene an extraordinary general meeting, the Board of Directors shall, according to relevant laws, administrative regulations and the Articles of Association, give a written reply on whether to convene the extraordinary general meeting within 10 days after receipt of the proposal.

If the Board of Directors agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 days after the resolution is made by the Board of Directors. If the Board of Directors does not agree to hold the extraordinary general meeting, it shall give the reasons and make an announcement in respect thereof.

Article 8.07 The Supervisory Committee shall have the right to propose to the Board of Directors to convene an extraordinary general meeting, and shall put forward its proposal to the Board of Directors in writing. The Board of Directors shall, according to relevant laws, administrative regulations and the Articles of Association, give a written reply on whether to convene the extraordinary general meeting within 10 days after receipt of the proposal.

If the Board of Directors agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 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 Supervisory Committee is required.

If the Board of Directors does not agree to hold the extraordinary general meeting or fails to give a written reply within 10 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 Supervisory Committee may convene and preside over the meeting by itself.

Article 8.08 Shareholders that, either individually or jointly, hold over 10% of ordinary shares of the Company shall have the right to propose to the Board of Directors to convene an extraordinary general meeting. The Board of Directors shall, according to relevant laws, administrative regulations and the Articles of Association, give a written reply on whether to convene the extraordinary general meeting within 10 days after receipt of the proposal.

In the event that the Board of Directors agrees to convene an extraordinary general meeting, a notice of the shareholders' general meeting shall be provided within 5 days of such resolution by the Board of Directors. Alterations to the original proposals in the notice shall be approved by the relevant shareholders.

In the event that the Board of Directors disagrees with the convening of an extraordinary general meeting, or fails to provide any feedback within 10 days after receiving the proposal, shareholders that, either individually or jointly, hold over 10% of ordinary shares of the Company have the right to propose to the Supervisory Committee for the convening of an extraordinary general meeting, and such proposal shall be made in writing to the Supervisory Committee.

In the event that the Supervisory Committee agrees to convene an extraordinary general meeting, a notice of the shareholders' general meeting shall be provided within 5 days of such resolution by the Board of Directors. Alterations to the original proposals in the notice shall be approved by the relevant shareholders.

In the event that the Supervisory Committee did not provide a notice of the shareholders' general meeting within the specified time frame, the Supervisory Committee shall be considered to be unwilling to convene and preside over the shareholders' general meeting. The shareholders that, either individually or jointly, hold over 10% of ordinary shares of the Company for a period of 90 consecutive days or more may at their sole discretion convene and preside over the extraordinary general meeting in accordance with the Articles of Association.

Any reasonable fees associated with shareholders' convening and hosting the meeting at their sole discretion due to the unwillingness of the Board of Directors to do so as described above shall be borne by the Company, and shall be deducted from the fees payable to the directors that neglected their duties.

#### Article 8.09

In the event that the Supervisory Committee or shareholders at the sole discretion decide to convene a shareholders' general meeting, it shall notify the Board of Directors of the same in writing, as well as file with the stock exchanges where the shares of the Company are listed.

Prior to the publication of the resolutions of the shareholders' general meeting, the shareholders, either individually or jointly, of ordinary shareholders that intend to convene the meeting shall not fall below 10% of the total number of ordinary shares.

Whilst publishing the notice and resolutions of the shareholders' general meeting, the Supervisory Committee and the shareholders that intend to convene the meeting shall provide related validation materials to the stock exchanges where the shares of the Company are listed.

The shareholders that intend to convene the meeting shall disclose an announcement no later than the issuance of the notice of the shareholders' general meeting, and undertake that their shareholding shall not be less than 10% of the total share capital of the Company during the period from the date of proposing to convene the shareholders' general meeting to the date of convening the shareholders' general meeting.

Article 8.10 The Board of Directors and the Secretary of the Board of Directors shall provide cooperation for the shareholders' general meetings convened by the Supervisory Committee or shareholders at the sole discretion. The Board of Directors shall provide the register of members as of the date of record. If the Board of Directors fails to provide the register of shareholders, the convener may apply with the securities registration and clearing authority with relevant announcement on the notice of convening the shareholders' general meeting. The convener shall not use the register of shareholders for purposes other than convening the shareholders' general meeting.

The Company shall be responsible for necessary fees related to the shareholders' general meetings convened by the Supervisory Committee or shareholders at the sole discretion.

Article 8.11 When the Company is to hold an annual general meeting, it shall give a written notice 20 business days prior to the meeting, or when the Company is to hold an extraordinary general meeting, it shall give a written notice 15 days or 10 business days prior to the meeting (whichever is longer), informing all the registered shareholders of the matters to be deliberated at the meeting as well as the date and place of the meeting.

Business day refers to the date when the Hong Kong Stock Exchange opens for securities trading.

The date of the meeting shall not be included when the Company calculates the starting date.

Article 8.12 A notice of the shareholders' general meeting shall:

- (1) specify the time, venue and duration of the meeting;
- (2) state the matters and proposals that shall be submitted to the meeting for consideration;
- (3) shall contain a clear written statement that all shareholders of ordinary shares are entitled to attend the shareholders' general meeting, and may appoint proxies in writing to attend and vote at the meeting and that such proxies need not be shareholders of the Company;

- (4) specify the share record date of shareholders who are entitled to attend the shareholders' general meeting;
- (5) state the name and telephone number of the contact person for the meeting;
- (6) specify the time and procedures for voting online or by other means.

If a shareholders' general meeting is convened by the Supervisory Committee or shareholders at the sole discretion in accordance with the Articles of Association, provisions of this Article are applicable to the notice of such shareholders' general meeting.

#### Article 8.13

Notices and supplementary notices of a shareholders' general meeting shall fully and completely disclose all detailed contents of all proposals and all information or explanations necessary to enable shareholders to make reasonable judgements on the matters to be discussed. For matters to be discussed that require opinions from the independent directors, the opinions of the independent directors and reasons thereof shall be simultaneously disclosed with the notice or supplementary notice of the shareholders' general meeting.

The interval between share record date of shareholders of domestic legal person's shares and domestically-listed-foreign shares and the date of meeting shall be no more than 7 business days. It is unchangeable once the share record date has been confirmed.

#### Article 8.14

If matters relating to election of directors and supervisors are proposed to be discussed at a shareholders' general meeting, detailed information concerning the candidates shall be fully disclosed in the notice of the shareholders' general meeting, which shall at least include the following:

- (1) educational background, work experience and all other positions undertaken on a part-time basis;
- (2) whether the candidates are connected with the Company, its controlling shareholders or de facto controllers;
- (3) disclosing the candidates' shareholdings in the Company;
- (4) whether the candidates have been subject to any punishment by the China Securities Regulatory Commission (the "CSRC") or other relevant department or to any sanction by any stock exchange.

In addition to the adoption of the cumulative voting mechanism to elect directors and supervisors, each candidate for directors or supervisors shall be proposed in a separate motion.

Article 8.15 While submitting proposals in connection to investment, asset disposal, and merger and acquisition and so on, the details of such matters shall be elaborated, including the amount, the price (or evaluation methods), the book value of the asset, the influence on the Company and approval details and so on. In the event any asset evaluation, asset audit or the issuance of an independent financial consulting report is required under relevant laws and regulations, the Board of Directors shall make an announcement in relation to the asset evaluation, audit or the issuance of an independent financial consulting report 5 business days prior to the shareholders' general meeting.

Article 8.16 When raising the motions regarding the changes to the usage of raised funds, the Board of Directors shall state the reasons of the changes, the general situation of the new projects and the influenced on the future of the Company.

Article 8.17 The notice of a shareholders' general meeting shall be delivered to shareholders (whether or not entitled to vote thereat) by personal delivery or mail postage prepaid to the recipients' address shown in the register of members. By the means accepted by the relevant regulatory authorities at the place of listing, the notice of a shareholders' general meeting may be given through an announcement.

The announcement referred to in the preceding paragraph shall be published in the media that complies with the requirements of the CSRC or in a manner as permitted by laws, administrative regulations, departmental rules, relevant regulations of the securities supervisory authority where the Company's shares are listed. Once the announcement is made, all domestic shareholders shall be deemed to have received the notice of the relevant shareholders' general meeting.

Article 8.18 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 made at that meeting.

After giving the notice of shareholders' general meeting, the general meeting shall not be postponed or cancelled and the motions set out in the notice shall not be cancelled without proper reasons. In case of any postponement or cancellation of the meeting, the convener shall make a announcement and give the reasons thereof at least 2 business days prior to the date on which the meeting is originally scheduled. If there is other provision on the above matters by the listing rules of the place(s) where the shares of the Company are listed, such provision shall prevail.

Article 8.19 The venue of the meeting shall be at Yitai Building, North Tianjiao Road, Ordos, Inner Mongolia or other places decided by the Board. A conference hall will be set up for the convening of an on-site shareholders' general meeting, and a safe, economical and convenient internet or other means shall be used to enable shareholders to have access to the shareholders' general meeting in accordance with the provisions of the laws, administrative regulations, the CSRC or the Articles of Association. A Shareholder shall be deemed to have attended the meeting if he/she participates in the meeting by means of such method.

Where the shareholders' general meeting is held virtually, the Company shall confirm the identification of the shareholders strictly in accordance with the relevant regulations of the CSRC, Shanghai Stock Exchange and China Securities Depository and Clearing Corporation Limited.

The Company shall specify the time and procedures of the voting online or by any other means in the notice of the shareholders' general meeting.

The time to start voting at a shareholders' general meeting held over network or by other means shall not be earlier than 3:00 p.m. of the day preceding the date of the onsite shareholders' general meeting or later than 9:30 a.m. of the date of the onsite shareholders' general meeting, and shall not conclude earlier than 3:00 p.m. of the date of the onsite shareholders' general meeting.

Article 8.20 In convening a shareholders' general meeting, the Company shall engage a lawyer to provide legal opinions and publish an announcement on the following matters:

- (1) whether the convening procedure of the meeting and the convening itself comply with the laws, administrative regulations and the Articles of Association;
- (2) whether the attendants and convener of the meeting are eligible;
- (3) whether the voting procedures and results of the meeting are valid; and
- (4) legal opinions on other matters upon request by the Company. The Board of Directors shall have the right to engage the notary to attend the shareholders' general meeting.

Article 8.21 Content of proposals shall be matters falling within the functions and powers of shareholders' general meeting with definite topics and specific matters for resolution, and shall comply with the laws, administrative regulations and the Articles of Association.

Article 8.22

When the Company convenes a shareholders' general meeting, the Board of Directors, Supervisory Committee and shareholders severally or jointly holding 3% or more of the total number of ordinary shares shall have the right to propose motions to the Company and the Company shall include the matters falling within the scope of functions and powers of the shareholders' general meeting into the agenda of such meeting.

Shareholders that, individually or jointly, hold more than 3% of ordinary shares of the Company can make and deliver the temporary proposals to the convener in writing 10 days or more prior to the shareholders' general meeting. The convener shall give a supplementary notice of the shareholders' general meeting within 2 days after receiving such proposals, and announce the contents of the temporary proposals.

Other than circumstances stipulated in the above provision, proposals already listed in the notice of the shareholders' general meeting shall not be altered and new proposals shall not be added following the issuance of the announcement of the notice of the shareholders' general meeting by the convener.

Proposals that are not clearly listed in the notice of the shareholders' general meeting or are not in compliance with Article 8.21 of the Articles of Association shall not be voted on and decided during the shareholders' general meeting.

For the above extraordinary proposals of shareholders' general meeting, the convener shall conduct formal review on the proposals based on the following principles:

- (1) Relevancy. For the shareholders' proposals dealing with matters directly related to the Company and not beyond the scope of power of the shareholders' general meeting prescribed by laws, regulations and the Articles of Association, such proposals shall be submitted to the shareholders' general meeting for discussion. The proposals not complying with such requirement shall not be submitted to the shareholders' general meeting for discussion.
- (2) Procedure. The convener may decide on procedural issues relating to the shareholders' proposals.
- (3) Legality. Whether the contents of the shareholders' proposals violate the relevant provisions of laws, administrative regulations and the Articles of Association.
- (4) Certainty. Whether the shareholders' proposals have clear topics and specific resolutions.

If the convener decides not to include the shareholders' proposals in the agenda of the meeting, explanations and statements shall be given at the shareholders' general meeting. Any shareholder proposing a proposal who disagrees with the exclusion by the convener of his/her proposal from the agenda of the shareholders' general meeting may request to convene an extraordinary general meeting according to the Articles of Association.

Article 8.23 The matters that require submitting to China securities regulatory authority including the public share offering shall be proposed as special proposals.

Article 8.24 After the annual report of the Company has been approved by the Board of Directors, the Board of Directors shall decide on the profit distribution plan of the Company and submit the proposal of such plan to annual general meeting for approval. The proposal of converting capital reserve to share capital increases submitted by the Board of Directors shall disclose the earnings per share and net assets per share before and after the conversion, as well as the impact of the conversion on the further development of the company.

Article 8.25 The proposal of the engagement, dismissal or non-reappointment of an accounting firm shall be raised by the Board of Directors and approved by the shareholders' general meeting. When the Board of Directors proposes to dismiss or not renew the engagement of an accounting firm, it shall give advance notice to the accounting firm, and clarify the reason to the shareholders' general meeting. The accounting firm shall have the right to present its views to the shareholders' general meetings.

If there is a vacancy in the position of the auditor of the Company, the Board of Directors may appoint an accountant firm to fill such vacancy before the convening of the general meeting. Any other accountant firm which has been engaged by the Company may continue to act during the period of existence of such vacancy.

Where the accounting firm resigns from its post, the Board of Directors shall clarify the reasons in next shareholders' general meeting. The resigning accounting firm shall make clear to the shareholders' general meeting whether there has been any impropriety on the part of the Company by writing or attending the shareholders' general meeting.

Article 8.26 The Chairman of the Board of Directors shall preside over the shareholders' general meeting. In case where the Chairman of the Board of Directors cannot preside over the meeting, the vice Chairman of the Board of Directors (if any) shall preside over the meeting; in case where the vice Chairman (if any) can not or will not perform the powers, a director elected by more than half of all of the directors shall preside over the meeting.



Article 8.27 Subject to compliance with the Article 8.08 in the Articles of Association, shareholders requisitioning the convening of an extraordinary general meeting or a class meeting shall abide by the following procedures:

- (1) Shareholders individually or jointly holding in aggregate 10% or more of the shares carrying the right to vote at the meeting sought to be held shall sign one or more counterpart requisitions stating the objectives of the meeting and requiring the Board of Directors to convene an extraordinary general meeting or a class meeting. The Board of Directors shall as soon as possible proceed to convene the extraordinary general meeting or a class meeting after receiving the requisition. The amount of shareholdings referred to above shall be calculated as at the date of the deposit of the requisition.
- (2) In the event that the Board of Directors fails to issue a notice to convene a meeting within 30 days of the date of the receipt of such request, the shareholders making the request may convene such a meeting, in a similar manner as to shareholders' meetings convened by the Board of Directors, within 4 months of the date of the receipt of such request.

Article 8.28 The chairman of the Supervisory Committee shall preside over the shareholders' general meetings convened by the Supervisory Committee at its sole discretion. In the event that the chairman of the Supervisory Committee is unable to or fails to fulfill the required obligations, the meeting shall be presided over by a supervisor jointly nominated by more than half of the supervisors.

For the shareholders' general meetings convened by shareholders at their sole discretion, the convener shall nominate a representative to preside over the meeting.

In the event that the chairman violates the procedural regulations during the shareholders' general meeting that results in the shareholders' general meeting being unable to continue, upon approval by more than half of the shareholders with voting rights present at the meeting, a person may be nominated to chair the shareholders' general meeting and the meeting may continue.

Article 8.29 The Board of Directors or any other convener shall take necessary measures to ensure the proper order of the shareholders' general meeting. The Board of Directors or any other convener shall take measures to stop any act which would interfere with or causes nuisance at a shareholders' general meeting or would infringe the legitimate rights and interests of shareholders, and shall report such act to the relevant authorities for investigation and treatment.

Article 8.30 The Company shall formulate the Rules of Procedures of Shareholders' General Meetings regulating the convening and voting procedure of shareholders' general meetings, including notice, registration, consideration of motions, voting, counting of ballots, announcement of voting result, formation of resolution, meeting minutes and signing thereof and announcement, and the principle for authorization to the Board of Directors by shareholders' general meetings. The contents of authorization shall be specific and concrete. The Rules of Procedures of Shareholders' General Meetings are an appendix to the Articles of Association and shall be formulated by the Board of Directors and approved by the general meeting.

Article 8.31 All ordinary shareholders whose names appeared in the register of members as of the record date or their proxies shall have the right to attend the general meeting and exercise voting rights pursuant to relevant laws, regulations and the Articles of Association.

The shareholders may attend general shareholders' meetings and exercise voting rights in person, and may appoint a proxy to attend and exercise voting rights within the scope of authorization.

Article 8.32 An individual shareholder attending a general shareholders' meeting in person shall produce his identity card or other valid identity certificate and share account card; a proxy attending a shareholders' general meeting on behalf of an individual shareholder shall also submit the power of attorney and present his valid identity card.

For a corporate shareholder, its legal representative, or a proxy appointed by its Board of Directors or approved by other governing body shall attend the meeting. The legal representative attending the meeting shall produce his own identity card and valid certificate that could prove his identity as a legal representative; the appointed proxy attending the meeting shall produce his own identity card, the instrument of proxy issued by the legal representative of the Shareholder entity in writing in accordance with law.

For shareholders of the unincorporated organization, the person-in-charge of the organization or the proxy appointed by the person-in-charge shall attend the shareholders' general meeting. Where the person-in-charge attends the shareholders' general meeting, he/she shall present his/her identity card and valid certification certifying his/her qualification as the person-in-charge, stock account card and stock certificate; where a proxy is appointed to attend the shareholders' general meeting, the proxy shall also present his/her identity card and, the authorization instrument legally issued by the person-in-charge of the organization in writing.

The eligibility of an attendee of the shareholders' general meeting shall be deemed invalid if the evidence produced involves one of the following conditions:

- (1) the identity card of principal or attendee of the shareholders' general meeting is forged, expired, altered, or the number of the identity card is incorrect, or does not comply with the provision of the Law of the People's Republic of China on the Identity Card of Residents;
- (2) the information on the identification card presented by the principal or attendee of the shareholders' general meeting is illegible;
- (3) where multiple proxies shall have been appointed by the shareholder with the signature on the authorization instrument being obviously inconsistent with the specimen signature;
- (4) lack of signature or seal on the authorization instrument;
- (5) the relevant evidence presented by the principal or proxy attending the shareholders' general meeting contravenes the relevant provisions of laws, regulations, regulatory documents and the Articles of Association.

Where the principal or his/her proxy is ineligible for attending the shareholders' general meeting as a result of irregularities of the principal's authorization or the fact that documents evidencing the legitimate identity of the principal or the authorization do not comply with the laws, regulations, regulatory documents and the Articles of Association, the legal consequences so arising shall be borne by the principal or his/her proxy.

#### Article 8.33

Any shareholder entitled to attend and vote at a shareholders' general meeting shall have the right to appoint one or more persons (whether a shareholder or not) as his proxy to attend and vote for and on his behalf. Such proxy may exercise the following rights according to the entrustment by the shareholder:

- (1) having the same right as the shareholder to speak at the shareholders' general meeting;
- (2) voting on a poll.

#### Article 8.34

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

The power of attorney issued by shareholders to appoint proxy to attend a shareholders' general meeting shall clarify the following details:

- (1) Name of proxies;
- (2) Whether or not they have voting rights;
- (3) Instructions to vote for, against, or abstain for each of the matters to be deliberated set forth in the agenda of the shareholders' general meeting;
- (4) Date of issuance and the valid term of the power of attorney;

- (5) Signature (or seal) of the entrusting party. If the shareholder is the clearing corporate or other proxies recognized by the relevant laws and regulations of the place where the Company's shares are listed, the shareholder may appoint one person or more as his proxy in any general shareholders' meeting or any in any meetings of class shareholders; however, if more than one person are appointed, the power of attorney shall be signed by the persons who is authorized by recognized clearing corporate. Authorized person may represent the recognized clearing corporate (or his proxy) to attend the meeting (the identify card or share certificate is not needed) and exercise his rights as the same as the shareholder.

#### Article 8.35

The proxy form shall be deposited at the address of the Company or another place specified in the notice of the meeting not less than 24 hours prior to the time appointed for the holding of the meeting or 24 hours prior to the time appointed for voting. Where the proxy form is signed by an attorney authorized by the principal, the power of attorney or other authorization instruments shall be notarized. The notarized power of attorney and other authorization instruments, together with the proxy form, shall be lodged at the address of the Company or such other place as specified in the notice to the meeting.

If the shareholders' general meeting is held virtually, all holders of shares with voting rights attached thereto who appear on the register of members as of the record date shall have the rights to vote through the shareholders' general meeting network voting system, but only one of the means including onsite at the venue, virtual access or any other means shall be selected to the same share. When the shareholders' general meeting is held virtually, it is deemed as the shareholder exercises his voting rights personally no matter the voting has been acted personally by the shareholder or his proxy.

If a Shareholder purchases any voting shares of the Company in violation of paragraphs 1 and 2 of Article 63 of the Securities Law, voting rights of the shares exceeding the prescribed percentage shall not be exercisable within 36 months after the purchase, and such shares shall not be counted in the total number of voting shares at the shareholders' general meeting.

#### Article 8.36

Any instrument issued to a shareholder by the Board of the Company for use in appointing a proxy shall be in such format as to enable the shareholder to instruct the proxy to vote in favour of or against the motions according to his free will, and instructions shall be given in respect of each individual matter to be voted on at the meeting. The instrument of proxy shall contain a statement that whether, in the absence of instructions by the shareholder, the proxy may vote as it thinks fit.

- Article 8.37 A vote given by a proxy in accordance with the terms of an instrument of proxy shall remain valid notwithstanding the death or loss of capacity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that no notice in writing of such aforesaid issues shall have been received by the Company before the commencement of the meeting.
- Article 8.38 The attendance register shall be prepared by the Company, which shall state the names (or names of the corporations), identification document number and the address of the attendee, the number of voting shares held or represented, names of the principal (or names of the corporations) and so on.
- Article 8.39 In convening a shareholders' general meeting, the convener and the lawyer appointed by the Company shall jointly verify the validity of the shareholders' qualifications based on the register of members provided by the securities registration and clearing authority, and shall register the names of the shareholders as well as the type and amount of their voting shares. The registration for a meeting shall be completed before the presider announces the number of shareholders and proxies that attend the meeting and the type and total amount of their ordinary shares.
- Article 8.40 The presider shall, prior to voting, announce the number of shareholders and proxies present at the venue of the meeting and the total voting shares of each class held by them, each subject to that recorded by the meeting.
- Article 8.41 All directors and supervisors and the secretary to the Board of Directors shall attend the shareholders' general meeting, whereas the chief executive officer and other senior management shall be present at the meeting.
- Article 8.42 Directors, supervisors and senior management shall make explanations in relation to the inquiries and suggestions made by shareholders at shareholders' general meetings.
- In case of any of the following, directors, supervisors and senior management may refuse to answer but shall explain the reasons to the questioner:
- (1) inquiries are irrelevant to the subject topic;
  - (2) the matters inquired are under investigation;
  - (3) answering inquiries will reveal the Company's trade secrets or significantly damage the common interests of shareholders;
  - (4) other important reasons.

Article 8.43 The Board and the Supervisory Committee shall report their work in the preceding year at the annual general meeting. Every independent director shall also make his work reports.

Article 8.44 In voting at shareholders' general meetings, shareholders (including their proxies) shall exercise their voting rights in accordance with the number of their voting shares. Each share held by ordinary shareholders shall have one vote.

When considering the material matters affecting the interests of minority investors at the general meeting, the votes by minority shareholders shall be counted separately, the result of which shall be publicly disclosed in a timely manner.

The shares of the Company held by itself has no voting rights, and the above shares shall be excluded from the total voting votes at shareholders' general meetings. If a Shareholder purchases any voting shares of the Company in violation of paragraphs 1 and 2 of Article 63 of the Securities Law, voting rights of the shares exceeding the prescribed percentage shall not be exercisable within 36 months after the purchase, and such shares shall not be counted in the total number of voting shares at the shareholders' general meeting.

The Board of Directors, independent directors, shareholders holding more than 1% of voting shares or investor protection agencies established in accordance with laws, administrative regulations or the provisions of the CSRC may publicly collect voting rights from the Company's Shareholders, and when soliciting voting rights from shareholders, the detailed information such as specific voting intentions shall be fully disclosed to shareholders. It is prohibited to solicit voting rights from shareholders by offering consideration or consideration in disguised form. Apart from statutory conditions, the Company shall not impose any limit on the minimum shareholding in respect of the soliciting voting rights.

Where any shareholder is, under the applicable laws and regulations and the listing rules of the stock exchange(s) where the shares of the Company are listed, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

Article 8.45 Shareholders present at the shareholders' general meeting should express their opinions on the motion put forward for voting in one of the following options: For, Against, or Abstain, save for the circumstance under which the securities registration and clearing authority, acting as the nominal holder of shares under the Stock Connect between Mainland and Hong Kong, makes reporting in accordance with the instruction of the de facto holders of relevant shares.

On a poll taken at a meeting, a shareholder (including his proxies) entitled to two or more votes need not cast all his votes in the same way.

Any incomplete, incorrectly completed or illegible ballots of any voters shall be deemed to be forbidden voting rights, thus the voting result in respect of these shares shall be counted as "Abstain".

Article 8.46 In case of equal affirmative and dissenting votes, the chairman of the meeting shall be entitled to a casting vote.

Article 8.47 Save and except for those under the cumulative voting system, the shareholders' general meeting shall vote on all motions item by item, and shall vote on the motions in temporal sequence as they are raised when different motions are put forward for a single matter. Unless a shareholders' general meeting is suspended or no resolution can be adopted due to force majeure or other special reasons, no motion shall be set aside or rejected from being voted on at the shareholders' general meeting.

Article 8.48 When a voting is made on the election of directors or supervisors at a shareholders' general meeting, the cumulative voting system shall be adopted to reflect the opinions of minority shareholders.

The "cumulative voting system" as mentioned in the preceding paragraphs means that, where there are two or more candidates for the election of a director or supervisor at a general meeting, each of the ordinary shares shall have the voting rights equal to the total number of directors (including independent directors) and supervisors to be elected. The voting rights can be concentrated on electing one person, or be separated on electing several persons. The director or supervisor shall be elected according to the number of votes. The "cumulative voting system" could also be used for election of independent directors.

The implementing rules of the cumulative voting system on the election of directors or supervisors are as follows:

- (1) the promoters propose the candidates of the first Board of Directors and the board of supervisors at the establishment meeting of the company;

- (2) the term of office for the candidates of the directors and the supervisors per year according to the nomination of the last term of office of the directors and the supervisors;
- (3) the shareholders' assembly resolves to the list for the candidates of the directors and the supervisors by way of proposal. The Board of Directors and the board of supervisors shall provide the resume and the key facts about the candidate of the directors and the supervisors;
- (4) the candidate of the directors and the supervisors shall be have a written promise preceding the shareholders' assembly by the board. They agree to the proposal and ensure the information disclosed publicly is true and complete and pledge to exercise their responsibilities since they are elected;
- (5) the shareholders' assembly should vote for each candidates of the director and supervisor when going through the proposal;
- (6) the ordinary shares shall have the voting rights equal to the total number of the elected directors and supervisors; shareholders can either vote to any of the candidates or disperse to several candidates or all the candidates (for example, a shareholder owns 100 shares of stock, and the company prepares to elect 11 directors, the shareholder's voting rights accumulated to  $100 \times 11 = 1100$  votes);
- (7) to guide the shareholders entitled to vote by providing the written instructions regarding the cumulative voting system and its operation in details before electing the directors and supervisors;
- (8) Where the motion of reelecting the directors and supervisors has been approved, the newly appointed directors and supervisors shall hold the post immediately after the shareholders' general meeting.

Article 8.49            When a motion is put forward for discussion at the shareholders' general meeting, no modification of the motion shall be made, or the relevant change shall be deemed as a new motion which may not be voted at the meeting.

Article 8.50            The voting at the general meeting shall be conducted in the form of open ballot. The voting right of the same shares shall be exercised only either by on-site voting, online voting or other means of voting. In case of repeat voting by the same shares, only the first vote is valid.



Article 8.51 Before a resolution is voted on at a shareholders' general meeting, two representatives of the shareholders shall be elected as vote counters and scrutinisers. Any shareholder who is interested in the matter to be considered and proxies of such shareholder shall not participate in vote counting or scrutinising.

When the shareholders are voting on the motions, lawyers, shareholder representatives and supervisor representatives shall count and scrutinize the votes jointly, and the voting result shall be announced forthwith. Voting on the resolutions shall be recorded in the minutes of meeting.

Shareholders or their proxies that vote online or by other means shall have the right to check and inspect their voting results through the relevant voting system.

Article 8.52 The onsite shareholders' general meeting shall not end earlier than the online means or other means. The chairman of the meeting shall announce the voting and results of each of the motions, and announce whether or not they are approved in accordance with the results.

Before the results are officially announced, all related parties such as the companies, vote counters, vote scrutinisers, substantial shareholders and online voting service provider involved in onsite shareholders' general meeting, online or other means of voting are obliged to keep the results confidential.

Article 8.53 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 shareholder who is present in person or by proxy and 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 promptly.

Article 8.54 Resolutions of general meeting are divided into ordinary resolutions and special resolutions.

To adopt an ordinary resolution at a general meeting, votes representing more than half of the voting rights represented by the shareholders (including the proxies) present at the meeting must be exercised in favour of the resolution in order for it to be passed.

To adopt a special resolution at a general meeting, votes representing more than 2/3 of the voting rights represented by the shareholders (including the proxies) present at the meeting must be exercised in favour of the resolution in order for it to be passed.

Article 8.55 The following matters shall be resolved by an ordinary resolution at a general meeting:

- (1) work reports of the Board and the Supervisory Committee;
- (2) profit distribution plan and loss recovery plan formulated by the Board of Directors;
- (3) appointment or removal of members of the Board of Directors and the shareholder representative supervisors, their remuneration and manner of payment;
- (4) annual budget and final accounts, balance sheet, income statement, and other financial statements;
- (5) annual report;
- (6) such matters other than those required to be passed by special resolutions under the laws and administrative regulations and the listing rules of the stock exchange(s) where the Company's shares are listed or the Articles of Association.

Article 8.56 The following matters shall be resolved by a special resolution at a general meeting:

- (1) increase or reduction in registered capital;
- (2) the issue of debentures of the Company;
- (3) division, merger, dissolution, liquidation or change of corporate form;
- (4) amendments to the Articles of Association;
- (5) repurchase of shares;
- (6) the prices or amount of the transactions or guarantee amount cumulated within 12 continuous months in relation to purchase or sale of the Company's assets that reach 30% of the total assets shown in the latest audit;
- (7) the equity incentive plan of the Company;

- (8) any other matters set out in the listing rules of the stock exchange where the Company's shares listed, the Articles of Association and considered by the shareholders' general meeting by way of an ordinary resolution that may have a material impact on the Company and should be adopted by a special resolution.

In reviewing and considering matters relevant to connected transactions at a shareholders' general meeting, the resolutions could be passed with more than half of favorable votes representing non-connected shareholders present in the meeting. However, when connected transactions matters adopted as special resolution, the resolutions could be passed with more than more than 2/3 of favorable votes representing non-connected shareholders present in the meeting.

Save as otherwise specified in this Article and the Articles of Association, matters (motions) to be considered at the shareholders' general meeting should be adopted as ordinary resolutions.

#### Article 8.57

In reviewing and considering matters relevant to connected transactions at a shareholders' general meeting, if required by the listing rules of the stock exchange where the Company's shares are listed, the connected shareholders shall not attend in voting and shall disclose the interest, and abstain from voting at the shareholders' general meeting and the number of voting shares represented by them shall be excluded from the total effective votes. The meeting record or resolutions at the shareholders' general meeting shall make clear reasons that shareholders didn't vote. The announcement of resolutions passed at the shareholders' general meeting shall contain a complete disclosure of the voting of non-connected shareholders. If connected shareholders can not abstain from voting due to special situation, company shall vote according to the regular procedure after soliciting the approval of authority and make detailed explanation in the announcement in relation to the resolutions at the shareholders' general meeting.

#### Article 8.58

According to the requirements of securities regulatory authorities and the listing rules of the stock exchange on which the Company's shares are listed, results of the resolution shall be announced timely, and the announcement shall contain the number of shareholders and proxies present, the total number of voting rights and the percentage of voting rights to the total voting shares of the Company, methods of voting, the voting result for each motion and the details of each of the resolutions.

#### Article 8.59

If the motion is not passed, or if the resolutions of the previous general meeting have been changed by the present shareholders' general meeting, a special highlight shall be made in the announcement of the resolutions of the shareholders' general meeting.

- Article 8.60 Minutes of a shareholders' general meeting shall be kept by the secretary to the Board of Directors. The minutes shall set out:
- (1) date, venue, agenda, and the convener of the meeting;
  - (2) the name of the presider of the meeting, and the directors, supervisors, secretary to the Board of Directors, manager and other senior management attending or present at the meeting;
  - (3) the number of all classes of shareholders and proxies present at the meeting, the total number of voting shares of all classes held by them and the percentage of such shares against the total number of the Company's shares of all classes;
  - (4) the process of consideration, highlights of the speeches and voting result in respect of each proposal;
  - (5) the inquiries and suggestions of shareholders and the responses or explanations made by the directors or supervisors;
  - (6) the names of the lawyer, vote counter and scrutinizer; and
  - (7) other issues that shall be recorded in the minutes in accordance with the provisions of the Articles of Association and as opined by the general meeting.
- Article 8.61 The attending directors, supervisors, secretary to the Board of Directors, convener or representative thereof and the reside shall sign on the minutes of the meeting and ensure the minutes of the meeting are true, accurate and complete. The minutes of the meeting, the signed attendance record for the shareholders present in person and the powers of attorney for attendance by proxy, the valid information relating to the voting over network or by other means shall be kept for at least 10 years.
- Article 8.62 The convener shall ensure the shareholders' general meeting is held unceasingly until final resolutions are arrived at. If the shareholders' general meeting is terminated or fails to reach any resolution due to force majeure or for other special reasons, necessary action shall be taken to resume the shareholders' general meeting as soon as possible, or the shareholders' general meeting should be simply terminated, and in both cases a timely announcement shall be made. Meanwhile, the convener shall report to the CSRC and to the stock exchange(s) of the place where the Company is located.
- Article 8.63 The chairman of the meeting shall be responsible for deciding whether a resolution has been adopted. His decision shall be final and shall be announced at the meeting and recorded in the minutes of meeting.

Article 8.64 If vote counting is carried out at the shareholders' general meeting, the vote counting result shall be recorded in the minutes of the meeting.

The minutes of the meeting together with the attendance register of the attending shareholders and the proxy forms shall be kept at the premises of the Company.

Article 8.65 Copies of the minutes of meeting shall be available for inspection free of charge by shareholders during the business hours of the 79 Company. If a shareholder requests the Company for a copy of such minutes, the Company shall send a copy of such minutes to him within 7 days upon reception of reasonable charges.

Article 8.66 When the shareholders' general meeting has passed motions regarding cash distribution, bonus issue or conversion of capital common reserve into capital, the specific proposals will be implemented within 2 months after the close of the shareholders' general meeting.

### **Chapter 9 Special Procedures about Voting of the Class Shareholders**

Article 9.01 In the case of the Company issuing the different classes of shares. Shareholders holding different classes of shares are referred to as class shareholders.

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

If the company equity contains Non-voting shares, the name of such shares shall be marked "Non-voting".

If equity capital contains shares with different class of voting rights, each class of share (except the most preference shares) shall be marked "limited voting rights" or "restricted voting rights".

Article 9.02 Rights conferred on any class of shareholders may not be varied or abrogated unless approved by a special resolution of shareholders at a shareholders' general meeting and by the class shareholders so affected at a separate meeting convened in accordance with Articles 9.04 to 9.08.

Where any change in domestic and overseas laws, administrative regulations and applicable listing rules or any decision made by the domestic or overseas regulatory authorities gives rise to variation or abrogation of the rights of class shareholders, approval 80 by a shareholders' general meeting or class general meeting is unnecessary.

Article 9.03

The following acts shall be deemed as a variation or abrogation of the rights of a particular class of shareholders:

- (1) to increase or decrease the number of shares of that class or increase or decrease the number of shares of a class having voting rights, rights to receive distributions or other privileges equal or superior to those of shares of that class;
- (2) to exchange all or part of the shares of that class for shares of another class, or to exchange or grant a right to exchange all or part of the shares of another class for shares of that class;
- (3) to remove or reduce rights to any accrued or cumulative dividends attached to shares of that class;
- (4) to reduce or remove the preference rights attached to shares of that class to have priority in receiving dividends or in distribution of assets in the event that the Company is liquidated;
- (5) to add, remove or reduce the conversion privileges, options, voting rights, transfer or pre-emptive rights, or rights to acquire the Company's securities attached to shares of that class;
- (6) to remove or reduce the rights to receive payments payable by the Company in particular currencies attached to shares of that class;
- (7) to create a new class of shares having voting rights or rights to receive distributions or other privileges equal or superior to those of the shares of that class;
- (8) to impose restrictions or additional restrictions on the transfer or ownership of the shares of that class;
- (9) to issue rights to subscribe for, or convert into, shares of that class or another class;
- (10) to increase the rights or privileges of shares of another class;
- (11) to restructure the Company in such a way so as to result in a disproportionate distribution of obligations among various classes of shareholders;
- (12) to vary or abrogate provisions of this chapter.

Article 9.04 Shareholders of the affected class, whether having the right to vote in shareholders' general meeting, shall be entitled to vote in class meetings in respect of matters concerning provisions (2) to (8), (11), (12) of Article 9.03 of the Articles of Association. However, interested shareholder(s) shall have no voting right at such class meetings.

The aforementioned term "interested shareholder(s)" means:

- (1) in the event that the Company makes a repurchase offer to all shareholders in the same proportion or the Company repurchases its own shares by way of public dealings on a stock exchange pursuant to Article 4.04 hereof, a "controlling shareholder" within the meaning of Article 7.09 hereof;
- (2) in the event that the Company repurchases its own shares by an off-market agreement pursuant to Article 4.04 hereof, a holder of the shares to which the proposed agreement relates;
- (3) in the event of a restructuring of the Company, a shareholder within a class who assumes a relatively smaller proportion of obligations than the obligations imposed on shareholders of that class or who has an interest in the proposed restructuring different from the general interests of the shareholders of that class.

Article 9.05 A resolution in a class meeting shall be passed by votes representing 2/3 or more of the voting rights of shareholders of that class present at the relevant meeting who are entitled to vote 82 at the class meetings according to Article 9.04.

Article 9.06 A written notice convening a class meeting shall be given within the period which shall be the same as the written notice period of non-class general meeting to be convened together with the class general meeting to notify shareholders whose names appear in the register of members for such class shares of the matters proposed to be considered and the date and place of the meeting.

If there is any special provision by the listing rules of the place(s) where the shares of the Company are listed, such provision shall prevail.

Article 9.07 Notice of the shareholders' general meeting for a certain class of shareholders shall only be delivered to shareholders who have the rights to vote at such meeting.

The procedure to convene a shareholders' general meeting for a certain class of shareholders shall be similar to that of shareholders' general meeting to the extent practicable. Provisions in the Articles of Association which are related to the procedure to convene a shareholders' general meeting shall apply to the 83 shareholders' general meeting for a certain class of shareholders.

Article 9.08 The holders of domestically listed foreign shares and the holders of domestic legal person's shares of the Company are of the same class.

The holders of domestically listed foreign shares of the Company shall be regarded as a different class of shareholders from the holders of overseas listed foreign shares.

The special voting procedure at a meeting for a certain class of shareholders shall not be applicable for the following cases:

- (1) upon the approval of the shareholders' general meeting with special resolutions, the Company issuing overseas listed foreign shares at intervals of 12 months, of which the number of the overseas listed foreign shares intended to be issued is not more than 20% of the issued and outstanding shares of the class;
- (2) the Company's plan on issuing domestic shares and overseas listed foreign shares at the time of incorporation, which is completed within 15 months upon approval of the China securities regulatory authority; or
- (3) upon the approval of the China securities regulatory authority, any domestic shares of the Company being transferred by the relevant holder to any overseas investor and listed and traded overseas.

Article 9.09 Where shareholders request to convene an interim meeting for a certain class of shareholders, the provisions of Article 8.28 hereof shall apply.

### **Chapter 10 Board of Directors**

Article 10.01 Directors shall be elected or replaced by the shareholders' general meeting and may be dismissed by the shareholders' general meeting before the expiration of their term of office. The directors are appointed for a term of three years and may be reelected upon expiration of their term of office.

The written notice concerning intention of nominating director candidates and candidates' willingness to accept nomination shall be sent to the Company 10 working days before the date of the shareholders' general meeting (and such 10-working-day notice period shall commence no earlier than the day following the notice of the meeting for such election and end no later than 10 working days before the date of the shareholders' general meeting). The period for nomination and acceptance of nomination shall be not less than 10 working days.

Directors need not hold shares of the Company.



Article 10.02 The term of office of a director shall commence on the date of taking office and end on the expiration of the term of office of the relevant Board of Directors. If no replacement director is elected in a timely manner upon the expiration of the term of office of a director, such director shall still perform his duties as a director in accordance with the provisions of laws, regulations, rules and the Articles of Association until the newly-elected director takes office.

The Manager and other senior management may serve concurrently as directors, provided that the number of directors who serve concurrently as the Manager or other senior management shall not exceed half of the total number of directors of the Company.

Article 10.03 If a director neither attends the meeting of the Board of Directors in person nor entrusts other directors to attend the meeting for 2 consecutive times, such director shall be deemed to be unable to perform his duties, and the Board of Directors shall propose to the shareholders' general meeting to remove and replace such director.

The shareholders' general meeting may remove any director by way of ordinary resolution before expiration of his/her term of office in accordance with relevant laws, regulations and rules (but the director's right to raise any claim in accordance with any contract shall not be affected), except that the removal of any independent director shall comply with relevant provisions.

Article 10.04 A director may resign prior to the expiry of his term of office. When a director intends to resign, he shall submit a written resignation to the Board of Directors and the Board of Directors shall make a relevant disclosure thereof within 2 days.

If the resignation of a director causes the number of directors to be less than the statutory minimum quorum, such director shall still perform his duties as a director in accordance with the provisions of laws, regulations, rules and the Articles of Association until the newly-elected director takes office.

Subject to the preceding paragraph, the resignation of a director shall become effective when the written resignation is delivered to the Board of Directors.

Subject to the relevant laws, regulations and regulatory rules of the place where the Company is listed, if the Board of Directors appoints a new director to fill up any interim vacancy or increase the number of the Board of Directors, the term of office of such newly-added director shall expire at the next shareholders' general meeting and he can serve consecutive terms if re-elected.

Article 10.05 Upon the effective date of resignation or the expiration of the term of office of a director, he should complete all hand-over procedures with the Board of Directors and his duty of loyalty towards the Company and shareholders shall not discharged necessarily and will survive in a reasonable period. His obligation to keep the secrets of the Company confidential shall survive the expiration of his term of office until such secrets go into public domain. The survival period of any other duty shall be determined based on the principle of fairness.

If a director leaves his post without permission prior to the effective date of his resignation or the expiration of his term of office, or fails to perform his duty of loyalty in accordance with the provisions of laws, regulations, rules and the Articles of Association after the effective date of his resignation or the expiration of his term of office, resulting in any loss to the Company, he shall be held liable for such loss.

Article 10.06 If not specified in the Articles of Association or without legal authorization by the Board of Directors, any director shall not act on behalf of the Company or the Board of Directors in his own name. If a director acts in his own name, and the third party might reasonably consider that such director is acting on behalf of the Company or the Board of Directors, such director shall state his position and capacity in advance.

Article 10.07 If a director perform his duties to the Company in violation of any law, regulation, rule or the Articles of Association, resulting in any loss to the Company, he shall be liable for such loss.

Article 10.08 The Company shall have a Board of Directors, which shall report to the shareholders' general meeting.

The Board of Directors shall consist of five to nineteen directors, of which the proportion of independent directors shall be not less than one-third. The Board of Directors shall have one chairman. The chairman and the vice chairmen (if any) shall be elected by more than half of all the Directors and shall serve for a term of 3 years and may serve consecutive terms if re-elected.

Article 10.09 A directors shall comply with laws, regulations and the Articles of Association and have the following duty of loyalty towards the Company:

- (1) not to receive or accept any bribe or any other illegal income by exploiting his office or embezzle any property of the Company;
- (2) not to misappropriate any funds of the Company;

- (3) not to deposit any assets or funds of the Company into any account opened in his own name or the name of any other individual;
- (4) not to lend any funds of the Company to any other person or provide guarantee for any other person with any property of the Company without the consent of the shareholders' general meeting or the Board of Directors as required by the Articles of Association;
- (5) not to enter into any contract or transaction with the Company in breach of the Articles of Association or without the consent of the shareholders' general meeting;
- (6) not to take advantage of his position to obtain any business opportunity that should go to the Company or engage in any business similar to that of the Company for himself or any other person without the consent of the shareholders' general meeting;
- (7) not to accept any commission of any transaction with the Company as his own property;
- (8) not to disclose any secret of the Company without authorization;
- (9) not to utilize his affiliates to harm the interest of the Company;
- (10) any other duties of loyalty stipulated by laws, regulations, rules and the Articles of Association.

Any income obtained by a director in breach of this Article shall belong to the Company. If such breach has caused any loss to the Company, such director shall be liable for it.

#### Article 10.10

A director shall comply with laws, regulations and the Articles of Association and have the following duties of diligence towards the Company:

- (1) to exercise the powers granted to him by the Company in a prudent, conscientious and diligent manner to ensure that the business activities of the Company comply with the requirements of the laws, regulations and economic policies of the State and do not go beyond the scope of business as stipulated in the business license;
- (2) to treat all shareholders equally;
- (3) to read various business and financial reports of the Company carefully to get a timely understanding of the operation and management of the Company;

- (4) to sign a written confirmation of the regular reports of the Company to ensure that the information disclosed by the Company is true, accurate and complete;
- (5) to furnish true information and data to Supervisory Committee and not to impede Supervisory Committee from performing its duties;
- (6) any other duties of diligence stipulated by laws, regulations, rules and the Articles of Association.

Article 10.11 The Board of Directors shall exercise the following functions and powers:

- (1) to be responsible for convening the shareholders' general meeting and reporting its work to the shareholders' general meeting;
- (2) to implement resolutions of the shareholders' general meeting;
- (3) to determine the business plan and investment plan of the Company;
- (4) to formulate the annual financial budget and final accounts of the Company;
- (5) to formulate the profit distribution plan and plan for making up losses of the Company;
- (6) to formulate plans for the increase or decrease of the Company's registered capital, issuance of bonds or other securities and listing;
- (7) to prepare plans for the Company's major acquisitions and repurchase of shares;
- (8) to prepare plans for merger, division, change of company form, or dissolution of the Company;
- (9) to decide on the matters in relation to the Company's external investment, asset acquisition or disposal, asset mortgage, external guarantees, entrusted wealth management, connected transactions, external donations and financial assistance, etc., but within the scope authorized by the shareholders' general meeting;
- (10) to decide on the setting up of the Company's internal management departments;

- (11) to resolve to appoint or remove the manager, the secretary to the Board of Directors and other senior management members of the Company, and to determine their remuneration, reward and penalty; and to resolve to appoint and remove the deputy managers, financial director, chief engineer and other senior management of the Company as nominated by the manager, and to determine their remuneration, reward and penalty;
- (12) to formulate a preliminary plan for the allowance standards of independent directors of the Company;
- (13) to formulate the basic management systems of the Company;
- (14) to formulate any proposed amendment to the Articles of Association of the Company;
- (15) to formulate share incentive schemes of the Company;
- (16) to manage the information disclosure of the Company;
- (17) to make proposals to the shareholders' general meeting regarding the appointment or replacement of the auditor of the Company;
- (18) to listen to the work reports of the manager and check the work of the manager;
- (19) to examine and approve the provision by the Company of any external guarantee other than those to be approved by the shareholders' general meeting in accordance with Article 8.03 hereof;
- (20) to formulate and review the shareholders' communication policies and its implementation;
- (21) to delegate certain powers and rights of the Board of Directors to the management, and to define the scope of authorization, especially the scope of matters to be reported by the management to and subject to prior approval by the Board of Directors;
- (22) to regularly evaluate and continuously improve the corporate governance, and regularly evaluate the performance of the Board of Directors, including:
  1. to formulate and review the corporate governance policies and its implementation;

2. to review and monitor the directors and senior management's training and continuing professional capability development;
  3. to review and monitor the Company's compliance with the laws and regulatory provisions and its implementation;
  4. to formulate, review and monitor the code of conduct and code of compliance applicable to the Company's employees and directors;
  5. to regularly review the directors' contribution for performance of responsibilities, and to monitor the time contributed by the directors for performance of responsibilities;
  6. to review the Company's compliance with the Corporate Governance Code set out in Appendix 14 of the Listing Rules of the Stock Exchange;
- (23) to determine the facility for the capital required for the daily operation and project construction of the Company;
- (24) such other functions and powers as are stipulated by laws, regulations, rules, the listing rules of the exchange where the shares of the Company are listed or the Articles of Association and delegated by the shareholders' general meeting.

The Board of Directors shall resolve on the foregoing matters in accordance with Article 10.25 hereof.

Article 10.12 The Board of Directors shall provide the shareholders' general meeting with an explanation of any non-standard audit opinion issued by a registered accountant on the financial reports of the Company.

Article 10.13 The Board of Directors shall formulate its rules of procedure to ensure its implementation of the resolutions of the shareholders' general meeting, improve its work efficiency and ensure scientific decision-making.

As the appendix to the Articles of Association, the Rules of Procedures for the Board Meeting shall be prepared by the Board of Directors and subject to approval at the shareholders' general meeting.

Article 10.14

The Board of Directors shall define the authority with respect to the external investment, asset acquisition or disposal, asset mortgage, external guarantee, entrusted wealth management, connected transactions, external donations and financial assistance, etc., and formulate strict procedures of examination and decision-making in relation thereto. For any major investment projects, the Board of Directors shall organize relevant experts and professionals to make an assessment and report it to the shareholders' general meeting for approval.

- (1) The material non-connected transactions of the Company, such as external investment, asset acquisition or disposal, entrusted wealth management and external donations, etc., and meeting any of the following standards, shall be reported to the Board of Directors for approval.
  1. total assets (book value or appraised value, whichever is higher if both exist) involved in the transaction exceed 10% of the latest audited total assets of the Company;
  2. net assets (book value or appraised value, whichever is higher if both exist) of the target of the transaction (such as share equity) exceed 10% of the latest audited net assets of the Company, and the absolute amount exceeds RMB10 million;
  3. the consideration of the transaction (including liabilities and expenses incurred) exceeds 10% of the latest audited net assets of the Company, and the absolute amount exceeds RMB10 million;
  4. the profit of the transaction exceeds 10% of the audited net profit of the Company for the most recent accounting year, and the absolute amount exceeds RMB1 million;
  5. the operating revenue generated by the target of the transaction (such as share equity) for the most recent accounting year exceeds 10% of the audited operating revenue of the Company for the most recent accounting year, and the absolute amount exceeds RMB10 million;
  6. the net profit generated by the target of the transaction (such as equity) for the most recent accounting year exceeds 10% of the audited net profit of the Company for the most recent accounting year, and the absolute amount exceeds RMB1 million.

(2) Connected transactions

The connected transactions between the Company and connected persons with an amount of over RMB3 million and accounting for over 0.5% of the absolute value of the latest audited net assets of the Company (excluding the provision of guarantee), and the connected transactions between the Company and connected natural person with an amount of over RMB0.3 million shall be submitted to the Board of Directors for approval. The transactions of the Company entered into with the same connected person and the transactions related to subjects under the same category of transactions entered into with different connected person that take place within 12 consecutive months shall be subject to the aforesaid provisions in accordance with the principle of cumulative calculation.

- (3) The Company's provision of external guarantee shall be subject to the consideration by the Board of Directors. When considering the external guarantee by the Board of Directors, it shall obtain approval from more than two-thirds of the directors present at the meeting. When considering the provision of guarantee for shareholders, actual controllers and their related parties by the Board of Directors, connected directors shall abstained from voting.

Where a holding subsidiary of the Company provides guarantees for legal persons or other organizations within the scope of the Company's consolidated statements, the Company shall disclose the same in a timely manner after the holding subsidiary has fulfilled the consideration procedures, guarantee matters which should be submitted to the shareholders' general meeting of the Company for consideration according to the Articles of Association are excluded.

If a holding subsidiary of the Company provides a guarantee for an entity other than the one specified in the preceding paragraph, it shall be deemed to be a guarantee provided by the Company.

- (4) The Company's financial assistance shall be subject to the consideration by the Board of Directors. When considering the financial assistance by the Board of Directors, it shall obtain approval from more than two-thirds of the directors present at the meeting.

Except for matters specifically stipulated in relevant laws, administrative regulations, departmental rules, the Listing Rules of the Shanghai Stock Exchange and the Articles of Association, such matters shall be implemented in accordance with relevant special provisions.



If any data involved in the calculation above is negative, the absolute value shall apply.

The permission of the Board of Directors to the above transactions shall also comply with the relevant provisions of the Listing Rules of the Stock Exchange.

Article 10.15 When disposing of fixed assets, if the expected value of the fixed assets to be disposed of plus total value of the fixed assets that have been disposed of 4 months before such disposal proposal exceeds 33% of the fixed assets value in the latest balance sheet reviewed by the shareholders' general meeting, the Board of Directors shall not dispose of or approve the disposal of such fixed assets until it is approved by the shareholders' general meeting.

The disposal of fixed assets referred to in this article includes the transfer of rights and interests of some assets, but excludes the provision of guarantee with fixed assets.

The effectiveness of transaction conducted by the Company to dispose of fixed assets shall not be affected by the violation of the first paragraph of this Article.

Article 10.16 The Board of Directors of the Company shall set up such special committees as the Strategy Committee, the Audit Committee, the Nomination Committee, the Remuneration and Appraisal Committee and the Production Committee in accordance with relevant resolutions of the shareholders' general meeting. All such committees shall consist of directors. The majority of the members of the Nomination Committee and the Remuneration and Appraisal Committee shall independent directors, who shall convene the meetings of such committees. All the members of the Audit Committee shall be independent directors, and the convener of the Audit Committee shall be an accounting professional.

The functions of such committees are as follows:

- (1) The main function of the Strategy Committee
  1. to do research and make proposals on the long-term development strategy and major investment decisions of the Company;
  2. to do research and make proposals on the major investment and financing plans subject to the approval by the Board of Directors as stipulated by the Articles of Association;
  3. to do research and make proposals on the major capital operation and assets management projects subject to the approval by the Board of Directors as stipulated by the Articles of Association;

4. to do research and make proposals on other major matters affecting the development of the Company;
5. to review the implementation of the above matters;
6. other matters authorized by the Board of Directors.

(2) The main functions of the Audit Committee

1. to supervise and evaluate external auditors' work;
2. to supervise and evaluate internal audit work;
3. to review the financial reports of the Company and advise thereon;
4. to supervise and evaluate the internal control of the Company;
5. to coordinate communication among the management, internal audit department and the relevant departments with the external auditors;
6. other matters as authorized by the Board of Directors of the Company and other matters involved in the laws and regulations as well as the relevant regulations of the stock exchanges.

The Audit Committee shall report to the Board of Directors and give its opinion on matters that it considers necessary to take measures or make improvements.

(3) The main functions of the Nomination Committee

1. to do research and make proposals on the standards and procedures for the selection of directors and senior management;
2. to select qualified candidates for directors and senior management;
3. to conduct an inspection of, and make proposals on, candidates for directors and senior management.

(4) The main functions of the Remuneration and Appraisal Committee

1. to study the appraisal standards for directors and senior management, conduct such appraisal and make recommendations;
2. to study and examine the remuneration policy and plan for directors and senior management.

(5) The main functions of the Production Committee

1. to plan the annual coal output of the Company's mines in future years based on the approved capacity of the Company;
2. to conduct an inspection of the actual coal output of the Company in each quarter;
3. to consider adjusting the planned annual coal output of the Company's mines in future years or making an application to the relevant authority for increasing the approved capacity based on the actual situation of the Company's production.

The special committees may engage intermediaries to provide professional opinions at the expense of the Company.

The special committees shall report to the Board of Directors and their proposals shall be submitted to the Board of Directors for examination and approval.

Article 10.17 All the directors of the Company shall carefully consider and strictly control any debt risks arising from providing guarantee for any external party and shall be jointly liable for any losses caused by any non-compliant or improper provision of such guarantee. The controlling shareholder and its affiliates shall not force the Company to provide guarantee for others.

Article 10.18 Any guarantee to be provided by the Company shall be submitted to the Board of Directors or the shareholders' general meeting for consideration according to their respective authority.

For any guarantee to be provided by the Company for controlling shareholder, actual controller and their connected parties, the controlling shareholder, actual controller and their respective connected parties shall provide a counter-guarantee. For any other external guarantee to be provided by the Company, the Company may request a counter-guarantee from such party, which shall be provided by a party that is actually able to do so. This provision shall not apply to the case where the Company provides guarantee for any of its controlled subsidiaries in proportion with its equity interest in such subsidiary.

The Company shall faithfully observe its information disclosure obligation in respect of any guarantee provided to any external party and provide the registered accountant with true information on all of such guarantees in accordance with the relevant provisions of the listing rules of the Shanghai Stock Exchange and the Hong Kong Stock Exchange and the Articles of Association.

Article 10.19

The Chairman of the Board of Directors shall be the legal representative of the Company and have the following duties and powers:

- (1) to preside over the shareholders' general meeting, and to convene and preside over meetings of the Board of Directors;
- (2) to supervise and inspect the implementation of resolutions of the Board of Directors;
- (3) to sign certificates of shares, bonds and others marketable securities of the Company;
- (4) to sign important documents of the Board of Directors and other documents that shall be signed by the legal representative of the Company;
- (5) to exercise the functions and powers of a legal representative;
- (6) to exercise special disposition right in respect of the affairs of the Company in accordance with laws and in the interest of the Company under emergency of force majeure including severe natural disaster, and report to the Board of Directors and shareholders' general meeting after the event in a timely manner;
- (7) to at least annually hold meetings with the non-executive directors (including independent directors) without the presence of executive directors;
- (8) to exercise other functions and powers granted by the Board of Directors.

When the chairman of the Board of Directors cannot perform his functions and powers, he can designate the vice chairman of the Board of Directors (if any) to act on his behalf; and, when the vice chairman of the Board of Directors (if any) cannot or fails to perform his functions and powers, a director elected by more than half of all the directors shall act on his behalf.

Article 10.20

The Board of Directors shall organize education and training of directors and newly-elected directors at least once a year by way of professional lectures, media teaching and documents study. The main contents of such education and training shall be as follows:

- (1) the Company Law, the Securities Law and other laws, regulations, rules and other regulatory documents of domestic and foreign regulatory authorities and the stock exchanges where the shares of the Company are listed;

- (2) training in respect of the corporate governance and internal controls of the Company;
- (3) other education and training programs.

Article 10.21

The meeting of the Board of Directors shall be convened regularly by the chairman at least twice a year before the publication of interim report and annual report of the Company. Written notice shall be delivered to all directors 10 business days prior to date of the meeting.

The chairman of the Board of Directors shall convene an interim board meeting within 10 business days in any of the following circumstances:

- (1) when the chairman of the Board of Directors considers it necessary;
- (2) when more than 1/3 of the directors propose to do so;
- (3) when Supervisory Committee proposes to do so;
- (4) when more than 1/2 of the independent directors propose to do so;
- (5) when shareholders representing more than 10% of the voting shares in the Company propose to do so;
- (6) when the securities regulatory authority requests to do so.

In the case of any emergency, upon the proposal of the manager of the Company, the Board of Directors may convene an interim meeting.

Article 10.22

The Board of Directors office shall give a written notice to all directors 5 days before any interim board meeting.

In case an interim board meeting needs to be held as soon as possible under emergency, the meeting notice may be sent at any time by telephone or other oral means but the convener shall make an explanation at the meeting, and all the directors attending the meeting shall confirm at the meeting that they have no objection to the convening of the meeting.

Article 10.23 For any material matter to be determined by the Board of Directors, a notice thereof must be delivered to all directors within the time limit stipulated herein, together with sufficient information, including the relevant background information concerning the agenda and other information and data which may help the directors understand the business progress of the Company. Directors may request additional information. If two or more independent directors consider that the information is insufficient or the elaboration is unclear, they may jointly propose to the Board of Directors for a postponement of convening the meeting or reviewing that matter. The Board of Directors shall adopt such proposal and the Company shall disclose the relevant information in a timely manner. The Directors proposing the stay of voting shall put forward specific requirements to be met by any resolution re-submitted for consideration.

Article 10.24 The notice of a board meeting shall contain the following contents:

- (1) venue, date and time of the meeting;
- (2) duration of the meeting;
- (3) reason for the meeting and topics for discussion;
- (4) date of issuance of the meeting notice.

Article 10.25 The board meeting shall only be held when more than 1/2 of the directors attend the meeting, including directors who designate other directors as their proxies to attend the meeting on their behalf in accordance with the provisions of laws, regulations, the listing rules of the Shanghai Stock Exchange and the Articles of Association. Every director shall have one vote. Any resolution of the Board of Directors shall be subject to approval by a simple majority of the Board of Directors. Resolution on any matter set out in provisions (6), (7) (to formulate plans to repurchase the shares of the Company), (8), (14) and (19) of Article 10.11 shall be adopted only by consent and affirmative votes of two-thirds or more of the directors present at the relevant board meeting. Voting by show of hands or by ballot may be adopted at the board meeting.

When negative votes equal affirmative votes, the chairman of the Board of Directors shall be entitled to one casting vote.

Article 10.26 A director who is affiliated with any legal person or natural person 98 involved in the subject matter of any Board of Directors resolution shall not exercise his voting right or another director's voting right as his proxy in respect of such resolution. The relevant Board of Directors meeting may be convened if attended by half or more of the directors who are not so affiliated, and the resolution is subject to approval by half or more of directors who are not so affiliated. If the number of such non-affiliated directors present at the meeting is less than 3, the matter shall be submitted to the shareholders' general meeting.

Article 10.27 The interim meeting of the Board of Directors may be held via telecommunications or other off-site means or by combination of on-site and off-site means, provided that directors are able to fully express their opinions at such meeting and any resolution adopted at such meeting shall be signed by the directors present at such meeting.

Article 10.28 Directors shall attend meetings of the Board of Directors in person and express specific opinions on the matters being discussed. Where a director is unable to attend personally, he/she may entrust another director in writing to vote on his/her behalf in accordance with his/her intent; the entrusting director shall bear legal liability independently. An independent director shall not entrust a non-independent director to vote on his/her behalf.

The power of attorney shall specify the proxy's name, entrusted matters, the scope of authority and the valid term, and shall be affixed with the signature or seal of the principal.

The director who attends the meeting of the Board of Directors on behalf of another director shall exercise the right of the principal within the scope of authorization. If a director neither attends the meeting of the Board of Directors nor entrusts a proxy to be present on his behalf, he shall be deemed to have given up his voting rights at that meeting.

Article 10.29 Voting at the meeting of the Board of Directors shall be conducted by ballot.

Article 10.30 Minutes of the board meetings shall be made for the matters discussed at such meetings. Directors present at the meetings, the secretary to the Board of Directors and the recorder shall sign the minutes.

A director present the meeting shall have the right to require an explanatory note to made in the minutes in respect of his speech at the meeting. The minutes of meetings of the Board of Directors shall be kept by the secretary to the Board of Directors as files of the Company for a period of 10 years.

Directors shall be responsible for the resolutions of the board of meetings. If any resolution of the Board of Directors violates any laws, regulations, or the Articles of Association, resulting in significant losses to the Company, the directors who took part in the resolution shall be liable for compensation to the Company, while the directors who are certified by the meeting minutes as having expressed his opposition to such resolution when it was put to vote shall not be liable for the losses.

Article 10.31 The minutes of board meeting shall contain the following contents:

- (1) date and place of the meeting as well as the name of the convener;
- (2) names of directors who attend the meeting, directors who entrust other persons to attend the meeting and their proxies;
- (3) agenda of the meeting;
- (4) key points of directors' speeches;
- (5) voting method and result for each matter discussed (the voting result shall specify number of affirmative votes, negative votes or abstaining votes as well as the voting of every director).

### **Chapter 11 Independent Directors**

Article 11.01 1/3 or more of the members on the Board of Directors shall be independent directors, at least one of whom shall be an accounting professional. Independent directors shall faithfully perform their duties, safeguard the interests of the Company and be particularly concerned that the lawful rights and interests of public shareholders are not harmed.

Independent directors shall perform their duties independently and shall not be influenced by the major shareholder or actual controller of the Company or any entity or individual that has a relationship of interest with the Company or its major shareholder or actual controller.

Article 11.02 An independent director shall meet the following basic conditions:

- (1) having the qualifications required by laws, regulations and other relevant provisions to be a director of a listed company;
- (2) having the independence as required in the Rules for the Independent Directors of Listed Companies;
- (3) having a basic knowledge of the operation of a listed company and being familiar with relevant laws, regulations, rules and codes;
- (4) having experience of at least 5 years in legal, economic or other aspects that are necessary to perform the duties of an independent director;
- (5) any other conditions stipulated in laws, regulations and the Articles of Association.



Article 11.03

The following persons shall not serve as independent directors:

- (1) any person who hold a position in the Company or any of its subsidiaries and his directly-related family members and main associates. Directly-related family members mean spouse, parents and children, and main associates mean siblings, parents of the spouse, spouses of children, spouses of siblings and siblings of spouse;
- (2) any natural person shareholder who directly or indirectly 1% or more of the issued shares carrying voting rights of the Company or is one of the top-ten shareholders of the Company and his directly-related family members;
- (3) any person who is employed by any shareholder who holds 5% or more of the issued shares carrying voting rights of the Company or is one of the top-five shareholders of the Company, and his directly-related family members;
- (4) any person who is employed by the actual controller of the Company or any of its subsidiaries;
- (5) any person who provides financial, legal or consulting services to the Company and its controlling shareholder or their respective subsidiaries, including all the members of the project team, review persons at various levels, persons signing the reports, partners and main responsible person of any intermediary which provides such services;
- (6) any person who serves as director, supervisor or senior manager of an entity that has material business dealings with the Company and its controlling shareholder or their respective subsidiaries, or of the controlling shareholder of such entity;
- (7) any person who falls within any of the foregoing six circumstances in the last 12 months;
- (8) any other person who are deemed by the CSRC and the Shanghai Stock Exchange to be of no independence.

The nomination, election and replacement of independent directors shall be conducted in a regulated manner in accordance with the laws:

- (1) The Board of Directors, Supervisory Committee or any shareholder(s) individually or collectively holding 1% or more of the issued shares carrying voting rights of the Company may nominate candidates for independent 103 directors for election by the shareholders' general meeting.
- (2) The nominator of an independent director shall obtain the consent of the nominee before nomination. The nominator shall have a full understanding of the profession, academic credentials, job title, detailed work experiences and all part-time jobs of the nominee and voice an opinion on the qualification and independence of the nominee to be an independent director. The nominee shall publish a statement that there does not exist any relationship between him and the Company that may influence his independent and objective judgment. Prior to the shareholders' general meeting for election of independent directors, the Board of Directors of the Company shall publish such information as required.
- (3) The Company shall submit relevant materials of candidates of independent directors (including the Statement of Candidate of Independent Director, Statement of Nominator of Independent Director, Curriculum Vitae of Independent Directors of Listed Companies and other written documents) to the Shanghai Stock Exchange no later than the time when the announcement on the notice of the shareholders' general meeting convening by the Company for election of independent directors.

If the Board of Directors of the Company disputes the particulars pertaining to the nominee, its written opinions shall also be submitted. At the shareholders' general meeting for election of independent directors, the Board of Directors shall make a statement of any objection raised by the Shanghai Stock Exchange against any candidate for independent director. Any candidate of independent director for whom the Shanghai Stock Exchange disputes shall not be proposed to the shareholders' general meeting for electing as an independent director by the Company, and such shareholders' general meeting shall be extended or canceled, or relevant proposal shall be withdrawn at the shareholders' general meeting.

- (4) Independent directors shall serve for the same term of office as other directors and may serve consecutive terms if re-elected, provided that the total time of consecutive terms shall not exceed 6 years.

- (5) If an independent director fails to attend the meeting of the Board of Directors for 3 consecutive times, the Board of Directors shall propose to the shareholders' general meeting to remove such independent director. The Company may dismiss any independent director through statutory procedures prior to the expiration of his/her term of office. The Company shall disclose any early dismissal as a special disclosure.
- (6) An independent director may resign prior to the expiration of his term of office by submitting a written resignation report to the Board of Directors and make an explanation of any circumstance which he thinks has something to do with his resignation or should attract the attention of the shareholders or creditors of the Company. If the resignation of any independent director results in the number of independent directors or directors being less than the quorum legally prescribed or stipulated by the Articles of Association, such independent director shall still perform his duties in accordance with the provisions of laws, regulations and the Articles of Association before a newly-elected independent director takes office.

Article 11.05

In addition to the duties and powers granted to a director by the Company Law and other relevant laws and regulations, independent directors shall have the following special duties and powers:

- (1) to propose prior approval opinions on connected transaction which shall be submitted to the shareholders' general meeting for consideration before submitting it to the Board of Directors for consideration, and to engage an intermediary agency to issue a specific report as the basis for his judgment before making judgment;
- (2) to propose to appoint or remove an accounting firm;
- (3) to propose to the Board of Directors to convene an extraordinary general meeting;
- (4) to propose to convene a Board of Directors meeting;
- (5) to publicly solicit voting rights from shareholders prior to the shareholders' general meeting;

- (6) to appoint intermediaries independently to provide auditing, review or express professional opinions at the expense of the Company;
- (7) other duties and powers specified in laws, regulations, the CSRC and the stock exchange of the place where the shares of the Company are listed and the Articles of Association.

The exercise of powers set out in provisions (1) to (5) above by the independent directors shall be subject to the consent of half or more of all the independent directors; the exercise of the power set out in provision (6) above shall be subject to the consent of all the independent directors.

Matters set out in provisions (1) and (2) of the first paragraph of this Article shall be subject to the consent of half or more of all the independent directors before submitting them to the Board of Directors for discussion.

Where any such proposal set out in the first paragraph of this Article is not adopted or any such power cannot be exercised normally, the Company shall disclose the relevant situation.

If there is any provision by laws, administrative regulations and the China Securities Regulatory Commission, such provision shall prevail.

Article 11.06 Independent directors shall attend meetings of the Board of Directors as scheduled, get an understanding of the production and operation of the Company, research and obtain information and data required for making decisions on their own initiative. Independent directors shall submit a work report to the Company's Annual shareholders' general meeting to make an explanation of their performance of duties.

Article 11.07 In addition to their duties set out above, independent directors shall express independent opinions on the following matters to the Board of Directors or the shareholders' general meeting:

- (1) nomination, appointment and removal of directors;
- (2) appointment and removal of senior management of the Company;
- (3) remuneration of directors and senior management of the Company;
- (4) the appointment or removal of the accounting firm;
- (5) changes in accounting policies and accounting estimates or correction of significant accounting errors resulting from reasons other than changes in accounting standards;

- (6) the non-standard unqualified audit opinions issued by the accounting firm on the financial reports of the Company and internal control;
- (7) the appraisal report on internal control;
- (8) the proposal for change of commitments by counterparties;
- (9) the impacts of issuance of preference shares on the equities of each class of shareholders of the Company;
- (10) the formulation of profit distribution policies, profit distribution plans and cash dividend plans;
- (11) material matters that need to be disclosed such as connected transactions, provision of guarantees (excluding guarantees provided for subsidiaries within the scope of consolidated statements), entrusted financial management, provision of financial assistance, use of proceeds, and investment in stocks and their derivatives;
- (12) material assets reorganization proposal, acquisition of management, share incentive scheme, employee share ownership plan, share repurchase plan, the scheme of repaying debts with assets by the connected parties of the Company;
- (13) the Company intending to decide that its shares will no longer be traded on the stock exchange of the place where the Company's shares are listed;
- (14) matters that may jeopardize the legitimate interests of minority shareholders in the opinion of independent directors;
- (15) other matters required by laws, regulations and relevant regulations of the stock exchange of the place where the Company's shares are listed.

Article 11.08 Independent directors shall express one of the following types of opinions on the matters set out above:

- (1) Consent;
- (2) Having reservations;
- (3) Objection;
- (4) Being unable to express an opinion.

Article 11.09 The Company shall establish a work system for independent directors and the secretary to the Board of Directors shall actively assist independent directors in performing their duties. The Company shall ensure that independent directors have the same right of information as other directors, provide independent directors with relevant materials and information in a timely manner, inform independent directors of the operation of the Company on a regular basis and, when necessary, organize an on-the-spot investigation for independent directors.

For matters that need to be decided by the Board of Directors, the Company shall notify Independent Directors in advance pursuant to statutory limit of time and provide sufficient information at the same time. If Independent Directors consider that the information is insufficient, they may request the Company to supplement. If 2 or more Independent Directors consider that the information is insufficient or the elaboration is unclear, they may jointly propose in writing to the Board of Directors to postpone the convening of board meeting or the review of such matter, and the Board of Directors shall adopt it, and the Company shall disclosure relevant information in a timely manner.

The Company and independent directors shall keep the information provided by the Company to Independent Directors for at least 5 years.

Article 11.10 The Company shall provide necessary working conditions for independent directors to perform their duties. The secretary to the Board of Directors shall actively provide support for independent directors to perform their duties, including briefing and provision of information.

Article 11.11 The Company shall bear reasonable expenses incurred by independent directors for engaging intermediary agencies and performing their other duties.

Article 11.12 The Company shall grant adequate allowances to independent directors at a standard rate prepared by the Board of Directors and approved by the shareholders' general meeting, which is to be disclosed in the annual report of the Company.

Other than such allowances, independent directors shall not receive any additional, undisclosed benefits from the Company or its major shareholders or any other interested entity or individual.

## **Chapter 12 Manager and Senior Management**

Article 12.01 The Company shall have one manager and four deputy managers, who shall be appointed or removed by the Board of Directors.

The manager, deputy manager, chief financial officer and Secretary of the Board of Directors are senior management of the Company and shall be appointed or removed by the Board of Directors.

Article 12.02 In exercising their duties and powers, the manager and other senior management shall observe the obligations of good faith and diligence in accordance with laws, regulations and the Articles of Association. The provisions of the Articles of Association concerning the obligations of loyalty and diligence of directors shall equally apply to the manager and other senior management.

Article 12.03 The manager shall serve for a term of 3 years and may serve consecutive terms if re-appointed.

Article 12.04 The manager shall report to the Board of Directors and have the following duties and powers:

- (1) to be responsible for the production, operation and management of the Company, organize the implementation of resolutions of the Board of Directors and report to the Board of Directors on work;
- (2) to organize the implementation of the annual business plans and investment plans of the Company;
- (3) to draft schemes for setting up the Company's internal management departments;
- (4) to formulate the basic management systems of the Company;
- (5) to formulate the basic regulations and rules of the Company;
- (6) to make proposals to the Board of Directors regarding the appointment or removal of the deputy manager, chief financial officer, chief engineer of the Company;
- (7) to decide on the appointment or removal of managerial personnel other than those to be appointed or removed by the Board of Directors;
- (8) such other duties and powers as are granted by the Articles of Association and the Board of Directors.

The manager should attend the Board meetings. The manager who is not a director has no voting rights on the Board meetings.

The above operating decisions involving external investment, asset acquisition or disposal, asset mortgage, entrusted wealth management, connected transactions and external donations shall be handled in accordance with the Company Law and the listing rules of the stock exchange where the Company's shares listed.

Article 12.05 The deputy manager of the Company shall be nominated by the manager and appointed by the Board of Directors. Where the deputy manager is to be removed in accordance with any existing law, regulation, rule or the Articles of Association or the opinion of the manager, the manager shall make a removal proposal to the Board of Directors for its consideration and approval. Under the leadership of the manager, the deputy manager shall carry out tasks assigned or delegated by the manager to him and report to the manager.

Article 12.06 The senior management of the Company shall not hold any executive position other than director or supervisor in the controlling shareholder.

The senior management of the Company shall only receive salary from the Company and shall not be paid by the controlling shareholder on behalf of the Company.

Article 12.07 The manager shall report to the Board of Directors or Supervisory Committee on the execution and implementation of any material contract or the use of funds and the profits and losses of the Company at the request of the Board of Directors or Supervisory Committee. The manager must ensure the truthfulness of such reports.

Article 12.08 Based on the principle of improving the operating efficiency of the Company, under the premise of Article 12.04 and in compliance with the listing rules of the stock exchange where the Company's shares listed, the office meeting of the manager may decide on matters which are related to the operating process of the Company, including but not limited to credit line, bank loans, and opening a letter of credit, bank acceptance, and bank guarantee etc.

Article 12.09 In handling issues relating to the remuneration, benefits, safe production and labor protection, insurance, dismissal of employees of the Company, the manager shall first consult with the trade union or the employee representatives meeting.

Article 12.10 The manager shall formulate detailed work rules of the manager and submit the same to the Board of Directors for approval and, upon such approval, implement such rules.

The detailed work rules of the manager shall contain the following contents:

- (1) conditions, procedures and participants of the manager's office meeting;
- (2) specific duties of the manager and other senior management;
- (3) funds of the Company, use of funds, authority to enter into material contracts and systems for reporting to the Board of Directors and Supervisory Committee;



(4) such other matters as are deemed necessary by the Board of Directors.

Article 12.11 The manager may resign prior to the expiration of his term of office. The detailed procedures for the manager's resignation shall be set out in the labor contract between the manager and the Company.

Article 12.12 The senior management shall be liable for any losses caused to the Company by their breach of any law, regulation, rule or the Articles of Association in performing their duties for the Company.

The senior management of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all the shareholders. If the senior management of the Company fails to faithfully perform their duties or violates their fiduciary duties, causing damage to the interests of the Company and public shareholders, they shall be liable for compensation in accordance with the law.

### **Chapter 13 Secretary to the Board of Directors**

Article 13.01 The Company shall have one secretary to the Board of Directors, who is responsible for the preparation and maintenance of documents of shareholders' general meetings and meetings of the Board of Directors, the management of the shareholders' information of the Company and the handling of information disclosure matters, etc. The secretary to the Board of Directors shall be a senior management of the Company.

The secretary to the Board of Directors shall report to the Company and the Board of Directors. The secretary to the Board of Directors shall, in order to perform his duties, have the right to participate in relevant meetings, refer to relevant documents, and understand the Company's financial and operating conditions. The Board of Directors and other senior management shall support the work of the secretary to the Board of Directors. No institution or individual may interfere with the normal performance of the secretary to the Board of Directors.

Article 13.02 The secretary to the Board of Directors shall have the necessary financial, management and legal expertise to perform his or her duties, good professional ethics and personal qualities and shall be appointed by the Board of Directors.

A natural person who falls within any of the following circumstances shall not serve as the secretary to the Board of Directors:

- (1) any circumstance under which the person shall not be a director, supervisor or senior management of a listed company as stipulated in the Listing Rules of the Shanghai Stock Exchange;
- (2) has been subject to any administrative penalty by CSRC in the most recent 3 years;
- (3) has been publicly reprimanded or criticized 3 or more times in circulars by any stock exchange in the most recent 3 years;
- (4) is a supervisor of the Company;
- (5) any other circumstances of being unsuitable to serve as the secretary to the Board of Directors as determined by the Shanghai Stock Exchange.

Article 13.03 The main responsibilities of the secretary to the Board of Directors shall be:

- (1) to be responsible for the information disclosure matters of the Company, coordinating the information disclosure of the Company, organizing the formulation of the information disclosure management system, and urging the Company and relevant persons responsible for information disclosure to abide by the relevant provisions on information disclosure;
- (2) to be responsible for the management of investor relationship, and coordinating the information communication among the Company and securities regulators, investors, de facto controllers, intermediaries and media;
- (3) to prepare for the organization of meetings of the Board of Directors and shareholders' general meetings, participate in shareholders' general meetings, meetings of the Board of Directors and Supervisory Committee and relevant meetings of senior management, record minutes of the meetings of the Board of Directors and affix signatures;
- (4) to be responsible for the confidentiality of the information disclosure, and reporting to the Shanghai Stock Exchange and making disclosure when undisclosed significant information is divulged;

- (5) to follow media coverage and seek for confirmation, and urge relevant entities including the Company to make prompt replies to the Shanghai Stock Exchange;
- (6) to organize the trainings on relevant laws, regulations and relevant provisions of the Shanghai Stock Exchange for directors, supervisors and senior management of the Company, and provide assistance for aforesaid personnel in understanding their duties in the information disclosure;
- (7) to urge and supervise the directors, supervisors and senior management to abide by laws, regulations, relevant provisions of the Shanghai Stock Exchange and the Articles of Association, and faithfully fulfill their commitments; to remind the Company, the directors, supervisors and senior management of their existing or possible resolutions in violation of relevant provisions, and report to the Shanghai Stock Exchange in a faithful manner;
- (8) to manage the change of the Company's shares and their derived varieties;
- (9) other duties required by laws and regulations and the Shanghai Stock Exchange.

Article 13.04 A director or other senior management of the Company may concurrently serve as the secretary to the Board of Directors. No accountant of the accounting firm engaged by the Company shall concurrently serve as the secretary to the Board of Directors. Where a director concurrently serves as the secretary to the Board of Directors and a certain act needs to be done by directors and the secretary to the Board of Directors respectively, he shall not do the act in his double capacities.

Article 13.05 The directors, manager and relevant internal departments of the Company shall support the secretary to the Board of Directors in performing his duties in accordance with the law and provide him with requisite organization, staff and funds. The various departments of the Company should actively cooperate with the organization of the secretary to the Board of Directors in its work.

Article 13.06 The Company shall not remove the secretary to the Board of Directors without any reason. The change of the secretary to the Board of Directors must first be reported to the China securities regulatory authority for the record, the reasons for doing so must be given and a public announcement of such change must be made. The change shall also be notified to the regulatory authority of the foreign place where the shares of the Company are listed. At the same time as the removal of the original secretary to the Board of Directors, a new secretary to the Board of Directors shall be appointed in accordance with the stipulated procedures and formalities.

## Chapter 14 Supervisory Committee

Article 14.01 The Company shall have a Supervisory Committee.

The Supervisory Committee shall consist of six supervisors. The supervisors shall serve for a term of 3 years and are eligible for re-election upon the expiration of their term of office.

The Supervisory Committee shall have one chairman, whose appointment and removal shall be subject to affirmative votes by more than a half of all the supervisors.

Article 14.02 The number of supervisors who are employee representatives shall not be less than one-thirds of all the supervisors.

Supervisors who are shareholder representatives and independent supervisors shall be elected or replaced by the shareholders' general meeting by way of accumulative balloting. Supervisors who are employee representatives shall be elected or replaced by the employees of the Company via democratic election.

Article 14.03 Directors and senior management shall not concurrently serve as supervisors.

Article 14.04 The Supervisory Committee shall meet at least once every 6 months. The chairman of Supervisory Committee shall convene and preside over the meetings of Supervisory Committee. A supervisor may propose to convene an interim meeting of Supervisory Committee. If the chairman fails to perform his duties or does not perform his duties, a supervisor elected by a simple majority of the supervisors shall convene or preside over the meeting.

Article 14.05 The meetings of Supervisory Committee shall be held prior to the publication of regular reports. Notice of any regular meeting shall be given to all supervisors 10 days before the meeting and notice of any interim meeting shall be given to all supervisors 5 days before the meeting. In case an interim board meeting needs to be held as soon as possible under emergency, the meeting notice may be sent at any time by telephone or other oral means but the convener shall make an explanation at the meeting. All directors attending the meeting shall confirm at the meeting that they have no objection to the convening of the meeting.

Notice of a meeting of Supervisory Committee shall contain the following contents:

- (1) the date, place and duration of the meeting;
- (2) the matters and subjects;
- (3) the date of issuing the notice.

- Article 14.06 If a supervisor fails to attend the meeting of Supervisory Committee in person or by proxy for 2 consecutive times, he shall be deemed to be unable to perform his duties and removed by the shareholders' general meeting or the Employees Representative Meeting.
- Article 14.07 Supervisors shall ensure that any information disclosed by the Company be true, accurate and complete. Supervisors should sign a written confirmation on the Company's securities issuance documents and periodic reports.
- Article 14.08 A supervisor may resign before the expiration of his term of office. The provisions of the Articles of Association regarding the resignation of directors shall also apply to supervisors.
- Article 14.09 Supervisors shall faithfully perform their supervisory duties in accordance with laws, regulations and the Articles of Association and have obligations of loyalty and diligence towards the Company.
- The provisions of the Articles of Association regarding the loyalty obligation of directors shall equally apply to supervisors, and the provisions (1), (2), (3) and (6) of Article 10.10 herein regarding the diligence obligation of directors shall equally apply to supervisors.
- Article 14.10 Supervisors shall be liable for any losses caused to the Company by their breach of any law, regulation, rule or the Articles of Association in performing their duties for the Company.
- Article 14.11 The Supervisory Committee shall be responsible for the shareholders' general meeting and exercise the following duties and powers in accordance with legal provisions:
- (1) to check the financial matters of the Company;
  - (2) to supervise the performance by directors and senior management of their duties and make proposals regarding the removal of any director, supervisor or senior management who has violated any law, regulation, the Articles of Association or resolution of the shareholders' general meeting;
  - (3) to perform the supervisory duties of the Supervisory Committee and notify the Board of Directors or report to the shareholders' general meeting, or directly to the CSRC and its dispatched institutions, stock exchanges or other departments of any violation of laws and regulations or the Company's Articles of Association by directors and senior management;
  - (4) to review and provide a written review opinion on any regular report of the Company prepared by the Board of Directors;

- (5) to propose to convene an interim shareholders' general meeting and, when the Board of Directors does not perform its duty to convene and preside over the shareholders' general meeting as stipulated in the Company Law, to convene and preside over the shareholders' general meeting;
- (6) to make proposals to the shareholders' general meeting;
- (7) to bring a legal action against any director or senior management in accordance with Article 151 of the Company Law;
- (8) to demand for remedies of any damage to the interests of the Company caused by directors and senior management;
- (9) in case of any irregularity identified in the operations of the Company, to make investigations and if necessary, to engage professional institutions (such as accounting or law firms) to assist in its work at the expense of the Company;
- (10) other duties and powers stipulated in the Articles of Association.

Article 14.12 In exercising its duties and powers, Supervisory Committee may as necessary engage law firms, accounting firms or other professionals to provide help at the expense of the Company.

Article 14.13 When attending the meetings of the Board of Directors as observers, supervisors shall assist the Board of Directors in giving replies and make explanations in respect of enquiries and suggestions made by shareholders, other than matters involving the business secrets of the Company that shall not be disclosed at the shareholders' general meeting.

When attending the meetings of the Board of Directors as observers, supervisors shall supervise the legality of the meeting procedures, the abstaining from voting by connected directors and such other matters as whether the contents of any resolution of the Board of Directors comply with the provisions of laws and the Articles of Association or meet the actual needs of the Company.

Article 14.14 The Supervisory Committee shall formulate its rules of procedure and define its mode of discussion and voting procedures to ensure the work efficiency and scientific decision-making of Supervisory Committee.

The rules of procedure of Supervisory Committee shall specify the convening and voting procedures of the meetings of Supervisory Committee. The rules of procedure of Supervisory Committee shall be attached to the Articles of Association and shall be formulated by Supervisory Committee and approved by the shareholders' general meeting.

Article 14.15 The meeting of Supervisory Committee may proceed only if it is attended by at least half of the supervisors. Supervisors shall attend the meetings of Supervisory Committee in person. If any supervisor cannot attend any such meeting for any reason, he/she may appoint another supervisor as his proxy to attend such meeting on his behalf. Every supervisor has the right to speak and make any proposal at the meeting of Supervisory Committee. The Supervisory Committee shall consider any proposal made by any supervisor.

Article 14.16 The Supervisory Committee shall vote on its resolutions by ballot. Each supervisor shall have one vote.

Resolutions of the Supervisory Committee shall be passed by half or more of all the supervisors.

Article 14.17 The Supervisory Committee shall keep minutes of its meetings which shall be signed by supervisors present at the meetings and the recorder. A supervisor shall be entitled to request an explanatory note on his speech at the meeting to be included in the minutes. The minutes of meetings of Supervisory Committee shall be kept by the secretary to the Board of Directors as files of the Company.

The minutes of meetings of Supervisory Committee shall be kept for a period of 10 years.

### **Chapter 15 Qualifications and Duties of the Directors, Supervisors, Managers and Other Senior Management**

Article 15.01 A person may not serve as a director, supervisor, manager, or any other member of senior management of the Company if any of the following circumstances applies:

- (1) having no or restricted legal capacity;
- (2) having committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offence; or who has been deprived of his political rights, in each case where less than 5 years have elapsed since the date of the completion of implementation of such punishment or deprivation;
- (3) being a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation due to poor operation and management and being personally liable for the insolvency of

such company or enterprise, where less than 3 years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;

- (4) being a former legal representative of a company or enterprise of which the business license has been revoked due to violation of the law and having incurred personal liability in relation thereto, where less than 3 years have elapsed since the date of the revocation of the business license;
- (5) having a relatively large amount of debts due and outstanding;
- (6) being subject to a penalty of prohibition from engaging in stock market activities imposed by the securities regulatory authority of the State Council, where the term of the penalty has not yet expired;
- (7) being subject to investigation by judicial body for violation of criminal law where the said investigation has not yet been concluded;
- (8) not being eligible for enterprise leadership according to the laws and administrative regulations;
- (9) not being a natural person;
- (10) having been convicted of contravention of provisions of relevant securities regulations by a relevant competent authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than 5 years have elapsed since the date of the conviction;
- (11) any other circumstances as prescribed by the laws, the securities regulatory institutions and stock exchange of the place where the shares of the Company are listed.

In the case of election or appointment of directors in violation of this Article, such election, appointment or employment shall be null and void. Where the directors present circumstances as prescribed in this Article, they shall be dismissed by the company.

#### Article15.02

The validity of an act of a director, manager, and any other member of senior management member on behalf of the Company vis-à-vis a bona fide third party is not affected by any irregularity in his office, election or qualification.



Article15.03 In addition to obligations imposed by the laws, administrative regulations or listing rules of the stock exchanges where the Company's shares are listed, each of the Company's directors, supervisors, managers, and other senior management owes the following duties to each shareholder, in the exercise of the functions and powers of the Company entrusted to him:

- (1) not to cause the Company to carry out any business outside the scope of business stipulated in its business license;
- (2) to act honestly in the best interests of the Company;
- (3) not to expropriate in any way the Company's property, including (without limitation) opportunities advantageous to the Company;
- (4) not to expropriate individual rights of shareholders, including (without limitation) rights to distribution and voting rights, except a restructuring of the Company submitted to and approved at a shareholders' general meeting for approval in accordance with the Articles of Association.

Article15.04 Each of the Company's directors, supervisors, managers, and other senior management owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Article15.05 Each of the Company's directors, supervisors, managers and other senior management shall exercise his powers or carry out his duties in accordance with the principle of honesty and shall not put himself in a position where his duty and his interest may conflict. Such principle includes (without limitation) discharging the following obligations:

- (1) to act honestly in the best interests of the Company;
- (2) to exercise powers within the scope of his authorities and not to exceed those authorities;
- (3) to exercise the discretion vested in him/her personally and not to allow himself to act under the control of another and, unless and to the extent permitted by the laws, administrative regulations or with the informed consent given at a shareholders' general meeting, not to delegate his power of discretion;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;

- (5) except in accordance with the Articles of Association or with the informed consent given at a shareholders' general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) without the informed consent given at a shareholders' general meeting, not to use the Company's property for his own benefit by any means;
- (7) not to exploit his position to accept bribes or other illegal income or expropriate the Company's property by any means, including (without limitation) opportunities advantageous to the Company;
- (8) without the informed consent given at a shareholders' general meeting, not to accept commissions in connection with the Company's transactions;
- (9) to abide by the Articles of Association, faithfully execute his/her duties and protect the Company's interests, and not to exploit his/her position and power in the Company to advance his own private interests;
- (10) not to compete with the Company in any form unless with the informed consent given at a shareholders' general meeting;
- (11) not to misappropriate the Company's funds or to lend the Company's funds to others, not to open accounts in his/her own name or other names for the deposit of the Company's assets and not to provide guarantee for the obligations of the shareholder(s) of the Company or other individual(s) by pledging the Company's assets;
- (12) unless otherwise permitted by the informed consent at a shareholders' general meeting, to keep in confidence information relating to the Company acquired by him in the course of and during his tenure and not to use such information for purposes other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental authorities is permitted if:
  1. disclosure is made pursuant to the law;
  2. the interests of the public require disclosure;
  3. the interests of the relevant director, supervisor, manager and other senior management require disclosure.

Any income received by a director, supervisor, manager or other senior management from violating the provisions of this Article shall belong to the Company and any losses incurred by the Company shall be borne by such person.

Article15.06 Each director, supervisor, manager and other senior management of the Company shall not cause the following persons or entities (“**associates**”) to do what he/she or it is prohibited from doing:

- (1) the spouse or minor child of that director, supervisor, manager, and other senior management;
- (2) a person acting in the capacity of trustee of that director, supervisor, manager, and other senior management or any person referred to in provision (1) of this Article;
- (3) a person acting in the capacity of partner of that director, supervisor, manager, and other senior management or any person referred to in provisions (1) and (2) of this Article;
- (4) a company in which that director, supervisor, manager and other senior management, alone or jointly with other person(s) referred to in provisions (1), (2) and (3) above or other directors, supervisors, managers, and other senior management of the Company have the actual controlling interest;
- (5) the directors, supervisors, managers and other senior management of the controlled company referred to in provision (4) of this Article.

Article15.07 The fiduciary duties of the directors, supervisors, managers, and other senior management of the Company do not necessarily cease with the termination of their tenure. The duty of confidence in relation to trading secrets of the Company survives the termination of their tenure. Other duties may continue for such period as fairness may require depending on the time lapse between the occurrence of the event concerned and the termination of tenure and the circumstances under which the relationships between them and the Company are terminated.

Article15.08 Except for circumstances prescribed in Article 7.08 of the Articles of Association, a director, supervisor, manager, and other senior management of the Company may be relieved of liability for specific breaches of his duty by the informed consent given at a shareholders’ general meeting.

Article15.09 Where a director, supervisor, manager, and other senior management of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement made or proposed to be made with the Company (other than his contract of service with the Company), he shall declare the nature and extent of his/her interests to the Board of Directors at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal is otherwise subject to the approval of the Board of Directors under normal circumstances.

A director shall not vote nor shall be counted in the quorum on any resolution approving any contract, arrangement or any other proposal in which he or any of his associates has a material interest.

Unless the interested director, supervisor, manager and other senior management of the Company have disclosed their interests in accordance with the preceding provision of this Article and the contract, transaction or arrangement is approved by the Board of Directors at a meeting at which the interested director, supervisor, manager, and other senior management is not counted in the quorum and refrained from voting, the Company is entitled to rescind the contract, transaction or arrangement in which that director, supervisor, manager and other senior management are materially interested except that the counterparty thereof is a bona fide party acting without notice of the breach of duty by the interested director, manager and other senior management.

A director, supervisor, manager and other senior management of the Company are deemed to be interested in a contract, transaction or arrangement in which an associate of him is interested.

Article15.10 Where a director, supervisor, manager and other senior management of the Company give to the Board of Directors a general notice in writing stating that, by reason of the facts specified in the notice, they are interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, such notice shall be deemed for the purposes of the preceding provision of this Article to be a sufficient declaration of their interests, so far as the relevant content has been stated in such notice, provided that such general notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company.

Article15.11 The Company shall not in any manner pay taxes for or on behalf of its directors, supervisors, managers and other senior management.

Article15.12 The Company shall not directly or indirectly make a loan to, or provide any guarantee in connection with the making of a loan to, a director, supervisor, manager and other senior management of the Company or of the Company's parent company or any of their respective associates.

However, the following transactions are not subject to such prohibition:

- (1) the provision by the Company of a loan or a guarantee for a loan to a company which is a subsidiary of the Company;
- (2) the provision by the Company of a loan or a guarantee in connection with making of a loan or any other funds to any of its directors, supervisors, managers and other senior management to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of a service contract approved by the shareholders at a shareholders' general meeting; and
- (3) The Company may make a loan or provide a guarantee in connection with the making of a loan to any of the relevant directors, supervisors, managers, and other senior management or their respective associates if the ordinary course of business of the Company includes lending of money or giving of guarantee, provided that the loan or the guarantee for a loan is on normal commercial terms.

Article15.13 A loan made by the Company in breach of the above provisions shall be forthwith repayable by the recipient of the loan regardless of the conditions of the loan.

Article15.14 A loan guarantee provided by the Company in breach of the provision under the first paragraph of Article 15.12 of the Articles of Association shall be unenforceable against the Company, except that:

- (1) the loan was advanced to an associate of any of the directors, supervisors, managers and other senior management of the Company or of the Company's parent company where the lender did not know the relevant circumstances; or
- (2) the security provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

Article15.15 For the purposes of the foregoing provisions of this Chapter, a guarantee includes an undertaking or property provided to secure the performance of obligations by the obligor.

Article15.16

In addition to any rights and remedies provided by the laws and administrative regulations, where directors, supervisors, managers, and other members of senior management of the Company are in breach of his duties to the Company, the Company has a right to:

- (1) claim damages from the director, supervisor, manager, and other member of senior management in compensation for losses sustained by the Company as a result of such breach;
- (2) rescind any contract or transaction entered into by the Company with the director, supervisor, manager and other member of senior management or with a third party (where such third party knows or should know that there is such a breach of duties by such director, supervisor, manager and other member of senior management);
- (3) demand the director, supervisor, manager, and other member of senior management to surrender the profits made by him in breach of his duties;
- (4) recover any monies received by the director, supervisor, manager, and other member of senior management which should have been otherwise received by the Company, including (without limitation) commissions; and
- (5) demand payment of the interest earned or which may have been earned by the director, supervisor, manager and other member of senior management on the monies that should have been paid to the Company.

Article15.17

The Company shall enter into a contract in writing with each director, supervisor and senior management of the Company, which at least includes:

- (1) The directors, supervisors and senior management of the Company undertake to comply with the Company Law, the Special Regulations, the Articles of Association of the Company and other rules formulated by Hong Kong Stock Exchanges, and reach the agreement that the company is entitled to the remedies provided herein. Neither the agreement nor the posts of directors, supervisors and senior management shall be assigned.
- (2) The directors, supervisors and senior management of the company undertake to abide and perform the obligations to the shareholders provided in the Articles of Association.
- (3) The arbitration clauses stipulated in Article 21.01 hereof.

The Company shall, with the prior approval of shareholders at a shareholders' general meeting, enter into a contract in writing with directors and supervisors wherein his emoluments are stipulated, including:

- (1) emoluments in respect of his service as director, supervisor or member of senior management of the Company;
- (2) emoluments in respect of his service as director, supervisor or member of senior management of any subsidiary of the Company;
- (3) emoluments in respect of the provision of other services in connection with the management of the affairs of the Company or any of its subsidiaries;
- (4) compensation for loss of office, or as consideration for or in connection with his retirement from office.

Except under a contract mentioned above, no proceedings may be brought by a director or supervisor against the Company for any benefits in respect of the matters mentioned in this Article.

Article15.18

The contract for emoluments entered into between the Company and its directors or supervisors should provide that in the event of a takeover of the Company, the directors and supervisors shall, subject to the prior approval of the shareholders at a shareholders' general meeting, have the right to receive compensation or other payment for loss of office or retirement. A takeover of the Company as referred to any of the followings:

- (1) a takeover offer made by any person to all shareholders; or
- (2) an offer made by any person with a view to enabling the offeror to become a "controlling shareholder" within the meaning of Article 7.09 herein.

If the relevant director or supervisor does not comply with this Article, any sum so received by him shall belong to those persons who have sold their shares as a result of the said offer made. The expenses incurred in distributing that sum pro rata amongst those persons shall be borne by the relevant director or supervisor and shall not be paid out of that sum.

## **Chapter 16 Financial and Accounting System and Profit Distribution**

Article16.01

The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and PRC accounting standards formulated by the finance regulatory department of the State Council.

Article16.02

The Company shall prepare an annual financial accounting report at the end of each financial year, which shall be audited by an accounting firm in accordance with the laws.

Article16.03 The Board of Directors shall place before the shareholders at every annual general meeting such financial reports prepared by the Company as required by any laws, administrative regulations or directives promulgated by local government and competent department. The report shall be audited by an accounting firm.

Article16.04 The Company shall deposit its financial reports at the Company for inspection by the shareholders at least 20 days before the convening of the annual general meeting of shareholders. Each shareholder of the company is entitled to obtain the financial reports mentioned in this chapter.

The Company shall send the above report to each holder of overseas listed foreign shares by prepaid mail at least 21 days before the convening of the annual general meeting. The address of the recipient shall be the registered address as shown on the register of members.

Subject to the laws, administrative regulations, departmental rules, the relevant requirements of the securities regulatory authority in the jurisdiction(s) in which the shares of the Company are listed, the Company may also send the aforesaid reports by way of announcement (including published on the Company's website).

Article16.05 The financial statements of the Company shall be prepared in accordance with PRC accounting standards and regulations.

Article16.06 The interim results or financial information published or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations.

Article16.07 The Company shall report and disclose its annual report to the CSRC and the stock exchange within four months from the end of each financial year; and report and disclose its interim report to the CSRC authority and the stock exchange within two months from the end of the first half of each financial year, and disclose the quarterly financial report within one month from the date of the end of the first three months and the first nine months of each financial year respectively.

The aforementioned annual reports and interim reports shall be prepared in accordance with laws, administrative regulations and regulations of CSRC and the stock exchange.

Article16.08 The Company shall not keep accounts other than those provided by law.

Any assets of the Company shall not be kept under any account opened in the name of any individual.



Article16.09

The basic principles of dividend (profit) distribution of the Company are as follows:

- (1) The Company takes into full account the return to investors and distributes dividend to shareholders per annum in proportion to distributable profit of the parent company realized for the year concerned;
- (2) The Company's profit distribution policy maintains continuity and stability in the interest of the Company in the long term and that of the Shareholders as a whole and in line with the sustainable development of the Company;
- (3) The Company gives priority to profit distribution in cash.

Article 16.10

When distributing each year's after-tax profits, the Company shall set aside 10% of its after-tax profits for the Company's statutory reserve fund. When the aggregate balance in the statutory reserve fund has reached 50% or more of the Company's registered capital, the Company needs not make any further allocations to that fund.

Where the Company's statutory reserve fund is not enough to make up losses of the Company for the preceding year, the current year's profits shall be applied firstly to make up the losses before being allocated to the statutory reserve in accordance with the preceding provision. Subject to a resolution passed at a shareholders' general meeting, after allocation has been made to the Company's statutory reserve fund from its after-tax profits, the Company may set aside funds for the discretionary reserve fund.

The Company shall not distribute its profits to shareholders before making up losses and making allocations to the statutory reserve fund.

Except for those not distributed in proportion as prescribed in the Articles of Association, the remaining after-tax profit, after recovery of losses and appropriation of statutory reserve funds shall be distributed to shareholders in proportion to their shareholdings.

Where the shareholders' general meeting distributes its profits before recovery of losses and appropriation of statutory reserve funds to the shareholders in breach of the provisions of the preceding provision, the shareholders must refund to the Company the profits distributed in violation of the provisions.

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

- Article16.11 Share dividends shall be distributed on the basis of the after-tax distributable profit which shall be the smaller one of the following two figures:
- (1) The aggregate amount of after-tax distributable profit in the financial report audited by an accounting firm in accordance with the PRC accounting standards; or
  - (2) The aggregate amount of after-tax distributable profit in the financial report based on the audited financial report prepared in accordance with the PRC accounting standards and adjusted in accordance with international accounting standards or accounting standards of the place where the main overseas public offering occurs.

Article16.12 The reserve fund of the Company shall be used for making up for the loss, expansion of the operation or increase of capital of the Company, provided that the capital reserve fund shall not be used for making up for the loss of the Company;

When the statutory reserve fund is capitalized, the retained portion of the fund shall not be less than 25% of the registered capital of the Company before the capitalization.

Article16.13 Capital reserve fund includes the following items:

- (1) premium received when shares are issued at a premium over their par value;
- (2) any other income required to be included in the capital reserve fund by the competent finance department of the State Council.

Article16.14 The Company may distribute dividends in the following manners:

Cash;

Shares;

A combination of both cash and shares.

Article16.15 Profit distribution policies of the Company are specified as follows:

- (1) Subject to conditions, interim profit distribution may be made by the Company;

- (2) Specific conditions and ratios for distributing cash dividend by the Company:

If the Company's profit for the year and its total unappropriated profit are positive, the Company may distribute dividend in cash and the profit to be distributed in cash. The Company may distribute dividend in cash per annum not less than 10% of distributable profit for the year, and profit distributed cumulatively in cash in the last three years should not less than 30% of average distributable profit in the recent three years. Taking into account features of the industries where the Company operates, its development stage, business model, profit level and whether it has significant capital expenditure plans, the Company shall make sure that Cash dividends to be distributed represent at least 40% of the profit distribution;

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

Where the Company's business is in a sound condition, and the Board considers that the stock price of the Company does not reflect its share capital size and distributing dividend in shares will be favorable to all shareholders of the Company as a whole, provided that the above conditions of cash dividend are fully met, the Company may propose dividend distribution in shares;

- (4) Profit shall be distributed in cash at least one time for every 3 consecutive years. When the company distributes profits, cash dividends is in preference to the share dividend.

The dividends paid by the Company shall be declared in RMB, and shall be paid to holders of domestic legal person's shares in RMB, paid to holders of domestically-listed foreign shares in US dollar, and paid to holders of H shares in Hong Kong dollar. The applicable exchange rate shall be the average closing rate for the US dollar and RMB and the average closing rate for the Hong Kong dollar and RMB announced by the People's Bank of China at the first business day on which the relevant resolution is passed at the shareholders' general meeting.

Any amount paid upon any shares before a call is made shall bear interest thereon. However, the shareholder is not entitled to any dividends of such pre-paid share capital declared subsequently.

Article 16.16

The Company shall appoint receiving agents on behalf of the holders of overseas listed foreign shares to receive on behalf of such shareholders dividends declared and all other monies owing by the Company in respect of such shares.

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

The receiving agents appointed on behalf of holders of Hong Kong listed shares shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

Subject to compliance with the relevant laws, administrative regulations and rules of Hong Kong Stock Exchanges, the Company may exercise a right to forfeit unclaimed dividends, provided that such right shall be exercisable only after the applicable limitation period expires.

The Company shall have the right to cease sending dividend warrants to holders of overseas-listed shares by mail, provided that the Company shall only exercise such right if such dividend warrants are not cashed for two consecutive times. If such dividend warrant fails to be served on the recipient after it is sent for the first time and is returned, the Company may exercise this right. While exercising the right of issue warrants to the holders, unless the company believes the original warrants has been destroyed, the company shall not issue any new warrants to replace such lost warrants.

The Company shall have the right to sell the shares held by uncontactable holders of overseas-listed shares in such ways as the Board of Directors think fit, provided that the following conditions shall be complied with:

- (1) The Company has distributed dividends for at least 3 times in 12 years, and nobody claims the dividends during the period; and
- (2) After expiry of the 12-year period, the Company shall put up an advertisement in one or more newspapers at the place where the shares of the Company are listed, stating the Company's intention to sell the shares and inform the security regulatory authority of the place where the shares of the Company are listed.

Article 16.17 Procedures for considering the dividend distribution plan of the Company:

- (1) The profit distribution plan of the Company shall be drawn up by the management and shall be approved beforehand by the independent Directors before submitting to the Board of Directors and the Board of Supervisors of the Company for consideration. The Board shall thoroughly discuss the rationality of the profit distribution plan and form a special resolution before submitting to the general meeting for consideration and the independent Directors shall give their opinions with respect to the distribution plan. When the Company is under special circumstances, in which it cannot determine a profit distribution proposal for a certain year according to the agreed cash dividend policy or the minimum cash dividend payout ratio, or in which the Company's profit for the year and its total inappropriate profit are positive and the proportion of the amount of cash dividend not distributed or proposed to be distributed (including the distributed cash dividends during the extraordinary period) against the net profit attributable to shareholders of a listed company in a particular year is lower than 30%, the Company shall make internet voting accessible to shareholders when submitting the profit distribution proposal to the shareholder meeting for consideration and approval. The board of directors of the company, the shareholders' meeting shall fully listen to the views of minority shareholders and independent directors. Independent directors can collect the voting rights of minority shareholders on the profit distribution plan before the shareholders' general meeting. The Board shall proactively communicate and exchange ideas with shareholders, non-controlling shareholders in particular, and gain thorough understanding of their opinions and demands and timely respond to the issues that concern them.

Article 16.18 The implementation of the Company's dividend distribution plan:

After the shareholders' general meeting of the Company adopts a profit distribution plan by way of resolution, the Board of Directors of the Company shall promptly complete the distribution of dividends (or shares) within two months of the convening of shareholders' general meeting.

Article 16.19 Alteration of the Company's profit distribution policy:

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

The Board of Directors shall conduct specific discussion over adjustment to the Company's profit distribution policy, provide detailed reasons for such adjustment, form a written report to be considered by independent directors, and then submit to the general meeting for approval by way of a special resolution. Prior to the submission of the alteration of the profit distribution policy to the general meeting, for consideration, the Board shall proactively communicate and exchange ideas with shareholders, non-controlling shareholders in particular, and gain thorough understanding of their opinions and demands and timely respond to the issues that concern them.

## **Chapter 17 Appointments of Accounting Firm and Internal Audit**

Article17.01 The Company shall appoint an independent firm of certified public accountants which is qualified under the relevant regulations of the State to audit the Company's annual financial statements and review the Company's other financial reports. The first accounting firm of the Company may be appointed by the inaugural meeting of the Company before the first annual general meeting of shareholders and the accounting firm so appointed shall hold office until the conclusion of the first annual general meeting. If the inaugural meeting fails to exercise its aforesaid powers, those powers shall be exercised by the Board of Directors.

The Company shall engage accounting firms that meets the requirements of the Securities Law to render services such as the auditing of accounting statements, verification of net assets and other relevant consulting matters. The term such engagement will be one year and may be renewed.

Article17.02 Unless be provided by Article 17.05 herein, the appointment of accounting firms shall be decided by the shareholders' assembly meeting, and the Board of Directors shall not appoint the accounting firm before the resolution is adopted by the shareholders' assembly meeting.

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

Article17.03 The accounting firm appointed by the Company shall have the following rights:

- (1) the right to inspect at any time the books, records and vouchers of the Company, and to require the directors, managers and other senior management of the Company to provide any relevant information and explanation thereof;

- (2) the right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the performance of duties of such accounting firm; and
- (3) the right to attend shareholders' general meetings and to receive all notices of, and other communications relating to, any shareholders' general meeting which any shareholder is entitled to receive, and to be heard at any shareholders' general meeting in relation to matters concerning its role as the accounting firm of the Company.

Article17.04 The Company warrants that the Company will provide the engaged accounting firm with true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information, and the Company shall not refuse to provide or conceal or falsify such documents.

Article17.05 Before the convening of the shareholders' general meeting, the Board of Directors may fill any casual vacancy in the office of the accounting firm by appointing other accounting firm but while there is still any such vacancy, the surviving or continuing accounting firm, if any, may continue to act.

Article17.06 The shareholders in shareholders' general meeting may, by ordinary resolution, remove an accounting firm before the expiration of its office, notwithstanding the stipulations in the contract between the Company and the firm, but without prejudice to the firm's right to claim, if any, for damages in respect of such removal.

Article17.07 The remuneration of an accounting firm or the manner in which such remuneration is to be fixed shall be determined by the shareholders in shareholders' general meeting. The remuneration of an accounting firm appointed by the Board of Directors shall be determined by the Board of Directors.

Article17.08 The Company's appointment, removal and non-reappointment of an accounting firm shall be resolved by shareholders in shareholders' general meeting. The shareholders' resolution of the shareholders' general meeting shall be filed with the securities regulatory authority of the State Council.

Where it is proposed that any resolution be passed at a shareholders' general meeting concerning the appointment of an accounting firm, which is not an incumbent firm, to fill a casual vacancy in the office of the accounting firm, or to reappoint a retiring accounting firm which was appointed by the Board of Directors to fill a casual vacancy, or to remove the accounting firm before the expiration of its term of office, the following provisions shall apply:

- (1) A copy of the proposal about appointment or removal shall be sent to the firm proposed to be appointed or proposing to cease to act or the firm which has ceased to act in the relevant financial year before notice of meeting is given to the shareholders. Ceasing to act includes leaving by removal, resignation and retirement.
- (2) If the firm which is about to cease to act makes representations in writing and requests the Company to notify the shareholders of such representations, the Company shall (unless the representations are received too late):
  - a. in any notice given to shareholders about a resolution to be made, state the representations that have been made by such accounting firm; and
  - b. send the duplicate copy of the statement in the form of an attachment to the notice to shareholders in a way stipulated by the Articles;
- (3) If the Company fails to send the statement of relevant accounting firm according to the above provisions of Item (2) above, the accounting firm may ask the statement be read out at the Shareholders' general meeting and make further appeal.
- (4) An accounting firm to leave the post shall be entitled to attend the following meetings:
  - (a) Shareholders' general meeting at which its term of office shall expire;
  - (b) Shareholders' general meeting at which the vacancy due to its removal is to be filled up;
  - (c) Shareholders' general meeting convened due to its resignation from its post.

The accounting firm leaving the post shall be entitled to receive all notices of the aforesaid meetings or other information in relation to the meetings and speak at the aforesaid meeting with regard to matters involving its duties as the previous accounting firm engaged by the Company.

#### Article 17.09

When the Company removes or does not renew the employment of an accounting firm, it shall give a thirty (30)-day advance notice to the accounting firm. The accounting firm shall have the right to present its views at the shareholders' general meeting. Where the accounting firm resigns, it shall state to the shareholders' general meeting whether there is any improper circumstances.



Any accounting firm may resign by depositing at the Company's legal address a written resignation notice 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 followings:

- (1) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or
- (2) a statement of any such circumstances.

The Company shall within 14 days after receiving such notice send a copy of the notice to the competent authority. If the notice contains a statement under sub-provision (2) of the preceding provision, a copy of such statement shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statement by prepaid mail to every holder of overseas-listed shares to the address registered in the share register.

Where the accounting firm's notice of resignation contains a statement of any such circumstances, it may require the Board of Directors to convene an extraordinary general meeting for the purpose of listening an explanation of the circumstances in connection with its resignation.

Article 17.10 The Company implements an internal audit system and is equipped with full-time auditors. The Company's financial revenues and expenditures and economic activities are under internal auditing supervision.

Article 17.11 The internal audit system and the responsibilities of the auditors of the Company shall be implemented upon the approval by the Board of Directors. Audit director shall be responsible and report on its work to the Board of Directors.

## **Chapter 18 Merger and Division of the Company**

Article 18.01 For merger or division of the Company, the Board of Directors shall propose a proposal. After such proposal has been adopted in accordance with the procedures specified in the Articles of Association, relevant examination and approval procedures shall be carried out according to law. Shareholders that oppose to such proposal on the merger or division of the Company shall have the right to require the Company or shareholders that are in favor of such proposal to purchase their shares at a fair price.

The contents of resolutions approving the merger or division of the Company shall be compiled in a special document for shareholders' inspection. Holders of overseas-listed Foreign shares of the Company shall be served copies of the above-mentioned document by way of mail.

Article 18.02 Merger of the Company may take the form of merger by absorption and merger by new establishment.

When a company absorbs other companies, it is merger by absorption, and the absorbed companies shall be dissolved. When two or more companies merge to establish a new company, it is merger by new establishment, and all parties being merged shall be dissolved.

For merger of companies, all parties to the merger shall enter into a merger agreement and prepare a balance sheet and a property list. The Company shall notify its creditors within a period of 10 days from the date on which the merger resolution is passed and publish newspaper announcements for at least three times regarding the merger within 30 days of that date.

The creditors may, within 30 days from the date on which they receive the written notification, or within 45 days from the date, on which the announcement is made in case of those who have not received the written notification, request the Company to make full repayment of their debts or provide corresponding guarantees. The Company shall not merge or divide if it is not able to make full repayment of its debts or provide corresponding guarantees.

Upon completion of the merger, the Company that exists or the newly established company shall assume the creditors' rights and debts of the parties to the merger.

Article 18.03 If the Company is to be divided, its property shall be divided accordingly.

For division of the Company, all parties to the division shall enter into a division agreement and prepare a balance sheet and a property list. The Company shall notify its creditors within a period of 10 days from the date on which the division resolution is passed and publish newspaper announcements for at least three times regarding the division within 30 days of that date.

The companies in existence after the division shall assume the joint liability for the debts owed by the Company prior to the division in accordance with the agreement reached except where the Company before the division and its creditors have otherwise reached a written agreement on repayment of the debts.

Article 18.04 Where the merger or division of the Company involves a change in registered particulars, such change shall be registered with the Company's registry in accordance with the laws. Where the Company is dissolved, it shall cancel its registration in accordance with the laws. Where a new company is established, its establishment shall be registered in accordance with the laws.

## **Chapter 19 Dissolution and Liquidation of the Company**

- Article 19.01 In any of the following circumstances, the Company shall be dissolved and liquidated in accordance with the laws:
- (1) its business term expires or other cause of dissolution as stipulated in the Articles of Association appears;
  - (2) a resolution for dissolution is passed at a shareholders' general meeting;
  - (3) dissolution is necessary due to a merger or division of the Company;
  - (4) the business license of the Company is revoked, the Company is ordered to close down or cancelled; or
  - (5) where the Company is in serious difficulties in operations or management, and its continual existence will lead to substantial loss to the benefits of the shareholders and there are no other solutions to resolve the matters, the shareholders holding 10% or above of the total voting rights of the Company may request to the People's Court for dissolution of the Company.

Article 19.02 Where the Company finds itself in the conditions as prescribed in sub-provision (1) of the preceding article of the Articles of Association, it may continue to exist through revision of the Articles of Association.

In the above mentioned case, such a revision shall be subject to adoption by the shareholders present at the shareholders' general meeting, who hold more than 2/3 of the voting rights.

Where the Company dissolves due to item (1), (2), (4) and (5) in the preceding provision, it shall establish a liquidation committee within 15 days after the cause of dissolution appears and begin to liquidate. The members of a liquidation committee shall be decided by the shareholders' general meeting by way of ordinary resolution. Where the Company fails to establish a liquidation committee within the time limit, the creditors may request to the People's Court for liquidation of the Company.

Article 19.03 Where the Board of Directors decides to liquidate the Company due to causes other than the declaration of insolvency, the Board of Directors shall state in the notice convening a shareholders' general meeting for that purpose that the Board of Directors have made a comprehensive investigation into the situation of the Company and is in the opinion that the Company can settle the debts of the Company within 12 months after commencement of the liquidation.

Upon the passing of the resolution by the shareholders' general meeting for the liquidation of the Company, all functions and powers of the Board of Directors shall cease immediately.

The liquidation committee shall act in accordance with the instructions of the shareholders' general meeting to make a report at least once a year to the shareholders' general meeting on the committee's income and expenditure, the business of the Company and the progress of the liquidation and to present a final report to the shareholders' general meeting on completion of the liquidation.

Article 19.04 The liquidation committee shall notify creditors within a period of 10 days from the date of its establishment and publish newspaper announcements for at least three times within 60 days. Creditors' rights shall be registered by the liquidation committee.

The creditors shall declare their creditors' rights to the liquidation committee within 30 days from the date on which they receive the written notification, or within forty 45 days from the date on which the announcement is made, in the case of those who have not received such notification. When declaring his or her creditors' rights, a creditor shall specify the matters in respect of each creditor's right, and provide supporting materials. Creditors' rights shall be registered by the liquidation committee. During the period when creditors declare their creditors' rights, the liquidation committee shall not pay off the debts to them.

Article 19.05 The liquidation committee shall exercise the following functions and powers during liquidation:

- (1) thoroughly examine the property of the Company and prepare a balance sheet and property list respectively;
- (2) notify creditors by a notice or announcement;
- (3) dispose of outstanding business of the Company in relation to the liquidation;
- (4) pay off all outstanding taxes and taxes arising during the course of liquidation in full;
- (5) liquidate claims and debts;
- (6) dispose of the remaining property after full repayment of the Company's debts; and
- (7) participate in civil litigations on behalf of the Company.

Article 19.06 After the liquidation committee has thoroughly examined the Company's property and prepared a balance sheet and property list, it shall formulate a liquidation plan and submit such plan to the shareholders' general meeting or the competent authorities for confirmation.

The property of the Company shall be used for settlement in the following order:

- (1) pays off the liquidation expenses;
- (2) pays off the wages of its staff, the social insurance premiums and the statutory compensations;
- (3) pays its tax arrears; and
- (4) clears up its debts.

Where the Company paid off its debts in accordance with the preceding provision, its remaining property shall be distributed to shareholders of the Company according to the class and proportion of shares they hold.

During liquidation, the Company shall not engage in any new business activities. The property of the Company shall not be distributed to its shareholders before the Company has made the payments as specified in the provisions of the preceding provision.

Article 19.07 Where liquidation is carried out as a result of the dissolution of the Company, after having thoroughly examined the Company's property and prepared a balance sheet and property list, if the liquidation committee discovers that the Company's property is insufficient to pay off its debts in full, it shall apply to the people's court for a declaration of bankruptcy.

After the people's court has ruled to declare the Company bankrupt, the Company's liquidation committee shall hand over the liquidation matters to the people's court.

Article 19.08 Following the completion of liquidation, the liquidation committee shall prepare a liquidation report, a statement of the revenue and expenditure during the liquidation and the financial books, and, upon verification thereof by an accountant registered in China, submit the same to the shareholders' general meeting or the competent authorities for confirmation.

Within 30 days from the date of confirmation of the above-mentioned document by the shareholders' general meeting or the competent authorities, the liquidation committee shall deliver the same to the Company registry, apply for cancellation of the Company's registration and publicly announce the Company's termination.

Article 19.09 Members of a liquidation committee shall be devoted to their duties and perform their liquidation obligations in accordance with the laws, and, they shall not take advantage of their functions and powers to accept bribes or other illegal income, or to take illegal possession of the property of the Company.

Where a member of the liquidation committee causes losses to the Company or its creditors intentionally or through gross negligence, he or she shall be liable for compensation.

Article 19.10 Where the Company is declared bankrupt according to the laws, bankruptcy liquidation shall be conducted in accordance with the law on enterprise bankruptcy.

## **Chapter 20 Procedure for Amendments of Articles of Association**

Article 20.01 Company may, pursuant to the requirements of the laws, administrative regulations, the listing rules of the stock exchange where the Company's shares listed and the Articles of Association, amend the Articles of Association.

Article 20.02 The Company shall amend the Articles of Association if any of the following circumstances occur:

- (1) after the revision of the Company Law, relevant laws, administrative regulations or the listing rules of the stock exchange where the Company's shares listed, the provisions of the Articles of Association conflict with the revised laws or administrative regulations;
- (2) where the Company's situation changes, thus causes the inconsistency with the matters recorded in the Articles of Association; or
- (3) revision of the Articles of Association as decided by the shareholders' general meeting.

Article 20.03 Where the amendments adopted by the shareholders' general meeting to be made to the Articles of Association shall be subject to the examination and approval of the competent authority, such amendments shall be submitted to the original examination and approving authority for the approval to be effective. Where an amendment involves matters in relation to the registration of the Company, the procedures for modification of registration shall be completed in accordance with the laws.

The Board of Directors shall amend the Articles of Association in accordance with the resolutions of the shareholders' general meeting and the approval of the competent authority.

Article 20.04 Where the provisions to be revised in the Articles of Association concern the information required to be disclosed by laws and regulations, such changes, in accordance with laws or regulations, shall be announced.

### **Chapter 21 Resolution of Disputes**

Article 21.01 The Company shall follow the rules for dispute resolution mentioned below:

- (1) Whenever any disputes or claims arise between: holders of the overseas-listed foreign shares and the Company; holders of the overseas-listed foreign shares and the Company's directors, supervisors, managers or any other member of the senior management or holders of the overseas-listed foreign shares and holders of domestically listed foreign shares as well as domestic shares, in respect of any rights or obligations under the Articles of Association, the Company Law, and other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be submitted by the relevant parties to arbitration.

Where a dispute or claim referred to in the preceding provision is submitted to arbitration, such claim or dispute must be submitted to arbitration in its entirety, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall, where such person is the Company, the Company's shareholder, director, supervisor, manager, or any other member of the senior management of the Company, submit to the arbitration.

Disputes in respect of the definition of shareholders and disputes in relation to the share register may not be resolved by arbitration.

- (2) A claimant may choose the arbitration to be carried out at either China International Economic or Trade Arbitration Commission in accordance with its Arbitration Rules or Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the Arbitral Body chosen by the claimant.

If a claimant chooses the arbitration to be carried out at Hong Kong International Arbitration Centre, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of Hong Kong International Arbitration Centre.

- (3) Where the dispute or claims stated in provision (1) of this Article is to be resolved by way of arbitration, the laws of the PRC shall apply, save as otherwise provided in laws and administrative regulations.

The award of an Arbitral Body shall be final and conclusive and binding on all parties.

Article 21.02 For disputes other than those stated in article 21.01, parties may choose to settle such disputes by litigation or arbitration.

## **Chapter 22 Notices and Announcements**

Article 22.01 The notices of the Company shall be given in the following ways:

- (1) in the written form
- (i) by hand;
  - (ii) by mail;
  - (iii) by e-mail;
  - (iv) by way of an announcement; or
  - (v) by fax.
- (2) in verbal form
- (i) by oral communication in person;
  - (ii) by telephone.



- (3) subject to compliance with laws, administrative regulations, departmental rules and the rules of the securities regulatory authority of the place where the shares of the Company are listed, by posting on the website of the Company and a website designated by the Shanghai Stock Exchange and the Hong Kong Stock Exchange;
- (4) by other ways which are recognized by the securities regulatory authority of the place where the shares of the Company are listed or stipulated in the Articles of Association.

Article 22.02 Any notice of the Company given by announcement shall be deemed to be received by all relevant persons once the announcement is published.

Article 22.03 The notice of convening a shareholders' general meeting shall be given by way of announcements. The notice of convening a board meeting shall be given in the written form. The notice of convening an extraordinary general meeting shall be given in the written form or verbal form. The notice of convening a meeting of the Board of Directors of the supervisors shall be given in the written form. The notice of convening an extraordinary meeting of the Board of Directors of the supervisors shall be given in the written form or verbal form.

Article 22.04 Where a notice is delivered by hand, the recipient shall acknowledge receipt by signing (or sealing) the delivery receipt, and the date on which the recipient signs the delivery receipt shall be the service date. Where a notice is sent by mail, the 5th business day from the day of posting at the post office shall be the service day. Where a notice is given by e-mail, the date of such e-mail entering the recipients' designated electronic data exchange system shall be the service day. Where a notice is given by way of announcement, the date on which the announcement is first published shall be the service date. Where an announcement is given by fax, the date on the fax record showing the send date shall be the service date.

Article 22.05 Where the Company gives notices to holders of overseas-listed shares by way of announcements, it shall submit the electronic version for immediate release to Hong Kong Stock Exchange via its Electronic Publication System on the same date in accordance with the listing rules of the listing place for the publish of announcements on the website of Hong Kong Stock Exchange. Such announcements shall at the same time posted on the company's website. In addition, the Company shall serve the announcements by hand or by prepaid mail to the holders of overseas-listed shares according to the addresses on the register of members, so that the shareholders have sufficient notice and sufficient time to exercise their rights or to act in accordance with the terms of the notices. Holders of overseas-listed Foreign shares may apply in writing to

choose to receive corporate communication which shall be sent to shareholders by electronic means or by mail and to choose to receive either Chinese version or English version, or receive Chinese and English version at the same time. They may give advance notice within a reasonable time to modify the means of receiving and language versions of the aforesaid information according to the appropriate procedures.

Article 22.06 In respect of shareholders who failed to provide the registered addresses or cannot be contacted due to mistakes and omissions of their addresses, relevant notices shall be deemed as being received by such shareholders if the Company presents and keeps such notices at the legal address of the Company for twenty-four (24) hours.

In the case of joint holders of a share, all notices, information or other documents shall be served or sent to anyone of the joint holders by the Company.

Article 22.07 Any notices, documents, information or written statements given by shareholders or directors to the Company may be delivered to the legal address or the registered agent of the Company by hand or by registered mails.

Where shareholders or directors prove notices, documents, information or written statements had been sent to the Company, they have to provide evidence of such notices, documents, information or written statements sent at designated time by the usual way of delivery or by prepaid mail to the right address.

Article 22.08 In respect of ways of the Company to provide and/or distribute corporate communication to its shareholders in accordance with the Listing Rules of the Stock Exchange, where the Company obtains the prior written consent or implied consent of the shareholders in compliance with relevant provisions of relevant laws, regulations or the Listing Rules of the Stock Exchange (amended from time to time), it may release or provide the corporate communication to its shareholders by electronic ways or publishing the information on its website, notwithstanding the above context specified that the corporate communication shall be provided and/or distributed to shareholders in the written form. The corporate communication includes but not limited to circulars, annual reports, interim reports, quarterly reports, notices of meetings of the Board of Shareholders, and other corporate communications as required under the Listing Rules of the Stock Exchange.

Article 22.09 The Company designated the Shanghai Securities News and the Hong Kong Commercial Daily for publishing the Company's announcements and other information which needed to be disclosed. The Company discloses information on <http://www.sse.com.cn> and on the website of the Hong Kong Stock Exchange.

Where the Company shall send announcements to holders of overseas-listed shares in accordance with Articles of Association, such announcements shall be published in accordance with the Listing Rules of the Stock Exchange at the same time.

### **Chapter 23 Supplementary Provisions**

- Article 23.01 The Articles of Association shall be written in Chinese. In the event of any discrepancy between the Articles of Association in other languages or other versions of the Articles of Association and the Articles of Association, the most recent Chinese version registered with company registry shall prevail. In the event of any discrepancy between the version in other languages and the Chinese version of the Articles of Association, the Chinese version shall prevail.
- Article 23.02 Unless the Articles of Association otherwise requires, the term “no less than” referred to in the Articles of Association include the number itself. The terms “more than”, “less than” and “no more than” do not include the number itself.
- Article 23.03 the following expressions have the following meanings unless the context otherwise requires:
- |                             |   |
|-----------------------------|---|
| a “controlling shareholder” | a person as defined in article 7.09 of the Articles of Association  |
| a “actual controller”       | a person who is able to practically control the behavior of the Company through investment relations, agreements or other arrangements, although the person is not a shareholder of the Company   |
| “connected relationship”    | means the relations between the controlling shareholder, actual controllers, directors, supervisors, the members of the senior management of the Company with the enterprises which are directly or indirectly under the control of the Company, and other relations which may lead to transfer of the Company’s interests. However, connected relationships do not exist among the companies controlled by the State although their shares are held by the State in common |

“Articles of Association” or “the Articles of Association”	the articles of association of the Company
“Company” or “the Company”	Inner Mongolia Yitai Coal Co., Ltd
“subsidiaries”	include wholly owned subsidiaries and holding subsidiaries
“the Board of Directors”	the Board of Directors of the Company
“Chairman of the Board of Directors”	chairman of the Board of Directors of the Company
“directors”	the directors of the Company
“Supervisory Committee”	the Supervisory Committee of the Company; according to the PRC laws, the Supervisory Committee is responsible for monitoring the Board of Directors, the members, the managers and the members of the senior management of the Company
“Supervisors”	members of the Supervisory Committee
“RMB”	the lawful currency of the PRC
“Secretary”	secretary of the Board of Directors appointed by the Board of Directors of the Company
“the PRC”	the People’s Republic of China
“the PRC laws”	the Constitution of the PRC or any laws, regulations and rules in force in the PRC (as the context may require)
“Company Law”	The Companies Law of the PRC which was adopted at the 18th Meeting of the Standing Committee of the Tenth National People’s Congress of the PRC on October 27, 2005, came into effect as of January 1, 2006 and was amended on December 28, 2013 and October 26, 2018

“Securities Law”	The Securities Law of the PRC which was adopted at the 18th Meeting of the Standing Committee of the Tenth National People’s Congress of PRC on October 27, 2005, came into effect as of January 1, 2006 and was amended on June 29, 2013 and August 31, 2014 and December 18, 2019
“Special Provisions”	the Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Stocks by Limited Stock Companies which was adopted at the 22nd executive meeting of the State Council on July 4, 1994, came into effect as of August 4, 1994 and was amended on October 17, 2019
“Mandatory Clauses”	Mandatory Clauses of the Articles of Association of Companies Seeking Overseas Listing issued by Securities Commission of State Council and State Commission for Economic Restructuring on August 27, 1994 and came into effect, and was amended on October 17, 2019
“Guidelines for the Articles of Association”	The Guidance for the Articles of Association of Listed Companies (2019 Revision) which was printed and distributed by the China Securities Regulatory Commission on 17 April 2019.
“Listing Rule of Shanghai Stock Exchange”	Rules Governing the Listing of Stocks on Shanghai Stock Exchange
“Hong Kong Register of Members”	the part of register of members placed at Hong Kong in accordance with the Articles of Association
“Hong Kong Stock Exchange”	the Hong Kong Exchanges and Clearing Limited
“Listing Rules of the Stock Exchange”	the Rules Governing the Listing of Securities on the Hong Kong Exchanges and Clearing Limited

“Arbitral Body”	China International Economic or Trade Arbitration Commission or Hong Kong International Arbitration Centre
“Special Resolutions”	Resolutions adopted by the shareholders present at the shareholders’ general meeting representing 2/3 or more of the voting rights
“Ordinary Resolutions”	Resolutions adopted by the shareholders present at the shareholders’ general meeting representing half and more of the voting rights
“Article 23.04”	The Board of Directors may make by-laws in accordance with the provisions of the Articles of Association. The by-laws shall not contravene the provisions of the Articles of Association
“Article 23.05”	“Accounting firm” in these Articles of Association shall have the same meaning as “auditors”
“Article 23.06”	The right of interpretation shall belong to the Board of Directors of the Company whereas the right of amendment shall belong to the shareholders’ general meeting
“Article 23.07”	The attachments of the Articles of Association include rules of procedure of the shareholders’ general meeting, rules of procedure of the Board of Directors and rules of procedure of the Supervisory Committee

Where such rules of procedure are inconsistent with the Articles of Association, the Articles of Association shall prevail.

**Inner Mongolia Yitai Coal Co., Ltd.**

**Zhang Jingquan**

*Chairman*

29 December 2022