

**ARTICLES OF ASSOCIATION**

**OF**

**YANKUANG ENERGY GROUP  
COMPANY LIMITED**

(As approved by the 2025 annual general meeting of the Company)

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## CHAPTER 1 GENERAL PROVISIONS

**Article 1** These Articles of Association are drawn up in accordance with the “Company Law of the People’s Republic of China” (the “Company Law”), the “Securities Law of the People’s Republic of China” (the “Securities Law”), and other relevant laws and regulations with the aims of protecting the legitimate interests of Yankuang Energy Group Company Limited (the “Company”) and its shareholders, employees and creditors, and regulating the organization and conducts of the Company.

**Article 2** The Company is a joint stock limited company established in accordance with the “Company Law”, “State Council’s Special Regulations Regarding the Issue of Shares Overseas and the Listing of Shares Overseas by Companies Limited by Share” (the “Special Regulations”) and other relevant laws and regulations of the State.

The Company was established by way of promotion with the approval of the People’s Republic of China’s State Commission for Restructuring the Economic System on 24 September 1997, as evidenced by approval document Ti Gai Sheng [1997] No. 154 of 1997. It was registered with and obtained a business licence from China’s State Administration Bureau of Industry and Commerce on 25 September 1997. The Company’s Unified Social Credit Code (the “USCC”) is: 91370000166122374N. The promoter of the Company is: Yankuang (Group) Corporation Ltd. which was later renamed as Shandong Energy Group Co., Ltd. The USCC of Shandong Energy is 91370000166120002R.

**Article 3** With the approval of the former Securities Commission of the State Council (Zheng Wei Fa [1997] No. 61), the issuer issued 820,000,000 H shares to Hong Kong and international investors and over-allotted 600,000 American Depositary Receipts (equivalent to 30,000,000 H shares), which were listed on the Hong Kong Stock Exchange on 1 April 1998 and the New York Stock Exchange on 31 March 1998, respectively. With the approval of the Department of Policies and Regulations of the former Ministry of Coal Industry (Mei Zheng Han Zi [1997] No. 4) and the China Securities Regulatory Commission (Zheng Jian Fa Zi [1998] No. 79), the issuer issued 80,000,000 RMB ordinary shares (including 8,000,000 employee shares of the Company) to the public on 8 June 1998, which were listed on the Shanghai Stock Exchange on 1 July 1998.

**Article 4** The Company’s registered Chinese name: 兗礦能源集團股份有限公司.  
The Company’s English name: Yankuang Energy Group Company Limited.  
The Company is the parent company of Yankuang Energy Group Company Limited.  
The Group’s name: Yankuang Energy Group Company Limited.

**Article 5** The Company’s address: 949 South Fushan Road, Zoucheng, Shandong Province, China.  
Telephone number: 0537-5383310  
Facsimile number: 0537-5383311  
Postal code: 273500

**Article 6** The Company's legal representative is the Chairman of the board of directors of the Company.

If the legal representative resigns as the Chairman of the board of directors, he/she shall be deemed to have resigned as the legal representative at the same time.

If the legal representative has resigned, the Company shall appoint a new legal representative within a reasonable period of time from the date of the legal representative's resignation.

**Article 7** The legal consequences of civil activities performed by the legal representative in the name of the Company shall be borne by the Company.

Restrictions imposed on the powers of the legal representative by these Articles of Association or by shareholders' general meetings shall not be invoked against a bona fide counterparty.

If the legal representative causes damage to others while performing his/her duties, the Company shall assume civil liability for such damage. The Company may, after assuming the civil liability, seek compensation from the legal representative at fault in accordance with laws or these Articles of Association.

**Article 8** The Company's registered capital is RMB10,039,860,402.

- Article 9** The Company is a joint stock limited company which has perpetual existence.
- Article 10** All assets of the Company are divided into shares of equal value. The shareholders are liable for the Company up to the amount of shares they subscribed and all the Company's properties are made liable for its debts.
- Article 11** From the date on which these Articles of Association come into effect, this Articles of Association shall constitute a legally binding document regulating the Company's organization and activities, and the rights and obligations between the Company and each shareholder and among the shareholders, which are legally binding on the Company and its shareholders, directors, and senior management of the Company. A shareholder may take action against another shareholder, the directors, general manager, vice general managers and other senior management of the Company pursuant to these Articles of Association. A shareholder may take action against the Company pursuant to these Articles of Association and vice versa. The Company is also entitled to file law suits against the shareholders, directors, general manager, vice general managers and other senior management.
- Article 12** Senior management of the Company refer to the Company's general manager, vice general manager, CFO, chief engineer and secretary to the board of directors and other personnel recognized by the board of directors.
- Article 13** The Company shall establish a Communist Party organization and carry out party activities in accordance with the provisions of the Constitution of the Chinese Communist Party. The Company shall provide the necessary conditions for such party activities.

## **CHAPTER 2 THE COMPANY'S OBJECTIVES AND SCOPE OF BUSINESS**

- Article 14** The Company's objectives are: To comply with the laws and regulations in the market; To continue to explore business opportunities which are suitable for the Company; To fully utilize every resource of the Company; To place emphasis on the training of its employees and technological development; To provide the society with products which are competitive; To use its best endeavor to maximize its profits.

## Article 15

The Company's scope of business shall be consistent with and subject to the scope of business approved by the authority responsible for the registration of the Company.

The business scope of the company includes:

Permitted items: coal mining, public railway transportation, road goods transportation (excluding hazardous goods), port operation, installation, upgrading and maintenance of special equipment, catering services, accommodation services, sewage water treatment and recycling, heat generation and supply, inspection and detection services, inspection and detection for safety production, engineering projects construction, class I value-added telecommunications services, class II value-added telecommunications services. (Items which need approvals according to the laws shall be subject to the approvals of relevant authorities before operation activities can be carried out. The specific business items shall be subject to the approval documents or licenses of relevant authorities.

General items: the import and export of goods, the import and export of technology; project cost consulting services, investment activities with self-owned funds; business management; social and economic consulting services; market research (excluding foreign-related surveys); mining machinery manufacturing; mining machinery sales; machinery and equipment leasing; general equipment repair; general machinery and equipment installation services; sales of metal materials; sales of mechanical and electrical equipment; sales of construction materials; sales of timber; manufacturing and sales of special chemical products (excluding dangerous chemicals); manufacturing of chemical products for daily use; sales of coal and coal related products; manufacturing and sales of paints (excluding dangerous chemicals); sales of lubricants; sales of petroleum products (excluding dangerous chemicals); sales of chemical products (excluding licensed chemical products); technical services, technology development, technical consultation, technical exchange technology transfer, technology promotion; non-residential real estate leasing; sales of metal ore; general cargo warehousing services (excluding hazardous chemicals and other items requiring licensing approval); landscaping construction; excursion scenic spot management; safety technology training for special operators; measurement technology services; corporate image planning; sales of knitting textile; plastic products sales; instrument and meters sales; cement products sales; production and sales of fire-resistance materials; sales of labor protection supplies; sales of office and stationery supplies; railroad transportation auxiliary activities; manufacturing and sales of fire blocking materials; manufacturing and sales of special electronic equipment; software development; network technology services; sales of network equipment; Internet data services; sales of radio and television transmission equipment; sales of communications equipment; motor vehicle repair and maintenance. property management; human resources services (excluding employment intermediary activities and labor dispatching services), information system integration service, information system operation and maintenance service; industrial automatic control system equipment sales, digital video surveillance system sales; internet equipment sales. (Except for items subject to approval by relevant authorities, the Company carry out business activities independently in accordance to law with its business license)

### CHAPTER 3 ISSUANCE AND TRANSFER OF SHARES

- Article 16** Shares of the Company are in the form of share certificates.
- Article 17** The issue of shares by the Company shall adhere to the principles of openness, fairness and equitable. Every share of the same class shall rank pari passu to every other share of the same class.
- Shares of the same class issued at the same time shall have the same terms and price. The same amount of money is payable by a unit or an individual subscribing the share.
- Article 18** The shares issued by the Company shall be marked in RMB for its nominal value.
- Article 19** Shares issued by the Company to Domestic Investors for subscription in Renminbi shall be referred to as “Domestic-Invested Shares”. Shares issued by the Company to Foreign Investors for subscription in foreign currencies shall be referred to as “Foreign-Invested Shares”. Foreign-Invested Shares which are listed overseas are called “Overseas-Listed Foreign-Invested Shares”.
- “Foreign currencies” mean the legal currencies of countries or districts outside the PRC which are recognised by the foreign exchange authority of the State and can be used to pay the share price to the Company.
- Domestic-Invested Shares issued by the Company shall be referred to as “A Shares”. Overseas-Listed Foreign-Invested Shares issued by the Company and which are listed in Hong Kong shall be referred to as “H Shares”. H Shares as shares which have been admitted for listing on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”), the par value of which is denominated in Renminbi and which are subscribed for and traded in Hong Kong dollars. H Shares can also be listed on a stock exchange in the United States in the form of American Depository Receipts.
- Article 20** Subject to the approval of the companies approving department authorised by the State Council, the Company has issued a total of 10,039,860,402 ordinary shares, of which 1,670,000,000 ordinary shares were issued to the promoters at the time of establishment.
- Article 21** The share capital structure of the Company is as follows: 10,039,860,402 ordinary shares, of which 5,964,360,402 shares, which represent 59.41% of the Company’s share capital, are held by A Shares shareholders; 4,075,500,000 shares, which represent 40.59% of the Company’s share capital, are held by the H Shares shareholders.
- Article 22** When Directors or senior management of the Company or shareholders holding more than 5% of the shares of the Company sell their shares or other securities with equity nature within six months after they are acquired or purchase shares or other securities with equity nature within six months after they are disposed of, the board of directors shall repatriate any profits derived from such dealings and the profits derived shall belong to the Company. However, for securities companies which have acquired shares underwritten and become shareholders having more than 5%

of the shares of the Company and other circumstances specified by China Securities Regulatory Commission (the “CSRC”) are excluded.

Shares or other securities carrying equity interests held by Directors, senior management, natural person shareholders referred to in the preceding paragraph include those held by their spouses, parents, children and using the accounts of others to hold shares or other securities carrying equity interests.

If the board of directors fails to enforce the provisions as set out above, the shareholders are entitled to request the board of directors to enforce them within 30 days. If the board of directors still fails to enforce within the said timeline, the shareholders are entitled to commence legal proceeding at the People’s Court directly in their own names in the interests of the company.

If the board of directors fails to enforce the first clause, the directors responsible shall be liable pursuant to the laws.

**Article 23** The Company or the Company’s subsidiaries (including the Company’s controlled subsidiaries) shall not provide any financial assistance in the form of grants, advances, guarantees, compensation or loans to others for the acquisition of shares of the Company or those of its parent company, except where the Company has implemented an employee stock ownership plan.

In the interests of the Company, the Company may, by the resolution(s) of a shareholders’ general meeting, or by the resolution(s) of the board of directors in accordance with these Articles of Association or a mandate granted by shareholders, provide financial assistance to others for the acquisition of shares of the Company or those of its parent company, provided that the cumulative total of such financial assistance shall not exceed 10% of the total issued share capital. The relevant resolution of the board of directors shall be passed by more than two-thirds of all directors.

**Article 24** The shares of the Company should be transferred in accordance with the law.

**Article 25** The Company shall not accept the Company’s shares as the object of a pledge.

**Article 26** Shares issued prior to the public offering of shares by the Company shall not be transferred within 1 year from the day on which the shares of the Company are listed and traded on the stock exchange.

The directors and senior management of the Company shall report to the Company their shareholdings in the Company and the changes thereof and shall not transfer annually during their terms of office more than 25% of the total number of shares of the Company which they hold.

The shares of the Company held by directors and senior management shall not be transferred under the following circumstances:

- (1) within one year from the date of listing and trading of the shares of the Company held by them;
- (2) within six months after leaving office;
- (3) undertaking not to transfer within a certain period and within that period;
- (4) other circumstances as stipulated by laws, regulations and stock exchanges.

## CHAPTER 4 INCREASE, DECREASE AND REPURCHASE OF SHARES

**Article 27** Based on the needs for corporate operation and development, the Company, in accordance with the laws and regulations, may increase its capital in the following ways as approved by the general meeting of shareholders in separate resolutions:

- (1) Issuance of shares to non-specific investors;
- (2) Issuance of shares to specific investors;
- (3) Bonus shares to existing shareholders;
- (4) transfer of capital by public reserves;
- (5) Other methods as stipulated by laws and administrative regulations and required by the CSRC.

**Article 28** The Company may reduce its registered share capital. In so doing, it shall act according to the Company Law, other relevant provisions and these Articles of Association.

**Article 29** The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company shall notify its creditors within ten days of the date of the Company's resolution for reduction of capital and shall publish an announcement in a newspaper within 30 days of the date of such resolution. A creditor has the right within 30 days of receipt of the notice from the Company or, in the case of a creditor who does not receive such notice, within 45 days of the date of the public announcement, to require the Company to repay its debts or to provide a corresponding guarantee.

**Article 30**

The Company may not purchase its own shares except under the following circumstances:

- (1) reduction of the registered capital of the Company;
- (2) merging with another company that holds shares in the Company;
- (3) to grant the shares as incentives to the Company's staff;
- (4) shareholders who disagree with the resolutions for the merger and separation of the Company made in a general meeting may demand the Company to purchase their shares;
- (5) to trade shares for the exchangeable bonds issued by the listed company;
- (6) the necessity for the listed company to maintain the value of the Company and the rights and interests of its shareholders;

In the case referred to in the item (6), one of the following conditions shall be met:

1. the closing price of the Company's shares is lower than its net assets per share for the most recent period;
2. a cumulative decline of 30% in the closing price of the Company's shares over a period of 20 consecutive trading days;
3. other conditions as prescribed by the CSRC.
- (7) other circumstances permitted by laws and administrative regulations.

**Article 31**

The Company may repurchase its own shares by means of public centralized trading or other means approved by laws, administrative regulations and the CSRC.

If the Company repurchases its own shares due to the circumstances specified in items (3), (5) and (6) of the first paragraph of the Article 30 of these Articles of Association, the acquisition shall be made through public centralized trading.

**Article 32** The Company must obtain the prior approval of the shareholders in a general meeting before it can repurchase shares pursuant to the reasons set out in (1) and (2) of the first paragraph of the Article 30. The Company must obtain the prior approval at the board of directors' meeting where over 2/3 of directors are present before it can repurchase shares pursuant to the reasons set out in (3), (5), (6) of the first paragraph of the Article 30.

Following shares being repurchased by the Company pursuant to the provisions in the first paragraph of Article 30, in the case of (1), the shares repurchased shall be cancelled within 10 days of the completion of the repurchase. In the case of (2) and (4), the shares repurchased shall be transferred or cancelled within six months of the completion of the repurchase. The shares the Company repurchases in accordance with the provisions in (3), (5), (6) shall not be more than 10% of the total issued shares of the Company and should be transferred or cancelled within three years.

## **CHAPTER 5 SHAREHOLDERS**

**Article 33** The Company shall establish a register of shareholders based on the vouchers provided by the securities registrar, and the register of shareholders shall be sufficient evidence to prove that the shareholders hold shares in the Company.

A shareholder shall enjoy rights and assume obligations according to the type of shares held by the shareholder; shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations.

**Article 34** When the Company holds a shareholders' meeting, distributes dividends, liquidates and engages in other acts that require the identification of shareholders, the Board of Directors or the convener of the shareholders' meeting shall determine the share registration date, and the shareholders registered after the market closing on the share registration date shall be the shareholders entitled to the relevant rights and interests.

**Article 35** The shareholders of the Company shall enjoy the following rights:

- (1) the right to receive dividends and other distributions in proportion to the number of shares held;
- (2) the right to apply for, convene, call, hold, attend or appoint a proxy to attend shareholders' meeting and to speak up or vote thereat;
- (3) the right of supervisory management over the Company's business operations and the right to present proposals or to raise queries;
- (4) the right to transfer, grant or pledge shares so held in accordance with laws, administrative regulations and provisions of these Articles of Association;
- (5) the right to obtain relevant information in accordance with these Articles of Association, including:
  - (i) the right to obtain a copy of these Articles of Association, subject to payment of costs;
  - (ii) the right to inspect and copy, subject to payment of a reasonable fee:
    - (a) all parts of the register of shareholders (The Hong Kong branch register of shareholders must be available for inspection by shareholders, but the Company shall be allowed to suspend the registration of shareholders on terms equivalent to section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong);
    - (b) personal particulars of each of the Company's directors and other senior management, including:
      - ① present and former name and alias;
      - ② principal address (place of residence);
      - ③ nationality;
      - ④ primary and all other part-time occupations and duties;
      - ⑤ identification documents and the numbers thereof;
    - (c) report on the state of the Company's share capital;
    - (d) reports showing the aggregate par value, quantity, highest and lowest price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount paid by the Company for this purpose;

- (e) minutes of shareholders' general meetings;
  - (f) the copies of the Company's debentures, resolutions of the meetings of the board of directors, financial and accounting reports, and (for shareholders who meet the relevant requirements) the Company's accounting books and vouchers;
- (6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of surplus assets of the Company in accordance with the number of shares held;
  - (7) shareholders who disagree with the resolutions for the merger and separation of the Company made in a general meeting may demand the Company to purchase their shares;
  - (8) other rights conferred by laws, administrative regulations and these Articles of Association.

**Article 36** Shareholders proposing to inspect the relevant information as set out in the previous Articles or collect information shall produce the relevant proofs of the type and quantity of shares that they are holding to the Company. The Company shall provide the shareholders such information as required after verification of the identities of the shareholders.

**Article 37** In the event that the resolution of a shareholders' meeting or a board meeting is against the law or administrative rules and has infringed the legitimate interest of a shareholder, the shareholder shall have the right to submit to the People's Court to declare the resolution invalid.

In the event the procedures for convening the shareholders' meeting and the board of directors meeting and voting thereat violate the law, administrative regulations or the provisions of these Articles, or the content resolved being in contrary to these Articles, the shareholder shall have the right to submit to the People's Court to rescind the resolution within 60 days after the resolution is made. However, this does not apply if such procedures for convening the shareholders' general meeting and the board meeting, or the voting thereat, have only minor flaws that have no substantial impact on the resolution.

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

Where the People's Court makes a judgement or ruling on the relevant matter, the Company shall fulfil its obligations to disclose the information in accordance with laws, administrative regulations, the regulations of the CSRC and stock exchanges, fully explain the impact of the judgement or ruling on the Company, and actively cooperate with the authorities in the enforcement of the judgement or ruling after it has come into effect. Where previous matters need to be corrected, the Company shall handle the correction in a timely manner and fulfil its obligations to disclosure the information accordingly.

**Article 38** A resolution of the shareholders' general meeting or board meeting of the Company shall not be valid under any of the following circumstances:

- (1) no shareholders' general meeting or board meeting has been convened to pass the resolution;
- (2) the resolution is not voted on at the shareholders' general meeting or board meeting;
- (3) the number of persons attending the meeting or the number of voting rights held by them does not reach the number of persons or the number of voting rights held as stipulated in the Company Law or these Articles of Association;
- (4) the number of persons or the number of voting rights held voting for the resolution does not reach the number of persons or the number of voting rights held as stipulated in the Company Law or these Articles of Association.

**Article 39** In the event the directors and senior management other than members of the audit committee violate the law, administrative regulations or the provisions of these Articles in performing the Company's duties, and incur a loss to the Company, shareholder(s), either individually or jointly holding more than 1% of the Company's shares for more than 180 consecutive days, shall have the right to submit a written request to the audit committee for commencing legal proceedings in the People's Court. In the event a member of the audit committee violates the law, administrative regulations or the provisions of these Articles in performing the Company's duties, and incur a loss to the Company, the aforementioned shareholders shall have the right to submit a written request to the board of directors for commencing legal proceedings in the People's Court.

In the event the audit committee or the board of directors refuses to commence legal proceedings after receiving the written request from the shareholders as provided in the paragraph above, or has not commenced legal proceedings 30 days after receiving the written request, or in case of emergency, without commencing legal proceedings forthwith will result in damages in the interests of the Company considerably difficult to rectify, the shareholders as provided in the paragraph above shall have the right to commence legal proceedings directly in the People's Court in their own names for the interests of the Company.

In the event the legal interests of the Company are being violated by other parties and incur a loss to the Company, the shareholders as provided in the first paragraph of this Article shall commence legal proceedings in the People's Court in accordance with the provisions in the earlier two paragraphs.

In the event the directors and senior management of a wholly-owned subsidiary of the Company violate the law, administrative regulations or the provisions of these Articles of Association in performing their duties, and incur a loss to the Company, or in the event the legal interests of a wholly-owned subsidiary of the Company are violated by other parties and a loss is incurred, shareholders, either individually or jointly holding more than 1% of the Company's shares for more than 180 consecutive days, shall have the right to submit a written request to the audit committee or the board of directors of the wholly-owned subsidiary for commencing legal proceedings in the People's Court, or directly file a lawsuit with the People's Court in their own name.

**Article 40** In the event the directors and senior management violate the law, administrative regulations or the provisions of these Articles, and the rights of shareholders are prejudicially affected, the shareholders shall have the right to commence legal proceeding in the People's Court.

**Article 41** The shareholders of the Company shall assume the following obligations:

- (1) to comply with the laws, administrative regulations and these Articles of Association;
- (2) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) no withdrawal of its share capital is allowed apart from those as provided in the laws and regulations;
- (4) the right of the shareholder shall not be abused to infringe the interests of the Company or other shareholders. The independent status of corporate legal person and the limited liabilities of the shareholder shall not be abused to infringe the interests of the Company's creditors;
- (5) other obligations imposed by laws, administrative regulations and these Articles of Association.

Where a shareholder of a company causes losses to the company or other shareholders by abusing his/her rights, he/she shall be liable for compensation according to law.

Where the shareholders of a company abuse the independent status of the Company as a legal person and the limited liability of the shareholders to evade debts and seriously damage the interests of the creditors of the Company, they shall be jointly and severally liable for the debts of the Company.

**Article 42** A sound investor relationship management working system shall be established, and the communication and interaction with the shareholders especially the public shareholders shall be initiated and strengthened through various ways.

## CHAPTER 6 CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS

**Article 43** The controlling shareholders and de facto controllers of the Company shall exercise their rights and fulfil their obligations in accordance with laws, administrative regulations, the requirements of the CSRC and stock exchanges to safeguard the interests of the Company.

**Article 44** Controlling shareholders and de facto controllers of the Company shall comply with the following provisions:

- (1) to exercise their rights as shareholders in accordance with the law and not to abuse their control or use their connected relationship to prejudice the legitimate interests of the Company or other shareholders;
- (2) to strictly fulfil their public statements and undertakings and not to change or waive such statements and undertakings;
- (3) to fulfil their information disclosure obligations in strict accordance with relevant regulations, proactively cooperate with the Company in information disclosure and inform the Company in a timely manner of material events that have occurred or are intended to occur;
- (4) not to appropriate the Company's funds in any way;
- (5) not to order, instruct, or request the Company and its relevant personnel to provide guarantees in violation of laws and regulations;
- (6) not to make use of the Company's undisclosed material information to gain benefits, or disclose in any way undisclosed material information relating to the Company, or engage in insider trading, short-term trading, market manipulation or other illegal and unlawful acts;
- (7) not to prejudice the legitimate interests of the Company and other shareholders through unfair connected transactions, profit distribution, asset restructuring, external investment or any other means;
- (8) to ensure the integrity of the Company's assets, and the independence of its personnel, finance, organization and business, and not to affect the independence of the Company in any way;
- (9) laws, administrative regulations, and other provisions of the CSRC, business rules of stock exchanges and these Articles of Association.

Where a controlling shareholder or de facto controller of the Company instructs a director or senior officer to engage in an act that is detrimental to the interests of the Company or its shareholders, he/she shall bear joint and several liability with the director or senior officer.

**Article 45** Where a controlling shareholder pledges the shares of the Company that he/she holds or effectively controls, he/she shall maintain the stability of the Company's control and that of its production and operation.

**Article 46** Where a controlling shareholder or de facto controller transfers the shares of the Company held by him/her, he/she shall comply with the restrictive provisions on the

transfer of shares set out in laws, administrative regulations, the regulations of the CSRC and stock exchanges, as well as his/her undertakings in respect of restrictions on the transfer of shares.

## CHAPTER 7 SHAREHOLDERS' GENERAL MEETINGS

### Section 1 General Rules for Shareholders' General Meetings

**Article 47** The shareholders' general meeting of the Company is composed of all shareholders. The shareholders' general meeting is the organ of authority of the Company and shall exercise its functions and powers as follows:

- (1) to elect and replace directors (non-employee representatives) and to decide on matters relating to the remuneration of directors;
- (2) to examine and approve the board of directors' reports;
- (3) to examine and approve the Company's profit distribution plans and loss recovery plans;
- (4) to decide on the increase or reduction of the Company's registered capital;
- (5) to decide on the issuance of debentures by the Company;
- (6) to decide on matters such as merger, division, dissolution, liquidation or amendment to the organizational structure of the Company;
- (7) to amend the Articles of Association;
- (8) to decide on the appointment, dismissal and non-reappointment of the accountants of the Company;
- (9) to consider and approve issues of guarantee as provided in Article 48 and issues of financial assistance as provided in Article 49;
- (10) to consider issues on acquisitions and disposals of assets during a year which exceeds 30% of the latest audited total assets of the Company;
- (11) to consider and approve issues on the change in use of proceeds of financing;
- (12) to consider share incentive schemes and employee share-holding plan;
- (13) other matters to be decided in shareholders' general meeting as provided by the laws, administrative regulations, departmental rules or these Articles of Association.

The shareholders' general meeting authorize the board of directors to make a resolution on the issuance of corporate bonds and the interim profit distribution.

**Article 48** The provision of guarantees by the Company to its shareholders, persons in actual control of the Company and their associates shall be considered and approved by the shareholders in a general meeting.

The provision of guarantee by the Company to its controlled subsidiaries or joint stock subsidiaries shall be subject to consideration and approval by the shareholders in a general meeting if:

- (1) the provision of any guarantee where the amount of the external guarantee by the Company and its controlled subsidiaries exceeds 50% of the latest audited net assets;

- (2) the provision of any guarantee where the amount of the external guarantee by the Company and its controlled subsidiaries exceeds 30% of the latest audited net assets;
- (3) the amount of the guarantee provided to others for a year exceeds 30% of the Company's latest audited total assets;
- (4) provision of guarantee to any guaranteed party with an assets to liabilities ratio exceeding 70%;
- (5) guarantees in which the amount of a single guarantee exceeds 10% of the latest audited net assets.

The Company shall provide guarantee in accordance with the regulations on state-owned asset supervision and regulation.

The Company shall not provide guarantee to any natural person, legal person, institutions and other entities other than those specified in (1) and (2) above.

**Article 49** Financial assistance matters shall be submitted to the shareholders' general meeting for consideration after consideration and approval by the board of directors if they fall under one of the following circumstances:

- (1) the amount of a single financial assistance exceeds 10% of the Company's latest audited net assets;
- (2) financial assistance provided to the guarantee whose gearing ratio exceeds 70%;
- (3) the cumulative amount of financial assistance within the last 12 months exceeds 10% of the latest audited net assets of the Company;
- (4) other circumstances as stipulated in the Articles of Association.

A financial assistance can be exempted from the approval procedures of the board of directors and shareholders' general meetings when it is provided to a holding subsidiary within the scope of consolidated statement of the Company, and the other shareholders of such holding subsidiary do not include the controlling shareholders, actual controllers and their related persons of the listed company.

**Article 50** Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. Annual general meetings are held once every year and within 6 months from the end of the preceding financial year.

The Company shall convene an extraordinary general meeting within 2 months of the occurrence of any one of the following events:

- (1) where the number of directors is less than the number stipulated in the Company Law or two-thirds of the number specified in the Company's Articles of Association or is less than eight;
- (2) where the unrecovered losses of the Company amount to one-third of the total amount of its paid-up share capital;

- (3) where shareholder(s) singly or jointly holding more than 10% of the Company's issued and outstanding voting shares request(s) in writing for the convening of an extraordinary general meeting;
- (4) whenever the board of directors deems necessary or the audit committee so proposes;
- (5) other cases as provided in laws, administrative regulations and these Articles of Association.

**Article 51** The shareholders' general meeting will be held onsite at a designated venue. The location where the Company convenes its shareholders' general meeting will be the registered address of the Company or other places as set out in the notice convening the meeting. The Company will also provide shareholders with access to online voting so as to make it convenient for shareholders to attend the shareholders' general meeting.

**Article 52** At a shareholders' general meeting, the Company shall retain legal advisers and obtain legal advice in relation to the following issues which shall be disclosed together with Announcement of Resolutions:

- (1) Whether the procedures for convening and holding a general meeting comply with the requirements of the laws, administrative regulations and these Articles of Association;
- (2) Whether attendees or the convenor of a general meeting meet the requisite legal requirements;
- (3) Whether the voting procedures for and the voting results of the general meeting are lawful and valid; and
- (4) Issuance of legal opinions on other relevant issues at the request of the Company.

**Article 53** The Company shall formulate rules of the shareholders' general meeting, which shall be drawn up by the board of directors and be considered as well as approved in the shareholders' general meeting.

## **Section 2 Calling for Shareholders' General Meetings**

**Article 54** The board of directors, the audit committee and qualified shareholders as provided in these Articles of Association shall have the right to convene the shareholders' general meeting in accordance with the relevant laws, regulations and the provisions of these Articles of Association.

The board of directors shall timely convene the shareholders' general meeting within the timeframe as provided in these Articles of Association.

**Article 55** With the approval by a majority of all independent directors, the independent directors are entitled to propose to the Board of Directors to convene an extraordinary general meeting of shareholders. Pursuant to the stipulation under the laws, administrative rules and these Articles of Association, the board of directors shall give a written feedback on whether to approve or disapprove of the convening of the extraordinary general meeting within 10 days after the receipt of the independent directors' proposal. If the board of directors agrees to convene the extraordinary general meeting, a notice for convening the

shareholders' general meeting shall be issued within 5 days after the resolution of convening the extraordinary general meeting has been made by the board of directors; an announcement with relevant explanation shall be made if the board of directors does not agree to convene the extraordinary general meeting.

**Article 56** The audit committee is entitled to propose to the board of directors in writing for convening the extraordinary general meeting. Pursuant to the stipulation under the laws, administrative regulations and these Articles of Association, the board of directors shall give a written feedback on whether to approve or disapprove of the convening of the extraordinary general meeting within 10 days after the receipt of the audit committee's proposal.

If the board of directors agrees to convene the extraordinary general meeting, a notice for convening the extraordinary general meeting shall be issued within 5 days after the decision has been made by the board of directors. Consent of the audit committee has to be obtained for making any alternation on the original proposed resolution in the notice.

If the board of directors does not agree to convene the extraordinary general meeting, or no feedback is given within 10 days after receiving the request, it will be deemed that the board of directors is unable to fulfill or fails to fulfill its responsibilities to convene the shareholders' general meeting. The audit committee hereby can convene and preside the meeting by itself.

**Article 57** Shareholders who request for of an extraordinary general meeting or a class meeting shall comply with the following procedures:

- (1) Shareholders who individually or together hold over 10% of the shares (excluding treasury shares) are entitled to propose to convene an extraordinary general meeting to the board of directors in writing. Within 10 days of receiving such proposal, the board of directors shall provide its written decision as to whether it agrees to convene such general meeting in accordance with the laws, administrative regulations and the Articles of Association.
- (2) If the board of directors agrees to convene an extraordinary general meeting, it shall issue a notice of meeting within 5 days of its decision, and any changes to the proposal shall be made only with the consent of the proposing shareholders.
- (3) If the board of directors decides against convening the proposed extraordinary general meeting, or if it fails to provide its written decision within 10 days of receipt of the proposal, shareholders individually or in aggregate holding over 10% of the shares (excluding treasury shares) of the Company are entitled to propose to convene general meeting to the audit committee in writing.
- (4) If the audit committee agrees to convene the proposed extraordinary meeting, it shall issue the notice of meeting within 5 days of receipt of the proposal, and any changes to the original proposal shall be made only with the consent of the shareholders.
- (5) If the audit committee fails to issue a notice of meeting within the prescribed period, the audit committee shall be deemed not to convene and chair the meeting. Shareholders individually or in aggregate holding over 10% of the shares (excluding treasury shares) of the Company for 90 consecutive days may convene and chair the meeting on their own.

All reasonable expenses incurred for such meeting convened by the audit committee or shareholders as a result of the failure of the board of directors to convene a meeting as required by the above request(s) shall be borne by the Company.

**Article 58** If the audit committee or the shareholders decides/decide to convene the shareholders' general meeting by itself/themselves, a written notice shall be given to the board of directors and in the meantime report shall be made to the stock exchange for record.

Before publishing the resolutions of the shareholders' general meeting, shares held by the convening shareholder(s) shall not be less than 10% (excluding treasury shares).

The audit committee or convening shareholder(s) shall submit the relevant documents to the stock exchange before issuing the notice for convening of the shareholders' general meeting and the announcement on resolution proposed to the shareholders' general meeting.

**Article 59** The audit committee and the secretary to the board of directors should accommodate to the shareholders' general meeting convened by the audit committee or the shareholders. The board of directors shall provide the list of shareholders on the record day.

### **Section 3 Proposing Resolutions for and Notices of Shareholders' General Meetings**

**Article 60** The contents of the resolutions shall fall within the scope of authority of the shareholders' general meeting, with questions defined and specific issues to be resolved, and shall also comply with the laws, regulations, administrative regulations and relevant provisions of these Articles of Association.

**Article 61** When the Company convenes a shareholders' general meeting, the board of directors, the audit committee and shareholder(s) individually and jointly holding more than 1% of the Company's shares have the right to propose resolutions to the Company.

Shareholder(s) individually and jointly holding more than 1% of the Company's shares may propose special resolutions in writing to the convenor 10 days before the shareholders' general meeting is convened. The convenor shall issue a supplementary notice of the general meeting within two days after receiving the resolutions to announce the contents of the resolutions. However, this does not apply if the proposal violates laws, administrative regulations or the provisions of these Articles of Association or is not within the scope of the terms of reference of the shareholders' general meeting.

Apart from the above, no amendment to the resolutions as set out in the notice of general meeting or proposal of new resolutions shall be made after the convenor has issued the notice of general meeting.

The resolutions not set out in the notice of general meeting or failing to comply with these Articles of Association of the Company shall be not voted and resolved in the shareholders' general meeting.

- Article 62** At the annual shareholders' general meeting, the board of directors shall report on their work for the previous year. All Independent directors are required to deliver separate work reports.
- Article 63** The board of directors must explain to the shareholders in the shareholders' general meeting when a registered accountancy firm issues a qualified audit opinion in respect of the Company's financial statements.
- Article 64** The candidates for the directors shall be submitted to the shareholders' general meeting for voting by way of resolutions.
- Article 65** Unless otherwise provided by the relevant laws and regulations, the listing rules issued at the listing place of the Company and the Articles of Association in respect of the means of receipt of corporate communication, when the Company convenes a shareholders' annual general meeting, an announcement of the meeting shall be given to notify the shareholders 21 days before the date of the meeting. When the Company convenes a shareholders' extraordinary general meeting, written notice of the meeting shall be given and announced 15 days before the date of the meeting (When calculating the days' period, the dates on which the notice of the meeting is given and the meeting is held shall not be included). A shareholder who intends to attend the meeting shall deliver to the Company his written reply concerning his attendance within the dates limit specified in the notice.
- Article 66** A notice of a meeting of the shareholders of the Company shall satisfy the following criterion:
- (1) Unless otherwise provided by the relevant laws and regulations, the listing rules issued at the listing place of the Company and the Articles of Association in respect of the means of receipt of corporate communication, a notice should be provided in written form;
  - (2) specify the place, date and time of the meeting;
  - (3) state the matters to be discussed at the meeting and proposals;
  - (4) It shall be stated in notable letters that all ordinary shareholders are entitled to attend the general meeting of shareholders and may appoint in writing a proxy to attend the meeting and vote on behalf of them, and such proxy of shareholders do not necessarily to be actual shareholders;
  - (5) specify the time and place for lodging proxy forms for the relevant meeting;
  - (6) state the registration date of the shares of shareholders who are entitled to attend the general meeting;
  - (7) State the name and telephone number of the contact person for the meeting;
  - (8) Voting time and voting procedures via internet or other means.
- Article 67** If matters relating to election of directors are proposed to be discussed at a shareholders' general meeting, detailed information concerning the candidates shall be fully disclosed in the notice of the general meeting, which shall at least include the following:

- (1) Personal information relating to the candidates, including educational background, work experience and all other positions undertaken on a part-time basis;
- (2) Whether the candidates are connected with the Company, its controlling shareholders or de facto controllers;
- (3) The candidates' shareholding in the Company;
- (4) Whether the candidates have been subject to any punishment by the CRSC or other relevant department or to any sanction by any stock exchange.

It should be noted that a separate proposal shall be submitted for the nomination of each director candidate, in addition to the adoption of a cumulative voting system for the election of directors.

**Article 68** After the issue of the notice of general meeting, the shareholders' general meeting shall not be postponed or cancelled or the resolutions set out in the notice of general meeting shall not be cancelled without any proper reason. In the event that there is any delay or cancellation, the convenor shall announce the reasons for such delay or cancellation at least two working days before the date the general meeting is originally scheduled to be held.

#### **Section 4 Qualifications of Shareholders Attending Shareholders' General Meeting**

**Article 69** All shareholders (including Hong Kong Securities Clearing Company Limited) or their proxies who are named in the shareholders' register on the record date shall have the right to attend the shareholders' general meeting, and exercise their voting rights in accordance with the laws, regulations and these Articles of Association.

Shareholders can either attend the general meeting of shareholders in person or appoint a proxy (not necessarily a shareholder) to attend the meeting and exercise corresponding rights to speak up or vote.

**Article 70** An individual shareholder who attends the shareholders' general meeting in person shall produce his identification documents or other valid document or certificate which can prove his identity and his stock account card. Where a proxy is appointed to attend the meeting, the proxy shall produce his own identification documents and the proxy form.

A legal person shareholder shall attend the meeting by its authorized representative or the attorney as appointed by such authorized representative. An authorized representative who attends the shareholders' general meeting in person shall produce his identification documents, valid certificate which can prove his identity. Where an attorney is appointed to attend the meeting, the attorney shall produce his own identification documents and the relevant power of attorney executed by such authorized representative pursuant to the laws.

**Article 71** The proxy form appointing a proxy of a shareholder shall be in writing. Such written form shall state the following:

- (1) Name of the appointor, the class and number of shares of the Company held by him/her/it;

- (2) The name of the proxy;
- (3) The specific instructions from the shareholder, including an indication to vote for or against each and every matter included in the agenda, (except the proxy of H Shareholders);
- (4) The date of issue and the valid period of the proxy form;
- (5) The signature (or seal) of the principal; if the principal is a legal person, supplemented with the seal of the legal person.

**Article 72** The proxy form shall state clearly if the proxy is entitled to vote at his discretion in the absence of specific instruction from the principal.

**Article 73** If the proxy form is signed by another person authorized by the proxy, the power of attorney or other authorization document signed by the proxy shall be notarized. The notarized power of attorney or other authorization document shall be placed at the company's residence or at other place designated in the notice for convening the meeting at the same time as the proxy form for voting.

## **Section 5 Convening Shareholders' General Meetings**

- Article 74** The board of directors of the Company together with other convenors shall adopt necessary measures to maintain the normal order of the shareholders' general meeting. Measures shall be taken to stop any act which interferes with or causes nuisance at a general meeting and any act which infringes the lawful interests of the shareholders. Timely report of these acts shall be made to the relevant authority for investigation.
- Article 75** The Company shall prepare a log book to record the parties attending the shareholders' general meeting. The log book shall set out the name of the person or unit attending the meeting, their identification document numbers, resident address, the number of voting shares they have and the name of the principals (if the parties attending the meeting is a proxy/attorney).
- Article 76** The convenor and the legal advisers retained by the Company shall jointly verify the eligibility of the shareholders to vote based on the Company's shareholder register provided by the securities registration and clearing authority and shall register the name of the shareholders together with the numbers of voting shares they have. Registration shall come to a close before the chairman of the meeting announces the number of shareholders and proxies physically present at the meeting as well as the total number of voting shares represented by the shareholders who are entitled to vote.
- Article 77** If a shareholders' general meeting requires the attendance of directors or senior management, the directors or senior management shall do so and answer shareholders' inquiries. The directors and senior management shall respond to and provide an explanation for inquiries or suggestions from shareholders, except for matters involving the Company's trade secrets that cannot be disclosed at the shareholders' general meeting.
- Article 78** The chairman of the board of directors shall chair every shareholders' general meeting. If the chairman is unable to attend the meeting for any reason, the vice-chairman of the board of directors shall chair the meeting. If the vice-chairman of the board of directors is unable or fail to perform his/her duty, then a director may be nominated by a majority of all the directors to chair the meeting.
- The convener of the audit committee shall chair shareholders' general meeting being convened by the audit committee and act as the chairman of the meeting. If the chairman of the audit committee is unable to attend the meeting for any reason, the vice-chairman of the audit committee shall chair the meeting. If the vice-chairman of the audit committee is unable or fail to perform his/her duty, then a member may be nominated by a majority of all members of the audit committee to chair the meeting.

The convener of a shareholders' general meeting being convened by the shareholders shall nominate a representative to chair the meeting.

While the shareholders' general meeting is being held, in the event that the shareholders' general meeting is unable to proceed due to violation of proceedings by the chair, the shareholders' general meeting may nominate one person which is agreed by the shareholders attending the meeting and carrying more than half of the voting rights in the shareholders' general meeting to be the chair and proceed to transact business in the meeting.

**Article 79**

The convener shall ensure that a shareholders' general meeting is held on a continuous basis until a final resolution is adopted. If a general meeting is suspended or no resolution can be adopted due to force majeure or other exceptional reasons, necessary measures shall be taken so as to promptly re-convene the general meeting or to directly terminate the then general meeting, and public announcement relating thereto shall also be made on a timely basis. At the same time, the convener shall report the same to the local branch of the CSRC and to the relevant stock exchanges.

**Section 6 Voting and Resolutions of Shareholders' General Meeting**

**Article 80**

Resolutions of shareholders' general meetings shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution must be passed by votes representing more than half of the voting rights represented by the shareholders (including proxies) present at the meeting.

A special resolution must be passed by votes representing more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting.

**Article 81**

The following matters shall be resolved by an ordinary resolution at a shareholders' general meeting:

- (1) work reports of the board of directors;

- (2) profit distribution plans and loss recovery plans formulated by the board of directors;
- (3) appointment and removal of members of the board of directors, their remuneration and manner of payment;
- (4) matters other than those which are required by the laws and administrative regulations or by these Articles of Association to be adopted by special resolution.

**Article 82**

The following matters shall be resolved by a special resolution at a shareholders' general meeting:

- (1) the increase or reduction in share capital and the issue of shares of any class, warrants and other similar securities;
- (2) the division, spin-off, merger, dissolution and liquidation of the Company, as well as the alteration of the form of the Company;
- (3) the amendments to the Company's Articles of Association;
- (4) the Company's significant acquisition or disposal of material assets or provision of guarantees conducted within the period of one year with a value exceeding 30% of the latest audited total assets of the Company;
- (5) share incentive schemes;
- (6) other matters which are provided by the laws, administrative regulations or these Articles of Association, and resolved by shareholders by ordinary resolutions and are considered by the shareholders to be material to the Company and are required to be passed by special resolutions.

**Article 83**

Unless otherwise under special emergency circumstances, and with prior approval of shareholders in the form of a special resolution obtained in a general meeting, the Company shall not enter into any contract with any person other than the directors and senior management of the Company pursuant to which such person shall be responsible for the management and administration of the whole or any substantial part of the Company's business.

**Article 84**

A shareholder (including a proxy), when voting at a shareholders' general meeting, may exercise such voting rights as are attached to the number of voting shares which he represents. Each share shall have one (1) vote.

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

The Company's shares held by the Company do not carry any voting rights, and shall not be counted into the total number of shares carrying voting rights in the shareholders' general meeting.

If a shareholder buys shares of the Company with voting rights in violation of Paragraph 1 and Paragraph 2 of Article 63 of the Securities Law, such shares in excess of the prescribed proportion shall not be allowed to exercise voting rights for a period of 36 months after the purchase, and shall not be counted as the total number of shares with voting rights present at the shareholders' general meeting.

The Board of Directors, independent directors, and shareholders holding more than 1% of the voting shares or investor protection institutions established in accordance with laws, administrative regulations or the provisions of the CSRC may openly solicit proxies from the Company's shareholders to attend the shareholders' general meeting on their behalf and exercise shareholders' rights, such as the right to propose motions and vote. Except as otherwise provided by laws and regulations, the Company and the convener of the shareholders' general meeting shall not impose conditions on the proxy solicitor.

The solicitation of shareholders' rights shall be conducted on a gratuitous basis, and sufficient information necessary for shareholders to make an authorization shall be fully disclosed to the solicitees. Soliciting shareholders' rights in the form of consideration or de facto consideration is prohibited.

Note: Article 63(1) and (2) of the Securities Law

If, through securities trading on a stock exchange, an investor holds or jointly holds with others through an agreement or other arrangements 5% of the issued voting shares of a listed company, he or she shall, within three days from the date of such fact, make a written report to the securities regulatory authority under the State Council and the stock exchange, notify the listed company, and make an announcement, and shall not engage in any further trading in the shares of the listed company within the above-mentioned period, unless otherwise stipulated by the securities regulatory authority under the State Council.

If an investor holds or jointly holds with others through an agreement or other arrangements 5% of the issued voting shares of a listed company, and there is a 5% increase or decrease in the issued voting shares of the listed company, the investor shall not, within three days from the date of such fact, engage in any further trading in the shares of the listed company in accordance with the provisions of the preceding paragraph to report and announcement, unless otherwise stipulated by the securities regulatory authority under the State Council.

**Article 85**

When connected transactions are voted at the general meeting, the connected shareholders shall not participate in voting. The voting rights represented by the shares held by them shall not be counted in the total number of shares validly voted. The announcement on the resolutions passed by the general meeting should fully disclose the details of voting by unconnected shareholders.

**Article 86**

Where any shareholder is, under the Listing Rules of the Hong Kong Stock Exchange,

required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any vote cast or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

- Article 87** Shareholders' general meetings shall be voted by registered ballot.
- Article 88** Election of directors of the Company (including independent directors but not staff representatives) shall take place in the form of cumulative voting system.
- When electing directors at the shareholders' general meeting, the independent directors shall be elected separately with other members of the board of directors. Each share having voting rights held by a shareholder has the number of votes equal to the number of nominated directors. A shareholder may freely allocate his votes among the nominated directors, either to allocate to a number of persons, or to vote all his/ her votes in favour of one person.
- Article 89** Except for the cumulative voting system, each of the proposed resolution shall be decided by the voting in the shareholders' general meeting in sequence. Should there be more than one resolution on the same issue, voting shall be conducted according to the chronology of the resolutions proposed. No proposed resolution should be set aside or remained undecided unless the shareholders' general meeting is terminated or resolutions cannot be made due to exceptional reasons including force majeure.
- Article 90** No amendment shall be made to the resolutions being considered by the shareholders' general meeting. Otherwise, the relevant amendments shall be treated as a new resolution and shall not be voted in the prevailing shareholders' general meeting.
- Article 91** Prior to voting, the chairman of the meeting shall announce the number of shareholders and proxies physically present at the meeting as well as the total number of voting shares represented by shareholders who are entitled to vote. The number of shareholders and proxies physically present at the meeting as well as the total number of voting shares represented by the shareholders who are entitled to vote shall be determined in accordance with those registered during the meeting.

**Article 92** When considering the resolutions being submitted for voting, shareholders attending the meeting shall deliver their opinion in respect of approval or objection to such motions or abstention from voting. (Voting by H Shareholders may not include abstention from voting.)

Failure to or wrongly complete the ballot paper, or the ballot paper being illegible, and ballot paper not voted shall be deemed as the voter abstaining from voting. The votes represented by such shares shall be counted as “abstention”.

Unless securities registration and settlement institutions, as the nominal holders of Shares that can be traded through Shanghai-Hong Kong Stock Connect, make declarations according to the intention of actual holders.

**Article 93** Each vote can only be exercised once either physically at a meeting, via Internet or through other permitted means. If the same vote is exercised more than once, only the first vote will be accounted for.

**Article 94** Before a resolution is decided on a motion at a shareholders’ general meeting, two representatives of the shareholders shall be nominated to participate in counting the votes as well as supervising the counting process. If a shareholder is interested in the matters under consideration, the relevant shareholders and his proxies shall not participate in counting the votes or supervising the counting process.

At the time of deciding on a motion by voting at a general meeting, legal advisers, representatives of shareholders shall participate in counting the votes as well as supervising the counting process. They shall announce the voting results at the meeting. The voting results in connection with the resolution shall be recorded in the minutes.

Shareholders of the Company or their proxies who cast their votes via Internet or through other permitted means shall have the right to monitor the voting results by the corresponding voting platform.

**Article 95** A shareholders’ general meeting shall not be declared closed for shareholders who attend in person at a time earlier than for those shareholders who attend via Internet or other permitted means. The chairman of the meeting shall announce at the meeting the voting details and results of each motion and shall declare whether or not a motion is adopted on the basis of relevant voting results.

Before the official announcement of the voting results, all parties involved in the general meeting of shareholders, such as the Company, counters, scrutineers, major shareholders, network service providers, etc. involved in on-site, online or other voting methods, are obliged to keep the voting information confidential.

**Article 96** If the chair of the meeting has any doubt as to the result of a resolution which has been put to vote at a shareholders' meeting, he may have the votes counted. If the chair of the meeting has not counted the votes, any shareholder who is present in person or by proxy and who objects to the result announced by the chair of the meeting may, immediately after the declaration of the result, demand that the votes be counted and the chair of the meeting shall have the votes counted immediately.

**Article 97** If votes are counted at a shareholders' general meeting, the result of the count shall be recorded in the minute book.

**Article 98** Resolutions of the shareholders' general meeting shall be announced timely. The announcement shall include the time, place, method, convener, number of shareholders and proxies present at the meeting, the total number of shares carrying the right to vote held by them and the percentage of such shares out of the total number of shares carrying the right to vote of the Company, the voting method and results of each motion, the concluding comments of the legal opinion, etc.

When the general meeting of shareholders deliberates on major matters that affect the interests of small and medium investors, the votes of shareholders other than directors and senior management of the Company and shareholders who individually or collectively hold more than 5% of the Company's shares shall be separately counted and disclosed.

**Article 99** Where a resolution of the meeting is not adopted, or a resolution passed at the previous shareholders' general meeting is changed at the current shareholders' general meeting, specific note shall be given in the announcement for the resolutions passed in the shareholders' general meeting.

**Article 100** The motion for the new session of the board of directors being passed by the shareholders' general meeting shall commence office after the resolution being passed by the shareholders' general meeting.

In the event the election of the staff representative (hereinafter referred to as the "Staff director") in the new session of the board of directors by the staff is earlier than the terms the new session of the board of directors commence, their offices will commence when the terms of the new session of the board of directors of director commence. If the election by staff is later than the terms of the new session of the board of directors commence, their offices will commence on the date when they are elected by the staff.

**Article 101** If a motion in respect of the distribution of cash or bonus shares, or in connection with the capital increase by conversion from common reserve funds, is adopted at a shareholders' general meeting, the Company shall implement such distribution within two months of the relevant general meeting.

**Article 102** Minutes of a shareholders' general meeting shall be kept and such minutes shall be prepared by the Secretary to the board of directors. Minutes of the shareholders' general meetings should set out the following:

- (1) the date and venue for convening the meeting, meeting agenda and the name of the convenor;
- (2) the name of the chairman of the meeting as well as those of the directors and senior management who attend the meeting as attendees and participants;
- (3) the number of shareholders and proxies attending the meeting, the total number of voting shares represented by the shareholders who are entitled to vote; the proportion of the number of voting shares represented by the shareholders who are entitled to vote out of the total number of shares of the Company;
- (4) a description of the considerations taken for each motion, the main points put forward by each speaker relating thereto and the voting results thereof;
- (5) details of queries and recommendations of the shareholders and the corresponding response or explanation in relation thereto;
- (6) the names of the legal advisers and persons responsible for counting the votes and for supervising the counting process;
- (7) the number of voting shares held by the holders of domestic shares, the holders of domestic listed foreign shares and the holders of ordinary shares attending the shareholders' general meeting and the respective proportions such shareholders represent of the total number of Company's shares;
- (8) when recording the voting results, the votes of the holders of domestic shares, the holders of domestic listed foreign shares and the holders of ordinary shares for each resolution shall also be recorded;
- (9) other contents which should be recorded in the minutes as provided for in these Articles of Association.

**Article 103** The convenor shall ensure that the content of the minutes shall be true, accurate and complete. Minutes shall be signed by attendees of the meeting or present in the meeting, including the directors, secretary to the board of directors, the convenor or its representative and the chairman of the meeting. Minutes shall, together with the register relating to the shareholders present at the meeting in person and the proxy form if present by proxy, or via Internet or other permitted means be kept by the Company for a period of not less than 10 years.

## **Section 7 Voting Platform through Internet**

### **Article 104**

The Company shall, with its priority to ensure that the shareholders' general meeting is legal and effective, enlarge the proportion of public shareholders participating in the shareholders' general meeting through various manner and means including providing modern information technological means such as voting platform through internet. Attendance shall be accepted for shareholders who attend the general meeting through the above means.

Online voting access for shareholders shall be provided through internet service providers designated by the securities supervisory authorities of the State Council and the Shanghai Stock Exchange.

Upon completion of the voting process at the shareholders' general meeting, the Company shall consolidate, in respect of each proposal, the voting results of live meeting, online voting and other forms of voting in accordance with the relevant regulation before making any announcement.

## **CHAPTER 8 DIRECTORS AND BOARD OF DIRECTORS**

### **Section 1 Directors**

#### **Article 105**

Directors who are not staff representative shall be elected or removed at the shareholders' general meeting.

The staff directors shall be elected by the staff in the staff representative meeting or by other ways democratically.

Directors shall be elected for a term of three years. At the expiry of the term, it shall be renewable upon re-election. A director may not be removed by the shareholders in a general meeting without any reason before his term of office expires.

The Chairman and Vice-chairman shall be elected and removed by more than one-half of all members of the board of directors. The term of office of the Chairman and Vice-chairman shall be three (3) years respectively, which is renewable upon re-election.

If a director fails to attend the two consecutive board meetings in person or by another director appointed as his representative (an independent director shall comply with the provisions in "Section 2 Independent Directors"), he/she shall be deemed to be in default of performing his/her duty. The board of directors should recommend his removal to a shareholders' general meeting.

#### **Article 106**

The tenure of a director shall commence from the date when he takes office until the end of the tenure of the existing board of directors. If an election is not conducted before the termination of the tenure of a director, the original director(s) shall continue to assume the responsibilities in accordance with the laws, administrative regulations, departmental rules and these Articles of Association before the new director(s) take office.

The senior management may serve concurrently as directors, provided that the total number of such directors who concurrently serve as the senior management and such director who is serves by the employee representative shall not exceed 1/2 of the total number of the directors of the Company.

#### **Article 107**

A director may submit his resignation before the expiry of his term. He/she should deliver a written resignation letter to the Company, and the resignation will take effect on the day the Company receives the resignation report. The Company will disclose the relevant circumstances within 2 trading days. If a director's resignation will result in the number of directors falling below the legally prescribed minimum, his resignation shall not come into force until his vacancy is filled by another person. The original director(s) shall continue to assume the responsibilities in accordance with the laws, administrative regulations, departmental rules and these Articles of Association before the new director(s) take office.

**Article 108** A director whose term of office has not expired shall be held responsible for the Company's loss due to his/her departure without permission.

**Article 109** The resolution can be made to dismiss directors at the shareholders' general meeting, and the dismissal takes effect on the date the resolution is made.

If a director is dismissed without just cause before the end of their term, the director can demand compensation from the Company.

## **Section 2 Independent Directors**

**Article 110** Independent Directors are directors who do not hold any positions in the Company other than as director and do not maintain with the Company and its substantial shareholders a connection which may hamper their independent and objective judgments.

An independent director shall comply with laws and administrative regulations, the provisions of the CSRC, stock exchanges and these Articles of Association, conscientiously perform their duties, play a role in decision-making, overseeing check-and-balance and providing professional advice as a member of the board of directors, thus safeguarding the overall interests of the Company and protecting the legitimate interests of minority shareholders.

**Article 111** The independent directors should possess the following basic qualifications:

- (1) having the qualifications to assume the office of a director in a listed company according to the laws, administrative rules and other relevant provisions;
- (2) being independent as specified in these Articles of Association;
- (3) having the basic knowledge of the operation of a listed company and being familiar with relevant laws, administrative rules and regulations;
- (4) having not less than five years' working experience in the legal or economic field or other experiences required for performing the duty of an independent director;
- (5) having good personal character without major breach of trust or other adverse records;
- (6) other qualifications specified by laws, administrative regulations, the provisions of the CSRC, business rules of stock exchanges and these Articles of Association.

**Article 112**

An independent director should be independent. The following persons shall not act as independent directors:

- (1) the persons or their immediate family members and major social relations work in the Company or its subsidiaries (immediate family members refer to spouses, parents, children, etc.; major social relations refer to siblings, parents of spouses, spouses of children, spouses of siblings, siblings of spouses, etc.);
- (2) natural person shareholders who directly or indirectly hold more than 1% of the issued shares of the Company or who rank in the top ten shareholders of the Company, as well as their spouses, parents and children;
- (3) persons who work in entities being shareholders who directly or indirectly hold more than 5% of the issued shares of the Company who rank in the top five shareholders of the Company, as well as their spouses, parents and children;
- (4) persons employed by the subsidiaries of the Company's controlling shareholders or de facto controllers and their spouses, parents and children;
- (5) persons who have major business dealings with the Company and its controlling shareholders or de facto controllers or their respective subsidiaries, or persons who hold positions in units that have major business dealings with the above entities and in the controlling shareholders or de facto controllers of such units;
- (6) persons who provide financial, legal, consulting and sponsorship services to the Company and its controlling shareholders or de facto controllers or their respective subsidiaries, including but not limited to all project team members, reviewers at all levels, persons signing the reports, partners, directors, senior management and principal persons in charge of the intermediary agency providing such services;
- (7) persons who belonged to either group of persons described in items (1) to (6) above in the past twelve months;
- (8) other persons who do not possess independence as stipulated by laws, administrative regulations, the provisions of the CSRC, business rules of stock exchanges, and these Articles of Association.

The subsidiaries of the Company's controlling shareholders and de facto controllers as referred to in items (4) to (6) above do not include companies which are controlled by the same state-owned asset administration institution as the Company and which do not have a connected relationship with the Company in accordance with the relevant regulations.

Independent directors shall conduct self-examination of their independence on an annual basis and submit such self-examination results to the board of directors. The board of directors shall assess the independence of incumbent independent directors on an annual basis and issue a special opinion in relation thereto, which shall be disclosed at the same time as the annual report.

**Article 113** The board of directors, the audit committee, and the shareholders who hold more than 1% issued shares individually or jointly may nominate candidates for independent directors to be elected at the shareholders' general meeting.

More than one third of the members of the board of directors shall be independent directors, and at least one of the independent directors shall have accounting expertise.

**Article 114** The term of office of the independent directors is the same with that of the other directors of the Company. The term is renewable upon re-election after expiry, but shall not exceed 6 years in aggregate.

The Company can dismiss an independent director in accordance with legal procedures when his term of office is due.

**Article 115** As a member of the board of directors, an independent director has a duty of loyalty and diligence to the Company and all its shareholders, and shall prudently perform the following duties:

- (1) to participate in the decision-making of the board of directors and express clear opinions on matters discussed, and to fully gather information and prudently assess whether the matters under discussion involve their own interests, whether they fall within the scope of the board's authority, whether the materials are sufficient, and whether the voting procedures are lawful, when considering matters submitted for decision by the board of directors;
- (2) to oversee potential material conflicts of interest between the Company and its controlling shareholders, de facto controllers, directors and senior management, and to protect the legitimate interests of small and medium-sized shareholders;
- (3) to provide professional and objective advice on the operation and development of the Company and promote the enhancement of the decision-making level of the board of directors;
- (4) other duties as stipulated by laws, administrative regulations, the provisions of the CSRC and these Articles of Association.

**Articles 116** Apart from the powers granted to directors by the Company Law and other relevant laws, regulations and these Articles of Association, the independent directors shall have the following special powers:

- (1) To independently appoint intermediary institutions to audit, consult or verify specific matters concerning the listed company;
- (2) To request the board of directors to convene an extraordinary general meeting;
- (3) To suggest the convening of a board meeting;
- (4) To solicit shareholders' rights from shareholders in a public manner according to laws;
- (5) To express independent opinions on matters that may damage the interests of the

listed company or minority shareholders;

- (6) Other functions and powers stipulated by laws, administrative regulations, the CSRC and the Articles of Association.

The exercise of the functions and powers listed in items (1) to (3) of the preceding paragraphs by independent directors shall be subject to the consent of a majority of all independent directors.

Where an independent director exercises his/her functions and powers under item (1), the Company shall make timely disclosure. Where the above functions and powers cannot be exercised normally, the Company shall disclose the specific circumstances and reasons.

**Article 117** The following matters shall be submitted to the board of directors for consideration after getting the consent of more than half of all the independent directors of the listed company:

- (1) Related party transactions to be disclosed;
- (2) The plan for the change or waiver of undertakings by the listed company and related parties;
- (3) The decisions made and measures taken by the board of directors of the acquired listed company in respect of the acquisition;
- (4) Other matters stipulated by laws, administrative regulations, the CSRC and the Articles of Association.

**Article 118** The Company shall regularly or irregularly convene meetings attended by all independent directors (the “Special Meetings of Independent Directors”). Matters listed in items (1) to (3) of the first paragraph of Article 116 and Article 117 of the Articles of Association shall be discussed and reviewed at the Special Meetings of Independent Directors.

The Special Meetings of Independent Directors may study and discuss other matters of the listed company as needed.

The Special Meetings of Independent Directors shall be convened and chaired by an independent director jointly elected by more than half of the independent directors; in the event that the convenor fails to perform his/her duties or is unable to perform his/her duties, two or more independent directors may convene the meeting and elect a representative to chair the meeting.

Minutes of Special Meetings of Independent Directors shall be made in accordance with relevant regulations, and the opinions of independent directors shall be recorded in the minutes. Independent directors shall sign the minutes to confirm them.

The Company shall provide convenience and support for the convening of the Special Meetings of Independent Directors.

**Article 119** Independent directors shall attend the meetings of the board of directors on time, understand the production business and operation of the Company, and initiate investigation to gain information required for making decision.

Independent directors shall submit an annual work report for at the annual general meeting of the Company providing explanation in respect of the performance of their duties.

The independent directors shall perform their duties honestly and faithfully, and protect the Company's interests, especially paying attention to the protection of the legal rights of public shareholders.

The independent directors shall perform his duties independently, without being affected by major shareholders of the Company, persons in actual control or other entities or individuals which have conflicting interest with the Company, its major shareholders and persons in actual control.

**Article 120** If an independent director fails to attend two consecutive board meeting in person and did not authorize other independent director to attend on his or her behave, the board shall recommend convening shareholders' general meeting to remove the independent director from his or her position in no more than 30 days starting from the date of identifying such cases.

**Article 121** The Company shall set up a work system for the independent directors, ensuring that they have the same right of being informed as the other directors. The Company shall promptly provide the independent directors with relevant materials and information, regularly notify them of the operation of the Company, and organise on-site visit by the independent directors if necessary.

**Article 122** An independent director may tender his/her resignation before the expiry of his/her term of office. He/she should deliver a written resignation letter to the board of directors, which explains any circumstances that are relevant to his resignation or that he/she considered necessary for the shareholders and creditors to pay attention.

If an independent director 's resignation results in the number of independent directors or member of the board of directors falling below the legally prescribed minimum or the minimum under these Articles of Association, before the appointment of a new independent director, the independent director shall perform his/her duties according to the laws, administrative regulations and requirements under this Article of Association. The board of directors shall convene a shareholders' general meeting within 60 days to elect a replacement. If not within two months, the independent director may not continue to perform his/her duties.

**Article 123** Matters relating to the system of independent directors which have not been set out in this section shall be handled according to the relevant laws and regulations.

### **Section 3 The Board of Directors**

**Article 124** The Company shall have a board of directors consisting of eleven (11) directors, of which is one shall be a staff representative, with one (1) chairman and one (1) vice-chairmen.

**Article 125** The board of directors is accountable to the shareholders in general meeting and exercises the following functions and powers:

- (1) the convening of the shareholders' general meeting and to report on its work to the shareholders in general meetings;
- (2) to implement the resolutions passed by the shareholders in general meetings;
- (3) to exercise the decision-making power for medium to long-term development, review and determine the medium to long-term development plan of the Company, and to determine the Company's business plans and investment proposals;
- (4) to formulate the Company's profit distribution proposal and loss recovery proposal; to approve the annual financial budgets proposal and final accounts proposal of the Company;
- (5) to formulate proposals for the increase or reduction of the Company's registered capital and for the issuance of the Company's debentures;
- (6) to draw up plans for the substantial acquisition, repurchase of shares, merger, division or dissolution of the Company;
- (7) to exercise management rights over significant financial matters, and to decide on the Company's business involving external investments, purchase and sale of assets, mortgages of assets and external guarantees, entrusting financing, connected transactions and donation within the authority conferred by the shareholders' general meeting;
- (8) to decide on the Company's internal management structure;
- (9) to decide to appoint or remove the Company's general manager and secretary of the board and to appoint or remove the deputy general manager(s) and other senior management (including the financial controller(s) of the Company) based on the recommendations of the general manager, to decide on their remuneration and matters relating to awards and penalty;

- (10) to formulate the Company's basic management system;
- (11) to formulate proposals for any amendment of these Articles of Association;
- (12) to manage disclosure of the Company's information;
- (13) to recommend to the shareholders' general meeting the appointment or replacement of the Company's accounting firm;
- (14) to receive the working report by the Company's management and examine their performance;
- (15) to approve an aggregate amount of provision for impairment of assets more than 10% of the absolute value of the latest audited net profit of the Company, to clear a provision for impairment of assets more than 10% of the absolute value of the latest audited net profit of the Company and to execute in compliance with the relevant regulations on connected transaction if any provision and clearance of impairment of assets involves any connected transactions;
- (16) to be responsible for corporate governance matters, including: (1) formulating and reviewing corporate governance policies and practices of the Company; (2) reviewing and monitoring the training and continuous professional development of directors and senior management; (3) reviewing and monitoring the Company's compliance with laws and regulatory policies and practices; (4) formulating, reviewing and monitoring employee and director codes of conduct and compliance manuals (if any); and (5) reviewing Company's compliance with the Corporate Governance Code and disclosure in the Corporate Governance Report in the listing places;
- (17) to exercise the management power over the distribution of employee wages, formulate management measures for total wages, specify the mechanism for determining the total wages, dynamically monitor the implementation of indicators related to employee wages, and comprehensively promote the reform of the internal income distribution system of the Company;
- (18) to exercise any other powers specified by the law, administrative regulations, departmental rules, these Articles of Association or as authorised by the shareholders' general meeting.

Matters beyond the scope of power authorized by the shareholders' general meeting shall be submitted to the shareholders' general meeting for consideration.

**Article 126**

The board of directors shall lay down strict procedures to inspect and decide on the approval limit for foreign investment, purchase or sale of assets, mortgage of assets, provision of guarantees, entrusted assets management, connected transactions and external donations. For major investment projects, the board of directors shall organize the relevant experts and professional officers to conduct assessment for approval of the shareholders in a general meeting.

**Article 127**

With the approval of over two-thirds of all directors, the board of directors may make decisions on the following matters:

- (1) transactions falling within the following limit (whichever is stricter) with respect to purchase or sale of assets, external investment (including entrusted financial management), leasing of assets as lessor or lessee, restructuring of claims or debts, giving or receiving assets as a gift, entrusted or trusted asset or business management, entering of licence agreement, transferring or accepting the transfer of research and development projects:
  - i. the aggregated assets value (where book value and assessed value are available, whichever is higher) involved in a single transaction with amount more than 10% and below 50% of the Company's latest audited total asset value prepared in accordance with the PRC Generally Accepted Accounting Principles (GAAP); or more than 5% and less than 25% of the Company's latest published total assets value prepared in accordance with the International Financial Reporting Standards;
  - ii. the net assets (where book value and assessed value are available, the higher one shall prevail) involved in the subject of a single transaction (e.g. equity interest) represent more than 10% and less than 50% of the Company's latest audited net assets; or more than 5% and less than 25% of the total market value of the Company (which is calculated by the respective average closing price of the Company's relevant class shares for the 5 business days immediately preceding the date of the transaction);
  - iii. the latest annual income from principal operations of the subject of a single transaction accounted for more than 10% and less than 50% of the Company's latest audited income from principal operations for the latest financial year prepared in accordance with the PRC GAAP; or more than 5% and less than 25% of the total market value of the Company (which is calculated by the respective average closing price of the Company's relevant class shares for the 5 business days immediately preceding the date of the transaction);

- iv. the profit arising from the transaction represents more than 10% and less than 50% of the Company's audited net profit for the latest financial year prepared in accordance with the PRC GAAP; or more than 5% and less than 25% of the Company's audited net profit for the latest financial year prepared in accordance with International Financial Reporting Standards;
- v. the latest annual income from principal operations of the subject of a single transaction (e.g. equity interest) accounted for more than 10% and less than 50% of the Company's latest audited income from principal operations for the latest financial year prepared in accordance with the PRC GAAP; or more than 5% and less than 25% of the Company's latest audited income from principal operations for the latest financial year prepared in accordance with the International Financial Reporting Standards;
- vi. the latest annual net profit of the subject of a single transaction (e.g. equity interest) accounted for more than 10% and less than 50% of the Company's latest audited net profit for the latest financial year prepared in accordance with the PRC GAAP; or more than 5% and less than 25% of the Company's latest audited net profit for the latest financial year prepared in accordance with the International Financial Reporting Standards;

The above transactions which involve public offer of securities that requires the approval of the China Securities Regulatory Commission shall be subject to approval of the shareholders' general meeting;

- (2) a single loan of more than 5% and less than 25% of the Company's latest audited net asset value and the debt ratio to the Company's assets remains under 80% after such financing;

the mutual provision of loans among overseas subsidiaries of the Company, where the accumulative amount of such mutual loans in 12 consecutive months account for more than 25% and less than 50% of the latest audited net asset value of the Company calculated on the basis of PRC accounting standards, provided that such mutual loans are in compliance with laws, rules and relevant regulations of the relevant place(s) of incorporation of such overseas subsidiaries;

- (3) mortgages or pledges of assets the cumulative outstanding amount of which is less than 30% of the Company's most recently audited net asset value;
- (4) external guarantees and financial assistance not within the approval limit of the shareholders' general meeting as provided in the Articles of Association;
- (5) transactions involving connected transactions, which have to be conducted in accordance with the relevant regulations of competent securities authorities and the listing rules of the stock exchanges.

When the Company conducts other transactions apart from the provision of guarantee and financial assistance and entrusted financial management, applicable approval limit proportion of the board of directors regarding each transaction which is under the same category shall be calculated on the principle of accrued basis for 12 consecutive months. Transactions already approved by the Company in accordance with the principle of accrued basis shall not be included in the scope of accrual calculation.

Provision of regulatory authorities the Company is subject to within and outside the PRC that is of a stricter standard than this Article of Association shall apply accordingly.

**Article 128** The directors of the Company shall ensure that the information disclosed by the Company is true, accurate and complete.

The directors of the Company shall sign a written confirmation of opinion in connection with the regular report of the Company.

**Article 129** The Company has established a strict internal control system over external guarantee. The whole board of directors shall cautiously handle and strictly control the risk of debt created by external guarantee. In connection with the losses resulting from an inappropriate external guarantee or an external guarantee given not in compliance with the relevant laws and regulations the directors who shall be held responsible shall bear joint and several liabilities.

(1) Review on guarantee and decision limitation

Before making any decision on external guarantee, the Company shall understand the creditability of the debtor and make a thorough analysis on the benefit and risk of such guarantee.

Any external guarantee given by the Company shall be approved by two-thirds of the board of directors or by the shareholders in a general meeting. Any connected director(s), shareholder(s) or shareholders controlled by de facto controllers being interested in a guarantee shall excuse himself from voting on resolution relating to such guarantee.

The approval limit of the Company for an external guarantee shall be executed in accordance with the Article 47(1)ix, the Article 126 and the Article 127(1)iv.

(2) Management in guarantee procedures

The external guarantee of the Company shall be made in form of written contract, and at the same time the secretary to the board of directors and the financial department shall be notified.

(3) Disclosure on provision of guarantee

The provision of external guarantee as approved by the Board or shareholders in general meetings should be disclosed in a preliminary report in a true, accurate, complete and timely manner. The obligation to disclose such matters should not be fulfilled by way of periodic reports.

The contents to be disclosed should include: the respective resolutions passed by the Board or general meetings; the aggregate amount of external guarantee provided by the Company and its subsidiaries as at the date of disclosure; the aggregate amount of guarantees provided by the Company to its subsidiaries.

The above disclosure obligation should apply equally to the subsidiaries of the Company when providing external guarantees.

Within 10 days upon the approval of the provision of external guarantee by the Company, the Company should file the relevant resolutions of the Board or the general meeting, minutes of the relevant meeting and financial statements of the guaranteed party with Shandong Provincial Securities Regulatory Bureau of the China Securities Regulatory Commission; and within ten days upon the signing of the guarantee agreement, file the relevant agreement(s) in respect of the external guarantee stamped with the Company's chop with Shandong Provincial Securities Regulatory Bureau of the China Securities Regulatory Commission.

**Article 130**

The Chairman of the board of directors shall exercise the following powers:

- (1) to preside over shareholders' general meetings and to convene and preside over meetings of the board of directors;
- (2) to check on the implementation of resolutions passed by the board of directors at directors' meetings;
- (3) to sign the securities certificates issued by the Company;
- (4) to sign the important documents of the board and other documents which should be signed by the Company's legal representative;
- (5) to exercise the rights of the legal representative;
- (6) in the event of emergency situations such as the occurrence of large-scale natural disasters, to take special steps in handling the Company's business according to the laws and the Company's interest; and to report to the Company's board of directors and shareholders' general meeting afterwards;
- (7) to exercise other powers conferred by the board of directors.

**Article 131** The vice chairman shall assist the chairman in his work. Where the chairman is unable to or does not perform the duty, the vice chairman shall preside the meeting. Where the vice chairman is unable to or does not perform the duty, a director nominated by more than one-half of the directors shall perform the duty.

**Article 132** Meetings of the Board shall be held at least four times every year and shall be convened by the chairman of the board of directors. All of the directors should be notified about the meeting fourteen (14) days beforehand. An extraordinary meeting of the board of directors may be held under the following circumstances:

- (1) when the Chairman thinks it is necessary;
- (2) Shareholders carrying voting rights of more than 10%;
- (3) when more than one-third directors so request;
- (4) when the audit committee so requests;
- (5) when the general manager so requests;
- (6) when more than a half of the independent directors so request.

**Article 133** Notice of meetings and extraordinary meetings of the board of directors shall be delivered in person, by facsimile, by express delivery service, by registered mail, or by other means of electronic communication. The time limits for the delivery of such notices are: for a board meeting, at least fourteen days before the meeting; and for an extraordinary meeting, at least three days before the meeting.

A notice of meetings shall contain the following contents:

- (1) date and place of the meeting;
- (2) duration of the meeting;
- (3) business to be discussed; and
- (4) date of notice.

**Article 134** Notice of a meeting shall be deemed to have been given to any director who attends the meeting without protesting against, before or at its commencement, any lack of notice.

**Article 135** Resolution of the board of directors may be decided on a poll or show of hands.

As long as all directors can fully express their opinions, a board meeting or an extraordinary meeting of the board of directors may be held by way of facsimile, during which resolutions may be passed and signed by participating directors. All such directors shall be deemed to be present in person at the meeting. When the number of directors who have signified their consent to a resolution reaches the number set out in the Articles of Association, a valid resolution shall be deemed to have been passed.

**Article 136**

Meetings of the board of directors shall be held only if more than half of the directors (including any alternate director appointed pursuant to the Articles of Association) are present.

Each director shall have one (1) vote. A resolution of the board of directors must be passed by more than half of all of the directors of the Company.

When passing a resolution in relation to connected transaction at a board meeting, or where any director or any of its Associates (as defined under the Listing Rules of the Hong Kong Stock Exchange) is connected with such resolution, such connected director shall excuse himself from the Board meeting, shall not have any voting rights in respect thereof, shall not exercise any voting right on behalf of other directors and shall not be counted as part of the quorum of the board meeting. Such board meeting can be convened where not less than half of the disinterested directors of the Company attend the meeting and any such resolutions shall be passed by at least half of the disinterested directors of the Company. If the number of disinterested directors present at the Board meeting is less than 3, the matter shall be presented to the shareholders for consideration at a general meeting.

**Article 137**

Directors shall attend the meetings of the board of directors in person. Where a director is unable to attend a meeting for any reason, he/she may by a written power of attorney appoint another director to attend the meeting on his/her behalf. The power of attorney shall set out the name of the attorney, issues under authorisation, scope of authorisation and valid period, which will be signed or sealed with the chop by the appointing director. Independent directors shall not appoint non-independent directors to vote on their behalf.

A Director appointed as a representative of another director to attend the meeting shall exercise the rights of a director within the scope of authority conferred by the appointing director. Where a director is unable to attend a meeting of the board of directors and has not appointed a representative to attend the meeting on his behalf, he/she shall be deemed to have waived his right to vote at the meeting.

Directors shall fully gather information and prudently assess whether the matters under discussion involve their own interests, whether they fall within the scope of the authority of the board of directors, whether the materials are sufficient, and whether the voting procedures are lawful, when considering matters submitted for decision by the board of directors.

**Article 138**

The board of directors shall keep minutes of resolutions passed at meetings of the board of directors. The minutes shall be signed by the directors present at the meeting, the board's secretary and the person who recorded the minutes. The directors shall be liable for the resolutions of the board of directors. If a resolution of the board of directors violates the laws, administrative regulations or the Company's Articles of Association and the Company suffers serious losses as a result thereof, the directors who participated in the passing of such resolution are liable to compensate the Company therefor. However, if it can be proven that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from such liability.

The minutes of the board meeting shall include the following contents:

- (1) date and place of the meeting and name of the convener;
- (2) names of participating directors and proxies;
- (3) agenda;
- (4) main points of directors' speeches;
- (5) voting method for each matter and its result (the voting result should specify the number of votes for and against and abstentions).

Minutes of the board meeting shall be kept as the Company's record for a period of not less than 10 years.

**Article 139** The board of directors shall formulate its rules of meetings to ensure its working efficiency and scientific decision.

The rules of meetings of the board of directors shall be drawn up by the board of director of the Company and be considered and approved at the shareholders' general meeting.

#### **Section 4 Special Committees under the Board of Directors**

**Article 140** The board of directors of the Company shall establish an audit committee to exercise the functions and powers of the audit committee as stipulated by the Company Law, as well as other functions and powers stipulated by laws, administrative regulations, the regulations of the CSRC, the regulatory rules of the place of listing, and the provisions of these Articles of Association.

**Article 141** The audit committee shall consist of three members, all of whom shall be independent directors, with an independent director with a professional accounting background serving as the convener of the committee.

**Article 142** The audit committee shall perform the following duties and responsibilities:

(I)to evaluate the performance of the external auditors annually, and make proposals in respect of the appointment, re-appointment or dismissal of the external auditors to the board of directors, approving the remuneration and terms of engagement of the external auditors, and to handle any issues related to the resignation or dismissal of the external auditors;

(II)to discuss the daily working standards for internal auditors with the external auditors; to examine the accounting policy and practices, financial position, and financial reporting procedures of the Company;

(III)to formulate and implement the policies regarding the provision of non-audit services by the external auditors (for the purposes of this provision, an "external auditor" includes any organization under common control, ownership, or management with the audit firm, or any organization that a reasonable and informed third party would reasonably consider to

be part of the audit firm's domestic or international operations), and report and make recommendations to the Board on any matters where action or improvement is needed;

(IV) to evaluate the works conducted by the external auditors, including examining and monitoring the independence and objectivity of the external auditing firms and the effectiveness of the audit procedures based on appropriate standards; and to discuss with the external auditors the nature and scope of audit and the related reporting obligations before the commencement of any audits;

(V) to examine the quarterly, half-year and annual financial accounts and reports and their completeness before the disclosure of any financial information of the Company; to review the material opinions in relation to financial reporting before submission of the relevant financial accounts and reports to the Board of Directors, particularly 1. any amendments to the accounting policy and practice; 2. any part of significant meaning and involving important analysis; 3. any material adjustment due to auditing; 4. the Company's assumption on continuous operation and any reserved opinion; 5. compliance with accounting standards; 6. compliance of relevant requirements in the regulations of place where the securities of the Company are listed and other laws with respect to financial reporting; 7. consideration on any material or unusual matter reflected or to be reflected in the above-mentioned financial information, and reference to any matter proposed by the accounting and financial staff, the compliance officer, auditors or any other staff of the Company.

As for matters mentioned above, the audit committee shall keep in touch with the Board and the management, and hold at least two meetings per year with external auditors.

(VI) to hear the reports given by external auditors on the annual audit report, special audit report, management proposal of the Company and other matter; to review the written reports provided to the management of the Company by the external auditors related to the auditing status, and any significant doubt cast over the management regarding the accounting records, financial statements or internal monitoring system and the management's response to the aforementioned, and ensure the Board response to the concerned issues from external auditors in a timely manner;

(VII) to discuss with the external auditors any issues encountered during the auditing process and ensure any material findings and proposals of the external auditors and the feedbacks from the management are received, discussed and dealt with properly; to meet separately with the external auditors and discuss any matters to be discussed separately as considered necessary by both parties and ensure the external auditors can, if necessary, communicate with the chairman of the audit committee through effective channels; to consider whether certain circumstances would be detrimental to the judgment or independence of the external auditors in performing audit; to serve as the primary representative between the Company and the external auditor, and to monitor the relationship between the two parties;

(VIII) to study and discuss the appointment or dismissal of financial officers of listed company and changes in accounting policies and accounting estimates or correction of significant accounting errors resulting from reasons other than changes in accounting standards;

(IX) to hold meetings with the internal auditing department at least once a year, the frequency of

which can be increased as required by works. The internal auditing staff shall report directly to the audit committee; The audit committee, when performing its duties, can call on meeting with the person who are in charge of internal audit department to discuss matters separately that both parties consider necessary; to supervise and inspect the internal auditing work; and to report to the Board of Directors on the progress and quality of internal audit and major problems identified;

(X)to review and approve internal audit plans and to be informed regularly the implementation status of the internal audit plans throughout the year, supervising the implementation of internal audit plans of the Company; to examine the effectiveness of the internal audit department in performing its duties and responsibilities and ensure its full functioning under the internal control system of the Company, etc.; to review the annual working reports of the internal auditing department; to review the internal audit plan for the forthcoming year and ensure its coverage includes major risk exposures; to give guidelines on the auditing methods and procedures of the internal auditing department; to hold accountability for coordinating the communication between the internal auditor and external audit units such as accounting firms and national audit institutions and ensure appropriate coordination between them;

(XI)to review the analysis of the management or the external auditors, point out financial reporting issues of material importance and give judgments to be made in preparing the financial reports, including the analysis of the impact of alternative generally accepted accounting principles on the financial reports;

(XII)to oversight of the financial reporting system, risk management and internal control systems of the Company, mainly including: 1. to review the financial controls of the Company, and to review the risk management and internal control systems of the Company; 2. to hold meetings at least once a year, discuss with the management on the risk management and internal control systems to ensure the establishment of effective internal control systems, to hear reports on the risk management and internal control system supervision; to listen to important opinions and recommendations made by the financial department, audit department and external auditors in respect of the financial reporting procedures and internal control systems as well as reports on the reasonableness of the management's works, and to compile a written letter of review opinions to prepare and draft self-assessment report on internal control system and propose the Board for review and discussion; and the self-assessment report on internal control system shall include opinions as to whether the resources, qualifications and experience of employees of the Company in fulfilling its accounting and financial reporting duties are adequate and as to whether the training courses enrolled by the employees and the relevant budget are adequate; 3. to act proactively or upon delegation by the Board of Directors to conduct a research on important investigation findings on risk management and internal control matters and the management's response to these findings; and 4. to report to the Board of Directors on matters under Part II of the Corporate Governance Code set out in Appendix C1 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited;

(XIII)to regularly listen to reports on anti-corruption by the relevant department of the Company and review: 1. access to, maintenance of and responses to the complaint arrangements about accounting, internal control and financial issues; and 2. work procedures to deal with any improper actions which may arise due to the secret and anonymous reporting of employees as established by the Company to ensure fair and independent investigations are conducted and appropriated actions are taken by the Company in respect of the concerned issues;

(XIV)to ensure the Company is in compliance with other laws and regulations;

(XV)to supervise the Directors and senior management in their performance of their duties and to propose the removal of Directors and senior management who have violated the laws, administrative regulations, the Articles of Association or the resolutions of the shareholders' meetings;

(XVI)to demand rectification from a director or senior management when the acts of such persons cause damages to the interests of the Company;

(XVII)to initiate proceedings against Directors and senior management in accordance with the relevant requirements of the Company Law;

(XVIII)to propose to convene an extraordinary shareholders' meeting and an extraordinary Board meeting, to convene and preside over the shareholders' meeting when the Board of Directors fails to perform its duties of convening and presiding over the shareholders' meeting as stipulated by this Article;

(XIX)to propose a proposal to the shareholders' meeting;

(XX)to be responsible for other matters required by laws, regulations, the Articles of Association or authorized by the Board of Directors, including research on the topics identified by the Board of Directors and the requirements related to the scope of works of the audit committee under the listing rules of the places where the securities of the Company are listed as amended from time to time.

The following matters shall be submitted to the board of directors for consideration after being approved by a majority of all members of the audit committee:

- (1)disclosure of the financial information in financial and accounting reports and regular reports, and the evaluation report on internal control;
- (2)appointment or dismissal of an accounting firm which undertakes the annual audit work of the Company;
- (3)appointment or dismissal of the person in charge of the finance of the Company;
- (4)changes in accounting policies or accounting estimates or corrections of significant accounting errors due to reasons other than changes in accounting standards;
- (5)other matters as stipulated by laws, administrative regulations, the provisions of the CSRC and these Articles of Association.

**Article 143** The audit committee shall convene at least one meeting each quarter. An extraordinary meeting may be convened when two or more members of the committee deem, or the convener deems, necessary. A meeting of the audit committee shall be convened only when more than two thirds of the members are present.

Any resolution of the audit committee shall be passed by a majority of its members.

When voting on a resolution of the audit committee, each director shall have one vote.

Resolutions of the audit committee shall be recorded in accordance with relevant regulations, and the members of the audit committee attending the meeting shall sign the meeting minutes.

The working procedures of the audit committee shall be formulated by the board of directors.

**Article 144** The board of directors of the Company shall set up special committees for nomination, remuneration, strategy and sustainable development. These committees shall be authorized by these Articles of Association and the board of directors to perform their duties, and the resolutions proposed by these special committees shall be submitted to the board of directors for consideration and approval. The working procedures of these special committees shall be formulated by the board of directors.

The nomination committee shall consist of three directors, of whom at least two members shall be independent directors, with an independent director serving as the convenor of the committee.

The remuneration committee shall consist of three directors, all of whom shall be independent directors.

The strategy and development committee shall consist of five directors, with external directors making up the majority, including at least one independent director.

The sustainable development committee shall consist of three directors.

**Article 145** The nomination committee shall be responsible for formulating the criteria and procedures for the selection of directors and senior management, and shall fully consider factors such as the composition and professional structure of the board of directors. The nomination committee shall select and review candidates for directors and senior management and their qualifications. When the Company discloses information about director candidates, it shall also disclose the review opinion of the nomination committee of the Board. The nomination committee shall make recommendations to the board of directors on the following matters:

- (1) nomination or appointment and removal of directors;
- (2) appointment or dismissal of senior management;
- (3) other matters as stipulated by laws, administrative regulations, the regulations of the CSRC, the regulatory rules of the place of listing, and the provisions of these Articles of Association.

If the board of directors does not adopt, or does not fully adopt, the recommendations of the nomination committee, the opinions of the nomination committee and the specific reasons for not adopting the recommendations shall be recorded in the board resolutions and disclosed.

**Article 146** The remuneration committee shall be responsible for formulating the criteria for appraising the performance of directors and senior management and conducting such appraisals, and

formulating and reviewing remuneration policies and proposals, and making recommendations to the board of directors on the following matters:

- (1) the remuneration of directors and senior management;
- (2) the formulation or modification of share incentive schemes, employee share ownership plans, as well as the fulfillment of the conditions for the grant of entitlement to incentive participants and the exercise of such entitlement;
- (3) the arrangement of stock ownership plans for subsidiaries to be spun off by directors and senior management;
- (4) other matters as stipulated in laws, administrative regulations, the regulations of the CSRC, the regulatory rules of the place of listing, and the provisions of these Articles of Association.

If the board of directors does not adopt, or does not fully adopt, the recommendations of the remuneration committee, the opinions of the remuneration committee and the specific reasons for not adopting the recommendations shall be recorded in the board resolutions and disclosed.

**Article 147** The main duties and responsibilities of the strategy and development committee shall be:

- (1) to research and make recommendations on the long-term development strategy and significant investment decisions of the Company;
- (2) to research and make recommendations on the annual strategic development plan and business plan of the Company;
- (3) to research and make recommendations on other significant issues affecting the development of the Company;
- (4) to supervise the implementation of the matters above;
- (5) other duties assigned by the board of directors.

**Article 148** The sustainable development committee of the board of directors shall be primarily responsible for the Company's work in relation to corporate governance and environmental and social responsibility management, and shall make relevant suggestions and recommendations to the board of directors. Specifically, they include:

- (1) to review the Company's policies and strategies in relation to corporate governance and environmental and social responsibility to ensure that they are in compliance with laws, regulations and standards;
- (2) to assess and sort out the Company's risks and opportunities in relation to corporate governance and environmental and social responsibility, and make recommendations to the board of directors;
- (3) to review the Company's systems in relation to corporate governance, environmental and social responsibility management and internal control, and make recommendations to the board of directors on their appropriateness and effectiveness;
- (4) to review and supervise the objectives and implementation of the Company's work in relation to corporate governance and environmental and social responsibility, and make recommendations to the board of directors;

- (5) to review the sustainable development reports disclosed by the Company and make recommendations to the board of directors;
- (6) to guide the development of the Company's management vision, objectives and strategies in relation to corporate governance and environmental and social responsibility, and make recommendations to the board of directors;
- (7) other duties assigned by the board of directors.

## **CHAPTER 9                      SECRETARY OF THE BOARD OF DIRECTORS**

**Article 149**        The Company shall have one (1) secretary to the board of directors. The secretary shall be a senior officer of the Company, who is nominated by the chairman of the board of directors, appointed or removed by the board of directors and accountable to the board of directors.

**Article 150**        The secretary of the Company's board of directors shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the board of directors. His/ Her primary responsibilities are as follows:

- (1) to prepare and deliver the board's and general meeting's reports and documents required by competent authorities in China;
- (2) to prepare and organise board meetings and shareholders' general meetings; to take minutes of the meetings and to keep the meetings' documents and records;
- (3) to be responsible for the Company's information disclosure and to ensure the timeliness, accuracy, legality, authenticity and completeness of the Company's disclosure;
- (4) to be responsible for the Company's management for investors relation;
- (5) to actively co-operate with the independent directors in performing their duties;

- (6) to ensure that the Company's registers of members are properly established, and that persons entitled to receive the Company's records and documents are furnished therewith without delay;
- (7) other responsibilities specified in these Articles of Association and the listing rules of the stock exchanges where the Company's shares are listed.

## **CHAPTER 10 GENERAL MANAGER AND SENIOR MANAGEMENT ETC**

### **Article 151**

The Company shall have a general manager who shall be appointed or dismissed by the board of directors. The Company shall have six to ten deputy general managers who will assist the general manager in his work, a financial controller and a chief engineer.

The board of directors may decide to appoint a member of the board of directors to act concurrently as the senior management. However, the number of directors and staff director who act concurrently as the senior management shall not exceed one half of the total number of directors. Any person serving as officers (excluding directors) at the Company's controlling shareholder and de facto controller unit shall not act as the senior officer of the Company.

The remuneration for the senior management are paid only by the Company rather than by the controlling shareholder.

The senior management shall serve for a term of 3 years. The term is renewable upon re-election.

The tenure of a senior officer shall commence from the date when he takes office until the end of the tenure. If an appointment is not made in time upon the termination of the tenure of the senior officer, the original senior officer(s) shall assume the responsibilities in accordance with the laws, administrative regulations, departmental rules and these Articles of Association before the new senior officer(s) take office.

### **Article 152**

The general manager shall be accountable to the board of directors and shall exercise the following functions and powers:

- (1) to be in charge of the Company's production, operation and management, to organise the implementation of the resolutions of the board of directors and report to the board of directors;
- (2) to organise the implementation of the Company's annual business plan and investment proposal;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to draft the Company's basic management system;
- (5) to formulate basic rules and regulations for the Company;
- (6) to propose the appointment or dismissal of the Company's senior management;
- (7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the board of directors;
- (8) to draw up a package of staff's salary, benefits, awards and penalty, as well as to decide the appointment and dismissal of the staff of the Company;
- (9) to request the convening of an extraordinary meeting of the board;
- (10) other powers conferred by these Articles of Association and the board of directors.

The general manager shall attend meetings of the board of directors.

**Article 153**

The general manager may, by means such as through the manager's meeting of the Company, make decisions on the following operational matters:

- (1) transactions falling within the following limit (whichever is stricter) with respect to purchase or sale of assets, external investment (including entrusted financial management), leasing of assets as lessor or lessee, restructuring of claims or debts, giving or receiving assets as a gift, entrusted or trusted asset or business management, entering of licence agreement, transferring or accepting the transfer of research and development projects:
  - i. the aggregate assets value (where book value and assessed value are available, whichever is higher) involved in a single transaction with amount below 10% of the Company's latest audited total asset value prepared in accordance with the PRC GAAP; or less than 5% of the Company's latest published total asset prepared in accordance with the International Financial Reporting Standard;

- ii. the net assets (where book value and assessed value are available, the higher one shall prevail) of the subject of a single transaction (e.g. equity interest) represent less than 10% of the Company's latest audited net assets; or less than 5% of the Company's total market value (which is calculated by the respective average closing price of the Company's relevant class shares for the five business days immediately preceding the date of the transaction);
  - iii. the latest annual income from principal operations of the subject of a single transaction accounts for less than 10% of the Company's latest audited income from principal operations for the latest financial year prepared in accordance with the PRC GAAP; or less than 5% of the Company's total market value (calculated based on the average closing price of the relevant categories of shares for the 5 business days prior to the relevant transaction date);
  - iv. the profit arising from the transaction represents less than 10% of the Company's audited net profit for the latest financial year calculated in accordance with the PRC GAAP; or less than 5% of the Company's audited net profit for the latest financial year calculated in accordance with International Financial Reporting Standards;
  - v. the latest annual income from principal operations of the target of a single transaction (e.g. equity interest) accounts for less than 10% of the Company's latest audited income from principal operations for the latest financial year prepared in accordance with the PRC GAAP; or less than 5% of the Company's latest audited income from principal operations for the latest financial year prepared in accordance with the International Financial Reporting Standards;
  - vi. the latest annual net profit of the target of a single transaction (e.g. equity interest) accounted for less than 10% of the Company's latest audited net profit for the latest financial year prepared in accordance with the PRC GAAP; or less than 5% of the Company's latest audited net profit for the latest financial year prepared in accordance with the International Financial Reporting Standards.
- (2) a single loan of less than 10% of the Company's latest audited net asset value and the Company's assets ratio remains under 50% after such financing;

- (3) security or pledges of assets, a single amount of which is less than 5%, and a cumulative amount of which is less than 20%, of the Company's latest audited net asset value.

Where decisions on operational matters involve connected transactions, such decisions shall be implemented in accordance with the relevant requirements of connected transactions.

Provision of regulatory authorities the Company is subject to within and outside the PRC that is of a stricter standard than this Article will be applicable accordingly.

**Article 154** The general manager shall, upon requests of the board of directors, report to the board of directors on the signing and implementation of the Company's material contracts, usage of capital and profit and loss. The general manager shall ensure authenticity of the reports.

**Article 155** Before drawing up a package concerning staff's immediate interests, such as staff's salary, benefits, safe production and labour, labour insurance, and dismissal of staff, the general manager should consult the trade union and the meeting of staff representatives.

**Article 156** The general manager shall formulate working rules of general manager and submit them to the board of directors for approval.

**Article 157** The general manager's working rules shall include the following:

- (1) conditions and procedures of convening a general manager's meeting, as well as the participants;
- (2) specific duties and division of labour among the senior management;
- (3) the Company's usage of funds and assets, limits on signing of material contracts and reporting system to the board of directors;
- (4) other matters which the board considers necessary.

**Article 158** The senior management shall act faithfully to perform their duties and safeguard the best interests of the Company and all shareholders. If the senior management of the Company fails to perform their duties faithfully or violates their obligations of integrity and causes damage to the interests of the Company and the public shareholders, they shall be liable for compensation in accordance with laws

**Article 159** The senior management of the Company shall ensure that the information disclosed by the Company is true, accurate and complete.

The senior management of the Company shall sign a written confirmation of opinion in connection with the regular report of the Company.

**Article 160** The fiduciary duties concerning the directors and the duties of diligence in the Articles of Association are also applicable to the senior management.

**Article 161** A senior officer may submit his resignation before the expiry of his term. The specific procedures and measures for resignation by the senior management shall be governed by the labour contract being entered into by the senior officer and the Company.

## **CHAPTER 11 THE QUALIFICATIONS AND DUTIES OF THE DIRECTORS AND SENIOR MANAGEMENT OF THE COMPANY**

**Article 162** A person may not serve as a director or senior officer of the Company if any of the following circumstances apply:

- (1) a person who does not have or who has limited capacity for civil conduct;
- (2) a person who has been sentenced for corruption, bribery, infringement of property or misappropriation of property or other crimes which destroy the social economic order, or who has been deprived of his/her political rights after being found guilty of a crime, where less than a term of five years has lapsed since the sentence was served, or, in the case of a suspended sentence, where less than two years have lapsed since the date of expiration of the probation period;
- (3) a person who is a former director, factory manager or manager of a company or enterprise which has been dissolved or put into liquidation as a result of mismanagement and who was personally liable for the winding up of such company or enterprise, where less than three (3) years have elapsed since the date of completion of the insolvent liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise the business licence of which was revoked due to violation of law and who are personally liable therefor, where less than three (3) years have elapsed since the date of the revocation of the business licence;
- (5) a person who has a relatively large amount of debts which have become overdue and has been listed as a judgment defaulter by the People's Court;
- (6) a person who has been prohibited from entering the securities market by the CSRC and the time limit has not expired;
- (7) has been publicly declared by any stock exchange to be unsuitable for serving as the directors and senior managements of any listed company;
- (8) Other cases stipulated by laws, administrative regulations or departmental rules.

Anyone who is elected, appointed, or engaged as directors, senior management in violation of this article shall be invalid. In the event that a director, senior management falls under any of the cases specified in this Article during the tenure, he or she shall immediately cease to perform his or her duties. Once the board of directors becomes

aware of or should have become aware of the occurrence of such fact, it shall immediately remove him or her from office in accordance with the regulations.

The nomination committee of the board of directors shall assess the qualifications of the directors and senior management. If it is found that the directors or senior management do not meet the qualifications, it shall promptly propose to the board of directors a suggestion for their removal or dismissal.

**Article 163**

The duties of faithfulness to be performed by directors in complying with the laws, administrative regulations and these Articles are as follows:

- (1) shall not take advantage of the position to obtain bribes or other illegal income, and not to embezzle the Company's property;
- (2) shall not misappropriate the Company's funds;
- (3) shall not use the Company's assets or funds to set up deposit accounts in his/her own name or in the any other name;
- (4) shall not violate the provisions of these Articles and lend the Company's funds or to use the Company's assets to guarantee the debts of others without the approval of the shareholders' general meeting or the board of directors;
- (5) shall not enter into contracts or conduct transactions with the Company in violation of the provisions of the Articles of Association or without the approval of the general meeting of shareholders;
- (6) shall not abuse his/her positions to obtain business opportunities for himself or others which belong to the Company, to engage in same business of the Company by himself/herself or for others;
- (7) shall not regard commissions from transactions with the company as your own;
- (8) shall not disclose the Company's secrets without authorization;
- (9) shall not hamper the Company's interests through its connected relationships;
- (10) shall perform other fiduciary duties as required by the laws, administrative regulations, departmental rules and these Articles of Association.

The income derived by the directors in violating this Article shall belong to the Company. Any loss incurred by the Company as a result of violating this Article shall be indemnified by the directors.

If a director exploits his/her position to seek business opportunities belonging to the Company for himself/herself or others, or operates, for himself/herself or others, similar businesses to those of the Company, he/she shall report the same to the board of directors or the shareholders' meeting, fully explaining the reasons, measures taken to prevent conflicts of interest between his/her own interests and the interests of the Company, and the impact on the Company, and disclose such information.

**Article 164**

The duties of diligence to be discharged by directors in complying with the laws, administrative regulations and these Articles of Association are as follows:

- (1) to exercise the rights conferred upon them in a prudent, serious and diligent manner so as to ensure that the commercial activities carried out by the Company are in compliance with the laws and administrative regulations, as well as the requirements of various economic policies of the State and falls within the scope of business provided for in the business license;

- (2) to treat all shareholders equally, strengthen communication with investors and consider the legitimate rights and interests of other stakeholders;

- (3) to keep informed of the business operation and management of the Company in a timely manner;
- (4) to sign a written confirmation or opinion in connection with the regular reports of the Company and to ensure that the information disclosed by the Company is true, accurate and complete;
- (5) to inform the audit committee of the relevant circumstances and information that is in accordance with the facts, and shall not impede the audit committee from exercising their powers;
- (6) to perform other fiduciary duties as required by the laws, administrative regulations, departmental rules and these Articles of Association.

**Article 165**

Directors and senior management of the Company shall have legal responsibilities and obligations with regard to the safe-keeping of the funds of the Company.

The Company shall not provide, directly or indirectly, funds to the controlling shareholder of the Company and its related parties in the following manner:

- (1) To lend funds of the Company to the controlling shareholder and its related parties, irrespective of whether it is interest-free;
- (2) To provide entrusted loan to related parties through banks or other financial institutions;
- (3) To entrust the controlling shareholder of the Company and its related parties with investments;
- (4) To issue commercial bill of exchange not substantiated by actual transactions for the controlling shareholder of the Company and its related parties;
- (5) To repay debts for the controlling shareholder of the Company and its related companies; and
- (6) In other manners prescribed by the China Securities Regulatory Commission.

**Article 166**

Should directors, senior management of the Company assist, connive the controlling shareholder of the Company and its related parties to appropriate assets of the Company, the Board shall, subject to the seriousness of such events, take internal disciplinary actions, serve monetary punishments, pursue legal responsibilities against directly responsible persons; In case of serious events, the materially responsible senior management shall be removed from office, and such materially responsible director shall be proposed to the shareholders' general meeting to be removed from office.

Shall there be events in which the controlling shareholder of the Company and its related parties have appropriated funds of the Company or its subsidiaries for non-operational purposes which impose adverse impacts on the Company, the Company shall, with reference to the preceding paragraph and subject to the seriousness of such events, impose punishments on such directly responsible person(s).

**Article 167**

The fiduciary duties and duties of diligence of the directors and senior management may not necessarily be discharged by the resignation of the directors, supervisors, and senior management of the Company becoming effective or expiry of the term with the procedures for handover having been duly completed. The duty of confidentiality in respect of trade secrets of the Company survives the termination of their tenure.

The liability of directors and senior management arising from the performance of their duties during their tenure of office shall not be absolved or terminated upon their resignation. Any commitments made by directors or senior management that remain unfulfilled at the time of resignation shall still be performed. The Company shall conduct a review in respect of any outgoing directors or senior management to determine whether there exist any outstanding obligations or unfulfilled commitments, or whether they are suspected of any violations of laws or regulations.

**Article 168**

Other duties may continue for such period as the principle of fairness may require depending on the amount of time which has lapsed between the termination and the act concerned and the circumstances and the terms under which the relationship between the relevant director, supervisor, general manager, deputy general manager and the senior officer on the one hand and the Company on the other hand was terminated.

**Article 169**

Without lawful authorization of these Articles or the board of directors, a director of the Company may not act personally on behalf of the Company or the board of directors. If he acts personally, he shall declare his own position and identity in advance where the acting would cause a third party to believe reasonably that he is acting on behalf of the Company or the board of directors.

If a director or senior officer of the Company causes damage to others while performing his/her duties, the Company shall bear liability for compensation; if a director or senior officer of the Company does so with intent or gross negligence, he/she shall also be liable for compensation.

Any loss incurred by the Company as a result of the violation of laws, administrative regulations, departmental rules and these Articles of Association by the directors, supervisors and senior management in performing the Company's duties shall be indemnified by the directors, supervisors and senior officers.

**CHAPTER 12          FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT  
DISTRIBUTION AND INTERNAL AUDIT**

**Article 170**          The Company shall establish its financial and accounting systems in accordance with laws, administrative regulations and related national authorities.

**Article 171**          The Company shall submit its annual reports, the CSRC and relevant stock exchange within 4 months after the expiration of each fiscal year and submit its interim reports to the local branch of the CSRC and relevant stock exchange within two months after the expiration of the first 6 months of each fiscal year.

The above financial reports shall be prepared and announced in accordance with the provisions of the law, administrative regulations and rules of the CSRC and stock exchanges.

**Article 172**          The Company shall not keep accounts other than those required by law. No funds of the Company shall be used to set up deposit accounts in any other name.

**Article 173**          In the distribution of after-tax profits of a financial year, 10% of the profits shall be allocated to the statutory common reserve. No further allocation to the statutory common reserve is required where such reserve exceeds 50% of the registered capital of the Company.

Where the statutory common reserve is insufficient to make up losses of the previous financial year, the profits of a financial year shall be applied to make up such losses before allocation to the statutory common reserve shall be made in accordance with the above provision.

Upon the approval of the shareholders in general meeting, where the Company has made allocation to the statutory common reserve from the profits after tax, the Company may make allocation to the discretionary common reserve.

Any surplus of profits after the Company has made up losses and made allocations to the statutory common reserve may be distributed as dividends to shareholders in proportion to their shareholdings.

Where the Company or the board of directors, in breach of the above provisions, distribute dividends to shareholders before the Company has made up losses and made allocations to the statutory common reserve, such dividends distributed in breach of the above provisions shall be returned to the Company.

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

**Article 174**

Capital common reserve fund includes the following items:

- (1) premium on shares issued at a premium price;
- (2) any other income designated for the capital common reserve fund by the regulations of the finance regulatory department of the State Council.

**Article 175**

The common reserve fund of the Company shall be applied for the following purposes:

- (1) to compensate losses;
- (2) to expand the Company's production and operation;
- (3) to convert the common reserve fund into share capital in order to increase its capital.

When the common reserve fund is used to make up for the Company's losses, the discretionary reserve fund and the statutory reserve fund shall be utilized first; if the losses still cannot be made up, the capital reserve fund may be used according to relevant regulations.

The Company may convert its common reserve fund into share capital with the approval of shareholders in a general meeting. When such conversion takes place, the Company shall either distribute new shares in proportion to the existing shareholders' number of shares, or increase the par value of each share, provided, however, that when the statutory common reserve fund is converted to share capital, the balance of the statutory common reserve fund may not fall below 25% of the registered capital before the conversion.

**Article 176**

The Company's profit distribution policy shall remain consistent and stable, whilst the Company's long-term interests, the overall interests of all shareholders, and the sustainable development of the Company shall also be considered.

**Article 177**

The profit distribution policies of the Company

- (1) Form and interval of profit distribution

The Company may distribute dividends in cash, in shares or in a combination of both cash and shares.

In the event that conditions for distribution of cash dividend are met, cash dividend shall be distributed prior to share dividend. The target of the cash dividend policy is the fixed dividend payout ratio.

Final dividends shall be paid once a year. The shareholders shall by way of an ordinary resolution authorize the board of directors to declare and pay final dividends of the Company. The board of directors may distribute interim dividends or bonus unless the shareholders' general meeting decides otherwise.

(2) Conditions for distributing cash dividends and proportion of cash dividends

On the premise of securing the Company's sustainable development and provided that the Company has recorded a profit in a particular year and that its accumulated undistributed profit is positive, the Company's cash dividends shall account for approximately 35% of the Company's net profit (the lower of the after-tax profits of the financial statements under CASs and IFRs shall be adopted) after statutory reserve for that particular year, unless the Company has scheduled significant investments or significant cash requirements.

Significant investments or significant cash requirements mean investments or cash requirements scheduled for the next 12 months that are equivalent to or exceed 50% of the total profit of the Company realized in the most recent financial year.

(3) Conditions for distributing share dividends

On the premises that the Company's operation is in good condition and that the Board considers the distribution of share dividends is beneficial to the overall interest of all shareholders of the Company due to a mismatch between the Company's stock price and its scale of share capital and in other necessary circumstances, the Company may distribute dividends in the form of shares.

(4) Different cash dividend policy

The Company shall, after considering various factors such as the characteristics of the industry where it operates, stage of development, business model, profitability and whether there are significant capital expenditure arrangements, propose different cash dividend policy based on the following situation according to statutory procedures:

- (i) If the Company is at a mature stage of development with no significant capital expenditure arrangement at the time of profit distribution, cash dividend payout ratio of such profit distribution shall be at least 80%;
- (ii) If the Company is at a mature stage of development with significant capital expenditure arrangement at the time of profit distribution, cash dividend payout ratio of such profit distribution shall be at least 40%;
- (iii) If the Company is in a growing stage of development with significant capital expenditure arrangement at the time of profit distribution, cash dividend payout ratio of such profit distribution shall be at least 20%;

- (iv) If the stage of development of the Company is difficult to be distinguished but involves significant capital expenditure arrangement, the distribution can be arranged in accordance with the item (iii).

**Article 178** Procedures on approving the profit distribution plan

The Board is responsible for preparing the profit distribution plan. In the process of determining the profit distribution plan, the Board shall discuss with the independent directors and the audit committee adequately, shall adopt different approaches to listen to the opinions of public shareholders, and examine the rationality of the profit distribution plan; the Board shall also study and demonstrate matters including the timing, conditions, the lowest percentage, the conditions of adjustment and determination procedures of distributing cash dividends of the Company.

Before the specific proposals for distributing cash dividends are considered at the general meeting, the Company shall communicate with the shareholders, especially the minority shareholders, through various channels, such that the opinions and requests of the minority shareholders can be fully heard, and their concerns can be responded in a timely manner.

If an independent director believes that the specific plans for distribution of cash dividends may impair the rights and interests of the listed company or minority shareholders, he/she shall have the right to express his/her independent opinions. If the board of directors fails to adopt or does not fully adopt the opinions of the independent directors, it shall record the opinions of the independent directors and the specific reasons for non-adoption in the resolution of the board of directors and disclose the same.

The main procedures on approving the profit distribution plan are as follows:

- (1) considered and approved by more than half of all directors;
- (2) considered and approved at the shareholders' general meeting by way of an ordinary resolution. During the general meeting when discussing and considering the matters relating to profit distributing, various methods such as internet voting, and establishing an investors communication forum on the Company's website can be used to give public shareholders the opportunity to express their opinions and enquiries.

**Article 179** Adjustment to profit distribution policy

When the Company's external operation environment experiences significant changes and thus significantly affect the Company's production operations, or when the Company experiences relatively major changes in its operations such that the implementation of the current profit distributing policy may severely affect the sustainable development of the Company, the Company can make adjustments to the profit distributing policy in that particular year in accordance with the procedures as follow:

- (1) the Board shall be responsible for preparing a written report setting out the reasons for the adjustments to be made to the profit distribution policy for that particular year;
- (2) considered and approved by not less than two-thirds of all directors;
- (3) considered and approved at the shareholders' general meeting by way of a special resolution. The Company should provide internet voting for the convenience of public shareholders.

**Article 180** The Company shall, disclose in detail the formulation and implementation of cash dividend policy in its annual reports, with specific explanations on the following matters:

- (1) whether it is in compliance with the provisions of this Articles of Association or requirements of the resolutions of the shareholders' general meeting;
- (2) whether the criteria and proportion of dividend distribution is specific and clear;
- (3) whether the relevant decision-making procedures and mechanism are complete;
- (4) if the Company has not made cash dividends, it shall disclose the specific reasons therefor and the next steps it intends to take to enhance the level of investor returns;
- (5) whether minority shareholders have opportunities to fully express their opinions and requests and whether the legitimate interests and interests of minority shareholders are fully protected.

Where adjustments or changes are made to the cash dividend policy, a detailed explanation shall also be provided as to whether the conditions and procedures for such adjustments or changes are compliant and transparent.

**Article 181** The Company shall calculate, declare and pay dividends and other amounts which are payable to holders of Domestic-Invested Shares in Renminbi. The Company shall calculate and declare dividends and other payments which are payable to holders of Overseas-Listed Foreign-Invested Shares in Renminbi, and shall pay such amounts in the local currency of the place in which such Overseas-Listed Foreign-Invested Shares are listed (if such shares are listed in more than one place, then the currency of the principal place on which such shares are listed as determined by the board of directors).

- Article 182** The Company shall pay dividends and other amounts to holders of Foreign-Invested Shares in accordance with the relevant foreign exchange control regulations of the State. If there is no applicable regulation, the applicable exchange rate shall be the average exchange reference rate of Renminbi to the relevant foreign currency announced by the Bank of China during five (5) working days prior to the announcement of payment of dividend and other amounts.
- Article 183** In case of any use of the Company's capital not in compliance with the relevant laws and regulations by any shareholder, the cash dividends to be distributed to such shareholder shall be deducted by the Company in compensation for the shareholder's use of the Company's capital.
- Article 184** The Company implements an internal audit system, which specifies the leadership system, responsibilities and authorities, staffing, funding security, use of audit results, and accountability in relation to internal audit work.
- The internal audit system of the Company shall be implemented upon approval by the board of directors and disclosed to the public.
- Article 185** The internal audit agency of the Company shall supervise and inspect the business activities, risk management, internal control, financial information and other matters of the Company.
- Article 186** The internal audit agency is accountable to the board of directors.
- The internal audit agency shall be subject to the supervision and guidance of the audit committee in the course of its supervising and inspecting the Company's business activities, risk management, internal control and financial information. The internal audit agency shall immediately report directly to the audit committee upon discovering any relevant major issues or leads.
- Article 187** The internal audit agency shall be responsible for the specific organization and implementation of the Company's internal control evaluation. The Company shall issue an annual internal control evaluation report based on the evaluation report and related information issued by the internal audit agency and reviewed by the audit committee.
- Article 188** When the audit committee communicates with external audit units such as accounting firms and national audit agencies, the internal audit agency shall proactively cooperate with them and provide necessary support and collaboration.
- Article 189** The audit committee shall participate in the appraisal of the person in charge of internal audit.

### CHAPTER 13 APPOINTMENT OF ACCOUNTANTS

- Article 190** The Company shall employ an independent accounting firm that complies with the provisions of the Securities Law to conduct auditing of accounting statements, verification of net assets, and other related consulting services.
- Article 191** The term of employment of an accounting firm by the company starts from the end of the company's current annual shareholders' general meeting to the end of the next annual shareholders' general meeting.

- Article 192** The appointment and dismissal of an accounting firm by the Company shall be decided by the shareholders' general meeting, and the board shall not appoint an accounting firm before the decision is made by the shareholders' general meeting.
- Article 193** The Company guarantees to provide true and complete accounting evidences, accounting books, financial accounting reports and other accounting materials to the hired accounting firm, and shall not withhold, conceal or tamper with reports.
- Article 194** The remuneration of accounting firms shall be determined by the general meeting of shareholders.
- Article 195** Prior notice should be given to the accountancy firm 7 days in advance if the Company decides to remove such accountancy firm or not to renew the appointment thereof. such accountancy firm shall be entitled to make representation at the shareholders general meeting. Where the accountancy firm resigns from its position as the Company's auditors, it shall make clear to the shareholders in a general meeting whether there has been any impropriety on the part of the Company.

## CHAPTER 14 INSURANCE

**Article 196** The different types or items of the Company's insurance shall be insured in accordance with the relevant insurance law in China.

## CHAPTER 15 LABOUR, PERSONNEL AND REMUNERATION

**Article 197** The Company may at its discretion employ and dismiss employees and enter into employment contracts with all employees based on the business development needs of the Company and in accordance with the requirements of the laws and administrative regulations of the State.

**Article 198** The Company may formulate its labour and payroll systems and payment methods in accordance with the relevant laws and regulations of the State and the economical benefits of the Company.

**Article 199** The Company shall establish a compensation management system, including the mechanism for determining the total salary, the compensation structure for directors and senior management, performance assessment, compensation payment, and provisions for suspension of payment and clawback.

The compensation of the Company's directors and senior management shall consist of base salary, performance-based compensation, and medium to long-term incentive income, wherein performance-based compensation shall, in principle, account for no less than 50% of the aggregate of base salary and performance-based compensation.

The compensation of the Company's directors and senior management shall be aligned with market trends, correspond to the Company's operating performance and individual performance, and harmonize with the Company's sustainable development.

**Article 200** The Company shall reasonably determine the salary distribution ratio for directors, senior management personnel and ordinary employees based on factors such as industry standards, development strategies and job value, promote the tilt of salary distribution towards key positions, production frontlines and high-level and highly skilled talents in short supply, and promote the increase of the salary level of ordinary employees.

**Article 201** The compensation plan for directors and senior management of the Company shall be formulated by the remuneration committee of the board of directors, specifying the basis for determining compensation and its specific components. The compensation plan for directors shall be determined by the shareholders' general meeting and subject to disclosure. A director shall withdraw when the board of directors or the remuneration committee evaluates his/her performance or discusses his/her remuneration.

The compensation plan for senior management shall be approved by the board of directors, explained to the shareholders' general meeting, and subject to full disclosure.

When conducting internal control audits, the accounting firm shall focus on the effectiveness of performance assessment controls and whether the payment of compensation complies with internal control requirements.

**Article 202** The determination and payment of performance-based compensation and medium and long-term incentive income for directors and senior management personnel of the Company shall be based on performance evaluation as an important basis.

The Company shall determine a certain proportion of performance-based compensation for directors and senior management personnel to be paid after the disclosure of the annual report and the performance evaluation. The performance evaluation shall be based on the audited financial data.

**Article 203** When the Company retrospectively restates its financial reports due to financial fraud or other misstatements, it should promptly re-assess the performance-based compensation and medium and long-term incentive income of directors and senior management personnel and recover the excess portion accordingly.

Where directors or senior management personnel of the listed company violate their obligations and cause losses to the company, or are at fault for illegal and irregular acts such as financial fraud, fund occupation, and illegal guarantee, the Company shall, depending on the severity of the circumstances, reduce or stop the payment of unpaid performance-based compensation and medium- and long-term incentive income, and fully or partially recover the performance-based compensation and medium- and long-term incentive income that have been paid during the period when the relevant behavior occurred.

**Article 204** The Company shall endeavour to improve its employee benefits and to continually improve the working environment and living standards of its employees.

**Article 205** The Company shall provide pension, medical, educational, occupier disability and unemployment insurance for its employees and put in place a social security system, in accordance with the relevant laws and regulations of the State.

## **CHAPTER 16 PARTY ORGANIZATION**

**Article 206** In accordance with the "Constitution of the Communist Party of China" and relevant regulations, the Company shall establish the Party Committee of Yankuang Energy Group Company Limited of the Communist Party of China (hereinafter referred to as the "Party Committee of the Company") and the Discipline Inspection Committee of Yankuang Energy Group Company Limited of the Communist Party of China (hereinafter referred to as the "Discipline Committee of the Company"),

and shall establish working organs of the Party as well as allocate and maintain staff members to handle Party affairs. Candidates of the secretary, deputy secretary and members of the Party Committee of the Company, and secretary of the Discipline Committee of the Company shall be examined and approved according to the personnel management authority.

**Article 207** The Party committee of the Company shall, in accordance with the relevant provisions, set up the Party grass-roots committee, the general party branch committee and the branch committee in a gradual manner, establish and improve the party affairs work organization, and equip the party affairs staff. The Company shall provide necessary conditions for the activities of the Party organization and guarantee the working funds of the Party organization. The party organization of the Company shall conduct regular elections in accordance with the Regulations on the Election of the Grassroots Organizations of the Communist Party of China.

**Article 208** The Party committee of the Company shall play a leading role in directing, managing the overall situation, ensuring implementation, and discussing and deciding major matters of the company in accordance with regulations. Major management matters shall be studied and discussed by the Party Committee in advance, and then decided by the Board of directors in accordance with its functions and powers and prescribed procedures. The main responsibilities are:

- (1) To strengthen the party political construction of the Company, see and ensure the socialism with Chinese Characteristics as fundamental, basic and important system, educate and guide all Party members to always maintain same the pace with Comrade Xi Jinping regarding the political stance, political direction, political principals as well as political pathway;
- (2) To study and implement the thought of Xi Jinping socialism with Chinese characteristics in a new era, study and publicize the Party's theories, follow through the Party's pathway, principles and policies, supervise and ensure that the major decisions and arrangements of the Party Central Committee and resolutions of higher party organizations are implemented in the Company; and shoulder responsibilities and missions, focus on the main responsibility and business, serve the major strategies of the country and the province, and fully fulfill economic, political and social responsibilities;
- (3) To study and discuss major business and management matters of the Company, and support the shareholders' meeting, the board of directors, the board of supervisors and the management in exercising their functions and powers according to law;
- (4) To strengthen the leadership and check of the Company's talents selection and employment, and strive to establish the management team, cadres and talents;
- (5) To fully implement the principal responsibility of strictly governing the Party, lead and support discipline inspection and supervision bodies in performing their duties of oversight and accountability, strictly enforce political discipline and political rules, and promote comprehensive and strict Party governance at the grassroots level.
- (6) To strengthen the construction of the Party's style of work, strictly implement the spirit of the eight provisions of the Central Committee, and resolutely oppose the "four trends", especially formalism and bureaucracy;
- (7) To strengthen the construction of grass-roots party organizations and party members, unite and lead the workers to actively participate in the reform and development of the Company;
- (8) To lead the Company's ideological work, ideological and political work, spiritual civilization construction work, united front work, lead the Company's trade unions, Communist youth League, women's organizations and other group organizations.

**Article 209** Formulate a list of matters for study and discussion, and clarify the powers and responsibilities of the Party committee, the board of directors, the management and other governance bodies.

The Party committee strictly checks the authorization decision-making plan of the Board of directors to prevent illegal authorization and excessive authorization. For the decisions authorized by the board of directors to the chairman and managers, the Party committee generally does not conduct preliminary research and discussion.

**Article 210** Adhere to and improve the “two-way entry, cross-servin” leadership system, qualified members of the Company's Party committee can become one of the board of directors and managers through legal procedures, and qualified Party members of the board of directors and managers can enter the Company's Party committee in accordance with relevant regulations and procedures.

**Article 211** The Party committee of the company implements the system of combining collective leadership and individual division of responsibility, and the members of the leading group of the Party organization who enter the board of directors and the management layer must implement the decisions of the Party organization.

## **CHAPTER 17      TRADE UNIONS**

**Article 212** The Company’s employees may form trade unions, carry on trade union activities and protect their legal rights. The Company shall provide the necessary conditions for such activities.

**Article 213** The Company shall implement democratic management in accordance with the provisions of the laws and administrative regulations by holding employee representative meetings and in other ways.

**Article 214** When the Company studies material matters in relation to merger, division, change in systems, dissolution, insolvency application and matters in relation to the personal interests of employees such as employees’ remuneration, benefits, production safety, labour protection and labour insurance, the Company shall listen to the opinions and recommendations from the trade unions and employees of the Company, and carry out the necessary democratic procedures in accordance with the relevant regulations.

## **CHAPTER 18      MERGER, DIVISION, CAPITAL REDUCTION, DISSOLUTION AND LIQUIDATION**

**Article 215** The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

A company that absorbs other company is known as merger by absorption whereby the company being absorbed shall be dissolved. The merger of two or more companies by the establishment of a new company is known as merger by the establishment of a new

company, whereby the merged companies shall be dissolved.

In the event 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 of the date of the Company's merger resolution and shall publish a public notice in China Securities Journal or the National Enterprise Credit Information Publicity System within 30 days of the date of the Company's merger resolution.

Within 30 days after the creditors receive the notice, or within 45 days after the notice is announced, the creditors may demand the Company to settle its debts or to provide corresponding guarantee. At the time of merger, rights in relation to debtors and indebtedness of each of the merged parties shall be assumed by the company which survives the merger or the newly established company.

**Article 216** Where there is a division of the Company, its assets shall be divided up accordingly.

In the event of division of the Company, the parties to such division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days of the date of the Company's division resolution and shall publish a public notice in China Securities Journal or the National Enterprise Credit Information Publicity System within 30 days of the date of the Company's division resolution.

Debts of the Company prior to division shall be assumed incidentally by the companies which exist after the division, except those debts that have otherwise separately agreed by the Company with the creditors in writing for the settlement of the debts before the division.

**Article 217** The Company shall, in accordance with law, apply for change in its registration with the companies registration authority where a change in any item in its registration arises as a result of any merger or division. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with law. Where a new company is established, the Company shall apply for registration thereof in accordance with law.

When there is increase or reduction in the share capital of the Company, the Company shall apply for change in its registration with the company registration authority in accordance with the law.

**Article 218** The Company shall be dissolved upon the occurrence of any of the following events:

- (1) the business period specified in the Articles of Association expires or out of other reasons for dissolution specified in the Articles of Association;
- (2) a resolution for dissolution is passed by shareholders at a general meeting;
- (3) dissolution is necessary due to a merger or division of the Company;

- (4) the Company is ordered to close down or get revoked, when its business licence is canceled, because of its violation of laws and administrative regulations;
- (5) shareholders holding at least 10% of the shares of the Company may apply to the People's Court to dissolve the Company if the Company experiences extreme difficulties in respect of its operation and management, which cannot otherwise be resolved, such that if the Company continues to operate, its shareholders will suffer significant losses.

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 10 days.

**Article 219**

If it falls under the circumstances specified in Article 214 (1), the Company can continue to exist by amending the Articles of Association.

Any amendment to the Articles of Association as per the provisions of the preceding article must be approved by more than two-thirds of the voting rights held by shareholders present at the general meeting.

**Article 220**

If it is dissolved due to the provisions of Article 214 (1), (2), (4) and (5), the Company shall establish a liquidation committee to start liquidation within 15 days from the date when the dissolution occurs. The liquidation committee is composed of directors or persons determined by the general meeting of shareholders. If a liquidation committee is not established for liquidation within the time limit, the creditors may ask the people's court to designate relevant personnel to undertake liquidation.

**Article 221**

Where the board of directors proposes to liquidate the Company for any reason other than the Company's declaration of its own insolvency, the board shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the board of directors is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of the liquidation.

Upon the passing of the resolution by the shareholders in a general meeting for the liquidation of the Company, all functions and powers of the board of directors shall cease.

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

**Article 222**

The liquidation committee shall, within 10 days of its establishment, send notices to creditors and shall, within sixty days of its establishment, publish a public announcement in a newspaper or the National Enterprise Credit Information Publicity System.

A creditor shall, within 30 days of receipt of the notice, or for creditors who have not received such notice, within 45 days of the date of the public announcement, report its rights to the liquidation committee. When reporting his rights, the creditor shall provide an explanation of matters which are relevant thereto and shall provide evidential material in respect thereof. The liquidation committee shall register the creditor's rights.

No repayment shall be made by the liquidation committee during the period of reporting creditors' rights.

**Article 223**

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

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

**Article 224**

After it has sorted out the Company's assets and after it has prepared the balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to a shareholders' general meeting or to the relevant governing authority or the people's court for confirmation.

After paying the liquidation expenses, employees' remuneration, social security fees and statutory compensation, paying the taxes owed, and paying off the Company's debts, any surplus assets of the Company shall be distributed to its shareholders according to the class of shares and the proportion of shares held.

During the liquidation period, the Company subsists but shall not commence any business activities not related to liquidation. Prior to the repayment in accordance of the previous paragraphs, the Company's assets shall not be distributed to the shareholders.

**Article 225**

If after putting the Company's assets in order and preparing a balance sheet and an inventory of assets in connection with the liquidation of the Company, the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, the liquidation committee shall immediately apply to the People's Court for a declaration of insolvency.

After a Company is declared insolvent by a ruling of the People's Court, the liquidation committee shall transfer all matters arising from the liquidation to the People's Court.

**Article 226**

After the liquidation of the Company is completed, the liquidation committee shall prepare a liquidation report, submit it to the general meeting of shareholders, competent authorities or the people's court for confirmation, then submit it to the registration organ to apply for deregistration of the Company and announce the termination.

The members of the liquidation committee shall act fiducially and perform the obligations of liquidation pursuant to the law.

The members of the liquidation committee shall not take advantage of his office power, taking bribes or other illegal income or illegally taking possession of the assets of the Company.

The members of the liquidation committee shall indemnify the loss incurred by the Company or the creditors as a result of his/her willful act or serious misconduct.

**Article 227** Where the Company is declared bankrupt pursuant to the law, bankruptcy liquidation shall be implemented pursuant to the relevant enterprise bankruptcy law.

#### **CHAPTER 19 AMENDMENT OF THE ARTICLES OF ASSOCIATION**

**Article 228** The Company may amend its Articles of Association in accordance with the requirements of laws, administrative regulations and the Company's Articles of Association.

The Company shall amend these Articles of Association on the occurrence of any of the following events:

- (1) The Company Law or the relevant laws or administrative regulations are amended and these Articles are in conflict with the amended laws or administrative regulations;
- (2) There is change to the Company which makes it not consistent with these Articles of Association;
- (3) It has been approved by the shareholders in a general meeting to amend these Articles of Association.

**Article 229** The Company's Articles of Association shall be amended in the following manner:

- (1) The board of directors and shareholders who individually or jointly hold 1% or more of the Company's voting shares shall propose the manner in which the Company's Article of Association shall be amended;
- (2) Unless otherwise provided by the relevant laws and regulations, the listing rules issued at the listing place of the Company and the Articles of Association in respect of the means of receipt of corporate communication, the foregoing proposal shall be furnished to the shareholders in writing and a shareholders' meeting shall be convened;
- (3) The amendments shall be approved by votes representing more than two-thirds of the voting rights represented by the shareholders present at the meeting.

**Article 230** Amendments to the Articles of Association approved by the resolution of the general meeting of shareholders shall be subject to the approval of the competent authority; if it involves registration matters, the modification of registration shall be handled in accordance with the law.

**Article 231** The board of directors shall amend the Articles of Association pursuant to the resolutions of shareholders in a general meeting for amendments to these Articles of Association and the approval opinions of the competent authority.

**Article 232** If the amendment to the Articles of Association is a matter which is required by the relevant laws and regulations to be disclosed, an announcement shall be made in accordance with the provisions of those laws and regulations.

## **CHAPTER 20 SUPPLEMENTARY**

**Article 233** Definitions:

- (1) Controlling shareholder refers to a shareholder whose ordinary shares account for more than 50% of the Company's total share capital; or a shareholder with less than 50% of shares whose the voting rights instead are sufficient to significantly influence the resolutions of the general meeting of shareholders.
- (2) De facto controller means a natural person, legal person or organization that is not a shareholder of the company, but shall be capable to control the act of the Company through investment relationship, agreement or other arrangements.
- (3) Connected relationship means the relationship between the controlling shareholder of the Company, its de facto controller, directors, senior management and enterprises directly or indirectly controlled by it, as well as other relationships that may result in the transfer of the Company's interests. However, state-owned enterprises do not have connected relationship solely as a result of being controlled by the State.

**Article 234** The rules of meetings of the shareholders' general meeting, the board of directors are attached as Appendices to these Articles of Association. In the event that the rules of meetings of the shareholders' general meeting, the board of directors are in conflict with these Articles of Association, these Articles of Association shall prevail.

**Article 235** If a notice of the general meeting of shareholders, board meeting is issued by hand, the date when the recipient signed or stamped to acknowledge receipt of the same shall be regarded as the date of service of the notice. If the notice is issued by post, the seventh day from the date it is delivered to the post office shall be regarded as the date of service of the notice. If a notice of the Company is issued by public announcement, it shall be deemed received by the relevant officers once announced.

**Article 236** If a notice of meeting is accidentally omitted to be sent to any person who is entitled to receive or that person has not received such a notice of meeting, it will not cause the meeting and any resolution made therein to be void.

**Article 237** Unless otherwise provided by the relevant laws and regulations, the listing rules issued at the listing place of the Company and the Articles of Association in respect of the means of receipt of corporate communication, notices, communications or other written documents of the Company (including but not limited to annual reports, interim reports, quarterly reports, notices of meetings, listing documents, circulars, proxy forms and holding announcements) shall be sent by the following means:

- (1) by hand;
- (2) by mail;
- (3) by fax, email or other electronic format;
- (4) subject to laws, administrative regulations and relevant provisions of securities regulatory authority of the place where the Company is listed, by publishing on the website designated by the Company and the stock exchange;
- (5) by announcement on one national newspaper which has been approved by the State Council Securities Policy Committee and other designated media;
- (6) by other means acceptable to securities regulatory authority of the place where the Company is listed.

Notwithstanding the requirements in relation to the means of sending notice, communications or other documents set out in this Articles of Association, the Company may use the means set out in sub-section (4) of this Article to replace the use of personal delivery or prepaid airmail to holders of Overseas-Listed Foreign Invested Shares, provided that the listing rules issued at the listing place of the Company is complied with.

**Article 238** In these Articles of Association, references to “accountancy firm” shall have the same meaning as “auditors” under the Listing Rules of the Hong Kong Stock Exchange.

**Article 239** The Company’s Articles of Association are written in Chinese and English. Both text shall be equally valid. If there is any discrepancy between the two versions, the Chinese version of the Articles of Association most recently filed at the Shandong Administration of Industry and Commerce shall prevail.

**Article 240** The expressions of “above”, “within” and “below” shall include the figures mentioned whilst the expression of “less than”, “more than”, “beyond” and “over” shall not include the figures mentioned.

**Article 241** These Articles of Association shall be interpreted by the Company’s board of directors.

(There is no text on this page, which is the signature and seal page of the Articles of Association of Yankuang Energy Group Company Limited)

Yankuang Energy Group Company Limited (seal)

Signed by legal representative (authorized representative):

\* \* 2026