



Tianjin Capital Environmental Protection Group Company Limited  
天津創業環保集團股份有限公司

*(a joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 1065)**

## ARTICLES OF ASSOCIATION

(Amended at 2024 Second Extraordinary General Meeting)

<sup>#</sup> *The Articles of Association of the Company have both Chinese and English versions, the English version is for reference only. Should there be any discrepancy between the two versions, the Chinese version shall always prevail.*

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## CHAPTER 1 GENERAL

**Article 1** The Article was formulated to protect the legitimate rights and interests of Tianjin Capital Environmental Protection Group Company Limited (the “Company” for short), and its shareholders and creditors according to the Company Law of the People’s Republic of China (the “Company Law” for short), to regulate the organisation and conduct of the Company, and to improve the modern enterprise system with Chinese characteristics, the Securities Law of the People’s Republic of China (the “Securities Law” for short), the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (CSRC Announcement [2023] No. 43), the Guidelines on the Articles of Association of Listed Companies (CSRC Announcement [2023] No. 62), the Measures for the Administration of Independent Directors of Listed Companies (CSRC Order No. 220), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (Main Board), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange (Revised in April 2024), and other laws, regulations and regulatory documents..

**Article 2** The Company was established on the basis of the Normative Views on Limited Liability Companies released by the former State Commission for Economic Restructuring on 15 May 1993 and other related laws and regulations.

The Company was established on 8 June 1993 by way of private placement according to Circular No. 45, issued by the former Tianjin Commission for Economic Restructuring on 20 July 1992. It was registered and administrated in Tianjin Administration for Industry and Business on 8 June 1993 and obtained the business license, with the registration number 009079.

The promoter of the Company was Tianjin Bohai Chemical Industry Group Company. According to the Equity Transfer Agreement entered into between Tianjin Bohai Chemical Industry Group Company and Tianjin Municipal Investment Limited Company on 10 October 2000, the promoter shares had been transferred to Tianjin Municipal Investment Limited Company.

**Article 3** In accordance with the relevant provisions under the Constitution of the Communist Party of China, the Company shall establish an organisation of the Communist Party of China, carry out the activities of the Party, set up working organs for the Party, allocate sufficient competent staff to deal with Party affairs and guarantee sufficient funds to operate the Party organisation.

**Article 4** The Company’s registered Chinese name is 天津創業環保集團股份有限公司.

The Company’s English name is Tianjin Capital Environmental Protection Group Company Limited.

## **Article 5**

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**Article 6** The legal representative of the Company is the chairman of the Board of the Company.

If the chairman of the Board resigns, he shall be deemed to have resigned as the legal representative at the same time.

If the legal representative resigns, the Company shall determine a new legal representative within thirty days from the date of the legal representative's resignation.

**Article 7** The Company is a joint stock limited Company with perpetual existence.

**Article 8** The Articles of Association takes effect on the day the Company is established.

From the day when the Articles of Association takes effect, the Articles of Association will be a legally binding document regulating the organization and activities of the Company and the rights and obligations between the Company and its shareholders and among shareholders.

**Article 9** These Articles of Association shall be binding upon the Company and its shareholders, Directors, supervisors, general managers and other senior management members of the Company, who shall have right to make any claims and propositions regarding the Company's affairs in accordance with the Articles of Association.

The Articles of Association shall be actionable by a shareholder against the Company and vice versa, by the Company against the Directors, supervisors, general manager and other senior management members of the Company, by shareholders against each other, by a shareholder against the Directors, supervisors, general manager and other senior management members of the Company.

**Article 10** All the Company's assets are divided into shares of equal amount. Shareholders bear responsibilities for the Company in proportion to the shares they hold. The Company takes responsibilities for the Company's debts by its total assets.

The Company can invest in other companies. However, unless otherwise specified by the laws, the Company cannot be an investor who takes the joint responsibilities for the debts of the companies it invests in.

**Article 11** The other senior management members referred in the Articles of Association shall mean the deputy general manager, the secretary to the Board of Directors, the chief accountant (the one who is in charge of finance) and general legal counsel.

## CHAPTER 2 OBJECTIVES AND SCOPE OF BUSINESS

**Article 12** Business objectives of the Company are: to comply with the State Law and make use of assets both inside and outside China to establish a new effective operating mechanism of listed companies, bring the listed companies' overall advantages and comprehensive functions into play and develop new and high technology products in infrastructure; to broaden the scope of business, reduce operating costs, improve the quality of the Company, enhance its market competitiveness and accumulate funds for the Company and to ensure that all shareholders receive reasonable economic benefits.

**Article 13** The business scope of the Company is based on the projects approved by the registration authority.

The business scope of the Company: investment, construction, design, management, operation, technical consultation and supporting services for sewage water, tap water, reclaimed water, industrial wastewater and other water treatment facilities; investment, construction, design, management, operation, technical consultation and supporting services for the collection, transportation, treatment and resource utilization of various types of solid waste and related infrastructure; investment, construction, design, management, operation, technical consultation and supporting services for energy supply services and energy conservation and environmental protection-related facilities; development and operation of environmental protection technology and environmental protection products and equipment; urban integrated environmental services and ecological management services; design, construction, management, construction and operation and management of municipal infrastructure facilities; urban road franchised operation, technical consultation and supporting services for the southeast half of the Central Ring Road in Tianjin municipality; rental of self-owned houses.

According to the needs of business management, the Company may amend the Articles of Association and the business scope in accordance with the relevant provisions. However, the amendment shall be registered. As to projects within the business scope of the Company which have to be approved under the laws and administrative rules and regulations, they shall be approved according to the law.

The term of operation of the Company is fifty years, which shall be commenced from the date of issuance of the Business License.

### CHAPTER 3 SHARES AND REGISTERED CAPITAL

**Article 14** The Company shall have ordinary shares at all times.

**Article 15** The stock of the Company shall be in the form of shares. Share issued by the Company shall have a par value and each shall bear a par value of RMB1.

The issue of shares is based on the principles of openness, fairness and impartialness. Each share of the same class shall have equal rights.

For the shares of the same class issued at the same time, the condition of issues and the price of each share shall be identical. Each share subscribed by any units or individuals shall be paid by the same price.

**Article 16** Upon registration/filing with the securities regulatory authorities of the State Council, the Company may issue shares to domestic investors and overseas investors.

The “foreign investors” referred to in the preceding paragraph shall mean the investors in foreign countries of Hong Kong, Macau and Taiwan who have subscribed the shares issued by the Company. The “domestic investors” shall mean the investors other than those mentioned above who have subscribed the shares issued by the Company and are residing in the People’s Republic of China.

**Article 17** Shares issued by the Company to the domestic investors which are subscribed in RMB shall be referred to as domestic shares. Shares issued by the Company to the overseas investors which are subscribed in foreign currencies shall be referred to as foreign-invested shares. Foreign-invested shares that are listed abroad shall be referred to as overseas-listed foreign-invested shares.

**Article 18** The total number of ordinary shares can be issued by the Company as authorized by the securities regulatory authority of State Council is 1,330,000,000. When the Company was set up, 839,020,000 shares were issued to the promoter, which accounted for 63.09% of the total number of ordinary shares. At present, the shares of the promoter have been transferred Tianjin Municipal Investment Limited Company.

**Article 19** After establishment, the Company has issued 452,495,000 ordinary shares, among which 340,000,000 are the overseas-listed foreign-invested shares (H shares), representing 25.56% of the total ordinary shares can be issued by the Company, and the 112,495,000 are domestic-listed domestic shares (A shares), representing 8.46% of the total ordinary shares can be issued by the Company.

Of the convertible bonds issued by the Company on 1 July 2004, as at 27 August 2007, RMB375,786,000 convertible bonds have been converted to 97,228,430 A shares, representing 6.8% of the total share capital.

On 28 September 2022, the Company completed a non-public issuance of 143,189,655 A shares, representing 9.12% of the total share capital of the Company.

The Company's current equity structure: 1,570,418,085 ordinary shares have been issued, of which are 1,230,418,085 domestic-listed domestic shares (A shares) representing 78.35% of the issued ordinary shares of the Company, and 340,000,000 foreign-listed foreign-invested shares (H shares), representing 21.65% of the issued ordinary shares of the Company.

**Article 20** The registered capital of the Company is RMB1,570,418,085. The total investment of the Company is RMB1,570,418,085.



## CHAPTER 4 SHARE TRANSFER

**Article 21** The shares of the Company may be transferred in accordance with the law.

**Article 22** The Company does not accept its shares as the subject matter of a pledge.

**Article 23** Shares held by the promoters cannot be transferred within one year since the establishment of the Company. Shares that had been issued before the public offer of Company cannot be transferred within one year since the day when shares were listed and traded on the stock exchange.

**Article 24** Directors, supervisors and senior management members shall notify the Company about the shares they hold and the changes of the shares held. During their term, the shares transferred each year cannot exceed 25% of the total shares held by them. The shares held cannot be transferred within one year since the Company's shares are listed. Within six months after the departure of the aforesaid personnel, they cannot transfer their shares of the Company.

If the shares are pledged within the period of restriction on transfer as stipulated in the relevant provisions of laws, administrative regulations, ordinances, listing rules, etc., the pledgee shall not exercise the pledge right within the period of restriction on transfer.

**Article 25** If Directors, supervisors, senior management member of the Company and shareholders who hold 5% or more of the Company's shares sell their shares within six months after purchase or purchase again within six months after selling, the profit incurred shall belong to the Company and the Board of Directors will collect the said profit. However, if securities companies holding 5% or more of the shares as a result of taking up unsubscribed shares as underwriters and other circumstances provided by the CSRC are exempt from such requirement.

If the Board of Directors of the Company fails to enforce the preceding paragraph, shareholders have the right to request the Board to enforce within 30 days. If the Board fails to enforce within the aforesaid articles, for the interests of the Company, shareholders have the right to commence proceeding in the people's court in their own name.

If the Board fails to perform according to Article 1, the responsible Directors shall bear joint responsibility.

If the restriction in this Article involves shareholders of overseas-listed foreign-invested shares, they are required to comply with the relevant regulations of the securities regulatory authorities in the place where the corresponding shares are listed.

**Article 26** The Company shall not provide gifts, loans, guarantees or other financial assistance to other persons for the acquisition of shares in the Company or its parent company, except for the implementation of the Company's employee stock option plans.

For the interests of the Company, upon a resolution of the shareholders' meeting, or a resolution of the Board of Directors in accordance with the Articles of Association or the authorization of the shareholders' meeting, the Company may provide financial assistance to other persons for the acquisition of shares in the Company or its parent company, provided that the cumulative total amount of the financial assistance shall not exceed 10% of the total issued share capital. Resolutions made by the Board of Directors shall be approved by more than two-thirds of all directors.

In the event of any violation against the provisions of the preceding two paragraphs which causes losses to the Company, the responsible directors, supervisors and senior management shall be liable for compensation.

## **CHAPTER 5 CAPITAL INCREASE, CAPITAL REDUCTION AND SHARE REPURCHASE**

**Article 27** The Company may, according its operation and development needs, increase its capital in the following ways in accordance with the provisions of laws and regulations and upon resolution. The Company may increase its capital in the following ways:

- (1) public offer of shares;
- (2) non-public offer of shares;
- (3) allotment of bonus shares to its existing shareholders;
- (4) conversion of housing provident fund to increased share capital;
- (5) other means provided by laws, administrative regulations or approved by the CSRC.

When the Company's increase share capital by means of the issue of new shares has been approved in accordance with provisions of the Articles of Associations, the issue shall be made according to the procedures set out in relevant laws and administrative regulations of the State.

**Article 28** the Board of Directors shall be authorised at the shareholders' meeting, who shall have the mandate to decide on the issuance of shares not exceeding 50 percent of the issued shares within three years. However, the capital contribution in the form of non-monetary property shall be resolved by the shareholders' meeting.

If the decision of the Board of Directors to issue shares in accordance with the preceding paragraph results in a change in the registered capital of the Company or the number of issued shares, the amendment of the matters recorded in the Articles of Association shall not be subject to the vote of the shareholders' meeting.

**Article 29** Where the Board of Directors decides to issue new shares under the authorisation of the shareholders' meeting, the resolution of the Board of Directors shall be passed by more than two-thirds of all the directors.

**Article 30** A controlled subsidiary of the Company is not allowed to acquire the shares of the Company.

If the controlled subsidiary of the Company holds the shares of the Company due to company mergers, exercise of pledge rights, etc., it is not allowed to exercise the voting rights corresponding to the shares held by it, and the relevant shares of the Company shall be disposed of in a timely manner.

**Article 31** The Company may reduce its registered capital.

The Company shall reduce its capital in accordance with procedures set out in the Company Law, other relevant regulations and this Articles of Association.

**Article 32** When the Company reduces its registered capital, it must prepare a balance sheet and an inventory of assets.

The Company shall notify creditors within 10 days after adopting the resolution to reduce registered capital and publish an announcement in newspaper or National Enterprise Credit Information Publicity System within 30 days. A creditor shall have the right within 30 days after the receipt of written notice or, for those who have not received a written notice, within 45 days after the date of first announcement, require the Company to repay its debts or provide a corresponding debt repaying guarantee.

The registered capital of the Company, after reduction, cannot be less than the minimum amount as prescribed by law.

**Article 33** The Company may repurchase the Company's shares under the following circumstances:

- (1) reducing its registered capital;
- (2) merger with other companies holding the shares of the Company;
- (3) granting shares under employee stock ownership plan or as share option incentives;
- (4) repurchase of shares made upon the request of its shareholders who disagree with resolutions passed at a shareholders' meeting in connection with a merger or division of the Company;
- (5) to use the shares for conversion into convertible corporate bonds issued by the Company;
- (6) being deemed necessary by the Company for the protection of the Company's value and shareholders' interest;
- (7) other circumstances as permitted by laws and administrative regulations.

**Article 34** The Company may repurchase its shares through public and centralized trading or other methods as permitted by laws and regulations and the CSRC.

When the Company repurchases its shares in the circumstances as set out in items (3), (5) and (6) of Article 33 of the Articles of Association, such repurchase shall be conducted by way of public and centralized trading.

**Article 35** When the Company repurchases its shares in the circumstances as set out in Article 33(1) and Article 33(2), prior approval at the shareholders' meeting shall be obtained. When the Company repurchases its shares in the circumstances as set out in Article 33(3), Article 33(5) and Article 33(6), it may be resolved by more than two-thirds of directors present at a board meeting.

The shares of the Company repurchased pursuant to Article 33(1) shall be cancelled within ten days from the date of repurchase. In the event that the Company repurchases its shares in the circumstances as set forth in Article 33(2) or Article 33(4), the shares so acquired shall be transferred or cancelled within 6 months. In the event that the Company repurchases its shares in the circumstances as set forth in Article 33(3), Article 33(5) or Article 33(6), the shares in the Company held in aggregate by the Company shall not exceed 10% of the total number of the Company's shares in issue and the shares so repurchased shall be transferred or cancelled within three years.

The repurchase of overseas listed foreign shares of the Company shall comply with the Hong Kong Listing Rules and other relevant regulations of the place of listing.

## CHAPTER 6 SHARE CERTIFICATES AND REGISTER OF MEMBERS

**Article 36** Share certificates of the Company shall be in registered form.

In addition to the provisions of Company Law, a share certificate of the Company shall also contain any other items required to be specified by the stock exchange on which the shares of the Company are listed.

**Article 37** The Company shall keep a register of members based on the evidence provided by the share registrar. The register of members serves as sufficient evidence of the shareholders' ownership of the Company's shares, which shall contain the following particulars:

- (i) the name and address of each shareholder;
- (ii) the type and number of shares subscribed by each shareholder;
- (iii) if shares are issued in paper form, the serial numbers of the share certificate;
- (iv) the date of acquisition of shares by each shareholder.

**Article 38** The Company may, in accordance with the mutual understanding and agreements made between the securities supervisory authorities of the State Council and overseas securities regulatory organizations, maintain the register of shareholders for holders of overseas-listed foreign-invested shares overseas and appoint overseas agent(s) to manage such register of shareholders. The original register of shareholders for holders of overseas-listed foreign-invested shares listed in Hong Kong shall be maintained in Hong Kong.

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

For any inconsistency between the original and the duplicate register of shareholders for holders of overseas-listed foreign-invested shares, the original register of shareholders shall prevail.

**Article 39** The Company shall maintain a complete register of members.

A register of members shall include the following parts:

- (1) the register of members which is maintained at the domicile of the Company, other than those share registers which are described in items (2) and (3) of this article;
- (2) the register of members in respect of the holders of overseas-listed foreign-invested shares of the Company which is maintained in the same place where the overseas stock exchange on which the shares are listed is located;
- (3) the register of members which is maintained in such other place as the Board of Directors may consider necessary for the purposes of the listing of the Company's shares.

**Article 40** Different parts of a shareholder register shall not overlap. No transfer of shares registered in any part of the register shall, during the continuance of that registration, be registered in other part of the register.

All overseas-listed foreign-invested shares listed in Hong Kong which has been fully paid-up can be freely transferred according to the Articles of Association. However, unless such transfer complies with the following requirements, the Board of Directors may refuse to accept any instrument of transfer without providing any reason:

- (1) A fee of HK\$2, or such higher amount as agreed by the Hong Kong Stock Exchange, has been paid to the Company for registration of the instrument of transfer and other documents relating to or which may affect the right of ownership of the shares;
- (2) The instrument of transfer only relates to overseas-listed foreign-invested shares listed in Hong Kong;
- (3) The stamp duty which is payable on the instrument of transfer has already been paid;
- (4) The relevant share certificates and any other evidence the Board of Directors may reasonably require to show that the transferor has the right to transfer the shares have been provided;
- (5) If the shares are to be transferred to joint holders, the number of joint holders shall not exceed four;
- (6) The relevant shares are not attached with lien of the Company.

Amendments or corrections of any part of the register of members shall be made in accordance with the laws of the place where the register is maintained.

**Article 41** Where laws, regulations, securities transaction rules and other regulatory documents have provisions on the period of suspension of the share transfer registration procedures prior to the date of the shareholders' meeting or before the record date set by the Company for the purpose of distribution of dividends, such provisions shall prevail.

**Article 42** When the Company convenes a shareholders' meeting, distribute dividends, conduct liquidation or perform other activities that requires determining the shareholding, the Board of Directors or the conveners of the shareholders' meeting shall determine the record date for determination of shareholding. The shareholders of the Company shall be such persons whose names are registered on the register of members after the trading hours of that day and may enjoy the relevant rights.

**Article 43** Any person who disputes the register of members and requests to have his/ her/ its name (title) entered in or removed from the register of members may apply to a court of competent jurisdiction for rectification of the register of members.

**Article 44** If the share certificate (the "original certificate") held by any person who is a registered shareholder or who claims to be entitled to have his/her/its name (title) entered in the register of members is lost, such person may apply to the Company for a replacement share certificate in respect of such shares (the "Relevant Shares").

Application by a holder of domestic shares, who has lost his/her/its share certificate, for a replacement share certificate, shall be dealt with in accordance with Article 164 of the Company Law.

Application by a holder of overseas-listed foreign-invested shares, who has lost his/ her/its share certificate, for a replacement share certificate may be dealt with in accordance with the law of the place where the original register of members for holders of overseas-listed foreign-invested shares is maintained, the rules of the stock exchange or other relevant regulations.

Application for a replacement share certificate by holders of overseas-listed foreign-invested shares that are listed in Hong Kong who has lost his/her/its share certificate, the issuance of a replacement share certificate shall comply with the following requirements:

- (1) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarized certificate or a statutory declaration, of which the contents shall include the grounds upon which the application is made and the circumstances and evidence of the loss, and the declaration showing that no other person is entitled to have his/her/its name entered in the register of members in respect of the Relevant Shares;
- (2) The Company has not received any declaration made by any person other than the applicant declaring that his/her/its name shall be entered in the register of members in respect of such shares before it decides to issue a replacement share certificate to the applicant;



- (3) The Company shall, if it intends to issue a replacement share certificate to the applicant, publish a notice of its intention to do so at least once every 30 days within a period of 90 days in such newspapers as prescribed by the Board of Directors;
- (4) The Company shall, prior to publication of its intention to issue a replacement share certificate, deliver to the stock exchange on which its shares are listed, a copy of the notice to be published and may publish the notice upon receipt of confirmation from such stock exchange that the notice has been exhibited in the premises of the stock exchange. Such notice shall be exhibited in the premises of the stock exchange for a period of 90 days;

In the case of an application which 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 notice to be published.

- (5) If, by the expiration of the 90-day period referred to in items (3) and (4) of this article, the Company has not received any objection from any person in respect of the issuance of the replacement share certificate, it may issue a replacement share certificate to the applicant pursuant to his/her/its application;
- (6) Where the Company issues a replacement share certificate pursuant to this article, it shall forthwith cancel the original share certificate and document the cancellation of the original share certificate and issuance of a replacement share certificate in the register of members accordingly;
- (7) All expenses relating to the cancellation of an original share certificate and issuance of a replacement share certificate shall be borne by the applicant and the Company is entitled to refuse to take any action until reasonable guarantee is provided by the applicant.

**Article 45** Where the Company issues a replacement share certificate pursuant to the Company's Articles, as for a bona fide purchaser obtaining new share certificates referred to above or a shareholder registered as an owner of the shares (in case of a bona fide purchaser), his/her/its name (title) shall not be removed from the register of members.

**Article 46** 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 claimant is able to prove that the Company has acted fraudulently.

## CHAPTER 7 RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

**Article 47** A shareholder of the Company is a person who lawfully holds shares in the Company and whose name (title) is entered in the register of members.

A shareholder of the Company is a person who lawfully holds shares in the Company and whose name (title) is entered in the register of members.

**Article 48** The shareholders of the Company shall enjoy the following rights:

- (1) to receive dividends and other distributions in proportion to their shareholdings (but there is no right to participate in dividends subsequently declared on the prepaid shares);
- (2) to request, summon, hold, attend or appoint a proxy to attend speak at, the shareholders' meetings, and to exercise the corresponding voting right thereat according to the law (unless individual shareholders are required to abstain from voting rights in respect of individual matters in accordance with the relevant requirements of the places where the Company's securities are listed);
- (3) to supervise the Company's business operations, the right to present proposals or make queries;
- (4) to transfer, present as gift or pledge his/her shares in accordance with laws, administrative regulations and the Articles of Association.
- (5) to inspect and copy the Articles of Association, register of shareholders, minutes of shareholders' meetings, resolutions of the Board of Directors, resolutions of the Supervisory Board, and financial statements;
- (6) to participate in the distribution of the remaining assets of the Company in proportion to their shareholding in the event of termination or liquidation of the Company;
- (7) to require the Company to buy the shares of the shareholders in the event of objection to resolutions of the shareholders' meeting concerning merger or separation of the Company;
- (8) to entitle other rights stipulated by laws, administrative regulations and the Articles of Association.

**Article 49** If shareholders who individually or aggregately hold more than 3% of the Company's shares for more than 180 consecutive days requests to inspect the accounting books and accounting vouchers of the Company, they shall submit a written request to the Company stating the purpose. If the Company, has reasonable grounds to believe that the shareholder's requests to inspect the accounting books and accounting vouchers has improper purposes and may impair the legitimate interests of the Company, it may reject the request of the shareholder to inspect the books and shall, within 15 days from the shareholder's written request, respond to the shareholder in writing, which shall include an explanation. If the Company rejects the request of any shareholder to inspect the accounting books, the shareholder may initiate proceedings in the people's court.

The shareholder may retain an accounting firm, a law firm, or other intermediaries to inspect the materials specified in the preceding paragraph.

The shareholder and the accounting firm, law firm, or other intermediaries retained by it shall comply with the provisions of laws and administrative regulations on the protection of state secrets, trade secrets, personal privacy, personal information etc., when inspecting and duplicating the relevant material.

**Article 50** If a shareholder wish to inspect or obtain the aforementioned information, he/she shall provide the Company with written evidence showing the class and quantity of shares he/she is holding. Upon verification of his/her identity, the Company may provide the information as requested.

If a shareholder requests to inspect or copy the relevant information of the Company, the request shall be made during the office hours of the Company. If a shareholder requests a copy of relevant company information, the Company shall provide it after verifying the identity of the shareholder and charging a reasonable fee.

**Article 51** If a shareholder requests to inspect and copy the relevant materials of the Company's wholly-owned subsidiaries, the provisions of the preceding paragraphs shall apply.

If a shareholder of the Company requests to inspect and copy the relevant materials, the shareholder shall comply with the Securities Law of the People's Republic of China and other laws and administrative regulations.

**Article 52** If resolutions of the shareholders' meeting or the Board of Directors violate laws or administrative regulations, shareholders shall have the right to request the people's court to confirm its invalidity.

If the procedure of convening or the way of voting at the shareholders' meeting or Board meeting violate laws, administrative regulations or this Articles of Association, or the content of resolutions violate this Articles of Association, shareholders shall have the right to request the people's court to revoke such resolutions within 60 days since the date it was resolved, unless there is only a slight defect in the procedure of convening or the method of voting at the shareholders' meetings or Board meetings of the Company, which has no substantive impact on the resolution.

A shareholder who has not been notified to attend the shareholders' meetings may petition People's Court to revoke such resolution within 60 days from the date on which he knows or should know that the resolution was made at the shareholders' meetings; if the right of revocation is not exercised within one year from the date on which the resolution is made, the right of revocation shall be extinguished.

**Article 53** If Directors and senior management members act in violation of laws, administrative regulations or the Articles of Association in the course of performing the duties of the Company and cause loss to the Company, shareholders who hold 1% or more of the total share capital of the Company for 180 consecutive days or more, alone or jointly, shall have the right to make a written petition to the Board of supervisors to commence proceeding at the people's court that. If the supervisor is in a situation as stipulated in the preceding Article, the aforesaid shareholders may request the Board in writing to initiate litigation before the People's Court.

If the Board of supervisors or the Board of Directors refuses to commence the proceeding after receiving a written requisition of shareholders as stipulated in the preceding paragraph, or fails to commence the proceeding within 30 days after receiving such requisition, or in case of emergency, irreparable damage may be caused to the Company's interests shall a proceeding is not duly commenced, the shareholders aforementioned shall have the right to bring the proceeding to the people's court directly in their own name for the purpose of protecting the Company's interest.

If any person infringes the Company's legitimate interests and cause damages to the Company, shareholders may, pursuant to first paragraph of this article commence proceedings, at the people's court in accordance with the two preceding paragraphs.

If the directors, supervisors or senior management of a wholly-owned subsidiary of the Company are involved in any of the circumstances set forth in the preceding paragraph, or if any other person infringes upon the legitimate rights and interests of a wholly-owned subsidiary of the Company and causes losses, shareholders who have held, individually or in the aggregate, more than 1% of the shares of the Company for more than 180 consecutive days may, in accordance with the provisions of the preceding three paragraphs, request, in writing, that the Board of Supervisors or the board of directors of the wholly-owned subsidiary institute legal proceedings in the people's court, or directly institute legal proceedings in their own names in the people's court.

**Article 54** If Directors and senior management member act in violation of the laws, administrative regulations or the provisions under this Articles of Association and impair shareholders' interests, shareholders may commence proceedings at the people's court.

**Article 55** Shareholders shall assume the following obligations:

- (1) to comply with the laws, administrative regulations and the Articles of Association;
- (2) to pay for shares according to shares subscribed and the method of subscription;
- (3) except otherwise specified in the laws or administrative regulations, not to withdraw shares;

- (4) not to abuse their rights as shareholders to impair the interests of the Company or other shareholders, nor to abuse the status of the Company as an independent legal entity and limited liability of shareholders to impair the creditors' interests;
- (5) other obligations imposed by laws, administrative regulations and the Articles of Association.

Where shareholders of the Company abuse their shareholders' rights and thereby causing loss to the Company or other shareholders, such shareholders shall be liable for compensation in accordance with laws.

Where shareholders of the Company abuse the Company's status as an independent legal entity and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.

If a shareholder, through two or more companies under his control, commits an act under the preceding paragraph, each company shall be jointly and severally liable for the debts of any one of the companies.

Apart from conditions accepted at the time when shareholders subscribed for the shares, any responsibility for further subscription of shares shall not be attached to the shareholders.

**Article 56** If shareholders holding 5% or more of the voting rights of the Company pledge their shares, they shall report to the Company in writing on the day of pledging. If the restriction in this Article involves shareholders of overseas-listed foreign-invested shares, they are required to comply with the relevant regulations of the securities regulatory authorities in the place where the corresponding shares are listed.

**Article 57** The controlling shareholders and the actual controllers of the Company shall not make use of their connected transaction to harm the Company's interests. Anyone who violates this article shall be liable for compensations.

The controlling shareholders and the actual controllers of the Company have an duty of good faith to the Company and public shareholders. The controlling shareholders shall lawfully exercise their rights as investors. They shall not impair the legitimate interests of the Company and public shareholders by way of profit distribution, capital restructuring, foreign investment, misappropriation of funds or loan guarantees, nor impair interests of the Company and public shareholders by its controlling position.

## CHAPTER 8 PARTY COMMITTEE

**Article 58** In accordance with the provisions of the Constitution of the Communist Party of China and with the approval of the higher Party organizations, the Committee of the Communist Party of China of Tianjin Capital Environmental Protection Group Company Limited (hereinafter referred to as the Company Party Committee or Party Committee) was established. At the same time, in accordance with relevant regulations, the Disciplinary Inspection Committee of the Company Party Committee (hereinafter referred to as the Company Disciplinary Committee or Disciplinary Committee) was established.

**Article 59** The Company Party Committee is elected by the Party members' meeting or the Party members' representative meeting, and the term of office is generally five years. The expiration of the term of office shall be subject to a general election. The term of office of the Company Disciplinary Committee is the same as that of the Party Committee.

**Article 60** The secretary, deputy secretary and members of the Company Party Committee and the Disciplinary Committee are set up in accordance with the approval of the higher Party organizations and are elected or appointed in accordance with the relevant provisions of the Constitution of the Communist Party of China.

**Article 61** The Company shall insist on and improve the leadership system of mutual entry and cross appointment, and qualified members of the Party Committee may enter the Board of Directors and the management through legal procedures, and qualified Party members of the Board of Directors and the management can enter the Party Committee in accordance with relevant regulations and procedures.

Party secretary and chairman of the Board of Directors are generally served by one person, Party members of the general manager as deputy secretary of the party committee. The Party Committee can be equipped with full-time deputy secretary responsible for the Party building works. The full-time deputy secretary shall serve as a member of the Board of Directors, rather than serving at the managerial level. Members of the Party Committee on the Board of Directors and the managerial level shall fully express the views of the Party Committee when making decisions on the Board of Directors and the managerial level, embody the intentions of the Party Committee, and report the relevant situation to the Party Committee in a timely manner.

**Article 62** The Party Committee of the Company shall play a leading role, supervising the Company's direction of development, monitoring the whole picture and ensuring implementation, discussing and making decisions on significant matters of the Company in accordance with the regulations. The main responsibilities are:

- (I) to enhance the political construction of the Party in the Company, adhere to and implement the fundamental system, basic system and important system of socialism with Chinese characteristics as well as educate and guide all the Party members to maintain a high degree of consistency with the Party Central Committee with Comrade Xi Jinping as the core in the political stance, political direction, political principles and political path;
- (II) to thoroughly study and implement Xi Jinping's Socialism Ideology with Chinese characteristics in the new era, learn and propagate the Party's theory, thoroughly implement the Party's line, principles and policies as well as supervise and guarantee the implementation of major strategy deployments of the Party Central Committee as well as the resolutions of the Party organization at a higher level in the Company;
- (III) to investigate and discuss the significant operation and management matters of the Company and support the Board of Directors and the management to exercise their rights and perform their duties in accordance with the laws;
- (IV) to strengthen the leadership and gatekeeping role in the process of selection and appointment of personnel of the Company, and the building of the leading team, cadre and talents team of the Company;
- (V) to undertake the main responsibility in improving the Party's conduct and upholding integrity, lead and support discipline inspection institutions to fulfil their supervisory and disciplining responsibilities as well as exercise strict administrative discipline and political rules and promote the Party's self-governance fully and with rigor into the grassroots level;
- (VI) to strengthen the building of grassroot Party organizations and teams of Party members, unite and lead officials and employees to devote themselves into the reform and development of the Company;
- (VII) to lead the Company's ideological and political work, the spirit and civilization progress, the united front work and lead mass organizations such as the Labour Union, Communist Youth League and Women's Organization of the Company.

**Article 63** The Company's major operation and management matters must be studied and discussed by the Party Committee before decisions are made by the Board of Directors in accordance with the terms of reference and prescribed procedures. For the Board of Directors to authorize the decision-making proposal, the party committee shall maintain strict control to prevent undue and excessive authorization. For the Board of Directors to authorize the chairman and general manager to make decisions, the party committee generally shall not carry out any prior examination and discussion, but shall play an effective role through appropriate means. The matters to be studied and discussed mainly include:

- (I) the implementation of the Party Central Committee's decisions and major measures to implement the national development strategy;
- (II) The Company's development strategies, medium and long-term development plans, and important reform programs;
- (III) the reorganization of the Company's assets, transfer of property rights, capital operations and large investments in principle and directional issues;
- (IV) the Company's organizational structure settings and adjustments, the development and modification of important rules and regulations;
- (V) major issues related to the Company's safety production, stability maintenance, employee rights and interests, social responsibility, etc.;
- (VI) other important matters that should be studied and discussed by the Party Committee.

The Party Committee shall formulate a list of matters to be studied and discussed in the light of the actual situation of the Company and clarify the rights and responsibilities of the Party Committee and other governance bodies such as the Board of Directors and the management.

**Article 64** The Company Party Committee shall strictly examine and discuss major operation and management issues, focusing on whether the decisions are in line with the Party's theories and policies, whether they are in line with the decisions of the Party Central Committee and the implementation of national development strategies, whether they are in line with the requirements of the municipal committee and the municipal government, whether they adhere to the reform principles of the manufacturing industry and "Tianjin+", whether they are conducive to promoting the high-quality development of enterprises, enhancing their competitive strength and realizing the value of state-owned assets, and whether they are conducive to safeguarding the public interest and the legitimate rights and interests of employees.



**Article 65** The Party Committee of the Company shall study and discuss major business management matters in advance and insist on consistency in decision making quality and efficiency, and generally go through the procedures of proposing motions, formulating proposed plans, studying and discussing by the Party Committee, communicating before the Board of Directors' meetings, and implementing the intention of the Party organization during the shareholders' meeting.

**Article 66** In accordance with the principles of strengthening the work of the Party and lean and efficient coordination, the Company Party Committee has set up the Office of the Party Committee, the Publicity Department of the Party Committee, the Organization Department of the Party Committee and other working organizations, and the Organization Department of the Party Committee is responsible for the management of leaders and the construction of grass-roots Party organizations. A certain number of party affairs staff will be allocated, and same rank and treatment policy shall be strictly implemented, and two-way exchange between party affairs staff and other operation and management staff will be promoted.

**Article 67** Through channels such as the inclusion of management fees and retention of party expenses, the Company's Party organization work funds are guaranteed and tilted to the front line of production and operation. The part included in the management fee is generally arranged in accordance with the ratio of 1% of the total staff salary of the Company in the previous year and included in the annual budget by the Company. The Company shall integrate the use of various resources to well arrange the Party organization activities.

## CHAPTER 9 SHAREHOLDERS' MEETING

**Article 68** The shareholders' meeting is an organ of authority, and shall exercise its functions and powers according to law.

**Article 69** The Board of Directors shall formulate the rules of procedure for the shareholders' meeting as attachment to the Articles of Association and submit it to the shareholders' meeting for approval. The content of rules shall provide the procedure of the convening and voting at the meeting, including notice, registration, consideration of the resolution, voting, counting of votes, announcement of the voting result, formation of resolutions, minutes and its signing and announcement, and the authorization principle of the Board meeting by the shareholders' meeting, with a clear and specific content of authorization.

**Article 70** The shareholders' meeting shall exercise the following functions and powers:

- (1) to decide on the Company's operational policies and investment plans;
- (2) to elect and replace Directors and to decide on matters relating to the remuneration of Directors;
- (3) to elect and replace supervisors assumed by individuals other than representatives of the employees and to decide on matters relating to the remuneration of supervisors;
- (4) to examine and approve the reports of the Board of Directors;
- (5) to examine and approve the reports of the Board of Supervisors;
- (6) to examine and approve the Company's proposed annual preliminary and final budgets;
- (7) to examine and approve the Company's profit distribution plans and loss recovery plans;
- (8) to pass resolutions on the increase or decrease of the Company's registered capital;
- (9) to pass resolutions on matters such as merger, division, dissolution and liquidation or change of company form;
- (10) to pass resolutions on the issuance of debentures by the Company;
- (11) to pass resolutions on the appointment, dismissal and non-reappointment of the accounting firms of the Company;
- (12) to amend these Articles;

- (13) to consider motions raised by shareholders who separately or jointly represent 1% or more of the total shares of the Company; in conformity with the provisions of these Articles
- (14) to consider and approve matters relating to guarantees under Article 71;
- (15) to consider and approve purchase or disposal of significant assets or provision of guarantees to others with aggregate value of more than 30% of the audited total assets of the Company within a year;
- (16) to consider and approve matters in relation to the change of use of the raised fund;
- (17) to consider and approve employee stock ownership, share option incentive, and other medium-and long-term incentive plans;
- (18) The annual shareholders' meeting of the Company may authorise the Board of Directors to decide on the issuance of shares with a total financing amount of no more than RMB300 million and no more than 20% of the net assets as at the end of the latest year to specific subscriber(s), and such authorisation shall expire on the date of the next annual shareholders' meeting;
- (19) to decide on other matters which, according to laws, administrative regulations and rules as well as these Articles, need to be approved by shareholders in shareholders' meetings.

Whereas the Rules Governing the Listing of Securities on the SEHK and other applicable laws, regulations and rules of Hong Kong have more stringent requirement, they shall be complied with.

**Article 71** The following external guarantee by the Company shall be considered and approved by the shareholders' meeting:

- (1) the total amount of the external guarantee provided by the Company and its controlling subsidiary beyond 50% of the net assets in the latest audited financial statement;
- (2) the total amount of the external guarantee provided by the Company beyond 30% of the total assets in the latest audited financial statement;
- (3) guarantee offered to person whose debt ratio has exceed 70%;

- (4) the amount of a single guarantee exceed 10% of the net assets in the latest audited financial statement;
- (5) guarantee offered to shareholders, Actual Controllers and their connected parties;
- (6) the amount guaranteed by the Company within one year exceeding 30% of the total assets in the latest audited financial statement.

Whereas the Rules Governing the Listing of Securities on the SEHK and other applicable laws, regulations and rules of Hong Kong provides more stringent requirement, they shall be complied with.

**Article 72** Except for the special circumstances where the Company is under crisis, the Company shall enter into any contract to transfer management of all or important business to any person other than Directors, the general managers and other senior management member.

**Article 73** The shareholders' meeting is classified into annual shareholders' meeting and extraordinary shareholders' meeting. The shareholders' meeting is convened by the Board of Directors. The annual shareholders' meeting is convened once a year, and it shall be held within 6 months after the end of the preceding fiscal year.

The Company shall convene an extraordinary shareholders' meeting within two months after the occurrence of any one of the following events:

- (1) where the number of Directors is less than two-thirds of the number stipulated in the Company Law or the number specified in these Articles;
- (2) where the unrecovered losses of the Company amount to one-third of the total amount of share capital;
- (3) shareholders who hold, individually or jointly, 10% or more of the voting rights make a written requisition for convening an extraordinary shareholders' meeting;
- (4) whenever the Board of Directors deems necessary;
- (5) the Board of supervisors so requests;
- (6) other cases regulated in Laws, administrative regulations, departmental rules or the Articles of Association.

**Article 74** The annual shareholders' meeting shall be notified to all shareholders twenty days prior to the date of the meeting, and the extraordinary shareholders' meeting shall be notified to all shareholders fifteen days prior to the date of the meeting.

The Company shall give notice of a shareholders' meeting by means of a public announcement or by other means provided for in the Articles of Association (if necessary), informing all registered shareholders of the matters to be considered at the meeting as well as the date and place of the meeting.

The announcement referred to in the preceding paragraph shall be published on the website of the Company and/or the website of the stock exchange where the listing takes place, and in one or more newspapers designated by the securities regulatory authorities under the State Council, and once the announcement has been made, it shall be deemed that all the shareholders of domestic shares have received the notice of the relevant shareholders' meeting. For shareholders of foreign-invested shares, the notice of the shareholders' meeting shall be sent to the shareholders (regardless of whether they have voting rights at the shareholders' meeting or not) by electronic means within the notification time limit set out in this Article.

Calculation of the above commencement date and period shall not include the date of notice and the date of the meeting.

**Article 75** In principle, the shareholders' meeting is held in the Company. The shareholders' meeting sets out the venue, and it is an on site meeting. The Company shall provide convenience for shareholders to attend the shareholders' meeting by various means, including providing internet voting platform and other modern information technology means, as long as the shareholders' meeting is legal and valid. Shareholders who attend the shareholders' meeting by the aforementioned ways are regarded as present. The closing time of on site shareholders' meeting shall not be earlier than that of the internet voting and others means.

**Article 76** At the shareholders' meeting, the Company will engage a lawyer to provide legal opinions in respect of the following issues and announce such opinions:

- (1) whether the procedures of summoning and convening comply with laws, administrative regulations and the Articles of Association;
- (2) whether the qualifications of those attending the shareholders' meeting and the conveners are legitimate and valid;
- (3) whether the voting procedure and voting results are legitimate and valid;
- (4) legal opinions on other related issues required by the Company.

**Article 77** Where shareholders individually or in aggregately holding 10% or more of the Company's shares request to convene an extraordinary shareholders' meeting, the Board of Directors and the Board of Supervisors shall, within ten days after receipt of such request, decide whether to convene the extraordinary shareholders' meeting and reply to the shareholders in writing.

Shareholders holding, individually or jointly, 1% or more of the Company's shares can submit a temporary motion and present a written proposal to the Board of Directors within ten days before the date of meeting. The temporary motion shall have a clear topic and specific resolution matters. The Board of Directors shall notify the other shareholders of the proposal within two days after receiving the motion and submit the temporary motion to the shareholders' meeting for consideration; provided the temporary motion that violates the laws, administrative regulations or the provisions of the Articles of Association, or is not fall within the duties of the shareholders' meeting.

The Company shall make the notifications provided for in the preceding two paragraphs by means of an announcement.

As to motions which are not listed in the notice of shareholders' meeting, the shareholders' meeting cannot make a resolution.

**Article 78** The notice of the shareholders' meeting shall include the following:

- (1) the venue, date and duration of the meeting;
- (2) the matters and proposals to be submitted for consideration at the meeting;
- (3) providing shareholders with materials and explanations necessary for them to make sensible decisions in respect of the matters to be discussed, including (but not limited to) specific terms and contract (if any) for a proposed transaction, and a detailed explanation of its reason and consequence where the Company proposes a merger, share redemption, share capital restructuring or other form of restructuring;
- (4) where any Director, supervisor, general manager and other senior management member have a material interest in respect of the matters to be discussed, then the nature and extent of that interest shall be disclosed; where the impact of the matters to be discussed on such Director, supervisor, general manager and other senior management personnel who are shareholders is different from the impact on other shareholders, then that difference shall be illustrated;
- (5) containing the full text of any special resolution proposed to be passed at the meeting;
- (6) providing a clear text description stating that all shareholders who have the right to attend and vote at the shareholders' meeting have the right to entrust one or more proxies, who does not need to be shareholders of the Company, to attend and vote at the meeting;
- (7) stating the deadline and place for the delivery of proxy letter of the meeting;
- (8) date of determining the shareholders who have the right to attend the meeting;
- (9) name and phone number of the contact person for the meeting affairs;
- (10) voting time and voting procedures by internet or other means.

**Article 79** If the shareholders' meeting intends to discuss the election of Directors or supervisors, it shall fully disclose the detailed information of the candidates for Director or supervisor. The information shall at least include but not limited to the following:

- (1) personal information such as educational background, work experience, part-time jobs;
- (2) whether they have any connected relationship with the Company, controlling shareholders or the actual controllers;
- (3) disclosure of the number of shares of the Company held;
- (4) whether they have ever received any punishment from China Securities Regulatory Commission, or its relevant department or the stock exchange.

**Article 80** In the case when the notice of the meeting has not been delivered to those who are entitled to receive such notice due to accidental omission or such persons have not received the notice of the meeting, the meeting and the resolutions made by the meeting shall not therefore become ineffective.

**Article 81** All the shareholders or their proxies, whose name are registered on the register of members on the date of determining the list of shareholders shall have the right to attend the meeting, and exercise the voting right in accordance with the relevant laws, regulations and the Articles of Association.

If individual shareholders attend the meeting in person, they shall present their identity card or other documents that can prove their identity and the stock account card. Proxies, who are appointed to attend the meeting, shall present their valid identity cards and the proxy form.

Legal representatives or proxy appointed by legal representatives of the corporate shareholders may attend the meeting. When legal representatives attend the meeting, they shall present their identity the matters, authority and period for which the proxy is to act shall be clearly defined; the proxy shall present his/her identity card and the written power of attorney lawfully issued by legal representatives of the corporate shareholders, and shall exercise his/her voting rights within the scope of the power of attorney.

The Company is responsible for producing the register of members who attend the meeting. The register shall record the names (or names of their companies), identity number, address, the number of voting shares or shares representing voting rights, the names of who are represented (or names of the companies). Conveners and lawyers hired by the Company shall verify the legality of the shareholders' eligibility against the register of members provided by the share registrar, and record the shareholders' names (or title) and the number of voting shares they hold. When the host announces the number of shareholders and proxies present at the meeting and the total number of voting shares, the registration of the meeting shall end.

**Article 82** Shareholders, who have the right to attend the shareholders' meeting and have a voting right, shall have the right to appoint one or more persons (not necessarily shareholders(s)) as his/her/its proxies to attend vote at the meeting.

**Article 83** Shareholders shall appoint proxy in writing. The proxy form shall be signed by the appointer or its authorized representative who has been authorized in writing. If the appointer is a legal person, the document shall be affixed with the legal person's seal or signed by its Directors or duly authorized attorney.



The proxy form issued by the shareholders appointing a proxy to attend the shareholders' meeting, shall include the following:

- (1) name of proxy;
- (2) whether he/she has voting rights;
- (3) instructions on voting in favor, against and abstained for each motion on the agenda;
- (4) Date of issuance and valid period of the proxy form;
- (5) signature (or seal) of the appointer. When the appointer is legal person, the common seal is required.

**Article 84** The proxy form for voting shall be placed in the domicile of the Company or other places designated in the notice of the meeting at least within 24 hours prior to convening of the meeting, or 24 hours prior to the designated voting time. If the appoint authorized others to sign the proxy form, the power of attorney or other authorization documents shall be notarized. The notarized power of attorney or other authorization document shall be placed together with the proxy form authorizing the proxy to vote at the domicile of the Company or other place designated in the notice of meeting.

If the appointer is a legal person, its legal representative, the Board of Director or other persons authorized by the decision-making authority shall attend the shareholders' meeting of the Company on its behalf.

**Article 85** Any format of blank proxy form issued by the Board of Directors of the Company to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast an affirmative or negative vote, or abstain from voting, and to give separate instructions on each motion to be voted at the meeting. The proxy form shall state that the proxy may vote at his/her/its discretion if the appointer does not give any instruction.

**Article 86** Where the appointer has deceased, incapacitated to act, withdrawn the appointment or the power of attorney, or where the relevant shares have been transferred prior to the voting, a vote given in accordance with the letter of authorization shall remain valid provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting.

**Article 87** The Board of Directors, independent non-executive Directors (“Independent Directors”), shareholders holding more than 1% of the total voting shares or investor protection corporation established in accordance with laws, administrative rules or the provisions of the CSRC may publicly solicit voting rights from shareholders. No payment shall be made to the shareholders for such solicitation, and information shall be fully disclosed to the shareholders to be solicited. If they publicly solicit voting rights from shareholders of listed companies, they shall do it according to relevant implementation measures. The Company and the conveners of the shareholders’ meeting shall not impose any limitation related to minimum shareholding on the collection of voting rights.

Where material issues affecting the interests of small and medium investors are being considered at the shareholders’ meeting, the votes by small and medium investors shall be counted separately. The separate counting results shall be publicly disclosed in a timely manner.

**Article 88** Without justifiable reasons, the shareholders’ meeting shall not be adjourned or cancelled, nor the motions listed in the notice of shareholders’ meeting shall not be cancelled after the notice is sent. Once the shareholders’ meeting is adjourned or cancelled, conveners shall announce with reason within at least 2 working days before the original date of the meeting.

**Article 89** Directors of the Company and other conveners shall take necessary measures to ensure the normal order of the shareholders’ meeting. As for activities that interfere the shareholders’ meeting, disruption and violate the legitimate rights and interests of the shareholders, measures shall be taken to stop them and they shall be reported to relevant department to be investigated and disciplined.

**Article 90** When convening a shareholders’ meeting of shareholders, all the Directors, Supervisors and secretary to the Board of the Company should attend the meeting. The meeting can be attended through electronic means such as telephone or video conference. The general manager and other senior management members should attend the meeting as observers.

At the annual shareholders’ meeting, the Board of Directors and the Board of Supervisors shall make report on work in past year at the meeting. Each Independent Director shall report on his work.

Directors, Supervisors and senior management member shall respond to and explain on the queries and suggestion by shareholders at the shareholders’ meeting.

**Article 91** The resolutions of the shareholders’ meeting shall be divided into ordinary resolutions and special resolutions.

Ordinary resolutions made by the shareholders’ meeting shall be adopted by more than half of the voting shares held by the shareholders (including their proxies) present at the meeting.

Special resolutions made by the shareholders’ meeting shall be adopted by more than two-thirds of voting shares held by the shareholders (including their proxies) present at the meeting.

**Article 92** When voting at the election of Directors and supervisors, the shareholders' meeting implements the cumulative voting system

The cumulative voting system means that when the Directors or supervisors are elected at the shareholders' meeting, each share held by shareholders has the same number of voting rights as the number of Directors and supervisor to be elected and the shareholder can vote by concentrating the number of shares held. The Board of Directors shall announce to the shareholders the personal particulars and basic information of the Director and supervisor candidates.

The specific implementation measures of cumulative voting system are as follows:

- (I) Election of Directors: The Director candidates to be elected are divided into non-independent Directors and independent Directors and are voted respectively.

When voting at the election of non-independent Directors, the number of votes available equals to the number of shares held by the individual shareholder multiplied by the number of non-independent Directors to be elected, and the shareholders may cast the total votes concentratedly to one or several candidates to determine the elected non-independent Directors by the number of votes received by the candidate(s) successively;

When voting at the election of independent Directors, the number of votes available equals to the number of shares held by the individual shareholder multiplied by the number of independent Directors to be elected, and the shareholders may cast the total votes concentratedly to one or several candidates to determine the elected independent Directors by the number of votes received by the candidate(s) successively;

The number of concurring votes received by each elected Director shall be more than half of the total number of voting shares held by the shareholders who attend the shareholders' meeting.

- (II) Election of Supervisors: When voting at the election of Supervisors, the number of votes available equals to the number of shares held by the individual shareholder multiplied by the number of Supervisors to be elected, the shareholders may cast the total votes concentratedly to one or several candidates to determine the elected Supervisors by the number of votes received by the candidates successively. The number of concurring votes received by each elected Supervisor shall be more than half of the total number of voting shares held by the shareholders who attend the shareholders' meeting.

- (III) If two or more Director or supervisor candidates receive the same number of voting rights and such number is the lowest among the Directors or supervisors being elected, and when the election of all such Directors or supervisors results in the number of Directors or supervisors exceeding the number that should be elected at that shareholders' meeting, the shareholders' meeting shall hold a re-election in respect of the above Director or supervisor candidates receiving the same number of voting rights pursuant to the above procedures, until the number of Directors or supervisors elected at the shareholders' meeting are the exact number that should be elected.
- (IV) At the shareholders' meeting where Directors and supervisors are elected, the secretary to the Board of Directors shall explain to the shareholders the specific contents and voting rules of the cumulative voting system and inform them of the number of voting rights of each share in such election.
- (V) In the execution of the cumulative voting system, the voting shareholders must write down all the names of Directors and supervisors they elect and write down the number of voting rights casted to each Director and supervisor. If a shareholder's voting rights exercised on the votes exceed the total number of his legitimate voting rights, such votes are invalid. If a shareholder's voting rights exercised on the votes do not exceed the total number of his legitimate voting rights, the votes are valid.

When only one Director or supervisor is to be elected, the cumulative voting system is not applicable; the notice of shareholders' meeting lists expressly whether the cumulative voting system is applied in the election of Directors or supervisors.

**Article 93** A shareholder (including his/her/its proxy) when voting at a shareholders' meeting, may exercise such voting rights as attached to the number of voting shares which he represents, in which case one vote is attached to each share. However, the Company's shares held by the Company itself have no voting right and the shares are not calculated into the total number of voting shares at the meeting.

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 calculated into the total number of voting shares at the shareholders' meeting.

When a vote is cast, it may be cast by only one of the following methods, in person, online or by other voting means.

If one vote is cast by more than one method, the first vote shall prevail. Shareholders of the Company or their proxies who cast their votes online or by other means shall have the right to check the results of their votes by way of the pertinent voting system.

Shareholders present at the meeting shall provide one of following comments on motions to be voted: for, against or abstain. Except for the securities registration and settlement institutions which, being the nominal holders of shares subject to the interconnection mechanism of the Mainland and Hong Kong stock market transactions, shall make declaration according to the intentions of actual holders.

Unfilled, wrongly filled or illegible votes are regarded as the voters giving up their voting rights and the voting results of their shares shall be “abstain”.

Except for the cumulative voting system, the shareholders’ meeting will vote all motions one by one. If there are different motions on the same issue, the motion will be voted in chronological order according to the time they are proposed. Except for the reason of force majeure or other special reason causing the shareholders’ meeting to be adjourned or no resolutions can be made, the shareholders’ meeting will not shelve or refuse to vote the motions.

When the motion is being considered at the shareholders’ meeting, no amendment to the motion shall be made, otherwise such amendment shall be considered as a new motion which cannot be voted at the shareholders’ meeting of this time.

For any issue which shareholders shall abstain from voting or can only vote either in favor of or against pursuant to Rules Governing the Listing of Securities on the SEHK, the shareholders shall abstain from voting according to such regulations. Any votes in violation of the relevant regulations or restrictions casted by the shareholders or his/her/its proxy will not be calculated into the voting results.

**Article 94** The voting at the shareholders’ meeting shall be in open ballot.

**Article 95** Before a poll on the motions is taken, two shareholder or proxy representatives attending the shareholders’ meeting shall be invited to participate in the vote count and scrutiny. If shareholders are interested in certain issues, the relevant shareholders shall not take part in the vote count or scrutiny.

When the motions are voted at the shareholders’ meeting, the auditor, lawyer, shareholder representatives and supervisor(s) shall jointly count and scrutinize the votes, the voting result shall be announced on the spot.

Prior to the formal announcement of voting results, the companies, the vote counter(s), the substantial shareholder(s), the internet service provider and other relevant parties involved in relation to voting at the shareholders' meeting, online or by other means, shall be obliged to keep the status of voting confidential.

**Article 96** On a poll taken at a meeting, a shareholder (including his/her/its proxy) who is entitled to two or more votes needs not cast all his/her/its votes in the same way.

**Article 97** The following matters shall be resolved by an ordinary resolution at the shareholders' meeting:

- (1) deciding on the Company's business policies and investment plans;
- (2) work reports of the Board of Directors and the Board of Supervisors;
- (3) profit distribution plans and loss recovery plans formulated by the Board of Directors;
- (4) appointment and removal of members of the Board of Directors and the Board of Supervisors and their remuneration and manner of payment;
- (5) annual preliminary and final budgets of the Company;
- (6) the Company's annual report;
- (7) matter other than those which are required by laws, administrative regulations and the Articles of Association to be adopted by special resolutions.

**Article 98** The following matters shall be resolved by a special resolution at the shareholders' meeting:

- (1) the increase or reduction of its share capital and the issue of shares of any class, warrants and other similar securities;
- (2) the issue of debentures of the Company;
- (3) the division, merger, dissolution, liquidation or change of the form of the Company;
- (4) amendment to the Articles of Association;

- (5) the amount of significant assets purchased or disposed of within one year or the amount of guarantee exceed 30% of the total assets in the latest audited financial statements;
- (6) employee stock ownership, share option incentive, and other medium-and long-term incentive schemes;
- (7) consideration and approval of the issuance of shares with a total financing amount of no more than RMB300 million and no more than 20% of the net assets as at the end of the latest year to specific targets;
- (8) any other matters considered by the shareholders' meeting and resolved by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and shall be adopted by special resolutions.

**Article 99** Independent Directors have the right to propose to the Board of Directors for convening an extraordinary shareholders' meeting. The Board of Directors shall, in accordance with law, administrative regulations and the Articles of Association, reply in writing whether it agrees to hold the shareholders' meeting within 10 days receipt of such proposal. If the Board agrees to convene the shareholders' meeting, a notice of the extraordinary shareholders' meeting shall be given within 5 days after the resolution at the Board meeting; if the Board disagrees with the proposal, it shall announce its reasons.

The Board of Supervisors and shareholders holding 10% or more of the Company's shares, individually or jointly, have the right to requisition to the Board of Directors the convening of an extraordinary shareholders' meeting and shall abide by the following procedures:

- (1) The Board of Supervisors and shareholders holding more than 10% or more of the Company's shares, individually or jointly, shall sign one or more counterpart requisitions requiring for an extraordinary shareholders' meeting to the Board of Directors and stating the objectives of the meeting. The Board of Directors shall make a written reply of whether it agrees to hold such meeting within 10 days upon receipt of such requisition in accordance with law, administrative regulations and the Articles of Association. The above-mentioned shareholdings shall be calculated as at the date of the requisition is deposited.

If the Board of Directors agrees to hold an extraordinary shareholders' meeting, a notice of such extraordinary shareholders' meeting shall be given within 5 days after the Board of Directors has made such resolution. Any amendment to the requisition in the notice shall obtain the prior consent from the requisitionists.

(2) If the Board of Directors does not agree to hold the extraordinary shareholders' meeting or does not give a reply within 10 days upon receipt of such requisition, the following procedure shall be followed:

1. for the extraordinary shareholders' meeting proposed by the Board of Supervisors: under the aforementioned situations, it is regarded as the Board cannot or refuses to perform the duty of convening the shareholders' meeting, the Board of Supervisors may convene and hold the meeting by itself.
2. for the extraordinary shareholders' meeting proposed by shareholders, individually or jointly, holding 10% or more of the Company's shares: under the aforementioned situation, shareholders holding, individually or jointly, 10% or more of the Company's shares shall have the right to submit a written requisition to the Board of Supervisor for the convening of the extraordinary shareholders' meeting. Shall the Board of Supervisors agree to hold the extraordinary shareholders' meeting, it shall give a notice of extraordinary shareholders' meeting within 5 days upon receipt of such requisition. Any amendment to the requisition in the notice shall obtain the prior consent from the requisitionists. Shall the Board of Supervisors fails to give such notice of extraordinary shareholders' meeting, the Board of Supervisors shall be deemed as not convening or holding the shareholders' meeting, shareholders holding 10% or more of the Company's shares, individually or jointly, for a period of over 90 consecutive days shall have the right to convene and hold the meeting by themselves.

The convening of shareholders' meeting decided by the Board of Supervisors or shareholders as aforementioned, they shall notify the Board of Directors in writing and comply with relevant laws, regulations and normative documents and relevant rules of the stock exchange where the shares of the Company are listed.

As to the shareholders' meeting convened by the Board of Supervisors or shareholders, the Board of Directors and secretary to the Board shall be cooperative. The Board of Directors shall provide the register of members as at the date of determining the shareholding.

If the Board of Supervisors or shareholders convene the meeting by reason of the failure of the Directors duly to convene a meeting as requested above, the Company shall bear all the necessary expenses of the meeting.



**Article 100** The shareholders' meeting is convened by the Board of Directors and presided over by the Chairman of the Board. If the Chairman fails to or refuses to perform his/her duty, the Director elected by more than half of the Board of Directors shall convene and chair the meeting.

The shareholders' meeting convened by the Board of Supervisors shall be presided by the Board of Supervisors; if the chairman of the Board of Supervisors fails to or refuses to perform his/her duty, the Supervisor elected by more than half of the Board of supervisors shall convene and chair the meeting. As to the shareholders' meeting convened by shareholders, the conveners shall elect a representative to chair the meeting.

The conveners shall ensure the shareholders' meeting will go on continuously until a final resolution is formed. For special reasons such as force majeure causing the shareholders' meeting to be adjourned or fail to form any resolutions, they shall take necessary measures to resume the shareholders' meeting or directly terminate such shareholders' meeting as soon as possible, and announce in time. At the same time, the convenor shall report to the local CSRC authorities and the stock exchange where the Company is located.

At the shareholders' meeting, if the chairman of the meeting violates the rules of procedure making the shareholders' meeting fail to continue, as agreed by the shareholders holding more than half of voting rights present at the shareholders' meeting can vote for another person to be the chairman of the shareholders' meeting.

**Article 101** The chairman of the meeting shall announce the number of shareholders and proxies present at the meeting and the total number of voting shares represented by them. The number of shareholders and proxies present and their representing number of voting shares shall be based on the register of the meeting.

**Article 102** If the chairman of the meeting has any doubt about the results of resolution put to vote, he/she may have the votes calculated. If the chairman of the meeting fails to have the votes calculated, a shareholder or proxy attending the meeting who object to the results announced by the chairman of the meeting, shall have the right to request calculating of votes immediately after such announcement, and the chairman of the meeting shall immediately have the votes calculated.

**Article 103** If votes are calculated at the shareholders' meeting, the results shall be recorded in the minutes of the meeting.

Secretary to the Board of Directors shall be responsible for the minutes of the meeting, which shall record the following:

- (1) the time, venue, agenda and names of the conveners of the meeting;
- (2) names of the chairman of meeting, Directors, Supervisors, general managers and other senior management members who attended or observed the meeting;
- (3) the number of the shareholders and proxies present at the meeting and their representing total number of voting shares and its percentage over the total number of the Company's shares;
- (4) the process of consideration, main points of address and voting results of each motion;
- (5) shareholders' opinions or suggestions and the corresponding reply or explanations;
- (6) names of lawyers, vote counters and scrutinizers;
- (7) other content specified by the Articles of Association to be recorded in the minutes.

The conveners of the meeting shall ensure the truthfulness, accuracy and completeness of the minutes of the meeting. Directors, Supervisors, secretary to the Board of Directors, conveners or their representatives, and the chairman of the meeting shall sign their names on the minutes of meeting. The minutes of meeting, together with attendance register of the attending shareholders and the power of attorney of their proxies shall be kept at the premises of the Company for not less than ten years.

**Article 104** When issues of connected transactions are being considered at the shareholders' meeting, the connected shareholders shall not take part in the voting, and the number of voting shares that they represent shall not be counted into the total number of the valid voting shares. The announcement of the result of the shareholders' meeting shall fully disclosed the information on the voting by non-connected shareholders.

**Article 105** Result of resolutions of the shareholders' meeting shall be promptly announced. The announcement shall include but not limited to the number of the shareholders and proxies attended the meeting, the total number of voting shares they held and its percentage over the total number of the Company's shares, the total number of shares entitling the holders to attend the meeting and to vote on the resolutions at the meeting, the way of voting, identity of the scrutinizers, the voting results of each motion and details and results of each of the resolutions passed (including (i) the total number of shares which were voted for or against the resolutions by the shareholders that were entitled to attend and vote at the shareholders' meeting; (ii) the total number of shares which can only be voted either for or against the resolutions by the shareholders that were entitled to attend the shareholders' meeting; (iii) the total number of shares entitling the holders to attend the meeting but required to abstain from voting in favor of the resolutions pursuant to the Rule 13.40 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; (iv) the total number of shares held by holders who are required to abstain from voting pursuant to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited; (v) the number of shares represented by the numbers of votes actually cast in favour of and against the relevant resolution respectively), the announcement should state whether those persons who had indicated in the circular that they intended to vote against the relevant resolution or to abstain from voting had in fact acted accordingly at the shareholders' meeting.

Special reminder shall be given at the poll results announcement if the motions are not passed or a resolution passed in previous shareholders' meeting is amended at the shareholders' meeting of this time.

**Article 106** Shall proposals for election of Director and Supervisor are resolved at the shareholders' meeting, the appointment day of the newly-appointed Directors and supervisors shall be specified at the shareholders' meeting.

## CHAPTER 10 BOARD OF DIRECTORS

**Article 107** The Directors of the Company are natural persons. None of the following persons may serve as directors of the Company:

- (1) persons without capacity or with limited capacity for civil acts;
- (2) persons who were sentenced to criminal punishment for the crime of corruption, bribery, misappropriation of property or diversion of property or for disrupting the order of the socialist market economy; or persons who were deprived of their political rights for committing a crime, where not more than five years have elapsed since the expiration of the period of deprivation; and less than two years have elapsed since the date of the completion of the probation period if probation is announced;
- (3) persons who served as directors, or factory directors or managers, who bear personal liability for the bankruptcy liquidation of their companies or enterprises, where not more than three years have elapsed since the date of completion of the bankruptcy liquidation of their companies or enterprises;
- (4) persons who served as the legal representatives of companies or enterprises that had their business licenses revoked and ordered for closure for breaking the law, where such representatives bear individual liability therefor and not more than three years have elapsed since the date of revocation of the business license and the closure ordered;
- (5) persons who are listed as defaulters by the People's Court due to comparatively large debts that have fallen due but have not been settled;
- (6) persons who are banned from the securities market by China Securities Regulatory Commission, and the term is not expired;
- (7) other matters stipulated by laws, administrative regulations or its departmental rules.

Where a director is elected or appointed in violation of the provisions of this Article, the election, appointment or employment shall be invalid. If any of these circumstances occurs during the term of a director, the Company shall relieve him/her of his/her post.

**Article 108** Unless otherwise expressly specified by applicable laws, rules, regulations and normative documents, candidates for Directors shall be nominated by Directors of previous session of the Board or shareholders holding, individually or jointly, 3% or more of the Company's shares.

The notice period for the declaration by the candidate for Director, the resume of the candidate, the written notice to be given to the Company showing his consent for nomination shall be at least seven days. Such notice period shall be counted from not less than one day after the notice of the shareholders' meeting to seven days before the date of the shareholders' meeting.

**Article 109** A Director is elected and replaced at the shareholders' meeting, with a term of office of three years. Upon expiry of his term, a Director shall be eligible for re-election and reappointment.

The chairman of the Board of Directors shall be elected or removed by more than half of all the Directors of the Board. The term of office of each of the chairman is three years, and can be re-elected and reappointed.

The terms of office of Director commences on the date of appointment to the expiry of the term of the session of the Board of Directors.

**Article 110** When there are vacancies for Directors, the term of the so appointed Directors for filling the temporary vacancies or increasing the number of Directors of the Board shall only serve his office till next shareholders' meeting. Such Director and be eligible for re-election thereat upon the end of his terms of office.

In accordance with relevant laws and administrative regulations, Director whose terms of office has not expired can be removed at the shareholders' meeting by an ordinary resolution (however, claims for compensation pursuant to any contract will not be affected). However, before the expiry of his term, a Director shall not be removed from office at a shareholders' meeting without good cause.

A Director is not required to hold any shares of the Company.

**Article 111** The directors shall comply with the relevant provisions of the laws, administrative regulations and these Articles of Association, and shall fulfill the loyalty obligation to the Company as follows:

- (1) not to take advantage of his/her functions and powers to accept bribes or other illegal income, and not to misappropriate the property of the Company;
- (2) not to misappropriate the funds of the Company;
- (3) not to deposit the Company's assets or funds in an account opened in his/her own name or in the name of any other individual;
- (4) not to lend the Company's funds to others or using the Company's assets as security for others in violation of these Articles of Association and without the prior approval of the shareholders' meeting or the board of directors;
- (5) not to enter into any contract or transaction with the Company in violation of the provisions of these Articles of Association, or without the consent of the shareholders' meeting. The provisions of this paragraph shall also apply to close relatives of the Directors, or enterprises directly or indirectly controlled by their close relatives, as well as associates who are related to the Directors or have other relevant relationships;

- (6) not to take advantage of his/her position to seek business opportunities that should belong to the Company for himself/herself or others, or engage in business similar to that of the Company for himself/herself or others, without the prior approval of the shareholders' meeting;
- (7) not to accept and embezzle commissions from transactions between other persons and the Company;
- (8) not to disclose the secrets of the Company without authorization;
- (9) not to damage the interests of the Company by taking advantage of his/her affiliation;
- (10) other loyalty obligations stipulated in the laws, administrative regulations, departmental rules and these Articles of Association.

The income derived by the directors in violation of this Article shall be returned to the Company. If losses are caused to the Company, they shall be liable for compensation.

**Article 112** A Director shall comply with laws, administrative regulations and the Articles of Association, and shall owe duties of diligence towards the Company in the following aspects:

- (1) to exercise the rights conferred on him/her by the Company in a prudent, careful and diligent manner to ensure that the business conduct of the Company is in compliance with the requirements of the state laws, administrative regulations and various economic policies and the business activities of the Company are not beyond the business scope as stipulated in the business license;
- (2) to give equal treatment to all shareholders;
- (3) to understand the operation and management of the business of the Company in a timely manner;
- (4) to confirm any regular reports of the Company by signing on such reports; to ensure that the information disclosed by the Company is true, accurate and complete;
- (5) to provide relevant true information and materials to the Board of Supervisors and not to interfere with the duties and powers exercised by the Board of Supervisors or any Supervisors;
- (6) other duties of diligence as provided for by laws, administrative regulations , departmental rules and the Articles of Association.

**Article 113** If a director fails to attend the Board of Directors meeting in person for two consecutive times and has not appointed other Directors to attend the meeting, he shall be deemed to be unable to perform his duties, and the Board of Directors shall recommend the shareholders' meeting to replace him.

**Article 114** A Director may resign before the expiration of his term of office. A Director who wishes to resign shall submit a written resignation to the Board of Directors. The Board of Directors shall make relevant disclosure within two days.

If a Director's term of office expires and is not re-elected in time, or if the number of members of Board of Directors of the Company falls below the statutory minimum number as a result of the resignation of a Director, the original Director shall continue to perform the duties of a Director in accordance with the laws, administrative regulations, departmental regulations and the provisions of these Articles of Association before the re-elected director takes office.

Except the aforementioned circumstances, the resignation shall take effect when the resignation letter is submitted to the Board of Directors.

**Article 115** When a director's resignation takes effect or his term of service expires, the director shall complete all transfer procedures with the board of directors. His fiduciary duty towards the Company and the shareholders shall not expire after the end of his term of service and will still be effective for a reasonable period specified by the Articles of Association.

**Article 116** Without permission by the Articles of Association or lawful authorization of the Board of Directors, no Director shall act in his own name on behalf of the Company or the Board of Directors. Where Director acts in his own name and a third party shall reasonably believe that such Director is acting on behalf of the Company or the Board of Directors, the Director shall first declare his position and identity.

**Article 117** If a director breaches the laws, administrative regulations, departmental regulations or the Articles of Association when carrying out his duties and causes loss to the Company, he shall be held responsible for damages.

**Article 118** The Company shall have a Board of Directors, which consists of 9 Directors, one chairman.

The Board of Directors has established the audit and risk control committee, the nomination committee, the strategic and ESG committee and the remuneration and assessment committee, the above committees shall be accountable to the Board of Directors and are authorized by the Articles of Association and the Board of Directors to perform their duties, and the motions proposed by such specific committees shall be submitted to the Board of Directors for consideration and resolution. All members of the above special committees are Directors, among which, Independent Directors shall account for more than half in the audit and risk control committee, the nomination committee, the remuneration and assessment committee and act as the chairmen of such committees.

**Article 119** The Audit and Risk Control Committee of the Company shall consist of three or more members, all of whom shall be non-executive directors, with a majority of independent non-executive directors, and shall be chaired by an independent non-executive director with appropriate professional qualifications, or with appropriate accounting or related financial management expertise.

The Audit and Risk Control Committee shall be responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating the internal and external audits and internal control. The following matters shall be approved by more than half of all members of the Audit and Risk Control Committee before submission to the board of directors for deliberation:

- (1) disclosure of financial information in financial accounting reports and regular reports, and appraisal reports on internal control;
- (2) appointment or dismissal of the accounting firm which handles the accounting affairs for the Company;
- (3) appointment or dismissal of the chief financial officer;
- (4) changes in accounting policies and accounting estimates or correction of significant accounting errors resulting from reasons other than changes in accounting standards;
- (5) other matters specified by laws, administrative regulations, the CSRC and other securities regulatory authorities under the State Council and the Articles of Association of the Company.

Other duties, decision-making procedures and meeting rules of the Audit and Risk Control Committee are set out in the Implementing Rules for the Audit and Risk Control Committee formulated by the Board of Directors.

The Audit and Risk Control Committee shall hold at least one meeting quarterly. An extraordinary meeting may be convened when proposed by two and more of its members or it is deemed as necessary by the convener. Meetings of the Audit and Risk Control Committee shall be convened only with the presence of more than two thirds of the members.



**Article 120** The members of the Nomination Committee of the Company comprise five directors, with independent non-executive directors accounting for more than half of all members, and is chaired by an independent non-executive director.

The Nomination Committee is responsible for developing selection criteria and procedures of directors and senior management, selecting and reviewing the candidates for directors and senior management and their qualifications, and making recommendations to the board of directors on the followings:

- (1) nomination or appointment and removal of directors;
- (2) engagement or dismissal of senior management;
- (3) other matters specified by laws, administrative regulations, CSRC regulations and the Articles of Association of the Company.

Other duties, decision-making procedures and meeting rules of the Nomination Committee shall be stipulated in the Implementing Rules of the Nomination Committee formulated by the Board of Directors.

If the Board of Directors does not adopt or does not fully adopt the recommendations from the Nomination Committee, it shall record the opinion of the Nomination Committee and the specific reasons for non-adoption in the resolution of the Board of Directors and disclose the same.

**Article 121** The Remuneration and Assessment Committee of the Company shall consist of at least three non-executive directors, with independent non-executive directors accounting for more than half of the total number of members, and shall be chaired by an independent non-executive director.

The Remuneration and Assessment Committee is responsible for developing appraisal criteria for the performance of Directors and senior management and carrying out such appraisal, formulating and reviewing the policy and plan for remunerations of Directors and senior management, and making recommendations to the board of directors on the followings:

- (1) remunerations of Directors and senior management;
- (2) establishment or alteration of equity incentive plans and employee share ownership plans, the equity granted to incentive participants and the satisfaction of conditions for exercising the equity;
- (3) arrangement of share ownership plans by the Directors and senior management for subsidiaries to be subdivided;
- (4) other matters specified by laws and regulations, relevant rules of the Shanghai Stock Exchange and the Articles and relevant systems of the Company.

Other duties, decision-making procedures and meeting rules of the Remuneration and Assessment Committee are stipulated in the Implementing Rules of the Remuneration and Assessment Committee formulated by the Board of Directors.

If the Board of Directors does not adopt or does not fully adopt the recommendations from the Remuneration and Assessment Committee, it shall record the opinion of the Remuneration and Assessment Committee and the specific reasons for non-adoption in the resolution of the Board of Directors and disclose the same.

**Article 122** The Strategic and ESG Committee of the Board of Directors of the Company shall consist of five directors, including at least one independent director, and shall be chaired by the Chairman of the Board of Directors of the Company.

The major terms of reference of the Strategic and ESG Committee shall be as follows:

- (1) to carry out research and make recommendations on matters relating to the Company's development strategies, business policies, medium to long-term development plans, progress in the implementation of the plans and strategic evaluation reports;
- (2) to conduct research, analysis and assessment on ESG-related matters such as the Company's ESG vision, planning and governance structure, and provide recommendations to the Board of Directors;
- (3) to identify the Company's sustainable development and ESG-related impacts, risks and opportunities; to consider and submit the Company's annual ESG report to the Board of Directors;
- (4) to implement ESG-related decisions of the Board of Directors;
- (5) to study and make recommendations on other major matters affecting the development of the company;
- (6) to inspect the implementation of the above matters;
- (7) to carry out such other matters as may be authorised by the Board of Directors.

Other duties, decision-making procedures and meeting rules of the Strategy and ESG Committee are set out in the implementation rules of the Strategy and ESG Committee formulated by the Board of Directors.

**Article 123** The Board of Directors shall formulate rules of procedure of the Board of Directors to ensure the Board of Directors will execute the resolutions of the shareholders' meeting, improve work efficiency and guarantee scientific decision making.

As attachment to the Articles of Association, the rules of procedure of the Board shall be formulated by the Board of Directors and approved at the shareholders' meeting of the Company. Such rules of procedure shall regulate the procedure of convening and voting at the Board meeting.

**Article 124** The Board of Directors is the decision-making body of the Company, which formulates strategies, makes decisions and prevents risks, and shall be responsible for the shareholders' meeting and exercise the following powers:

- (1) responsible for convening shareholders' meeting and reporting its work to the shareholders' meeting;
- (2) to implement resolutions approved at the shareholders' meeting;
- (3) to formulate medium-and long-term development plans for the Company, and decide on the Company's business plans and investment plans;
- (4) to formulate the Company's annual financial budget and final accounts;
- (5) to formulate the Company's plans of profit distribution and loss recovery;
- (6) to formulate the plans of increasing or reducing the registered capital of the Company, issue of bonds or other securities and listing;
- (7) to work out plans of substantial acquisition, repurchase of the Company's shares or merger, division, dissolution or change of the form the Company;
- (8) to decide on the establishment of the Company's internal management structure, as well as the establishment and dissolution of subsidiaries and other branches;
- (9) to appoint or dismiss the Company's general managers and secretary to the Board; to appoint or dismiss deputy general managers, chief accountants, chief legal advisors and other senior management member of the Company according to the nomination of the general manager; to decide on the remuneration, appraisal, reward and punishment of the senior management of the Company; to decide the Company's remuneration management policy and performance appraisal policy;
- (10) to formulate major income distribution plans of the Company;
- (11) to formulate the Company's basic management system;

- (12) to determine the risk management system, the internal control system, the system for accountability for non-compliant operation and investment, and legal compliance management system of the Company, and to monitor and assess operation thereof; to direct, inspect and assess the Company's internal audit work, determine the person in charge of the Company's internal audit department, establish a mechanism under which the audit department is accountable to the Board of Directors, and approve the annual audit plan and important audit reports in accordance with the law; to determine the upper limit of the Company's gearing ratio;
- (13) to make proposals for the amendments to the Company's Articles of Association;
- (14) to propose to the shareholders' meeting for appointment or replacement of accountant firm as the Company's auditor;
- (15) within the scope authorized by the shareholders' meeting, to decide on the Company's external investment, acquisition and disposal of assets, charge of assets, external guarantee, entrusted financial management, connected transactions, external donation, etc.;
- (16) to manage the disclosure of the Company's information;
- (17) to establish a management system for the authorization to the senior management, to receive reports of the general manager of the Company on his/her work, to inspect the implementation of the resolutions and authorizations of the Board of Directors by the general manager and other senior management members, and to establish and perfect the accountability mechanism for the general manager and other senior management members;
- (18) to determine the matters related to the exercise of the Company's rights as a shareholder of its invested enterprises;
- (19) to make resolutions on matters which are beyond the scope of shareholders' meeting pursuant to relevant laws and regulations and the Articles of Associations;
- (20) to decide on the issuance of shares with a total financing amount of no more than RMB300 million and no more than 20% of the net assets as at the end of the latest year to specific subscriber(s) in accordance with the authorisation granted at the annual shareholders' meeting of the Company;
- (21) other powers conferred by the shareholders' meeting, laws, the administrative regulations, the departmental rules or the Articles of Association.

Except for the resolution of the Board of Directors in items (6), (7), (13), (20) of this article which shall be passed by more than two-third of all the Directors, resolutions of the Board of Directors in respect of all other matters may be passed by more than half of the Directors.

The Board of Director shall exercise the aforementioned power in accordance with the laws, regulations, Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Rules Governing the Listing of Securities on the SEHK and other applicable provision in legislations, regulations and codes in Hong Kong.

The Company shall follow the Rules Governing the Listing of Securities on the SEHK, other applicable laws, rules and codes of Hong Kong provide more stringent requirements.

**Article 125** The other powers and authorization of the Board of Directors includes:

- (1) to consider and approve transactions activities, which amount to notifiable transaction or above in accordance with Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Rules Governing the Listing of Securities on the SEHK, as amended from time to time (out of the rules of two places, the more stringent one shall apply);
- (2) to consider and approve external guarantee other than that under Article 71 of the Articles of Association which provides that those shall be approved at the shareholders' meeting, which shall be approved by more than half of the Directors and more than two-third of the Directors present at the Board meeting. Any other issues shall be approved by more than half of the Directors present at the meeting;
- (3) for relevant issues that are lower than the aforementioned conferred to the Board, to authorize general manager office to approve; for relevant issues that are beyond the limit of authority conferred to the Board and within the scope of the consideration and approval by the shareholders' meeting, the Board of Directors shall formulate a plan and propose to the shareholders' meeting for consideration and approval;
- (4) the Board shall follow applicable laws, rules and codes which provide more stringent requirements.

**Article 126** All the Directors of the Company shall cautiously deal with and strictly control the credit risk incurred by external guarantee. When determining on external guarantee matters of the Company, the following principles shall be observed:

1. When offering external guarantee for others by the Company, the principles of equality, voluntariness, fairness, honesty and mutual benefits shall be followed;
2. Prior to deciding on provision of external guarantee or putting the relevant issue for consideration at the shareholders' meeting, the Company shall fully understand the credit information of the party to be guaranteed, and make a full analysis of the interests and risks to the Company to be brought by the guarantee;

3. The Company shall only provide guarantee for those with good credits and the ability to repay the debts, and it shall require the secured creditors to provide counter-guarantee to the Company, and the party who provide counter-guarantee shall have the actual ability to undertake such counter-guarantee;
4. It shall comply with the provision of law and shall not offer guarantee for those parties which are prohibited by law.

The procedures for approving external guarantee are:

1. Before deciding to offer external guarantee, the Company shall request the guarantor and counter-guarantor to provide the relevant information for the purpose of understanding their creditworthiness, and make a full analysis of the interests and risks of the Company to be brought by the guarantee;
2. Upon approval by the Board of Director or the shareholders' meeting, in principle, the legal representative of the Company shall be authorized for execution;
3. The Company shall lawfully enter into a guarantee agreement with the party to be guarantee and counter-guarantor, and such agreement shall be signed by legal representatives of the party to be guaranteed and counter-guarantor;
4. Upon approval by the Board of Director or the shareholders' meeting, the finance department designates shall designate a specific person to register the guarantee documents and relevant information and checked accounts;
5. The Company shall review the basic information and financial situations of the guaranteed party every six months, and report to the relevant leaders or departments of the Company, and proposes opinions and recommendation in respect of the existing problems.

**Article 127** The Board of Directors of the Company shall explain at the shareholders' meeting as to the qualified audit opinion issued by the certified public accountant to the financial report of the Company.

**Article 128** The Chairman of the Board shall exercise the following powers:

- (1) to preside over the shareholders' meeting, and to convene and preside over the meetings of the Board of Directors;
- (2) to urge and check the implementation of Board resolutions;
- (3) to sign the securities issued by the Company;
- (4) to sign material contract and other material documents, or issue the power of attorney to appoint his/her representative to sign such documents;

- (5) to exercise other powers as a legal representative;
- (6) in the event of emergency of force majeure such as catastrophic natural disaster, to enforce special discretion on Company affairs in accordance with provision of laws and interest of the Company, reporting to the Board of Directors of the Company or the shareholders' meeting afterwards;
- (7) other functions and powers conferred by the Board of Directors.

Whereas the Chairman is unable or fail to perform his duties, one Director elected by more than half of Directors shall perform the duties.

**Article 129** Regular Board meeting shall be held at least 4 times a year and be convened by the Chairman of the Board. A written notice shall be given to all Directors and supervisors 10 days before the date of the proposed meeting. A special Board meeting may be convened upon requisition by either shareholder holding 10% or more of voting shares, Chairman of the Board, one-third of Directors or the Board of supervisors or the general manager. The Chairman of the Board shall convene and hold the Board meeting within 10 days after receiving the requisition.

**Article 130** In principle, the Board meeting shall be held at the registered address of the Company, however, it could be held at other place in or out of China upon approval by the Board.

**Article 131** The cost and expenses for Directors attending the Board meeting shall be paid by the Company, which include the traveling expenses from the location of Directors to the meeting venue, the lodging expenses during meeting, the rent of meeting venue and the local transportation expenses and other expenses.

**Article 132** The language used in Board meeting is Chinese. Translators may be present if necessary to provide Chinese and English interpretation.

**Article 133** The manner and time limit of notice of regular and special Board meeting:

- (I) If the time and venue of regular Board meeting has been determined by the Board of Directors in advance, notice of meeting is not required.
- (II) Where the time and venue of regular Board meetings have not been specified in advance by the Board of Directors, secretary of the Board or the Office of the Board of Directors shall give notice of the time and venue of Board meeting to all Directors and supervisors not less than 10 days before the date of proposed meeting; the secretary of the Board or the Office of the Board of Directors shall give notice of the time and venue of special Board meeting to all Directors and supervisors 5 days before the date of proposed meeting, in case of emergency, it shall not be subject to the limitation of the time; the aforesaid notice of the Board meeting shall be given to all Directors and supervisors by means of facsimile, e-mail, registered post or by hand.

- (III) The notice shall be in Chinese with English translation if necessary, including the duration of meeting, agenda, reasons and topics as well as the date of giving such notice. Any Director has the right of to waive to request for receiving the notice of Board meeting.
- (IV) Where a Director, who is present at the meeting, has not raised any objection that he/she has not been notified of the meeting before or at the meeting, such Director shall be deemed to have notified of the meeting.
- (V) The regular Board meeting or special meeting may be held in the form of telephone conference or by means of similar communication facilities. So long as the Directors attending the meeting are able to hear the speech of other Directors clearly and communicate, all the Directors attending the meeting shall be deemed to have attended the meeting in person. If the meeting is held by such mean, the way of participation shall be clearly specified on the notice of meeting.
- (VI) The Board of Directors may accept Board meetings in the form of written communications over the resolutions to replace meetings on site. However, draft motions of the meeting must be delivered to all Directors by hand, mail, e-mail, telegraph or fax. After the Board of Directors has delivered the motion to all Directors and that the number of Directors giving consent and signature to the motion has reached the quorum, such motion, if delivered to the secretary to the Board of Directors by means of methods referred to above, shall become a Board resolution and no convening of a Board meeting shall be required.

**Article 134** Board meetings shall be held only if more than half of all the Directors are present.

The Board of Directors' resolutions must be voted for by more than half of all the Directors.

Each Director shall have one vote for voting on resolutions of the Board of Directors.

The poll at the Board meeting is made by open ballot.

When the Directors has connected relationship with the enterprise or individual involved in the resolution to be passed at the Board meeting, the Director shall promptly report in writing to the Board of Directors. the Director who has a connected relationship shall not vote in respect of such resolution and shall not vote on behalf of other Directors. Such Board meeting shall be held in the attendance of more than half of the Directors without connected relationship. All resolutions to be passed at the shareholders' meeting shall be passed by more than half of the Directors without connected relationship. If number of the Directors without connected relationship attending the meeting is less than three, such matter shall be resolved at the shareholders' meeting.



**Article 135** Directors shall attend the Board meeting in person. Where a Director is unable to attend the meeting in person due to some reasons, he/she may authorize in writing another Director to attend the meeting on his/her behalf and the letter of proxy shall state the name of proxy, the matter, and scope of authorization as well as the term of validity with the signature or seal of the principal.

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

**Article 136** All the matters resolved at the Board meeting shall be recorded in the minutes of meeting. Directors and the note-taker shall sign on the minutes of meeting. The minutes of meeting shall be kept as the Company's documents for not less than 10 years.

The minutes of Board meeting shall include following items:

- (I) the date, venue of the meeting and the name of convener of the meeting;
- (II) the name of Directors attended the meeting and the name of Directors (proxy) appointed by other Director to attend in the meeting;
- (III) the agenda;
- (IV) the main points of Director's opinion (including any doubts or dissenting opinion expressed by the Directors);
- (V) the way of voting and result for each resolution (the voting result shall include the number of votes for, against or abstained).

The Directors shall be responsible for the resolutions passed at the Board meeting. If the decision of Board of Directors violates the laws, administrative regulations or the Articles of Association as well as the resolutions at the shareholders' meeting, which causes serious loss to the Company, the Directors involved in making such resolution shall be liable for damages; however, if it is proved by clearly stating on the minutes of Board meeting that the Director has objected to such resolution, such Director may be exempt from the liability.

Upon the approval of the shareholders' meeting, the Company may purchase liability insurance for the Directors. The coverage of liability insurance is agreed by contract, except for the liabilities incurred by the violation of requirements of laws, regulations and the Articles of Association by the Directors.

**Article 137** The Board of Directors may a member of the Board to be a general manager or the other senior management member other than the supervisors concurrently; however, the number of Directors holding the concurrent post of general manager or the other senior management member shall not exceed half of total number of Directors.

## CHAPTER 11 INDEPENDENT DIRECTORS

**Article 138** The Board of Directors shall consist of at least one-third and not less than three Independent Directors, and at least one of them shall be a professional accountant. The Independent Directors have the obligation of loyalty and diligence to the Company and all shareholders. The Independent Directors must, in accordance with the requirements of related laws and regulations, rules and Articles of Association, carefully perform its duties and protect the overall interests of the Company, as well as the lawful rights and interests of small and medium shareholders. The Company shall follow shall the Rules Governing the Listing of Securities on the SEHK, other applicable laws, rules and codes of Hong Kong if they provide more stringent requirements.

**Article 139** An independent Director represents a Director who does not hold any position other than a Director in the Company and have no direct or indirect interest in the Company, its major shareholders or actual controllers, or other relationship that may prevent him/her from making independent and objective judgment. Independent directors shall perform their duties independently and shall not be influenced by the Company, its substantial shareholders, actual controllers and other entities or individuals.

**Article 140** The Independent Directors shall be independent, and the following persons are not allowed to be the Independent Director:

- (I) employees of the Company or its associated companies and their spouses, parents, and children and major social relationships;
- (II) natural person shareholders holding, directly or indirectly, one percent or more of issued share capital of the Company or the top ten largest shareholders, and their spouses, parents, and children;
- (III) employees of shareholder holding, directly or indirectly, five percent or more of the issued share capital of the Company or employees of the top five largest corporate shareholders and their spouses, parents, and children;
- (IV) A person who holds a position in an affiliated enterprise of the controlling shareholder or actual controller of the Company, or his or her spouse, parents, or children;
- (V) A person who has significant business transactions with the Company or its controlling shareholder, actual controller, or any of their respective affiliated enterprises, or a person who holds a position in an entity that has significant business transactions with the Company or in the entity of the controlling shareholder or actual controller;

- (VI) A person who provides financial, legal, consulting, sponsorship, or other services to the Company, its controlling shareholder, actual controller, or any of their respective affiliated enterprises, including but not limited to all members of the project team, reviewers at all levels, persons who sign the reports, partners, Directors, officers, and the primary person in charge of an intermediary that provides services;
- (VII) A person who falls under any of the circumstances set forth in subparagraphs (I) through (VI) in the last 12 months;
- (VIII) Any other person who does not work independently as prescribed by laws, administrative regulations, rules of the CSRC, business rules of stock exchanges, and the Articles of Association.

The affiliated enterprises of the controlling shareholders or actual controllers of the Company as mentioned in subparagraphs (IV) through (VI) of the preceding paragraph shall not include an enterprise controlled by the same state-owned assets management authority as the Company and not affiliated with the Company according to the relevant provisions.

Independent Directors shall conduct an annual self-examination of their independence and submit the self-examination result to the Board. The Board shall assess the independence of incumbent independent Directors each year and issue special opinions thereon, which shall be disclosed together with the annual report.

**Article 141** The Independent Directors shall have the following qualification corresponding to their exercise of their duties:

- (I) to have the qualification of acting as a Director of a Company according to the laws, administrative regulations and other relevant requirements;
- (II) meet the independence requirements set out in the above provision;
- (III) to have the basic understanding of operation of listed company and be familiar with the relevant laws, regulations and rules;
- (IV) to possess five or more years of experience in law, accounting, economics or other areas which are necessary for performing the duties as an Independent Director;
- (V) to have good personal integrity and has no major dishonest acts or other bad records;
- (VI) other conditions as required by laws, administrative regulations, rules of the CSRC, business rules of the stock exchange, and the Articles of Association.

**Article 142** In principle, an Independent Director may serve as an independent director in no more than three domestic listed companies, and shall ensure that he/she can commit enough time and effort to effectively performing his or her duties as an Independent Director.

**Article 143** The nomination, election and replacement of the Independent Directors shall be carried out lawfully and formally.

- (I) The Board of Directors, Board of Supervisors or shareholders holding 1% of more of issued share capital may nominate the candidates for Independent Directors and be elected at the shareholders' meeting. Investor protection institutions established in accordance with the law may publicly request Shareholders to entrust them to exercise their right to nominate independent Directors on their behalf.

The nominator provided in the first paragraph of this article shall not nominate persons with whom he or she has interested or other close relationships that may affect the independent performance of duties as candidates for independent Directors.

- (II) The nominator of Independent Directors shall obtain the nominee's consent before the nomination. The nominator shall fully understand the occupation, education background, professional title and detailed work experiences as well as all the parttime position of the nominee, whether he or she has a major default record and other adverse records, and express his/her opinion on the qualification and independence of the nominee as an Independent Director. The nominee shall make a public declaration that they meet the independence and other conditions for serving as an Independent Director.

Before the convening of the shareholders' meeting for electing the Independent Directors, the Board of Directors of the Company shall announce the abovementioned content as required.

- (III) The Nomination Committee shall examine the qualifications of the nominees for appointment and form a clear opinion on the examination. Before the convening of the shareholders' meeting for electing the Independent Directors, the Company shall concurrently send the relevant information of the nominees as is stipulated in section (II) of this article to the stock exchange. and the relevant submission materials shall be true, accurate and complete. If the stock exchange raises an objection thereto, the Company shall not submit it to the shareholders' meeting for election. Should there be any objections to the nominees from the Board of Directors of the Company, such written opinions of the Board shall also be sent to the shareholders' meeting.
- (IV) The terms of office for each Independent Director shall be the same as the other Directors of the Board. Upon the expiry of the term of office, the Independent Directors may be re-elected or reappointed; however, the period of reappointment shall not exceed six years.

- (V) If the Independent Directors fail to attend the Board meeting in person for two consecutive times, the Board of Directors may propose to the shareholders' meeting to remove such Independent Director. Prior to the expiration of the term of office of an Independent Director, the Company may remove him/her from the office pursuant to the procedures prescribed by the law. For the early termination of Independent Director, the Company shall promptly disclose the specific reasons and grounds. If the independent Directors have any objections thereto, the Company shall disclose them in a timely manner.

If an independent Director fails to comply with the provisions of the Articles of Association regarding independence, he or she shall immediately cease to perform his or her duties and resign from his or her office. If he or she fails to resign, the Board of Directors shall immediately remove him/her from his or her position in accordance with the provisions after it knows or should have known of the occurrence of such fact.

In the event that an independent Director resigns from or is dismissed from his or her duties as a result of the circumstances set forth in the preceding paragraph, resulting in the proportion of independent Directors on the Board of Directors or its special committees not complying with the provisions of the Articles of Association or other systems, or a shortage of accounting professionals among the independent Directors, the Company shall complete the by election of such independent Director within sixty days from the date of the occurrence of the foregoing facts.

- (VI) The Independent Director may resign before the expiry of his/her term of office. The Independent Director shall submit the written resignation letter to the Board of Directors state any matter which is relevant to his/her resignation or he/she consider that it would be necessary to draw the attention of the shareholder and creditor of the Company. The Company shall disclose the reasons and concerns of the resignation of independent Directors.

**Article 144** The following matters shall be submitted to the Board for deliberation after the consent of more than half of all the independent Directors of the Company is obtained:

- (I) Disclosable related party transactions;
- (II) Proposals for the Company and the relevant parties to modify or waive their undertakings;
- (III) Decisions made and measures adopted by the board of directors of the acquiree regarding acquisition;
- (IV) Other matters prescribed by laws, administrative regulations, rules of the CSRC and the Articles of Association.

**Article 145** Independent Directors shall perform the following duties:

- (I) Participating in the decision-making of the Board and express explicit opinions on the matters deliberated;
- (II) Supervising potential material conflicts of interests between the Company and its controlling shareholders, actual controllers, Directors and senior management, causing the decision-making of the Board to be in the overall interests of the Company and protecting the legitimate rights and interests of minority shareholders;
- (III) Providing professional and objective advice on the operation and development of the Company and promoting the improvement of the decision-making level of the Board;
- (IV) Performing other duties prescribed by laws, administrative regulations, rules of the CSRC and the Articles of Association.

**Article 146** Apart from the powers conferred to by the Company Law and other relevant laws, regulations as a Director, the Company also confers to the Independent Director the following special powers:

- (I) To independently engage intermediaries to audit, consult or verify specific matters of the Company;
- (II) To propose to the Board of Directors for convening the extraordinary shareholders' meeting;
- (III) To propose the convening of a Board meeting;
- (IV) To solicit the voting rights from the shareholders in public before the convening of shareholders' meeting;
- (V) To express independent opinions on matters that may prejudice the interests of the Company or minority shareholders;
- (VI) Other powers and functions as required by laws, administrative regulations, the provisions of the CSRC and the Articles of Association.

The Independent Directors shall obtain the consent from more than half of all Independent Directors in exercising the powers and duties listed in the preceding paragraphs (I) to (III).

The Company shall promptly disclose any exercise of the powers and duties listed in the preceding paragraph by an independent director. If the abovementioned proposals are not adopted or the abovementioned powers cannot be properly exercised, the Company shall disclose the relevant situation.

**Article 147** The independent directors shall constitute a majority of the members of the Audit Committee, the Nomination Committee and the Remuneration and Assessment Committee and shall act as convenors.

**Article 148** The Company shall provide the independent Directors with the working conditions and personnel support they need to perform their duties , and designate dedicated departments and personnel such as the secretary to the Board of Directors and the office of the Board of Directors, to assist independent directors in performing their duties.

The secretary to the Board of Directors shall ensure the smooth information exchanges between independent Directors and other Directors, senior management and other relevant personnel, and ensure that independent directors have access to adequate resources and necessary professional opinions when performing their duties.

**Article 149** The Company shall guarantee the right of being informed as the independent Directors are entitled to as much as that other Directors are entitled to. To ensure the effective exercise of the powers and functions of the independent Directors, the Company shall regularly inform the independent Directors of the operation of the Company, provide materials, organize or cooperate with the independent Directors in field visits and other work.

Before the Board of Directors deliberates major and complex matters, the Company may organize independent Directors to participate in the research and demonstration, listen to the opinions of independent Directors, and make feedback to the independent Directors on the adoption of opinions.

**Article 150** The Company shall regularly or irregularly convene meetings with Independent Directors present only (hereinafter referred to as the “Special Meeting of Independent Directors”) to consider the matters stipulated in Article 144(I) to (III) and Article 146 of the Articles of Association, and may also consider and discuss other matters of the Company as needed.

Before the Board of Directors deliberates major and complex matters, the Company may organize independent Directors to participate in the research and demonstration, listen to the opinions of independent Directors, and make feedback to the independent Directors on the adoption of opinions.

The Board of Directors of the Company shall formulate a system of Special Meeting of Independent Directors, specifying the duties and authorities, convening and voting procedures of specialised meetings of independent Directors.

**Article 151** For the purpose of convening a Board meeting, the Company shall send the meeting notice to the independent Directors in a timely manner, provide relevant meeting materials to them within the notice period prescribed by laws, administrative regulations, rules of the CSRC or the Articles of Association, and provide effective communication channels to the independent Directors. For the purpose of convening a meeting of a special committee of the Board, the Company shall, in principle, provide relevant materials and information no later than three days before the date fixed for holding such special committee meeting. The aforesaid meeting materials shall be kept by the Company for at least ten years.

When two or more Independent Directors consider the materials for a meeting are incomplete, insufficiently argued or not provided in a timely manner, they may request for adjourning the meeting in writing to the Board of Directors or postpone the consideration of such matter, and the Board of Directors shall adopt accordingly.

In principle, the meetings of the Board and the special committees shall be convened by way of on-site meetings. When necessary, such meetings may also be convened through video, telephone or other methods according to the relevant procedures and on such a premise that all attending directors can fully communicate with each other and express their opinions.

**Article 152** When an independent Director exercises his or her powers and functions, the Directors, senior management, and other relevant personnel of the Company shall provide support for him or her, and may not deny or obstruct him or her from getting access to or withhold any relevant information, or interfere with his or her independent exercise of powers and functions.

Where an independent Director is obstructed in his or her lawful exercise of powers and functions, such independent Director may explain the circumstance to the Board, require Directors, senior management, and other relevant personnel to cooperate, and record the specific circumstances of the obstruction and the resolution thereof in his or her work records. If the obstruction fails to be eliminated, he or she may report it to the CSRC and the stock exchanges.

Where there is any disclosable information involved in the performance of duties by an independent Director, the Company shall make disclosure in a timely manner, failing which the independent Director may directly apply for the disclosure or report it to the CSRC and the stock exchanges.

**Article 153** The Company shall bear the expenses of appointing of professional bodies by the Independent Directors and the necessary expenses incurred in the exercise of their other powers.

**Article 154** The Company shall provide the Independent Directors with allowance appropriate to their duties. The standard of such allowance shall be formulated by the Board of Directors and to be passed at the shareholders' meeting. This shall be disclosed in the annual report of the Company. Apart from the abovementioned allowance, the Independent Directors shall not obtain any interests from the Company, its major shareholders or interested institution and individuals.



## CHAPTER 12 SECRETARY TO THE BOARD OF DIRECTORS

**Article 155** The Company shall have the secretary to the Board, who is a senior management member of the Company.

**Article 156** The secretary to the Board shall be a natural person who has the necessary professional knowledge and experience, and shall be appointed by the Board of Directors. The main responsibilities of the secretary to the Board include:

- (I) being responsible for preparing the shareholders' meeting and Board meeting of the Company and keeping the files and the management of information of the shareholders and handling the disclosure of information, etc.;
- (II) to ensure that the Company has complete constituent documents and records;
- (III) to ensure that the Company prepares and delivers in accordance with law those reports and instruments required by competent authorities entitled thereto;
- (IV) to ensure that the Company's registers of members are properly maintained, and that persons entitled to the Company's records and documents are furnished with such records and documents without delay.

**Article 157** The circumstances set out in Article 107 hereof concerning a person shall not be allowed to act as a director shall also apply to the secretary of the Board.

The provisions set out in Article 111 hereof concerning the duty of loyalty of Directors and the provisions of Article 112 (IV), (V) and (VI) concerning the duty of diligence shall also apply to the secretary of the Board.

**Article 158** The secretary to the Board shall remind the Company on compliance with the relevant Chinese laws and the rules of stock exchanges where the shares of the Company are listed.

**Article 159** A Director or other senior administrative officer of the Company may hold the office of Secretary to the Board concurrently. However, the accountant(s) of the certified public accountant firm appointed by the Company shall not act as Secretary to the Board.

Provided that where the office of Secretary to the Board is held concurrently by a Director and an act is required to be done by a Director and a Secretary to the Board separately, the person who holds the office of Director and Secretary to the Board may not perform the act in dual capacity.

**Article 160** If the secretary of the Board has violated the provisions of any laws, administrative regulations, departmental rules or these Articles of Association in the course of performing his/her duties, which has caused losses to the Company, he/she shall be liable for compensation.

**Article 161** The secretary of the Board shall faithfully perform his/her duties and safeguard the best interests of the Company and its shareholders as a whole. If the secretary of the Board fails to faithfully perform his/her duties or violates his/her fiduciary duties, causing damage to the interests of the Company and its public shareholders, he/she shall be liable for compensation in accordance with the law.

## **CHAPTER 13 MANAGERS AND OTHER SENIOR MANagements OF THE COMPANY**

**Article 162** The Company shall have one general manager and a number of deputy general managers to form the management, which shall be appointed or dismissed by the decision of the Board of Directors. The management shall be accountable to the Board of Directors, report to the Board of Directors and be subject to the supervision and management of the Board of Directors and exercise its authority in accordance with the provisions of the Articles of Association or the authorisation of the Board of Directors. The general manager attends the meetings of the Board of Directors.

The Company shall implement a market-based system for selecting and hiring professional managers and introduce a system to manage members of management with tenure and contract. The management shall be appointed, supervised and managed by the Board of Directors, have a tenure of three years, have annual and tenure targets as determined by the Board of Directors, and strictly assess their performance and pay their remuneration as specified in the contract. Professional managers shall strictly be recruited according to principles of market-based selection and recruitment, be managed by contract, differentiated remuneration and market-oriented exit, and the Board of Directors shall negotiate with the professional managers to determine the level of remuneration reasonably, and the conditions of termination of the employment relationship.

The Company may have one chief accountant and one chief legal advisor to assist the general manager in his/her work, who shall be nominated by the general manager and appointed upon resolution by the Board of Directors.

The general manager, deputy general manager, chief accountant, secretary of the Board and chief legal advisor are the members of senior management of the Company. The persons who undertake administrative posts other than Directors and supervisors of the controlling shareholder and actual controller of the Company shall not be appointed as the senior management member of the Company.

**Article 163** The senior management of the Company shall be remunerated only by the Company and shall not be paid by the controlling shareholders on behalf of the Company.

**Article 164** The circumstances set out in Article 107 hereof concerning a person shall not be allowed to act as a director shall also apply to the senior management.

The provisions set out in Article 111 hereof concerning the duty of loyalty of Directors and the provisions of Article 112 (IV), (V) and (VI) concerning the duty of diligence shall also apply to senior management.

**Article 165** The Company shall establish a general manager office, the attendees of its meeting comprise of management members which are managerial staffs. Such general manager office shall be accountable to the Board of Directors. The general manager of the Company shall be the convener and chairman of such meetings and perform the following duties:

- (I) to be in charge of the Company's production, operation and management and to organize the implementation of the resolutions of the Board of Directors and report to the Board of Directors;
- (II) to organize the implementation of the Company's annual business plan and investment plan;
- (III) to draw up the planning of internal management organs setup of the Company;
- (IV) to formulate plans for the establishment of the Company's basic management systems;
- (V) to formulate the Company's basic management systems;
- (VI) to propose the appointment or dismissal of the Company's deputy general manager, chief accountant and general legal counsel to the Board of Directors;
- (VII) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;
- (VIII) other powers conferred by the Articles of Association and the Board of Directors.

**Article 166** The management is the executive body of the Company, which is responsible for operations management, implementation and strong leadership. The management shall formulate the rules and regulations for the work of the general manager office meeting, to be executed upon approval by the Board of Directors. The general manager shall, through the general manager office meeting and other forms of meetings, exercise the authorization of the Board of Directors. The Board of Directors shall authorize the power of decision making to the general manager. Prior to any decision making, the general manager office shall generally listen to the views of the party secretary and the chairman of the Board of Directors, in case a consensus has not be reached, the proposal shall not be proposed in the meeting. On other important issues, the general manager office shall also value and listen to the views of the Party secretary and the chairman of the Board of Directors. The working rules of the general manager office meeting shall include the following:

- (I) the condition, procedure and attendees of the general manager meeting;
- (II) the respective job description and division of labour of general manager and other senior management members;

(III) the application of Company's funds and assets; authority to sign the significant contracts and report to the Board of Directors and Board of supervisors;

(IV) other matters that the Board of Directors deems necessary.

**Article 167** The general manager may be present at meetings of the Board of Directors. The general manager has no voting rights at the Board meetings unless he is also a Director.

**Article 168** The general manager and other senior management member may resign before the expiry of his/her terms of office and detailed procedure and methods in relation to resignation shall be referred to the employment contracts between such persons and the Company.

**Article 169** If any senior management has violated the provisions of any laws, administrative regulations, departmental rules or these Articles of Association in the course of performing his/her duties, which has caused losses to the Company, he/she shall be liable for compensation.

**Article 170** The senior management of the Company shall faithfully perform their duties and safeguard the best interests of the Company and its shareholders as a whole. If any senior management of the Company fails to faithfully perform his/her duties or violates his/her fiduciary duties, causing damage to the interests of the Company and its public shareholders, he/she shall be liable for compensation in accordance with the law.

## CHAPTER 14 BOARD OF SUPERVISORS

**Article 171** The Company shall have a Board of Supervisors.

**Article 172** The Board of Supervisors shall consist of 3 persons, including one chairman, and one employee representative supervisor.

Employee representative supervisors shall be democratically elected and removed by the employees of the Company, while other supervisors shall be elected and removed by the shareholders' meeting of the Company. Unless otherwise expressly provided in applicable laws, regulations, rules, prescriptive documents and these Articles of Association, non-employee representative supervisors shall be nominated by the previous session of Board of Supervisors or by shareholders holding, individually or in aggregate, more than three percent of the total number of shares of the Company.

The term of the office of supervisors is three years, which can be re-elected and reappointed.

The chairman of the supervisory committee shall be elected by more than half of all supervisors.

The chairman of the Supervisory Committee shall summon and preside over meetings of the Supervisory Committee; if the chairman of the Supervisory Committee is unable to perform the duties or fails to perform the duties, a supervisor jointly elected by more than half of the supervisors shall summon and preside over the meetings of the Supervisory Committee.

**Article 173** Where a supervisor has not been timely re-elected at the expiry of the term of office or a supervisor has resigned during the term of office as a result of which the number of the members in the supervisory committee falls below the quorum, the original supervisor shall perform his/her duties as a supervisor, prior to the assumption by the re-elected supervisor, in accordance with the laws, administrative regulations and rules as well as the provisions of the Articles.

**Article 174** The statement on nomination of candidates for supervisors, the candidates' curriculum vitae, and the candidates' statement indicating their willingness to accept the nomination shall be sent to the Company ten working days before the shareholders' meeting.

**Article 175** The circumstances under which a person may not serve as a director as stipulated in Article 107 of these Articles of Association shall also apply to supervisors. The Company's directors, general managers and other senior management personnel shall not concurrently serve as supervisors.

**Article 176** Supervisors shall abide by laws, administrative regulations and these Articles of Association, shall owe a duty of loyalty and duty of diligence to the Company, and shall not use their power to accept bribes or other illegal income, and shall not misappropriate the Company's assets.

**Article 177** The supervisors may be present at the Board meeting and make inquiries or suggestions to the agenda of the Board meeting. The Board of Supervisors may require the Directors, senior management members, internal and external auditors to be present at the meeting of the Board of Supervisors and answer the questions concerned.

The supervisors shall ensure the truth, accuracy and completeness of the information the Company disclosed, and sign written confirmations of the regular reports.

The supervisors shall not make use of their connection relationship to impair the interests of the Company. The supervisors shall be liable for compensation for the loss caused to the Company.

**Article 178** Supervisors shall be liable for losses caused to the Company due to their violations of laws, administrative regulations, departmental rules or provisions of the Articles in performing their duties.

**Article 179** The Board of Supervisors of the Company shall formulate the rules of procedure of the Board of supervisors to specify the manner and procedure of discussion and voting at the Board of supervisors to ensure the work efficiency and scientific decision-making of the Board of supervisors.

The rules of procedure of the Board of Supervisors shall be formulated by the Board of Supervisors and attached to this Articles of Association, which shall be approved at the shareholders' meeting. Such rules shall regulate the convening and voting procedure of the meeting of Board of Supervisors.

**Article 180** The Board of Supervisors is accountable to the shareholders' meeting of shareholders and exercises the following powers in accordance with law:

- (I) to review the Company's financial position;
- (II) to supervise the actions of Directors, general managers and other senior management member, to propose the dismissal of the Directors, general manager and other senior management member who act in violation of the laws, administrative regulations, and this Articles of Association as well as the resolution of shareholders' meeting;
- (III) to demand the Directors, general manager and other senior managers to rectify their error if they have acted in a way to impair to the Company's interest;
- (IV) to check and inspect the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the Board of Directors to the shareholders' meeting of shareholders and to authorize, in the Company's name, publicly certified and practicing accountants to assist in the review on such information should any doubt arise in respect thereof;

- (V) to review and provide written comments to the regular report of the Company formulated by the Board of Directors;
- (VI) to propose the convening of extraordinary shareholders' meeting, and to convene and hold the shareholders' meeting in the event that the Board of Directors fails to convene and hold a shareholders' meeting according to the Company Law;
- (VII) to institute the legal proceedings in the name of Company against the Directors, general managers and other senior management members according to the related stipulation of Company Law and this Articles of Association;
- (VIII) to investigate any unusual operation of the Company; and if necessary, to appoint professional bodies such as accounting firms and law firms to assist in the investigation and the relevant expenses shall be paid by the Company;
- (IX) other powers stipulated in the laws, regulations and Articles of Association.

**Article 181** Meeting of the Board of Supervisors shall be held at least once for every six months. Supervisor may propose to convene interim meeting of the Board of Supervisors. The Chairman of the Board of supervisors shall be responsible for convening and presiding the meeting. If he fails or refuses to perform the duties, one supervisor that is elected by more than half of supervisors shall convene and preside the meeting.

For the convening of the meeting of Board of Supervisors, the convener shall give notice of the date, venue, duration of meeting as well as the objectives and agenda 10 days before but not more than 30 days before the proposed date of the meeting in a manner consistent with the provisions of the Articles of Association.

**Article 182** The supervisors shall attend the meeting of Board of Supervisors in person. If the supervisor is unable to attend the meeting for good cause, he may authorize other supervisors to attending in the meeting in writing; the scope of authority shall be specified in the power of attorney.

The supervisors attending the meeting on behalf of others shall exercise the rights of supervisor within the scope of authority. If the supervisor fails to attend the meeting and authorize a representative, it shall be deemed as waiving the voting right at such meeting.

**Article 183** All the matters resolved at the meeting of the Board of Supervisors shall be recorded in the minutes of meeting. The supervisors attended the meeting shall sign on the minutes. The supervisors shall have the right to make illustration on the minutes in respect of the opinions expressed by him. The meeting minutes shall be kept for at least 10 years as the documents of the Company.



**Article 184** The meeting of Board of Supervisors only could be held with the attendance of more than half of supervisors.

Resolutions of the supervisory committee shall be passed by more than half of all of its members.

Voting on resolutions of the Supervisory Committee shall be carried out on a one-person-one-vote basis.

**Article 185** All reasonable fees incurred in respect of the employment of professionals, such as lawyers, certified public accountants or practicing auditors, which are required by the supervisory committee in the exercise of its functions and powers, shall be borne by the Company.

**Article 186** A supervisor shall perform his duties faithfully in accordance with the laws, administrative regulations and rules as well as the provisions of these Articles.

## CHAPTER 15 INFORMATION DISCLOSURE AND INVESTOR RELATIONS

**Article 187** The Company and the relevant personnel responsible for information disclosure shall disclose its information impartially and timely in accordance with the applicable laws, regulations, departmental rules, regulations and normative documents and the relevant regulations and requirements of the stock exchange where the shares of the Company are listed; meanwhile, it shall ensure the information disclosed is true, accurate and complete.

**Article 188** The Directors, supervisors and officers shall ensure that the Company timely and impartially disclose information, and that the information disclosed is true, accurate and complete and contains no fraud, misleading representation or major omission. Otherwise, it shall announce accordingly with reasons.

In addition to mandatory disclosure of information, the Company shall take the initiative and timely disclose the information may have a substantial impact on decision-making of shareholders and other stakeholders, and ensure that all shareholders have equal access to the information.

**Article 189** The secretary to the Board is responsible for information disclosure, including external announcement of the Company's information, coordinating the Company's information disclosure affairs, organizing and developing information disclosure management system, urging the Company and the personnel responsible for information disclosure to comply with disclosure regulations, undertaking information disclosure confidentiality work, organizing training for Directors, supervisors and senior management members in accordance with laws, administrative regulations and relevant provisions, and assisting the aforesaid persons understand their respective duties in information disclosure. The Company shall provide facilities to secretary to the Board to perform its duties, and Directors, supervisors, chief financial officer, other senior management member and relevant staff shall support and cooperate with the secretary to the Board's work. Any organization or individual shall not interfere with the work of the secretary to the Board.

**Article 190** The Company shall formulate and implement information disclosure management system. Information disclosure management system formulated shall be promptly reported to the stock exchange for filing and disclosure, upon being considered and approved by the Board of Directors.

**Article 191** Prior to the disclosure of information, the Company, the personnel responsible for information disclosure and its Directors, supervisors, senior management member and other insiders shall control such information to be known within minimum extent, and no one shall disclose such insider information or conduct insider trading or cooperate with others in manipulating stock and derivatives trading price of the Company with such information.

**Article 192** Information disclosure obligators including controlling shareholders and actual controller of the Company should cooperate with the information disclosure work of the Company, timely inform the Company of material matters including variation in control, change in interest and connected relationship between the Company and other entities and individuals and its changes, response to queries from the Company and to ensure that the information provided is true, accurate and complete.

**Article 193** The Company shall establish investor relations management system pursuant to relevant provisions of CSRC, the stock exchange and this Articles, and implement such system upon the consideration and approval of Board of Directors and the shareholders' meeting. The secretary to the Board shall be in charge of investor relations management.

## **CHAPTER 16 FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT**

**Article 194** The Company shall establish the Company's financial and accounting systems in accordance with laws, administrative regulations and the financial accounting standards formulated by the competency financial department of the State Council.

**Article 195** At the end of each accounting year, the Company shall prepare a financial report which shall be examined and verified in a manner prescribed by laws.

**Article 196** The Board of Directors of the Company shall place before the shareholders at every annual shareholders' meeting such financial reports which the relevant laws, administrative regulations and rules as well as directives promulgated by local governments and competent authorities require the Company to prepare.

**Article 197** The Company shall make the financial report available at the Company for examination by its shareholders twenty (20) days prior to the convening of the annual shareholders' meeting of shareholders. Every shareholder of the Company shall have the right to obtain the financial report mentioned in the chapter.

The Company shall send copy of the aforementioned reports to each shareholder of overseas-listed foreign-invested shares by way of announcement or other forms (if required) specified in this Articles at least 21 days prior to the convening of the annual shareholders' meeting.

**Article 198** The Company shall prepare its financial statement not only in accordance with the Chinese accounting standards and regulations but also the international accounting standards or the accounting standards in the listing place overseas. In case when there are major discrepancies between the financial statements prepared in accordance with the two accounting standards, they shall be indicated clearly in the notes of the financial statements. When distributing the after-tax profit for the relevant accounting year, the Company shall adopt the lower of the after-tax profit in the aforesaid two financial statements.

**Article 199** The Company shall prepare its interim results or financial information to be published or disclosed not only in accordance with the Chinese accounting standards and regulations but also the international accounting standards or the accounting standards in the listing place overseas at the same time.

**Article 200** The Company shall publish its financial report twice in each accounting year, that is, to publish its interim financial report within sixty (60) days after the end of the first six (6) months of an accounting year, and to publish its annual financial report within one hundred and twenty (120) days after the end of an accounting year.

In addition, the Company shall prepare and disclose annual reports, interim reports and quarterly reports pursuant to the Rules Governing the Listing of Stocks on Shanghai Stock Exchange.

**Article 201** The Company shall not have any account book other than its statutory ones. The Company's assets shall not be deposited in individual account.

**Article 202** When it distributes after-tax profit of the year, the Company shall allocate 10% of its after-tax profit to the statutory reserve. Where the accumulated statutory reserve of the Company has reached 50% of the Company's registered capital, no allocation is needed.

If the Company's statutory reserve is insufficient to cover losses in previous years, the profits of the year shall be used to make up the losses before allocating the statutory reserve in accordance with the preceding paragraph.

After withdrawal of statutory reserve from the after-tax profit, other discretionary reserve may be allocated out of the after-tax profits with the resolution approved by shareholders' meeting.

After making up for losses and allocation of reserves, the remaining after-tax profit shall be distributed in proportion according to shares held by shareholders, except for distribution not to be made on a pro rata basis according to shareholding pursuant to these Articles of Association.

If the shareholders' meeting fails to comply with the aforesaid requirements and distribute profit to shareholders before making up the loss and allocating the statutory reserve by the Company, shareholders must return the profits distribute.

The shares held by the Company shall not participate in the distribution of profits.

**Article 203** The premium received by the Company from the issuance of shares at a price exceeding the par value of the shares, the amount received from the issuance of no-par value shares that is not included in the registered capital, and other items that are required by the financial department of the State Council to be included in the capital reserve fund shall be included in the capital reserve fund of the Company.

**Article 204** The Company's statutory reserve is used to make up the Company's losses, expand the Company's business or increase the Company's registered capital.

Where reserve funds are used to make up for the Company's losses, the discretionary reserve fund and statutory reserve fund should be used first; if the losses still cannot be made up, the capital reserve fund may be used in accordance with the requirements.

When statutory reserve is converted into capital, the remaining of such statutory reserve shall not be less than 25% of the registered capital prior to the conversion.

## **Article 205**

### **I. Basic principles for profit distribution of the Company:**

- (1) The Company shall take full account of the return to investors. The Company shall, after making up for the losses of previous years and contributing to the statutory reserve and discretionary reserve, distribute dividend to the shareholders per annum in proportion to distributable profit realized for the year concerned attributable to the parent company, which shall be determined by resolutions at the shareholders' meetings.
- (2) The Company's profit distribution policy shall maintain continuously and stably, for the long term interest of the Company, in the interest of all shareholders as a whole, and for sustainable development of the Company.
- (3) The Company shall give priority to dividend distribution in cash.

### **II. Dividend distribution policies of the Company:**

- (1) Dividend shall be distributed in the following manner: the Company may distribute profits in cash, in shares or in a combination of both cash and shares or otherwise permitted by laws and regulations. If the conditions of cash dividends are met, priority shall be given to dividend in cash over dividend in shares.
- (2) Interval of profit distribution: Provided that the Company makes a profit and the distributable profit is a positive figure for the year, the Company shall distribute profit once a year. To the extent that the scale of profit and the capital position are appropriate for the relevant period, the Company may distribute interim dividend in cash.

(3) Conditions of cash dividend distribution of the Company:

1. the Company's profit and aggregate undistributed profit realized for the year are positive with sufficient cash flow, and cash dividend distribution has no impact on the Company's sustained operations;
2. the accounting firm issues a standard unqualified audit report on the Company's financial report for that year;
3. the Company has no events such as material investment plan or significant cash expenditure, excluding investments projects using proceeds raised.

Material investment plans or significant cash expenditures refer to the proposed external investment, acquisition of assets or purchase of equipment by the Company in the coming twelve months with an accumulated expenditures amounting to or exceeding 30% of the latest audited net assets of the Company.

(4) Proportion of cash dividends:

Subject to the satisfaction of the above conditions, the profit to be distributed in cash per annum will not be less than 20% of the distributable profit realized for that year attributable to the parent company, and the Company's aggregated profit distributable by way of cash for three consecutive years will not be less than 30% of the distributable profit attributable to the parent company realized within such three years. The specific dividend proportion of each year shall be determined by the Board according to the profit for the relevant year and utilization plan for future capital.

The Board shall take into full account of various factors such as features of the industries where the Company operates, the stage of development of the Company, its own business model, level of profitability, and whether there is significant capital expenditure arrangement, to distinguish the following situations and put forward differentiated cash dividend policy in accordance with the procedures as required by this Articles of Association:

1. If the Company is at the mature stage of development and has no significant capital expenditure arrangement, the proportion of cash dividends in the profit distribution shall be at least 80% when the profit distribution is made;

2. If the Company is at the mature stage of development and has significant capital expenditure arrangement, the proportion of cash dividends in the profit distribution shall be at least 40% when the profit distribution is made;
3. If the Company is at the growing stage of development and has significant capital expenditure arrangement, the proportion of cash dividends in the profit distribution shall be at least 20% when the profit distribution is made;

If it is difficult to distinguish the stage of development of the Company and the Company has significant capital expenditure arrangement, the profit distribution may be dealt with pursuant to the preceding provisions.

- (5) 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 the shareholders of the Company as a whole, provided that the above conditions for cash dividend distribution are fully satisfied, the Company may propose dividend distribution in shares. Distributing profit by way of dividend in shares shall include true and reasonable factors such as growth of the Company and dilution of net assets per share.
- (6) Profit distribution of the Company shall not exceed the cumulative distributable profit or damage the Company's sustainable operation ability.
- (7) In case any shareholder misappropriates the funds of the Company unlawfully, the Company will deduct cash dividends to be distributed to such shareholder for making up the amount misappropriated.
- (8) When the Company's audit report for the most recent year is not unqualified or carries an unqualified opinion with a paragraph on material uncertainties related to going concern, the profit distribution may not be made.

### **III. Decision making procedures and mechanism of the Company's profit distribution:**

#### **(1) Formulation of profit distribution policy**

The Company shall scientifically formulate the profit distribution policy of the Company after comprehensively taking into account factors such as the actual conditions of the Company's operating development, the needs and requests of the Shareholders, social capital costs and external financing environment etc.



The profit distribution policy of the Company shall be considered and approved by more than two-thirds of voting shares held by the shareholders (including their proxies) present at the shareholders' meeting. The Board, the Supervisory Committee and shareholders individually or jointly holding 1% or more of the Company's shares, have the right to propose resolution(s) in respect of profit distribution policy to the Company.

The Board shall specifically study and discuss matters relating to the returns for shareholders, set out a specific and clear plan on the returns for shareholders and explain the reasons for the formulation of the plan in details. Opinions of shareholders (especially minority shareholders) and the independent Directors and Supervisors shall be fully heard and considered during the meeting of the Directors, the meeting the supervisors of the Company and the shareholders' meeting in respect of the study, discussion and decision-making process of the profit distribution policy of the Company.

The Board, independent Directors and shareholders complying with certain conditions can collect the voting rights at shareholders' meeting from the shareholders of the Company.

## **(2) Formulation of specific proposal of profit distribution**

The Company's profit distribution plan for each year shall be proposed by the Company's management after taking into account factors such as the requirements in the Company's Articles of Association, production and operation position, cash flows and future business development plan, and shall be submitted to the Board and the supervisory committee of the Company for consideration. If the supervisory committee has no objection to the profit distribution plan, the Board shall thoroughly discuss its rationality, and submit if for approval by the shareholders at the shareholders' meeting.

The Board shall fully consider the capital needs of normal production and operation of the Company, arrangement of investment, actual profit status, cash flows and scale of share capital of the Company and the sustainability of development when formulating the specific proposal of cash dividend, and carefully study and discuss the timing, conditions and minimum proportion of cash dividend of the Company, conditions for adjustment and requirements for decision-making procedures. Independent Directors shall be entitled to express their independent opinions if they are of the opinion that the specific plan for distribution of cash dividends may jeopardize the interests of the Company or that of the medium and small shareholders. If the Board of Directors does not adopt or fully adopt the opinion of the independent directors, it shall record the opinion of the independent directors and the specific reasons for non-adoption in the resolution of the Board of Directors and disclose the same.

Independent Directors can collect views from minority shareholders to propose profit distribution proposal and directly propose to the Board for consideration.

Prior to consideration of the specific proposal of cash dividend at the shareholders' meeting, the Company shall actively communicate and exchange ideas with shareholders (especially minority shareholders) through various channels (including but not limited to telephone, facsimile, e-mail and interactive platforms), fully listen to the opinions and requests from medium and small shareholders and reply in a timely manner the questions from minority shareholders. When considering the profit distribution plan, the Company shall make internet voting accessible to the shareholders.

### **(3) Profit not distributed**

If the Company makes a profit for the year, but the Board does not propose the profit distribution proposal by the way of cash, the Company shall explain the reason and the usage and plan of utilization for the capital which is not utilized as cash dividends and reserved in the Company; it shall propose to the shareholders' meeting for consideration after consideration and approval by the Board. Meanwhile, the Company shall make internet voting for medium and small shareholders to vote at the shareholders' meeting.

## **IV. Adjustment to profit distribution policy:**

The Company shall strictly implement the profit distribution policy stipulated in this Articles of Association and the specific proposal of profit distribution considered and approved at the shareholders' meeting.

In case of war, natural disasters and other force majeure, or changes to the Company's external operational environment resulting in a material impact on its production and operation, or relatively significant changes to the Company's operational position, or new policies on profit distribution published by competent authorities, in which cases the profit distribution policy stipulated by this Articles of Association, in particular the cash dividend policy, is required to be adjusted, the Company may adjust its profit distribution policy. The Board shall thoroughly discuss the rationality of the adjustment to the profit distribution policy, and form a special proposal and submit the same for the consideration by the shareholders at the shareholders' meeting. The proposal shall be considered and approved by more than two-thirds of voting rights held by the shareholders (including their proxies) present at the shareholders' meeting.

The supervisory committee shall issue its review opinions on the adjustment to the profit distribution policy.

The adjusted profit distribution policy shall not contravene with the relevant requirements of the CSRC and the stock exchange on which shares of the Company are listed.

When the shareholders' meeting considers the adjustment to the profit distribution policy, the Company shall make internet voting accessible to the shareholders or collect voting rights of the shareholders.

#### **V. Disclosures in regular reports:**

The Company shall disclose in details the formulation and implementation of cash dividend policy in its annual reports, and specifically explain whether it is in compliance with the provisions of this Articles of Association or requirements of the resolutions of the shareholders' meeting, ;whether the criteria and proportion of dividend distribution is specific and clear, whether the relevant decision-making procedures and mechanism are complete, if the company does not distribute cash dividends, it should disclose the specific reasons and the measures it plans to take to enhance the level of investor returns; whether medium and small shareholders have opportunities to fully express their opinions and requests and whether the legitimate interests and interests of medium and small shareholders are fully protected.

Where the Company adjusts or changes its cash dividend distribution policy, it shall explain in details as to whether the conditions and procedures of such adjustments or changes are in compliance with regulations and transparent.

If the Company is unable to determine the profit distribution proposal for the year according to the established cash dividend policy or the minimum cash dividend proportion under extraordinary circumstances, the Board shall explain in details the reason for not proposing cash profit distribution according to this Articles of Association, and the usage and plan of utilization for the capital which is not utilized as cash dividends and reserved in the Company.

#### **VI. Supervision on profit distribution by the supervisory committee:**

The supervisory committee shall supervise the Board and the management in respect of the formulation and implementation of the profit distribution policy and the status of returns for shareholders and the relevant decision-making procedures.

The supervisory committee shall give specific opinions and monitor the prompt rectification of the Board in the event of any of the following circumstances:

- (1) the cash dividend policy and the plan on returns for shareholders are not strictly implemented;
- (2) the relevant decision-making procedures in respect of the cash dividend distribution are not strictly implemented;
- (3) the disclosure and implementation of the cash dividend policy are not true, accurate or complete.

**Article 206** The Company shall appoint receiving agent for shareholders of overseas-listed foreign-invested shares. The agent shall receive dividends from overseas-listed foreign-invested shares and other payables on behalf of the relevant shareholders.

The receiving agent appointed by the Company shall comply with the laws or the listing place or relevant requirements of stock exchange where the Company's shares are listed.

The receiving agent appointed by the Company for shareholders of shares listed in Hong Kong shall be a trust Company registered under the Trustee Ordinance of the law of Hong Kong.

Regarding exercising the right to terminate sending dividend warrant by post, if such dividend has not been withdrawn for twice in a row, such right can be exercised. However, the right can be exercised if such dividend warrant is returned undelivered on first occasion and fails to be sent to the recipient.

The right to sell the shares of the untraceable shareholders shall not be exercisable, unless (i) dividends in respect of the underlying shares have been declared for at least three times in 12 years, and such dividends remain unclaimed during the period; and (ii) Upon the expiry of 12 years and the Company has made an announcement in a newspaper (as defined in the Rules Governing the Listing of Securities on the SEHK) of its intention of selling the shares, and has notified the Hong Kong Stock Exchange of the same.

The right to expropriate unclaimed dividends shall be exercised after the expiration of the specified period.

**Article 207** After the shareholders' meeting passed a resolution on profit distribution, or after the Company's Board of Directors has formulated a specific plan in accordance with the conditions and upper limit of the next year's interim dividend distribution as considered and approved at the annual general shareholders' meeting, the distribution of dividends (or shares) must be completed within two months.

**Article 208** Dividend distribution or other distributions shall be calculated and announced in RMB. Distribution of cash dividends for domestic share and other cash distribution shall be paid in RMB. Distribution of cash dividends and other distributions for overseas shares shall be paid in U.S. dollars; however distribution of cash dividends and other distributions from share traded in Hong Kong Stock Exchange shall be paid in Hong Kong dollar.

When the Company pays dividends or make other distributions other than RMB, the exchange rate shall be the average of middle rates announced by the People's Bank of China for seven working days prior to declaring dividend or other distribution.

**Article 209** The internal audit department of the Company shall be accountable to the Board of Directors in accordance with the relevant regulations of the State and the city, and shall implement internal audit work, audit and supervise the operation and management activities of the Company, its invested enterprises and branches, and seek to strengthen the audit supervision of its shareholding enterprises, foreign enterprises and overseas enterprises, so as to prevent the management mode of “investment without supervision”, “equity participation without supervision” and “no control and supervision”.

The internal audit and risk control committee of the Company shall be under the guidance and supervision of the audit committee of the Board of Directors.

**Article 210** The Company should establish a work mechanism to prevent legal risks and implement corporate legal advisor system to set up an office of general legal counsel in accordance with relevant state and local regulations.

For material issues such as division, merger, bankruptcy, dissolution and increase or decrease of registered capital which require reporting to relevant authorities for approval from the Company according to relevant requirements, the corporate legal advisor shall issue their legal opinions to analyze relevant legal risks and specify the legal obligations.

The corporate legal advisor is responsible for handling legal affairs in relation to the operation and management of the Company, participating in material operational decision-making of the Company and to ensure the legality in decision-making.

The Company shall establish and improve its internal supervision, management and risk control system in accordance with the law, and enhance its internal compliance management.

## CHAPTER 17 APPOINTMENT OF ACCOUNTING FIRM

**Article 211** The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the State to audit the Company's annual financial statements, annual financial report audit, net asset appraisals and other related consultation services, and to review the Company's other financial statements.

The Company's first accounting firm may be appointed by inaugural meeting prior to the first annual shareholders' meeting, and the accounting firm so appointed shall hold office until the conclusion of the first shareholders' meeting.

If the inaugural meeting fails to exercise the aforesaid functions and powers, those functions and powers shall be exercised by the Board.

**Article 212** The term of appointment of the accounting firm shall commence from the conclusion of the current annual shareholders' meeting and end at the conclusion of the next annual shareholders' meeting. The aforesaid appointment lasts for one(1) year and may be renewed.

**Article 213** The Company guarantees that it will provide the accounting firm with true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information without any objection, omission or falsehood.

**Article 214** The audit fee of an accounting firm shall be determined by the shareholders' meeting.

**Article 215** Prior notice shall be given to the accounting firm if the Company decides to remove such accounting firm or not to renew the appointment thereof. The accounting firm is allowed to express its opinions during the voting on its dismissal at the general shareholders' meeting.

Where the accounting firm resigns from its position, it shall make clear to the shareholders in a shareholders' meeting whether there has been any impropriety on the part of the Company.

## CHAPTER 18 LABOUR MANAGEMENT AND LABOUR UNION

**Article 216** The Company shall comply with national laws and administrative regulations on labour protection and safe production, implement relevant national policies, and protect the legitimate rights and interests of workers. In accordance with national laws, administrative regulations and policies on labour and personnel affairs, and based on the demand for production and operation, the Company shall formulate its systems regarding labour management, personnel affairs and wages.

The Company shall continue to improve its market-oriented employment and remuneration structure, implement open recruitment of employees, competition for management promotion, performance appraisal for all staff, position adjustment and exit mechanism for incompetent employees, establish a market competitive market-rate remuneration structure for key and core talents, and flexibly carry out various forms of medium- and long-term incentives.

**Article 217** The employees of the Company may, according to the Labour Union Law of the PRC, organize a labour union, which shall carry out union activities and safeguard the lawful rights and interests of the employees. The Company shall provide necessary conditions for its labour union to carry out activities. The labour union shall, on behalf of the employees, conclude the collective contract with the Company with respect to the remuneration, rest and holidays, labour safety and health and insurance and benefits and other matters in accordance with the law.

**Article 218** According to the Constitution and other relevant laws, the Company establishes and improves a system with the workers' congress as the basic form democratic management system, exercises democratic management through employees' representatives meeting or other means.

To make a decision or any important issue related to restructuring, dissolution, file for bankruptcy and business operation, or to formulate any important regulation, the Company shall solicit the opinions of the Company's labour union, and shall solicit the opinions and proposals of the employees through the meeting of the representatives of the employees or in any other way.

## CHAPTER 19 MERGER AND DIVISION

**Article 219** The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new Company.

**Article 220** When the Company merges with another company in which it holds 90% or more of the shares, the company being merged is not required to submit the merger to a resolution of the shareholders' meeting, but it shall notify the other shareholders, and the other shareholders shall have the right to request the company to repurchase their shares at a reasonable price.

If the payment for a merger to be made by a company does not exceed 10% of its net assets, a resolution of the shareholders' meeting is not required for the merger.

In cases where a merger is not subject to a resolution of the shareholders' meeting according to above, it shall be subject to a resolution of the Board of Directors.

In the case of a merger, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the Company's merger resolution which is passed and shall publish a public notice in newspaper or the National Enterprise Credit Information Publicity System within 30 days of the date of the Company's merger resolution.

The creditors may require the Company to clear the debts or provide debt guarantee within 30 days from the date of receiving the notice, or within 45 days from the first announcement in case of no notice is received.

Upon the merger, the claims and debts of the parties shall be assumed by the surviving Company or the newly established Company.

**Article 221** In the case of a division of the Company, its assets shall be divided accordingly.

In the case of a division of the Company, the parties to the division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days from the date of the Company's division resolution which is passed and shall publish a public notice in newspaper or the National Enterprise Credit Information Publicity System within thirty days of the date of the Company's merger resolution.



Debts of the Company prior to the division shall be assumed by the companies which exist after the division in accordance with the agreements which have been reached. However, except for otherwise agreed in writing between the Company and creditor before the division in respect of the debt repayment.

**Article 222** Where a merger or division of the Company involves changes in registered items, such changes shall be registered according to laws with the Company registration authority; if the Company is dissolved, its deregistration shall be carried out according to laws; where a new Company is incorporated, the registration of the incorporation of the Company shall be carried out according to laws.

## CHAPTER 20 DISSOLUTION AND LIQUIDATION

**Article 223** The Company shall be dissolved when:

- (1) the term of its operations as is stipulated in the Articles of Association has expired or events of dissolution specified in the Articles of Association have occurred;
- (2) a resolution regarding the dissolution is passed by the shareholders' meeting of shareholders;
- (3) dissolution is necessary due to a merger or division of the Company;
- (4) its business license is revoked and it is ordered to shut down or revoked;
- (5) the Company encounters serious operation difficulties and shareholders will suffer significant losses shall it remain operating, which cannot be solved by other means, all shareholders holding ten percent or more of the voting rights may request the court to dissolve the Company.

If the company encounters the reasons for dissolution as stipulated in the preceding paragraph, it shall publicize the reasons for dissolution through the National Enterprise Credit Information Publicity System within ten days.

**Article 224** Where the Company is in the situation described in items (1) and (2) of the preceding article and has not distributed any property to shareholders, it may continue to exist by amending the Articles of Association.

Any amendments to the Articles of Association in accordance with the preceding paragraph must be approved by more than two-thirds of the voting rights held by the shareholders present at the shareholders' meeting.

**Article 225** When the Company is dissolved under the circumstance described in items (1), (2), (4) and (5) of the preceding article, the Directors are the liquidation obligors of the Company, a liquidation committee shall be formed for the liquidation within fifteen days upon the occurrence of causes for dissolution, and the composition of the committee shall be determined by an ordinary resolution in shareholders' meeting. If the Company fails to set up a liquidation committee to start liquidation process within the prescribed time limit, any creditors may apply to the people's court for designation of a liquidation committee for the liquidation.

**Article 226** The liquidation committee shall inform the creditors of the Company within ten days following its establishment, and shall make a public notice in a newspaper or the National Enterprise Credit Information Publicity System within sixty days.

Creditors shall declare their claims to the liquidation committee within thirty (30) days from the date on which the notice is received or forty five (45) days from the date of the announcement if the notice is not received. The declaration shall state the matters relevant to the claims and provide evidence. The liquidation committee shall register all the creditors' rights. During the period of declaration of claims, the liquidation committee shall not repay any debts to the creditors.

**Article 227** The liquidation committee shall exercise the following functions and powers during the period of liquidation:

- (i) to categorize the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (ii) to notify the creditors or to make public announcements;
- (iii) to dispose of and liquidate any outstanding businesses of the Company;
- (iv) to pay all outstanding tax and tax incurred during the liquidation process;
- (v) to settle claims and debts;
- (vi) to deal with residual assets after repayment by the Company of its debts;
- (vii) to represent the Company in any civil proceedings.

**Article 228** After the liquidation committee has sorted out the Company's assets and prepared a balance sheet and an inventory of assets, it shall prepare a liquidation plan and submit it to the shareholders' meeting of shareholders or the people's court for confirmation.

The Company's assets shall be used to pay off its debts in the following order:

- (i) liquidation expenses;
- (ii) wages due to the employees of the Company, social insurance payments and statutory compensation;
- (iii) payment of outstanding tax;
- (iv) payment of debts of the Company.

Any residual assets of the Company remaining after its debts have been repaid in accordance with the provisions of the preceding clauses of this article shall be distributed by its shareholders according to the proportion of shares held.

The Company shall continue to exist but shall not conduct any operational activities not related to liquidation during the period of liquidation.

**Article 229** In case of liquidation for dissolution, if the liquidation committee, having sorted out the Company's assets and prepared the balance sheet and an inventory of assets, discovers that there are insufficient assets in the Company to pay off its debts, it shall apply to the people's court immediately for a declaration of bankruptcy of the Company according to laws.

Upon the declaration of bankruptcy of the Company by the people's court, the liquidation committee shall prepare and hand over the liquidation matters to the people's court.

**Article 230** Upon the completion of liquidation, the liquidation committee shall prepare a liquidation report and submit them to a shareholders' meeting or the people's court for confirmation and submit the same to the company registration authority for cancellation of the Company's registration and announce the termination of the Company.

**Article 231** Members of the liquidation committee have the responsibility to perform their liquidation duties faithfully and diligently.

If a member of the liquidation committee is negligent in performing their duties in liquidation and causes losses to the Company, they shall be liable for compensation; if a member of the liquidation group causes losses to creditors intentionally or due to gross negligence, they shall be liable for compensation.

**Article 232** Where the Company is declared bankrupt in accordance with law, bankruptcy liquidation shall be carried out in accordance with the laws in relation to enterprise bankruptcy.

## **CHAPTER 21 PROCEDURES FOR REVISION OF THE ARTICLES**

**Article 233** The Company may make amendments to the Articles in accordance with the requirements of the laws, regulations and administrative provisions.

**Article 234** The resolution to amend the Articles at the shareholders' meeting shall be subject to the approval of the competent authority, reported to the competent authority for approval; Amendment of the Company's Articles involving changes in the particulars of registration of the Company shall be made through a change in registration in accordance with laws.

**Article 235** Board of Directors shall amend the Articles in accordance with the resolution of passed at the shareholders' meetings and the approval opinions of the competent authority.

**Article 236** Where the amendments to the Articles belong to information required to be disclosed by laws and regulations, such amendments shall be announced in accordance with the requirements.

## CHAPTER 22 CORRESPONDENCES

**Article 237** Subject to the applicable laws and regulations of the listing place and the rules of concerned stock exchange of the listing place of its shares as well as the Articles, the Company may send, post, mail, publish or provide its correspondences by electronic means (including but not limited to e-mail or CD-ROM, or by websites of the Company and the stock exchange of the listing place of its shares).

## CHAPTER 23 SUPPLEMENTARY PROVISIONS

**Article 238** The Articles is written in both Chinese and English, and the Chinese version shall prevail in case of any discrepancy between the two versions.

**Article 239** Where the provisions of these Articles of Association are inconsistent with the mandatory provisions of laws, regulations, rules, ordinances and the Listing Rules, such mandatory provisions of laws, regulations, rules, ordinances and the Listing Rules shall prevail.

**Article 240** The Board of Directors may develop By-laws in accordance with provisions of the Articles. The By-laws shall not conflict with the provisions of the Articles.

**Article 241** The words “above”, “within” and “below” as used in this Articles shall include the given figure; the words “less than”, “lower than”, “more than” and “exceeding” as used in this Articles shall not include the given figure.

**Article 242** Unless working days are specified, the days referred to in the Articles of Association shall be natural days.

**Article 243** The following terms and expressions in this Articles shall have the following meanings, unless the context requires otherwise:

“Articles”/“Articles of Association”	the articles of association of the Company
“the Company”	Tianjin Capital Environmental Protection Group Company Limited
“Subsidiary”	includes wholly owned subsidiaries, holding subsidiary
“the Board”	the Board of Directors of the Company
“Chairman of the Board”	Chairman of the Board of Directors
“Directors”	the Directors of the Company
“Board of Supervisors”	the Board of Supervisors of the Company
“Supervisor Chairman”	Chairman of the Board of Supervisors
“Supervisor”	Supervisor of the Company
“Promoter”	Tianjin Bohai Chemical Industry Group Corporation

“Corporate bonds”	refers to the valuable paper issued by the Company in accordance with Chinese laws, rules and regulations, and the capital and interest shall be paid within agreed period, including bonds convertible into shares of the Company
“RMB”	China’s legal currency
“Secretary to the Board”	Secretary to the Board of Directors appointed by the Board of Directors for the Company
“China”/“PRC”	the People’s Republic of China
“Chinese law”	China’s constitution or any Chinese laws and regulations (as appropriate) in force
“Company Law”	Company Law of the People’s Republic of China adopted at the 5th Session of the Standing Committee of the 8th National People’s Congress on 29 December 1993 and implemented as of 1 July 1994; first amendment adopted at the 13th Session of the Standing Committee of the 9th National People’s Congress on 25 December 1999; second amendment adopted at the 11th Session of the Standing Committee of the 10th National People’s Congress on 28 August 2004; first amendment adopted at the 18th Session of the Standing Committee of the 10th National People’s Congress and promulgated on 27 October 2005; third amendment adopted at the 6th Session of the Standing Committee of the 12th National People’s Congress on 28 December 2013; fourth amendment adopted at the 6th Session of the Standing Committee of the 13th National People’s Congress and promulgated on 26 October 2018; second amendment adopted at the 7th Session of the Standing Committee of the 14th National People’s Congress and promulgated on 29 December 2023.



“Securities Law”	Securities Law of the People’s Republic of China, adopted at the 6th Meeting of the Standing Committee of the Ninth National People’s Congress of the People’s Republic of China on 29 December 1998, and implemented as of 1 July 1999; first amendment adopted at the 11th Session of the Standing Committee of the 10th National People’s Congress on 28 August 2004; first amendment adopted at the 18th Session of the Standing Committee of the 10th National People’s Congress on 27 October 2005; second amendment adopted at the 3rd Session of the Standing Committee of the 12th National People’s Congress on 29 June 2013; third amendment adopted at the 10th Session of the Standing Committee of the 12th National People’s Congress on 31 August 2014; second amendment adopted at the 15th Session of the Standing Committee of the 13th National People’s Congress on 28 December 2019.
“Hong Kong register of members”	the Register of Members kept in Hong Kong pursuant to the Articles
“SEHK”	The Stock Exchange of Hong Kong Limited
“special resolution”	the resolution adopted by more than two-thirds of the votes held by the shareholders (including proxies) present at the shareholders’ meeting
“ordinary resolution”	the resolution adopted by more than half of the votes held by the shareholders (including proxies) present at the shareholders’ meeting
“Controlling shareholder”	refers to a shareholder whose shares account for more than 50% of the Company’s total share capital; or a shareholder whose shareholding ratio is less than 50% but whose voting rights based on the shares held are sufficient to have a significant impact on the resolutions of the shareholders’ meeting.
“actual controller”	a natural person, legal person or other organization that could actually control the acts of the Company through shareholdings, voting rights, trusts, investment relations, agreements, other arrangements, etc., either individually or jointly, directly or indirectly.

“connected relationship”	the relationship between controlling shareholder, actual controller, Directors, supervisors, officers and the enterprises under their direct or indirect control, or other relationship that may lead to the transfer of the Company’s interests. However, there is no connected relationship between state-controlled enterprises just because they are under the common control of the state.
“force majeure”	All the events that are unable to be foreseen, or able to be foreseen however unable to be overcome, the events include earthquake, typhoon, flood, fire, war, international or domestic transportation interruption, acts of government or public agencies (including major legal changes or policy changes), epidemics, civil commotion, strikes, and other events generally recognized as the force majeure.
“corporate communications”	any documents issued or to be issued by the Company for the Company’s security holders, including but not limited to (a) Report of the Board, the Company’s annual accounts together with copy of the auditor report and (if applicable) summary financial statements; (b) the interim report and (if applicable) summary interim report; (c) notice of meeting; (d) listing document; (e) circulars; and (f) proxy forms (with the meaning attributed by the Listing Rules of the place where Company’s shares are listed).

**Article 244** The accounting firm referred to in the Articles has the meaning of an “auditor”.

**Article 245** The Articles shall be subject to the interpretation of the Board of Directors.