

# **BBMG CORPORATION**

## **ARTICLES OF ASSOCIATION**

(Reviewed and approved by the inauguration meeting and the first general meeting held on 21 December 2005, reviewed the first amendment by the first extraordinary general meeting of 2007 of the Company held on 25 April 2007, reviewed the second amendment by the third extraordinary general meeting of 2007 of the Company held on 20 September 2007, reviewed the third amendment by the sixth extraordinary general meeting of 2007 of the Company held on 21 December 2007, reviewed the fourth amendment by the second extraordinary general meeting of 2008 of the Company held on 6 August 2008, reviewed the fifth amendment by the first extraordinary general meeting of 2010 of the Company held on 30 March 2010, reviewed the sixth amendment by the third extraordinary general meeting of 2010 of the Company held on 14 September 2010, reviewed the seventh amendment by the second extraordinary general meeting of the Company held in October 2018, reviewed the eighth amendment by the 2019 annual general meeting of the Company held on 19 May 2020, reviewed the ninth amendment by the 2021 first extraordinary general meeting of the Company held on 19 January 2021 and reviewed the tenth amendment by the 2025 First extraordinary general meeting of the Company held on 30 June 2025)

\*The original version of the Articles of Association of BBMG Corporation is in Chinese, and the English version of the Articles of Association is the translation from the Chinese original. Should there be any discrepancy between the Chinese and English versions of the Articles of Association, the Chinese version shall prevail.

### **CHAPTER 1 GENERAL PROVISIONS**

**Article 1** To regulate the organization and behaviour of BBMG Corporation (the “Company”), uphold and strengthen comprehensive leadership of the Party, enhance the governance structure of corporate legal person, build a modern enterprise system with Chinese characteristics and safeguard the legal interests of the Company, its shareholders, employees and creditors, the Articles of Association are formulated in accordance with the Constitution of the Communist Party of China (中國共產黨章程) (the “Party Constitution”), the Company Law of the People’s Republic of China (中華人民共和國公司法) (the “Company Law”), Securities Law of the People’s Republic of China (中華人民共和國證券法) (the “Securities Law”), the Guidelines on Articles of Association of Listed Companies (上市公司章程指引) (the “Guidelines”), the Law of the People’s Republic of China on State-Owned Assets of Enterprises (中華人民共和國企業國有資產法) and the other relevant requirements.

**Article 2** The Company was established as a joint stock limited company under the Company Law and other relevant requirements.

The Company was jointly promoted by BBMG Group Company Limited (now renamed as

BBMG Assets Management Co., Ltd.), China National Non-Metallic Materials Corporation (now absorbed and merged by China National Building Material Company Limited), Hopeson Holdings Limited, Beifang Real Estate Development Co., Ltd., Tianjin Building Materials Group (Holding) Co., Ltd. as approved by Beijing Municipal Commission of Development and Reform (北京市發展和改革委員會) with the approval document of Jing Fa Gai [2005] No. 2682. On 22 December 2005, the Company filed registration with Beijing Administration for Industry and Commerce and obtained the business licence. The unified social credit code of the business licence currently held by the Company is 91110000783952840Y.

**Article 3** The Chinese name of the Company: 北京金隅集團股份有限公司

The registered English name of the Company: BBMG Corporation

Short form of the Company's Chinese name: 金隅集團

Short form of the Company's English name: BBMG

**Article 4** The Company's domicile: 36 North Third Ring East Road, Dongcheng District, Beijing

Telephone number: +86 010 66417706

Fax number: +86 010 66410889

Postal code: 100013

**Article 5** The Company's legal representative is the chairman of the board of directors of the Company.

If the chairman of the board of directors who serves as the legal representative resigns, he/she shall be deemed to have resigned from the position of the legal representative at the same time.

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

The appointment and change of the legal representative shall be implemented in accordance with the Company Law and relevant regulations on the leaders of enterprises under the management of Beijing Municipal Government.

**Article 6** The Company shall bear the legal consequences arising from civil acts conducted by the legal representative on behalf of the Company.

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

If a legal representative incurs damage on another person through the performance of his duties,

the Company shall bear the civil liability. After the Company has assumed the civil liability, it may seek indemnity from the legal representative at fault in accordance with applicable laws or the provisions of the Articles of Association.

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

The Company is an independent legal entity, owns independent property of a corporate body, is entitled to property right of a corporate body, and possesses the civil rights and assumes the civil liabilities prescribed by law.

**Article 8** The rights and liabilities of the shareholders of the Company to the Company are limited to the shares held by them, and the Company is liable for its debts to the extent of its entire assets.

**Article 9** The Articles of Association shall come into effect from the date of consideration and approval by the shareholders' general meeting of the Company. From the date of the Articles of Association becoming effective, the Articles of Association constitute a legally binding document regulating the Company's organization and behaviour, and the rights and obligations between the Company and the shareholders and among the shareholders.

**Article 10** The Articles of Association are legally binding on the Company and its shareholders, members of the Party Committee, directors, general manager and other senior management.

**Article 11** Pursuant to the Articles of Association, shareholders may institute legal proceedings against the Company; the Company may institute legal proceedings against its shareholders, directors, general manager and other senior management; shareholders may institute legal proceedings against shareholders; and shareholders of the Company may institute legal proceedings against the directors general manager and other senior management of the Company.

The legal proceedings referred to in the preceding paragraph include court proceedings and arbitration proceedings.

Other senior management referred to in the preceding paragraph include the deputy general managers, the chief accountant (financial manager), board secretary, the general legal counsel, etc.

**Article 12** The Company shall establish an organization of the Party to carry out the activities of the Party, set up working bodies for the Party, allocate sufficient and competent staff to deal with the Party affairs, guarantee sufficient funds for the activities of the Party organization and provide the necessary conditions to facilitate activities of the Party organization.

**Article 13** The Company shall respect the legal rights of stakeholders, integrate

environmental protection and social responsibility into its development strategy, constantly improve its governance capabilities to promote the Company's sustainable and healthy development, and regularly publish sustainability development reports and environment, social and governance reports.

## **CHAPTER 2 OBJECTIVES AND SCOPE OF BUSINESS**

**Article 14** The business objectives of the Company are: to independently develop various businesses, to promote the level of operations management and its core competitiveness and to maximize the shareholders' interest and the value of the Company, in compliance with the laws and administrative regulations of the State and implement policies of the State.

**Article 15** The scope of business of the Company shall be based on the projects approved by the examination and approval department subject to the examination and approval by the company registration authority.

The scope of the Company's business includes: technological development, technological services; organizing cultural and artistic exchange activities (excluding performance for business); leasing of machinery and equipment; property development and operation; property management; sales of self-produced products; manufacture of building materials, furniture and construction hardware; processing of timber.

The Company may, pursuant to the demand of the domestic and international markets, its own development capabilities and business needs, change the scope of business in accordance to the laws.

In compliance with the laws and administrative regulations of the PRC, the Company shall have the rights of financing, including but not limited to borrowing funds, issuing the Company's shares, debentures, pledging or charging in whole or in part the ownership or title of use or other interests as permitted under the PRC laws and administrative regulations of the Company's assets and providing guarantee for the debts of third parties pursuant to the relevant laws and regulations and the requirements of the Articles of Associations.

## **CHAPTER 3 SHARES**

### **SECTION 1 ISSUANCE OF SHARES**

**Article 16** Certificates will be issued for the shares of the Company. All the shares issued by the Company shall have a par value of RMB1.00 for each share.

The term "RMB" mentioned in the above paragraph shall refer to the legal tender of the People's Republic of China.

**Article 17** Share certificates of the Company shall be in registered form.

The following particulars shall be stated in the share certificates of the Company:

- (1) the Company's name;
- (2) the date of establishment registration of the Company;
- (3) the class of the shares, the par value and the number of shares represented by the share certificate;
- (4) the serial number of the share certificate;
- (5) other particulars as required by the Company Law and the stock exchange(s) on which the shares of the Company are listed.

**Article 18** The share certificates of H shares of the Company shall be signed by the chairman. Where the stock exchange(s) on which the shares of the Company are listed requires the share certificates to be signed by senior management, the share certificates shall also be signed by such senior management. The share certificates of H shares shall take effect after being affixed, or affixed by way of printing, with the seal of the Company. The share certificates of H shares shall only be affixed with the Company's seal under the authorization of the board of directors. The signature(s) of the chairman of the Company or relevant senior management on the share certificates of H shares may also be in printed form.

Should the Company's shares be issued and traded in paperless manner, those stipulations from the securities regulatory and supervisory authorities in the place where such shares are listed shall be applied.

**Article 19** The shares of the Company shall be issued in a transparent, fair and equal manner, and the shares of the same class shall have equal rights in all respects. The terms and price of each of the shares of the same class in the same issue shall be the same, and every share subscribed by any subscriber in the same issue shall have the same price.

**Article 20** The Company shall have ordinary shares at all times. The ordinary shares issued by the Company include domestic shares and foreign shares. It may have other kinds of shares according to its needs, subject to the requirements of the laws and administrative regulations.

Subject to the registration or filing with the competent securities regulatory authority of the State Council, the Company may issue shares to domestic and foreign investors.

The term "foreign investors" mentioned in the preceding paragraph shall refer to investors from foreign countries or from Hong Kong, Macau or Taiwan that subscribe for shares issued by the Company, and the term "domestic investors" shall refer to investors within the People's

Republic of China, excluding the above-mentioned regions, that subscribe for shares issued by the Company.

**Article 21** Shares issued by the Company to domestic investors for subscription in renminbi are referred to as domestic shares. Shares issued by the Company to foreign investors for subscription in foreign currencies are referred to as foreign shares. Foreign shares listed overseas are referred to as overseas listed foreign shares.

The term “foreign currencies” mentioned in the preceding paragraph shall refer to the legal tenders (other than renminbi) of other countries or regions which are recognized by the competent authority in charge of foreign exchange of the State and can be used to pay the share consideration to the Company.

The overseas listed foreign shares of the Company listed in Hong Kong shall refer to as H Shares. H Shares are shares which have been admitted for listing on The Stock Exchange of Hong Kong Limited (the “SEHK”) with a par value denominated in renminbi and are subscribed and traded in Hong Kong dollars.

Domestic shares of the Company are deposited with the Shanghai Branch of China Securities Depository and Clearing Corporation Limited, while H Shares of the Company are primarily deposited with the Hong Kong Securities Clearing Company Limited.

**Article 22** As approved by the examination and approval department, a total of 1,800,000,000 ordinary shares were issued to, subscribed and held by the promoters, namely BBMG Group Company Limited (now renamed as BBMG Assets Management Co., Ltd.), China National Non-Metallic Materials Corporation (now absorbed and merged by China National Building Material Company Limited), Hopeson Holdings Limited, Beifang Real Estate Development Co., Ltd. and Tianjin Building Materials (Holding) Co., Ltd., at the inception of the Company.

**Article 23** With the approval of China Securities Regulatory Commission, a total of 1,169,382,435 H Shares were issued by the Company under the initial public offering and listed on the SEHK in July 2009. Upon completion of the initial public offering of H Shares, the shareholding structure of the Company was as follows: 3,873,332,500 ordinary shares, of which 2,703,950,065 shares are held by holders of domestic shares and holders of the original unlisted foreign shares, accounting for approximately 69.81% of the total number of ordinary shares, and 1,169,382,435 shares are held by holders of H Shares, accounting for approximately 30.19% of the total number of ordinary shares.

With the approval of China Securities Regulatory Commission, a total of 410,404,560 A Shares were issued by the Company under the initial public offering and listed on the Shanghai Stock Exchange in March 2011.

**Article 24** The registered capital of the Company is RMB10,677,771,134 and the total number of share capital is 10,677,771,134 shares, all being ordinary shares.

The Company or the Company's subsidiaries (including its affiliated companies) shall not, by any means including gifts, advance payment, guarantees or loan, offer any financial assistance to other persons for the acquisition of shares in the Company or its parent company.

## **SECTION 2 INCREASE, DECREASE AND REPURCHASE OF SHARES**

**Article 25** The Company may, subject to its business operation and development requirements and in accordance with the laws and regulations, increase its capital in the following means, subject to the resolution of the shareholders' general meeting:

- (1) Offering of shares to unspecified subjects;
- (2) Offering of shares to specified subjects;
- (3) Bonus issue of shares to existing shareholders;
- (4) Capitalization of capital reserve fund;
- (5) Other methods as required by the laws or administrative regulations and approved by the competent securities regulatory authority of the State Council.

Any increase in capital of the Company by way of issuing new shares shall be subject to approval under the Articles of Association and completion of the relevant procedures as prescribed by the relevant laws and administrative regulations of the State.

**Article 26** In accordance with the provisions of the Articles of Association, the Company may reduce its registered capital. In the event that the Company reduces its registered capital, the Company shall proceed with the procedures according to the requirements of the Company Law and other requirements and the requirements of the Articles of Association.

**Article 27** The Company may not purchase its own shares, except under the following circumstances:

- (1) reducing its capital;
- (2) merging with another company that holds shares in the Company;
- (3) using shares for employee shareholding scheme or as share incentives;
- (4) acquiring shares held by shareholders (upon their request) who vote against any resolution proposed in any shareholders' general meeting on the merger or separation of the Company;
- (5) using the shares to satisfy the conversion of those convertible corporate bonds into shares issued by the listed company;

(6) to safeguard corporate value and shareholders' equity as the listed company deems necessary.

Saved as the above circumstances, the Company may not purchase its own shares. Where the laws, administrative regulations, departmental rules, the provisions of the Articles of Association and the stock exchanges and the securities regulatory and supervisory authorities in the place where the Company's shares are listed have provisions on the aforesaid relevant matters in respect of share repurchase, such provisions shall prevail.

**Article 28** Repurchase of shares by the Company may be conducted through open centralized trading or other means as permitted by the laws, administrative regulations and the China Securities Regulatory Commission (the "CSRC").

Shares repurchased by the Company as specified in sub-clauses (3), (5) and (6) under Clause 1 of Article 27 of the Articles of Association shall be carried out through open centralized trading.

**Article 29** The Company shall obtain the approval of the shareholders granted at a shareholders' general meeting for repurchases of its shares in circumstances set out in sub-clauses (1) and (2) under Clause 1 of Article 27; shares repurchased by the Company as specified in sub-clauses (3), (5) and (6) under Clause 1 of Article 27 of the Articles of Association shall be resolved by the Board meeting attended by more than two thirds of the directors.

In case of sub-clause (1), the shares repurchased by the Company in accordance with Clause 1 of Article 27 hereof shall be cancelled within 10 days from the date of repurchase; in case of sub-clause (2) or (4), the shares repurchased shall be transferred or cancelled within six months; in case of sub-clause (3), (5) or (6), the shares of the Company held by the Company shall not exceed 10% of the Company's total issued shares and shall be transferred or cancelled within three years.

### **SECTION 3 TRANSFER OF SHARES**

**Article 30** The Company's shares may be transferred in accordance with the law.

**Article 31** The Company shall not accept any shares of the Company as the subject of pledge.

**Article 32** All shares (other than H Shares) of the Company in issue prior to the public offering shall not be transferred within one year from the date of listing of the Company's shares on the stock exchange(s).



The directors and the senior management of the Company shall declare to the Company any shares held by them and the change of such shareholding; the shares transferred every year during the term of their office confirmed at the assumption of the position shall not exceed 25% of the total number of shares of the Company they held every year during the term of their office confirmed at the assumption of the position; the shares of the Company they held are not transferable within 1 year from the listing of the shares. They shall not transfer the shares of the Company within 6 months from their resignation or termination of office. If the transfer restriction provision involves H shares, the relevant requirements of the stock exchanges and the securities regulatory and supervisory authorities in the place where the Company's shares are listed shall also be complied with.

**Article 33** Any gains from sale of shares by any shareholders who hold more than 5% of shares of the Company, the directors and senior management within six months after purchase of such shares, and any gains from the purchase of the shares within six months after sale of the same shall be forfeited to the Company by the board of directors. However, it shall not be applicable to any sale of shares by any securities company which holds more than 5% of shares of the Company as a result of purchase of the remaining of the underwritten shares, and other circumstances as stipulated by the CSRC.

For the purpose of the preceding paragraph, shares or other securities with the nature of equity held by directors, senior management and natural person shareholders include those held by their spouse, parents, and children and held under accounts opened by others.

If the board of directors of the Company fails to comply with the above provision, the shareholders shall be entitled to demand the board of directors to perform such obligations within 30 days. If the board of directors fails to perform its obligations within the aforesaid period, then any shareholder shall be entitled to institute proceedings in court directly in his own name for the benefit of the Company.

The responsible directors shall assume joint and several liabilities for any non-compliance with sub-clause (1) by the board of directors of the Company.

If the restriction provision in this Article involves the holders of H shares, the relevant requirements of the stock exchanges and the securities regulatory and supervisory authorities in the place where the relevant shares are listed shall also be complied with.

**Article 34** All the H Shares shall be transferred by an instrument in writing in any usual or common form or any other forms which the board of directors may approve (including the standard format of transfer or form of transfer as prescribed by the SEHK from time to time). The instrument of transfer of any share may be executed by hand or in case the transferor or the transferee is a corporation, it can be executed with the seal of the corporation. If the transferor or the transferee is a recognized clearing house as defined in the relevant laws of Hong Kong

in force from time to time (“Recognized Clearing House”) or its nominee, the share transfer form may be executed in mechanically-printed form. Should the Company’s shares be traded in paperless manner, those stipulations from the securities regulatory and supervisory authorities in the place where such shares are listed shall be applied.

All instruments of transfer shall be maintained at the legal address of the Company or other addresses as the board of directors may specify from time to time.

## **CHAPTER 4 SHAREHOLDERS AND SHAREHOLDERS’ GENERAL MEETINGS**

### **SECTION 1 GENERAL REQUIREMENTS OF SHAREHOLDERS**

**Article 35** The Company shall keep a register of members according to the proof provided by the securities registration and clearing authority. The register of shareholders shall be sufficient evidence of the holding of the Company’s shares by a shareholder.

All behaviours or transfer of H Shares will be recorded in the register of members of H Shares which is kept in the place where such shares are listed pursuant to the provisions of Article 36 hereof.

When two or more persons are registered as joint holders of any shares, they shall be deemed to be joint owners of such shares and subject to the following terms:

- (1) the Company does not need to register exceeding four persons as joint holders of any shares;
- (2) the joint holders of any shares shall jointly and severally assume the liability to pay for all the amounts payable for the relevant shares;
- (3) In case one of the joint holders has deceased, only the surviving joint holders shall be deemed by the Company to be the persons having ownership of the relevant shares. But the board of directors shall have the right, for the purpose of making amendments to the register of members, to demand evidence of death of such shareholder where it deems appropriate;
- (4) For joint holding of any shares, only the joint holder whose name appears first in the register of members is entitled to receive the certificate for the relevant shares and the Company’s notices, and to attend and exercise all voting rights of the relevant shares in the shareholders’ general meetings of the Company. Any notice served on the above person shall be deemed to have been served on all joint holders of the relevant shares.

**Article 36** The Company may, in accordance with the mutual understanding and agreements between the competent securities regulatory authority of the State Council and overseas securities regulatory authorities, maintain its register of members of H Shares outside the PRC and appoint overseas agent(s) to manage such register. The original register of members of H Shares shall be maintained in Hong Kong. The register of members of H Shares

shall be available for inspection by shareholders, but the Company may close the register on terms equivalent to section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

**Article 37** The Company shall maintain a complete register of members.

The register of members shall include the followings:

- (1) the register of members maintained at the Company's domicile (other than those as described in clauses (2) and (3) of this Article);
- (2) the register of members in respect of the holders of H Shares of the Company maintained at the place where the overseas stock exchange on which the shares are listed is located;
- (3) the register of members maintained at such other place as the board of directors may consider necessary for the purpose of listing of the Company's shares.

**Article 38** Alteration or rectification of each part of the register of members shall be made in accordance with the laws of the place where that part of the register of shareholders is maintained.

**Article 39** Where PRC laws and regulations, the relevant provisions of the securities regulatory authorities or the stock exchange(s) in the place where the shares of the Company are listed stipulate the period of closure of the register of shareholders prior to the holding of a shareholders' general meeting or the record date for the determination of dividend distribution by the Company, such provisions shall prevail.

**Article 40** In the event the Company convenes a shareholders' general meeting, distributes dividends, settle or carry out other activities which require the ascertaining of shareholdings, the board of directors or convener of a shareholders' general meeting shall fix a date as the record date for the shareholdings. The shareholders of the Company entitled to the underlying interests shall be those shareholders whose names appear in the register of shareholders of the Company after the close of trading on the record date.

**Article 41** If a holder of H Shares loses his share certificate and applies for reissue, it shall be dealt with in accordance with the relevant laws and the rules of the stock exchange or other relevant regulations of the place where the original register of members of H Shares is maintained.

**Article 42** A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class of shares held. Shareholders holding the same class of shares shall be entitled to the same rights and assume the same obligations. Shareholders of different classes of the Company shall rank *pari passu* over dividends or any forms of distribution.

**Article 43** Holders of ordinary shares of the Company shall be entitled to the following rights:

- (1) To receive dividends and other forms of profit distribution in proportion to their respective shareholdings;
- (2) To demand the holding of, convene, preside over, attend or designate a proxy to attend shareholders' general meetings and exercise relevant rights to speak and vote in accordance with the law (except where a shareholder is required to abstain from voting on the individual matter under laws, administrative regulations and the Articles of Association);
- (3) To supervise the business operation of the Company and give advice or raise inquiries;
- (4) To transfer, give or pledge the shares held by them in accordance with the laws, administrative regulations and the Articles of Association;
- (5) To inspect and copy the Articles of Association, register of members, minutes of shareholders' general meetings, resolutions of the board meetings and financial and accounting reports, and qualified shareholders in compliance with the regulations may have rights to inspect the Company's accounting books and voucher;
- (6) In the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in proportion to their respective shareholdings;
- (7) For shareholders who disagree on the resolution approved at the shareholders' general meeting in relation to the merger or division of the Company, to request the Company to acquire their shares; and
- (8) Other rights stipulated by the laws, administrative regulations and the Articles of Association.

**Article 44** When shareholders demand the inspection or copying of the relevant materials of the Company, they shall comply with the requirements of laws and administrative regulations including the Company Law and the Securities Law and provide a written document of the class and number of shares held by them, and such information and materials shall be provided at the request of shareholders in accordance with the Articles of Association after verification of their shareholder identity.

Shareholders who have held, alone or in aggregate, more than 3% of the shares of the Company for more than 180 consecutive days may request to inspect the accounting books and accounting vouchers of the Company, they shall, in addition to providing information in accordance with the requirements of the preceding paragraph, submit a written request to the Company to state

their motives. If the Company has the legitimate reason to believe that the shareholder's requests to inspect the accounting books and accounting vouchers has an improper motive and may impair the legitimate interests of the Company, it may reject the request of the shareholder to inspect and shall, within 15 days after the shareholder submits a written request, give the shareholder a written reply, which shall include an explanation. If the Company rejects the request of any shareholder to inspect, the shareholders may institute litigation at the People's Court.

The shareholder may entrust a certified public accountants' firm, a law firm, or any other intermediary to inspect the materials specified in the preceding paragraph.

If a shareholder requests for the inspection or copying of the relevant materials of the Company's wholly-owned subsidiary, the provisions of the preceding two paragraphs shall apply.

**Article 45** If the procedures for shareholders' general meetings and meetings of the board of directors or the method of voting at such meetings violate the laws, administrative regulations or the Articles of Association, or the content of any resolution violates the Articles of Association, the shareholders may, within 60 days from the date on which such resolution is approved, submit a petition to the People's Court to revoke the same. However, it does not apply if such procedures for shareholders' general meetings and meetings of the board of directors or the method of voting at such meetings 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 institute litigation at the People's Court. Before the People's Court makes a judgement or ruling, such as a cancellation of a 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 the laws, administrative regulations, the provisions of the CSRC and the stock exchanges, fully explain the impact, 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 disclose the information accordingly.

**Article 46** A resolution of the shareholders' general meeting or a meeting of the board of directors of the Company shall be deemed invalid under any of the following circumstances:

(1) the resolution is adopted without convening a shareholders' general meeting or a meeting of the board of directors;

(2) the resolution is not voted on at the shareholders' general meeting or a meeting of the board of directors;

(3) the number of attendees of the meeting or their voting rights do not meet the quorum or the number of voting rights as stipulated in the Company Law or the Articles of Association;

(4) the number of attendees voting in favor of the resolution or their voting rights do not meet the quorum or the number of voting rights as stipulated in the Company Law or the Articles of Association.

**Article 47** If the Company suffers any losses arising from any breach of laws, administrative regulations or provisions of the Articles of Association by any director or senior management of the Company (other than members of the audit and risk committee) in executing corporate duties, shareholders who have held, alone or in aggregate, more than 1% of the shares of the Company for more than 180 consecutive days shall be entitled to make a request in writing to the audit and risk committee to institute litigation at the People's Court. If the Company suffers any losses arising from any breach of laws, administrative regulations or provisions of the Articles of Association by the audit and risk committee of the Company in executing corporate duties, above-mentioned shareholders may make a request in writing to the board of directors to institute litigation at the People's Court.

If, upon receipt of the written request from the shareholders as stipulated in the preceding paragraph, the audit and risk committee or the board of directors refuses to institute litigation, or fails to institute litigation within 30 days or if, in case of emergency, failing to institute litigation immediately may cause irreparable damage to the interest of the Company, the shareholders as mentioned in the preceding paragraph shall have the right to institute litigation directly at the People's Court in their own names for the interest of the Company.

In the event of infringement of the Company's legal interest by a third party resulting in losses to the Company, the shareholders mentioned in the first paragraph of this Article may institute litigation at the People's Court in accordance with the preceding two paragraphs.

If the Company suffers any losses arising from any breach of laws, administrative regulations or provisions of the Articles of Association by any directors or senior management of a wholly-owned subsidiary of the Company in performing duties or if any infringement of the legitimate rights and interests of a wholly-owned subsidiary of the Company by a third party results in losses, shareholders who have held, alone or in aggregate, more than 1% of the shares of the Company for more than 180 consecutive days shall be entitled to make a request in writing to the board of directors of the wholly-owned subsidiary to institute litigation at the People's Court in accordance with the provisions of the first three paragraphs of Article 189 of the Company Law, or institute litigation at the People's Court in their own name.

**Article 48** If the interest of shareholders of the Company is prejudiced by any breach of laws, administrative regulations or provisions of the Articles of Association by any director or senior management of the Company, shareholders may institute litigation at the People's Court.

**Article 49** Holders of ordinary shares of the Company shall assume the following obligations:

- (1) To comply with laws, administrative regulations and the Articles of Association;
- (2) To pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) Not to withdraw the share capital unless as required by the laws and regulations;
- (4) Not to abuse the rights of shareholders to damage the interests of the Company or other shareholders; not to abuse the independence of the Company as a legal person and the limited liability of shareholders to impair the interest of creditors of the Company; where the Company or other shareholders suffer any losses resulting from a shareholder's abuse of its rights, such shareholder shall be responsible for compensation according to the laws; where a shareholder of the Company abuses the independence of the Company as a legal person and the limited liability of shareholders so as to evade the obligation of repayment of debts, which materially damages the interests of creditors of the Company, such shareholder shall bear the joint and several liability for the debts of the Company;
- (5) To assume other obligations as required by the laws, administrative regulations and the Articles of Association.

## **SECTION 2 CONTROLLING SHAREHOLDERS AND DE FACTO CONTROLLERS**

**Article 50** Controlling shareholders and de facto controllers of the Company shall exercise their rights and perform their obligations in accordance with the laws, administrative regulations, the provisions of the CSRC and the stock exchanges, and shall safeguard the interests of the listed company.

**Article 51** The controlling shareholders and de facto controllers of the Company shall comply with the following provisions:

- (1) to exercise shareholder rights lawfully, and shall not abuse controlling rights or take advantage of connected relationships to harm the legitimate rights and interests of the Company or other shareholders;
- (2) to strictly fulfil all public statements and commitments made, and shall not arbitrarily modify or seek exemption therefrom;
- (3) to fulfil information disclosure obligations in strict accordance with the relevant regulations,

actively cooperate with the Company in information disclosure, and promptly notify the Company of any material events that have occurred or are expected to occur;

- (4) not to misappropriate the Company's funds in any form;
- (5) not to compel, instruct, or demand the Company or its relevant personnel to provide illegal or non-compliant guarantees;
- (6) not to exploit undisclosed material information of the Company for personal gain, disclose any undisclosed material information relating to the Company in any manner, or engage in illegal activities such as insider trading, short-swing trading, or market manipulation;
- (7) not to impair the legitimate rights and interests of the Company and other shareholders through non-arm's length connected transactions, profit distribution, asset reorganization, external investments and any other means;
- (8) to ensure the Company's asset integrity, personnel independence, financial independence, organizational independence, and business independence, and shall not in any way compromise the Company's independence;
- (9) to comply with laws, administrative regulations, the provisions of the CSRC, the business rules of the stock exchanges and other requirements under the Articles of Association.

Where a controlling shareholder or de facto controller of the Company does not serve as a director of the Company but de facto manages the Company's affairs, the provisions of the Articles of Association regarding directors' fiduciary duties of loyalty and diligence shall apply.

If a controlling shareholder or de facto controller of the Company instructs a director or a senior management to act in a manner detrimental to the Company or shareholders' interests, such shareholder/controller shall bear joint and several liability with such director or senior management.

**Article 52** Where a controlling shareholder or de facto controller pledges the shares of the Company that he/she holds or actually controls, he/she shall maintain the stability of the control and production and operation of the Company.

**Article 53** 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 the laws, administrative regulations, the provisions of the CSRC and the stock exchanges, as well as his/her undertakings in respect of the restriction on the transfer of shares.

### **SECTION 3 GENERAL REQUIREMENTS OF SHAREHOLDERS' GENERAL MEETING**

**Article 54** The shareholders' general meeting of the Company shall comprise all shareholders. The shareholders' general meeting is the organ of authority of the Company and shall exercise following functions and powers in accordance with the law.



- (1) To elect and replace the directors who are not employees' representatives and decide on the matters relating to the remuneration of the relevant directors;
- (2) To consider and approve the report of the board of directors;
- (3) To consider and approve the proposals for profit distribution and recovery of losses;
- (4) To resolve on matters over the increase or reduction in the Company's registered capital;
- (5) To resolve on matters over the merger, division, dissolution or liquidation of the Company or change of the Company's form;
- (6) To resolve on matters over the issue of debentures, any kind of shares, warrants or other similar securities by the Company;
- (7) To resolve on matters over the engagement, termination of engagement or non-renewal of engagement of the certified public accountants' firm that undertakes the audit work of the Company;
- (8) To amend the Articles of Association;
- (9) To consider the acquisition or disposal of significant assets which account for exceeding 30% of the latest audited total assets of the Company;
- (10) To resolve on the external guarantees which shall be considered and approved at shareholders' general meetings in accordance with the laws, administrative regulations and the Articles of Association;
- (11) To consider and approve the change of use of proceeds from the issue of A Shares;
- (12) To consider and approve the share incentive scheme and employee stock option plans;
- (13) To consider and review the resolution proposed by any shareholder who holds, alone or in aggregate, more than 1% of the shares with voting rights of the Company;
- (14) To resolve on other matters which are required to be resolved at shareholders' general meetings under the laws, administrative regulations, departmental rules and the Articles of Association.

The board of directors may be authorized by the shareholders' general meeting to adopt resolutions on the issuance of corporate bonds.

Unless otherwise provided by the laws, administrative regulations, the provisions of the CSRC and rules of the stock exchanges, the aforesaid functions and powers of the shareholders' general meeting shall not be exercised by the board of directors or any other institution or individual on its behalf upon authorization. The board of directors may be authorized at shareholders' general meetings whenever necessary and reasonable to make decisions within its scope of authorization as delegated at shareholders' general meetings on matters relating to the resolutions which have not been approved at the shareholders' general meeting.

Any authorization of the board of directors by shareholders relating to ordinary resolutions at shareholders' general meetings shall be approved by over one-half of the shareholders (or their proxies) present and entitled to vote at the meeting; if such authorization is related to special resolutions, an approval of more than two-thirds of the shareholders (or their proxies) present and entitled to vote at the meeting is required. The scope of authorization shall be well-defined and specific.

**Article 55** The following external guarantees of the Company shall be considered and approved at shareholders' general meetings:

- (1) Any guarantee provided after the aggregate amount of external guarantees provided by the Company and its controlling subsidiaries exceeds 50% of the latest audited net assets;
- (2) Any guarantee provided after the aggregate amount of external guarantees provided by the Company and its controlling subsidiaries exceeds 30% of the latest audited total assets;
- (3) The aggregate amount of external guarantees on a cumulative basis for 12 consecutive months exceeds 30% of the latest audited total assets;
- (4) Guarantees provided to any guaranteed party whose debt-asset ratio exceeds 70%;
- (5) Any individual guarantee of an amount exceeding 10% of the latest audited net assets;
- (6) Guarantees provided to the Company's shareholders, beneficial controllers and their related parties.

**Article 56** Unless under special circumstances such as crisis, without the prior approval of shareholders granted at shareholders' general meetings, the Company shall not enter into any contract with any party other than the directors and senior management members of the Company in relation to the authorization of such party to manage all or a material part of the Company's business.

**Article 57** Shareholders' general meetings include annual general meetings and extraordinary general meetings. The annual general meeting is held once a year, and shall take place within six months after the end of the previous accounting year.

The board of directors shall call an extraordinary general meeting within two months upon occurrence of any of the following circumstances:

- (1) Where the number of directors falls below the number as specified in the Company Law or is less than two-thirds of directors as provided in the Articles of Association;
- (2) Where the amount of unappropriated losses of the Company represents one-third of the total share capital of the Company;
- (3) Where shareholders who hold, alone or in aggregate, more than 10% (including 10%) of the shares outstanding of the Company with voting rights request in writing to convene an extraordinary general meeting;
- (4) Whenever the board of directors deems necessary;
- (5) Whenever required by the audit and risk committee;
- (6) Other circumstances as required by the laws, administrative regulations, departmental rules or the Articles of Association.

The number of shares held by shareholders as stipulated in paragraph (3) above shall be calculated based on the date on which the shareholders make a request in writing. Such shareholders shall also sign written requests in one or more counterparts and submit an agenda and proposals to the board of directors.

**Article 58** The Company convenes its shareholders' general meeting at its registered address or other venue as set forth in the notice of the shareholders' general meeting.

A venue shall be set for the shareholders' general meeting which shall be convened on-site. The Company will also provide online internet voting to facilitate shareholders. If the Company intends to convene the shareholders' general meeting via internet for shareholders' convenience, the time of and procedures for voting via internet and the procedure for identification of shareholders shall be set forth in the notice of the shareholders' general meeting. Any shareholders who participate in the meeting in the aforesaid manner shall be deemed as present. Attending the shareholders' general meeting via internet and online internet voting is applicable to the holders of H Shares.

**Article 59** The Company will engage legal counsel to issue legal opinions and publish an announcement on the following issues for the purpose of the shareholders' general meeting:

- (1) Whether or not the convening of the meeting and the rules of procedures are in compliance with the laws, administrative regulations and the Articles of Association;

(2) Whether or not the qualifications of the attendees and the convener of the meeting are lawful and valid;

(3) Whether the voting procedures and results of the meeting are lawful and valid;

(4) Legal opinion on other related issues upon request of the Company.

#### **SECTION 4 CONVENING OF SHAREHOLDERS' GENERAL MEETINGS**

**Article 60** The board of directors shall convene shareholders' general meetings within the prescribed time limit.

**Article 61** Upon approval by the majority of all independent directors, independent directors may request the board of directors to convene an extraordinary general meeting. Regarding the request of the independent director to convene an extraordinary general meeting, the board of directors shall, pursuant to the relevant laws, administrative regulations and the Articles of Association, give a written feedback within ten days after receipt of the request on whether to convene the extraordinary general meeting or not. If the board of directors agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the board of directors. If the board of directors does not agree to convene the extraordinary general meeting, it shall give reason and make an announcement in respect thereof.

**Article 62** The audit and risk committee shall have the right to propose to the board of directors to convene an extraordinary general meeting, and shall put forward its proposal to the board of directors in writing. The board of directors shall, pursuant to the relevant laws, administrative regulations and the Articles of Association, give a written feedback within ten days after receipt of the proposal on whether to convene the extraordinary general meeting or not.

If the board of directors agrees to convene the shareholders' general meeting, it shall serve a notice of such meeting within five days after the resolution is made by the board of directors. A prior consent of the audit and risk committee shall be obtained for any modifications to the original proposal made in the notice.

If the board of directors does not agree to convene the extraordinary general meeting or fails to give a written reply within ten days after receipt of the proposal, it shall be deemed that the board of directors is unable or not to perform the duty of convening the extraordinary general meeting, and the audit and risk committee may convene and preside over the meeting on its own accord.

**Article 63** Shareholders demanding an extraordinary general meeting or a class meeting shall abide by the following procedures:

(1) Shareholders individually or collectively holding more than 10% of the shares of the Company may, by signing one or more counterpart written requisition(s) stating the object of the meeting, require the board of directors to convene an extraordinary general meeting or a class meeting. The board of directors shall, in accordance with the laws, administrative regulations and the Articles of Association, within ten days after receipt of such written requisition(s) issue a written feedback stating whether to convene the extraordinary general

meeting or class meeting or not. Where the board of directors agrees to convene the extraordinary general meeting or class meeting, a notice of convening the shareholders' general meeting or class meeting will be issued within five days after the resolution has been made by the board of directors. Where there is any modification to the original requisition(s) in the notice, prior consent of the relevant shareholders shall be obtained. The shareholdings referred to above shall be calculated as at the date of the delivery of the written requisition(s) by the shareholders;

(2) Where the board of directors disagrees on the proposal for convening a shareholders' general meeting or fails to give feedback within ten days upon receipt of the above written request, the shareholder(s) individually or collectively holding more than 10% of the shares of the Company shall request in writing to the audit and risk committee to convene an extraordinary general meeting or a class meeting. Where the audit and risk committee agrees on the convening of meeting, it shall give a notice of convening meeting within five days upon receipt of the written request. Where there is any modification to the original requisition(s) in the notice, prior consent of the relevant shareholders shall be obtained. Where no notice of meeting is issued by the audit and risk committee within the prescribed period, the audit and risk committee shall be deemed not to convene and preside over the meeting. Shareholders individually or collectively holding more than 10% of the shares of the Company for more than ninety consecutive days may convene and preside over the meeting on their own accord. The convening procedures shall as much as possible be the same as those for meeting convened by the board of directors.

**Article 64** Where the audit and risk committee or the shareholders decide to convene the meeting on its/their own accord, it/they shall notify the board of directors in writing and report to the relevant authorities in accordance with the applicable requirements.

The audit and risk committee or shareholders who convene the shareholders' general meeting shall submit the supporting materials to the relevant authorities in accordance with the applicable requirements at the time when the notice of the shareholders' general meeting and the announcement on resolutions passed at the shareholders' general meeting are issued.

Prior to the announcement of the resolutions of the shareholders' general meeting, the shareholding of the convening shareholders shall not be less than 10%.

**Article 65** The board of directors and the board secretary shall cooperate with respect to the convening of a shareholders' general meeting by the audit and risk committee or the shareholders on their own accord. The board of directors shall provide the register of members as of the record date.

**Article 66** All reasonable costs necessary for the shareholders' general meetings convened by audit and risk committee or shareholders shall be borne by the Company

## **SECTION 5 PROPOSALS AND NOTICES OF SHAREHOLDERS' GENERAL**

## MEETINGS

**Article 67** When convening an annual general meeting, the Company shall notify the date, venue, and agenda of the meeting to all shareholders 21 days prior to the convening of the meeting in written form or in any other manners as prescribed by the Articles of Association. When convening an extraordinary general meeting, the Company shall notify shareholders 15 days prior to the convening of the meeting in written form or in any other manners as prescribed by the Articles of Association.

When calculating the number of days for the issuance of notices of shareholders' general meetings, neither the intended day of the meeting, nor the day the relevant notice is issued shall be included in the number of days of advance notice required.

**Article 68** Where the Company convenes the shareholders' general meeting, the board of directors, the audit and risk committee and the shareholder(s) holding, alone or in aggregate, more than 1% of the total shares of the Company shall be entitled to put forward resolutions to the Company.

The shareholder(s) holding, alone or in aggregate, more than 1% of the total shares of the Company may put forward ex tempore resolutions to the Company no later than ten days prior to the convening of the shareholders' general meeting by submitting the same in writing to the convener. The convener shall issue a supplemental notice of general meeting specifying the details of the ex tempore resolutions to shareholders within two days after the receipt of the resolutions and submit the ex tempore resolutions to the shareholders' general meeting for consideration, unless the ex tempore resolutions violate laws, administrative regulations or the Articles of Association, or do not fall within the scope of authority of the shareholders' general meeting. The Company shall also comply with other requirements of the listing rules of the place where the Company's shares are listed.

Other than the requirements set out in the preceding paragraph, the convener shall not amend the resolutions set forth in the notice of the shareholders' general meeting or add new resolutions thereto after the issue of such notice.

The resolution proposed by the shareholders' general meeting shall be subject to the following conditions:

- (1) The content of such resolution shall not contravene any laws, administrative regulations and the Articles of Association and shall fall within the scope of business of the Company and scope of duties of the shareholders' general meeting;
- (2) Such resolution shall include a clear subject and particulars of the subject matters.

**Article 69** Resolutions not set out in the notice of the shareholders' general meeting or not

complying with clause 4 of Article 68 of the Articles of Association shall not be voted on or resolved at the shareholders' general meeting.

**Article 70** Notice of the shareholders' general meeting shall contain the followings:

- (1) specify the place, time and duration of the meeting;
- (2) submit the matters and proposals to be considered at the meeting;
- (3) explain in prominent plain text that all shareholders are entitled to attend the shareholders' general meeting and appoint in writing proxies to attend and vote on his or her behalf at the shareholders' general meeting and that such proxies need not be shareholders of the Company;
- (4) state the date of registration of equity entitlements for shareholders having the right to attend the shareholders' general meeting;
- (5) state the names and contact telephone numbers of the contact persons in connection with the meeting;
- (6) the voting times and procedures by network or other means.

**Article 71** If the election of directors is proposed to be discussed at a shareholders' general meeting, the notice of the shareholders' general meeting shall adequately disclose the particulars of the director candidates, which shall at least include:

- (1) Personal particulars of each candidate such as academic qualifications, working experience, part-time work etc.;
- (2) Whether or not the candidate has any connection with the Company, its Controlling Shareholders and beneficial controllers;
- (3) The number of shares of the Company held by each candidate;
- (4) Whether or not the candidate has been subject to any penalty imposed by the China Securities Regulatory Commission or any other relevant authority or reprimand of a stock exchange.

Besides using the cumulative voting system for electing directors, each director candidate shall be proposed by way of an individual resolution.

**Article 72** Notices of shareholders' general meetings shall be given to all shareholders irrespective of their entitlements to voting rights at shareholders' general meetings. Such notices shall be given by way of delivery in person or by post (with full postage paid) to the

shareholders at their registered address recorded in the register of members. For holders of the H Shares, in addition to the aforesaid methods of issue or provision, the Company may also issue or provide notices of shareholders' general meetings to shareholders via the websites of a stock exchange and the Company or by electronic means provided that there is no violation of any laws, regulations and listing rules of the place where the Company's shares are listed.

For holders of A Shares, notices of shareholders' general meetings may also be given by way of announcements. Such notices shall be published on newspaper(s) as designated by the CSRC within the period specified under notification period requirements in relation to convening of shareholders' general meetings in Article 67 of the Articles of Association. Holders of A Shares will be deemed as having been notified of the relevant general meeting as soon as the relevant notice is published.

Notwithstanding any provisions of the Articles of Association, if the regulatory authority for securities trading in the place where the shares of the Company are listed stipulates that the Company may adopt a mechanism for sending and receiving meeting instructions and non-meeting instructions by electronic means, such stipulation shall apply.

"Meeting instructions" refer to any instructions given by the Company's securities holders regarding any meeting of its holders of securities, including an indication as to attendance at, and instructions relating to proxies for, such meeting. Instructions relating to proxies include their appointment and revocation (if any) and indications as to how they shall vote on any particular proposal at the meeting.

"Non-meeting instructions" refer to any instructions given by the Company's securities holders in response to any corporate communication that seeks instructions from the Company's securities holders on how they wish to exercise their rights or make an election as the Company's securities holders.

**Article 73** After the issue of the notice of shareholders' general meeting, the shareholders' general meeting shall not be postponed or cancelled and the resolutions set forth in the notice shall not be cancelled without proper reasons. In the case of any postponement or cancellation of the shareholders' general meeting, the convener shall make an announcement and give the reasons therefor at least two working days prior to the original date for convening the shareholders' general meeting.

**Article 74** The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions passed at the meeting.

## **SECTION 6 HOLDING OF SHAREHOLDERS' GENERAL MEETINGS**

**Article 75** The board of directors of the Company and any other conveners shall take necessary



measures to guarantee the good order of the shareholders' general meeting, take measures to deter any act disturbing the shareholders' general meeting, picking quarrels and provoking troubles or infringing the legitimate rights and interests of any shareholders, and shall report in a timely manner such act to the relevant department for investigation and punishment.

**Article 76** All shareholders whose names appear in the register of members on the record date or their proxies shall be entitled to attend and vote at the shareholders' general meeting in accordance with the relevant laws, regulations and the Articles of Association. Any shareholders entitled to attend and vote at the shareholders' general meeting shall be entitled to appoint one or more proxies (who may or may not be a shareholder of the Company) to attend and vote on his behalf at the shareholders' general meeting.

If the said shareholder is a recognized clearing house (or its nominee), the shareholder may authorize more than one suitable persons to act as its representative(s) at any shareholders' general meeting or at any class meeting or creditors' meeting; however, if more than one persons are authorized, the power of attorney shall clearly indicate the number and types of the shares involved with the said authorization. The persons with such authorization may represent the recognized clearing house (or its nominee) to exercise the rights, as if they were individual shareholders of the Company and have the same statutory rights as other shareholders, including the rights to speak and vote.

**Article 77** Individual shareholders who attend the meeting in person shall produce their identity cards or other valid proof or evidence of their identities and in the case of attendance by proxies, the proxies shall produce valid proof of their identities and the powers of attorney issued by shareholders.

For a corporate shareholder, its legal representative or a proxy appointed by such legal representative shall attend the meeting. In the case of attendance by legal representatives, they shall produce their identity cards and valid proof of their capacities as legal representatives and, in the case of attendance by proxies, such proxies shall produce their identity cards and the powers of attorney issued by such legal representatives of the corporate shareholder according to the laws.

**Article 78** The power of attorney issued by the shareholder for authorizing his or her proxy to attend the shareholders' general meeting should contain the followings:

(1) the name of the appointer and the class and quantity of the Company's shares held by such person;

(2) the name of the proxy;

(3) the specific instructions of the shareholders, including instruction to vote for or against or abstain from voting on every issue included in the agenda of the shareholders'

general meeting, etc.;

(4) the date of issue and validity period of the power of attorney;

(5) signature (or seal) of the appointer. If the appointer is a corporate shareholder, the chop of the corporate shall be affixed.

**Article 79** Where an instrument appointing a voting proxy is signed by a person under a power of attorney on behalf of the appointer, the power of attorney or other authorization documents authorized to be signed shall be notarized. A notarially certified copy of that power of attorney or other authorization documents, together with the proxy form, shall be deposited at the domicile of the Company or other places specified in the notice of meeting.

If the regulatory authority for securities trading in the place where the shares of the Company are listed stipulates that the instrument appointing a voting proxy shall be issued by electronic means, such stipulation shall apply.

**Article 80** The record of attendance of the meeting shall be prepared by the Company. Such record shall set forth the information such as name of the attendee (or the name of entity), identity card number, residential address, the number of voting shares held or represented and name of the person being appointed (or the name of entity).

**Article 81** The convener and the lawyer engaged by the Company shall jointly verify the legality of the qualifications of shareholders and register their names and the number of the voting shares held by them respectively based on the register of members provided by the securities registration and clearing institution. The registration of the meeting shall be closed prior to the chairperson's announcement of the number of shareholders and proxies present in person and the total number of voting shares held by them.

**Article 82** Where directors and senior management are required to be present at shareholders' general meeting, such directors and senior management shall be present at the meetings and answer the queries from shareholders.

**Article 83** A shareholders' general meeting shall be presided over by the chairman of the board of directors. Where the chairman of the board of directors is unable or not to perform his duties, the vice chairman of the board of directors (if the Company has two or more than two vice chairmen, such meeting shall be presided over by the vice chairman jointly elected by more than half of the directors) shall preside over the meeting; where the Company does not have any vice chairman or the vice chairman is unable or not to perform such duties, a director shall be jointly elected by more than half of the directors to preside over the meeting. Where no such director can be elected by more than half of the directors to act as the chairman of the meeting, the shareholders present at the meeting may elect a person to preside over the meeting; if, for any reasons, the shareholders fail to elect a presider, the shareholder (or his proxy or proxies)

who is present and holding the largest number of voting shares shall preside over the meeting.

A shareholders' general meeting convened by the audit and risk committee on its own accord shall be presided over by the convener of the audit and risk committee. Where the convener of the audit and risk committee is unable or fails to perform its duties, a member of the audit and risk committee shall be jointly elected by more than half of members of the audit and risk committee to preside over the meeting.

A shareholders' general meeting convened by shareholders on their own accord shall be presided over by the convener.

When a shareholders' general meeting is held and the presider violates the rules of procedures which makes it difficult for the shareholders' general meeting to continue, a person may be elected at the shareholders' general meeting to act as the presider, subject to the approval of more than half of the attending shareholders having the voting rights.

**Article 84** The Company shall formulate the rules of procedures for shareholders' general meetings to stipulate the convening and voting procedures of shareholders' general meetings, which shall cover the requirements for notification, registration, consideration of proposals, voting, counting of ballots, announcement of voting result, formation of resolution, minutes of meeting and signing thereof and announcement as well as the principle and scope of authorization of the board of directors at shareholders' general meetings. The rules of procedures for shareholders' general meetings are annexed to the Articles of Association and shall be formulated by the board of directors and approved at the shareholders' general meeting.

**Article 85** The board of directors shall report their work for the preceding year at the annual general meeting. Every independent director shall also deliver a report of his work.

**Article 86** The chairperson of the meeting shall, prior to voting, declare the number of attending shareholders and their proxies as well as the total number of voting shares held by them. The number of attending shareholders and their proxies and the total number of voting shares held by them shall be based on the register of the meeting.

**Article 87** Minutes shall be maintained for shareholders' general meeting, for which the board secretary shall be held responsible. The minutes shall set out:

- (1) time, venue, agenda of meeting and name of the convener;
- (2) names of the chairman of the meeting, directors and senior management attending or present at the meeting;
- (3) Number of shareholders and their proxies present at the meeting, total number of voting shares held by them and as a percentage of the total number of the Company's shares;

(4) The course of consideration of each resolution, key points of statements made at the meeting and the voting results;

(5) Details of inquiries or suggestions of the shareholders, and the corresponding responses or explanations;

(6) Names of the lawyer, vote counting officer and scrutinizer;

(7) Other information that shall be recorded in the minutes in accordance with the Articles of Association.

**Article 88** The convener shall ensure the truthfulness, accuracy and completeness of the minutes. The minutes shall be signed by directors, the board secretary, convener or its representative and the presider of the meeting attending or present at the meeting. The minutes of the meeting together with the book of signatures of attending shareholders and forms of proxy and valid information on the votes casted via online internet and by other means shall be kept for a period of not less than ten years.

**Article 89** The convener shall ensure that the shareholders' general meeting will be held until final resolutions are arrived at. Where the shareholders' general meeting is interrupted or no resolution is reached at the meeting due to force majeure or for other special reasons, immediate action shall be taken to resume the shareholders' general meeting as soon as possible or directly close the shareholders' general meeting and promptly make an announcement. Meanwhile, the convener shall report the case to the competent authority pursuant to the relevant requirements.

## **SECTION 7 VOTING AND RESOLUTIONS OF SHAREHOLDERS' GENERAL MEETINGS**

**Article 90** Resolutions of a shareholders' general meeting shall be divided into ordinary resolutions and special resolutions.

Any ordinary resolutions proposed at shareholders' general meetings shall be passed by a simple majority of the votes of the shareholders attending the shareholders' general meeting.

Any special resolutions proposed at shareholders' general meetings shall be passed by more than two-thirds of the votes of shareholders attending the shareholders' general meeting.

**Article 91** The following matters shall be approved by way of ordinary resolution at the shareholders' general meeting:

(1) Reports of the board of directors;

- (2) Proposals for profit distribution and recovery of losses prepared by the board of directors;
- (3) Election or removal of members of the board of directors and their remuneration and terms of payment;
- (4) Matters other than those to be passed by special resolution according to the laws, administrative regulations, listing rules of the stock exchange(s) on which the Company's shares are listed or the Articles of Association.

**Article 92** The following matters shall be approved by way of special resolution at shareholders' general meetings:

- (1) Increase or reduction in the Company's share capital and issue of any class of shares, warrants and other similar securities;
- (2) Division, merger, dissolution, liquidation of the Company or otherwise change of the Company's form;
- (3) Amendments to the Articles of Association;
- (4) Acquisition or disposal of significant assets or provision of guarantee in an amount exceeding 30% of the latest audited total assets of the Company to others within one year;
- (5) Share incentive scheme;
- (6) Other matters required to be approved by way of special resolution according to the laws, administrative regulations and the Articles of Association, and other matters approved at a shareholders' general meeting by way of ordinary resolution that are of great significance to the Company and needed to be approved by way of special resolution.

**Article 93** Shareholders (including shareholders who appoint a proxy to attend the meeting) shall exercise their voting rights which relate to the voting shares represented by them when voting at a shareholders' general meeting. Each share shall carry one vote, except for shareholders of class shares.

When significant matters affecting the interests of minority investors are considered at a shareholders' general meeting, the votes cast by the minority investors shall be counted separately. The results of such separate vote counting shall be disclosed to the public in a timely manner.

The Company has no voting right for the shares it holds, which shall be excluded from the total number of voting shares represented by the shareholders present at the shareholders' general meeting.

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

If a shareholder purchases shares with voting rights of the Company in violation of the provisions of clauses 1 and 2 of Article 63 of the Securities Law, the voting rights of such shares exceeding the prescribed proportion shall not be exercised within 36 months after the purchase, and such shares will not be included in the total number of voting shares represented by the shareholders present at the shareholders' general meeting.

The board of directors, independent directors, shareholders holding more than 1% of the shares with voting rights or investor protection institutions established in accordance with laws, administrative regulations or the provisions of the CSRC may publicly solicit shareholders' voting rights. The solicitation of shareholders' voting rights shall fully disclose the specific voting intention and other information to the solicited persons. The solicitation of shareholders' voting rights based on remuneration or disguised remuneration is prohibited. Except for statutory conditions, the Company shall not propose a minimum percentage of shareholding for the solicitation of voting rights.

**Article 94** Connected shareholders shall not vote on any matters relating to connected transactions at shareholders' general meetings. The voting shares represented by such connected shareholders shall not be counted in the total number of valid votes; the voting result of non-connected shareholders shall be adequately disclosed in the announcement on the resolutions passed at the shareholders' general meeting.

**Article 95** Lists of director candidates shall be submitted by way of resolution to the shareholders' general meeting for voting.

Directors may be elected and voted under the cumulative voting system pursuant to the relevant laws, regulations and the Articles of Association or resolution of the shareholders' general meeting. In the election of more than two independent directors at the shareholders' general meeting or when a single shareholder and its persons acting in concert are interested in 30% and more shares of the Company, the cumulative voting system shall apply.

The cumulative voting system mentioned in the preceding paragraph means that, where directors are being elected at a shareholders' general meeting, each share carries as many voting rights as the number of director candidates, and the shareholders' voting rights may be used on a collective manner.

The election of independent directors and shareholder representative directors shall be

carried out separately through different groups of resolution and the entitlements to the cumulative votes shall not be used repeatedly across different groups of resolution.

(1) In the election of independent directors, the number of votes held by each shareholder equals to the number of shares with voting rights held by such shareholder multiplied by the number of independent directors to be elected at the shareholders' general meeting. This portion of votes shall only be applied to the candidates of independent directors at the shareholders' general meeting.

(2) In the election of shareholder representative directors, the number of votes held by each shareholder equals to the number of shares with voting rights held by such shareholder multiplied by the number of shareholder representative directors to be elected at the shareholders' general meeting. This portion of votes shall only be applied to the candidates of shareholder representative directors at the shareholders' general meeting.

**Article 96** No amendment shall be made to any resolution when it is under consideration at a shareholders' general meeting. Any amendments of a resolution shall be deemed as a new resolution and shall not be voted on at the current shareholders' general meeting.

**Article 97** Save for resolutions to be voted on under the cumulative voting system, all resolutions shall be resolved on a one-by-one basis when voted at the shareholders' general meeting. In the event that more than one resolution is proposed on the same matter, such resolutions shall be voted on in chronological order according to the time they were submitted. Unless the shareholders' general meeting is adjourned or no resolution is made for special reasons such as force majeure, voting of such resolutions shall neither be set aside nor refused for voting at the shareholders' general meeting.

**Article 98** The voting right of the same share shall only be exercised once by way of on-site voting, online internet voting or other means of voting. In the case of repeated voting of the same share, only the first vote is valid.

**Article 99** Voting shall be made by open ballot at the shareholders' general meetings.

**Article 100** Prior to voting on any resolution at shareholders' general meetings, two representatives of the shareholders shall be elected to participate in the counting and scrutinizing of votes. In the event that the matters considered are related to the interests of any shareholders, such shareholders or their proxies shall not participate in the counting and scrutinizing of votes.

When voting at shareholders' general meetings, the lawyers and representatives of the shareholders shall be jointly responsible for the counting and scrutinizing of votes and shall announce the voting results immediately. The voting result of the resolutions shall be recorded in the minutes of the meeting.

Shareholders or their proxies of listed companies who cast votes via the internet or by other means shall have the right to check their own voting results in the corresponding voting system.

**Article 101** The closing time for on-site shareholders' general meeting shall not be earlier than that of online internet or through other means. The chairman of the meeting shall announce the state of voting and results of each of the resolutions, and announce whether or not they are approved according to the voting results.

Before the voting results are officially announced, all the relevant parties at the on-site shareholders' general meeting, the online internet or through other means, such as listed companies, vote counters, scrutineer for vote-taking, shareholders and internet network service providers, shall keep confidentiality in respect of the state of voting.

**Article 102** Shareholders attending shareholders' general meetings shall express one of the following opinions on any resolution to be voted on: for, against or abstention, except that the securities registration and clearing institutions, as the notional holder of the shares traded under the Interconnection Mechanism for Mainland and Hong Kong Stock Markets, may make declaration in accordance with the intentions of the actual holders.

Blank, wrongly filled, illegible or uncast votes shall be deemed as the voters' waiver of their voting rights, and the voting results representing the shares held by such voters shall be counted as "abstention".

**Article 103** In the event that the chairman of the meeting has any doubt as to the result of a resolution put forward to vote, he may have the votes counted. In the event that the chairman of the meeting does not have the votes counted, any shareholder or proxy present at the meeting objects to the result announced by the chairman of the meeting may demand that the votes be counted immediately after the declaration of the voting result, and the chairman of the meeting shall have the votes counted immediately.

**Article 104** An announcement on the resolutions passed at a shareholders' general meeting shall be issued by the Company in accordance with the applicable laws and regulations and the relevant requirements of the stock exchange(s) on which the Company's shares are listed. Such announcement shall set forth the number of shareholders or their proxies present at the meeting, the total number of voting shares held by them and as a percentage of the total number of voting shares of the Company, the way of voting, voting result of each resolution and the particulars of each resolution passed.

**Article 105** Where a resolution has not been passed or a resolution approved at the preceding shareholders' general meeting has been altered at the current shareholders' general meeting, a special notice shall be given in the announcement on the resolutions passed at the shareholders' general meeting.



**Article 106** Where a resolution on election of directors is passed at a shareholders' general meeting, the date of appointment of the directors so elected shall be the date of being elected.

**Article 107** Where any resolution concerning cash dividends, bonus issue or capitalization of capital reserve fund is passed at a shareholders' general meeting, the Company shall implement the specific proposals within two months upon conclusion of the meeting.

## **CHAPTER 5 SPECIAL PROCEDURES FOR VOTING BY CLASS SHAREHOLDERS**

**Article 108** Shareholders holding different classes of shares shall be class shareholders.

Class shareholders shall be entitled to the rights and assume obligations pursuant to the provisions of the laws, administrative regulations and the Articles of Association.

**Article 109** Any variation or abrogation of the rights of any class of shareholders proposed by the Company may only come into effect upon the passing of a special resolution at a shareholders' general meeting and approval by the affected shareholders of that class at a separate meeting held in accordance with Articles 110 to 115 hereof.

**Article 110** The following circumstances shall be deemed to be a variation or abrogation of the rights of shareholders of a particular class:

- (1) to increase or reduce the number of shares of a particular class, or increase or reduce the number of shares of another class having rights on voting, distribution or other privileges equal or superior to those of the shares of such class;
- (2) to effect an exchange of all or part of shares of such class into shares of other classes, or to effect an exchange or grant a right of exchange of all or part of the shares of other classes into shares of such class;
- (3) to remove or reduce rights to accrued dividends or cumulative dividends attached to shares of such class;
- (4) to reduce or remove the priority rights to dividend or distribution of property on liquidation attached to shares of such class;
- (5) to add, remove or reduce the rights to conversion, options, voting, transfer, preferential allotment and acquisition of securities of the Company attached to shares of such class;
- (6) to remove or reduce rights to receive payment payable by the Company in particular currencies attached to shares of such class;

- (7) to create a new class of shares having rights on voting, distribution or other privileges equal or superior to those of the shares of such class;
- (8) to restrict the transfer of ownership of the shares of such class or impose more restrictions;
- (9) to issue subscription rights or share conversion rights for shares of such class or other classes;
- (10) to increase the rights and privileges of shares of other classes;
- (11) to restructure the Company where the proposed restructuring scheme will result in different classes of shareholders bearing a disproportionate burden of obligations in such restructuring;
- (12) to vary or abrogate the terms provided in this Chapter.

**Article 111** The affected class shareholders, regardless of whether they are entitled to vote at shareholders' general meetings, shall be entitled to cast vote on the matters relating to clauses (2) to (8) and (11) to (12) of Article 110 at the class meeting, provided that the interested shareholders shall have no right to vote at such class meeting.

The interested shareholders referred to in the preceding paragraph shall mean:

- (1) In the event of a repurchase of shares by the Company by way of a repurchase offer to all shareholders of the Company in proportion to their respective shareholdings or through public trading on a stock exchange, an "Interested Shareholder" shall be a Controlling Shareholder as defined in Article 241 hereof;
- (2) In the event of a repurchase of shares by the Company under an off-market agreement, an "Interested Shareholder" shall be a shareholder relating to such agreement; or
- (3) In the event of restructuring of the Company, an "Interested Shareholder" shall be a shareholder who assumes a relatively lower level of obligation than that of any other shareholders of the same class or who has an interest different from that of any other shareholders of the same class.

**Article 112** A resolution of the class meeting shall be passed in accordance with Article 111 hereof by shareholders present at the meeting representing more than two-thirds of voting rights.

**Article 113** Notice of a class meeting (in written form or in other forms as prescribed by the Articles of Association) setting out the agenda, date and venue of a class meeting must be given to all holders of that particular class of shares whose names appear in the register of members within the period specified under notification period requirements in relation to convening of shareholders' general meetings in Article 67 of the Articles of Association.

**Article 114** Notices of class meetings only need to be served on shareholders entitled to vote thereat.

The procedures for convening the class meeting shall be similar to those for convening the shareholders' general meeting as far as possible, and the provisions in the Articles of Association relating to the procedures for a shareholders' general meeting shall apply to the class meeting.

**Article 115** Apart from the holders of other classes of shares, holders of A Shares and H Shares are deemed as shareholders of different classes.

No special voting procedures for class shareholders shall be applied in the following circumstances:

(1) As approved by way of a special resolution at a shareholders' general meeting, the Company issues, either separately or concurrently, A Shares and H Shares in every twelve months and the respective number of A Shares and H Shares proposed to be issued do not exceed twenty per cent of the total number of A Shares and H Shares then in issue respectively; or

(2) The Company's proposal for issuing A Shares and H Shares upon its establishment is completed within 15 months from the date of approval of the competent securities regulatory authority of the State Council.

## CHAPTER 6 THE PARTY COMMITTEE OF THE COMPANY

**Article 116** In accordance with the Party Constitution, the Working Rules of Primary-level Party Organizations of State-owned Enterprises (for trial implementation) and other regulations and upon approval by the Party organization at a higher level, the Company sets up the Committee of BBMG Corporation under the Communist Party of China. Meanwhile, the Company sets up the Committee for Discipline Inspection of BBMG Corporation under the Communist Party of China in accordance with relevant requirements.

**Article 117** The Party Committee of the Company shall be elected from the Party member congress or the Party representative congress; each term of office is five years. Regular re-election shall be conducted upon the expiration of its term of office. Each term of office of the Committee for Discipline Inspection under the Party shall be the same as the Party Committee.

**Article 118** The Party Committee of the Company has set up the standing committee. The standing committee of the Party Committee generally consists of 5 to 7 members, with a maximum number of 9. There should be 1 secretary of the Party Committee, 1 to 2 deputy secretary(ies) of the Party Committee and 15 to 21 members of the Party Committee.

**Article 119** The Party Committee of the Company shall play a leading role, carry out the tasks by providing direction, managing the overall situation and ensuring implementation of policies or measures, and discuss and make decisions on significant matters of the Company in accordance with the requirements. The main responsibilities are:

(1) to enhance the political construction of the Party in the Company, adhere to and implement the fundamental system, basic system and important system of socialism with Chinese characteristics as well as educate and guide all the Party members to maintain a high degree of consistency with the Party Central Committee with Comrade Xi Jinping as the core in the political stance, political direction, political principles and political path;

(2) to thoroughly study and implement Xi Jinping's Socialism Ideology with Chinese characteristics in the new era, learn and propagate the Party's theory, thoroughly implement the Party's line, principles and policies as well as supervise and guarantee the implementation of major strategy deployments of the Party Central Committee as well as the resolutions of the Party organization at a higher level in the Company;

(3) to investigate and discuss the significant operation and management matters of the Company and support the shareholders' general meeting, the board of directors and the management to exercise their functions and powers in accordance with the laws;

(4) to strengthen the leadership and gatekeeping role in the process of selection and appointment of personnel of the Company, and the building of the leading team, cadre and talents team of the Company;

(5) to assume the primary responsibility of the Company to govern the Party comprehensively with strict discipline, support and supervise discipline inspection institutions to fulfil their supervisory responsibilities, strengthen the construction of the clean and honest culture in the new era and incorporate the clean and honest culture into the corporate governance, and promote the responsibilities of the Party governing and administration into the grassroots level;

(6) to strengthen the building of the Party organizations and teams of the Party members at the grassroots level, unite and lead the masses of workers to devote themselves into the reform and development of the Company;

(7) to lead the Company's ideological and political work, the spirit and civilization progress, the united front tasks and lead mass organizations such as the Labour Union, Communist Youth League and Women's Organization of the Company;

(8) to establish inspection system, set up inspection institutions, and carry out inspection and supervision over the subordinated Party organization;

(9) to discuss and decide on other important matters within the scope of duties of the Party Committee.

**Article 120** The list of major business and management matters shall be formulated in accordance with relevant regulations. Major business and management matters shall be studied and discussed in advance by the Party Committee before the board of directors makes a decision in accordance with its functions and powers and specified procedures.

**Article 121** By insisting on and improving the leadership mechanism of "Dual Entry and Cross Appointment", qualified members of the Party Committee may join the board of directors and the management through statutory procedures, while qualified members of the board of directors and the management who are also Party members may join the Party Committee according to relevant requirements and procedures.

The office for the secretary of the Party Committee and the chairman of the board of directors shall be served by the same individual, and the general manager who is the Party member is generally the deputy secretary of the Party Committee. The Party Committee has designated a full-time deputy secretary to be mainly responsible for the development work of the Party Committee. The full-time deputy secretary generally joins the board of directors and does not hold any position in the management.

## **CHAPTER 7 DIRECTORS AND BOARD OF DIRECTORS**

## **SECTION 1 GENERAL REQUIREMENTS OF DIRECTORS**

**Article 122** Directors of the Company shall be natural persons. A natural person who falls into any of the following circumstances shall not serve as director of the Company:

- (1) a person without civil capacity or with restricted civil capacity;
- (2) a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offence, or who has been deprived of political rights due to committing an offence, and the expiry of execution of such deprivation is less than five years, or who has been granted a suspended sentence of which the expiry of the probation period of the suspended sentence is less than two years;
- (3) a person who is a director, factory manager or general manager of a company or enterprise in insolvency and liquidation and who is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise which had its business licence revoked and ordered for closure due to a violation of law and is personally liable for that, where less than three years has elapsed since the date of the revocation of the business licence or being ordered to close;
- (5) a person who has been listed as a dishonest debtor by the People's Court due to a relatively large amount of debts outstanding and past due;
- (6) a person who is not eligible for enterprise leadership according to the laws and administrative regulations;
- (7) a person who is subject to the ban of entry into the securities market imposed by the CSRC, and such ban period has not expired;
- (8) a person who is publicly deemed unsuitable by a stock exchange for serving as a director or senior management of a listed company, and such disqualification period has not expired;
- (9) circumstances as stipulated by relevant laws and regulations of the place(s) where the Company's shares are listed.

If the election or appointment of directors violates this Article, such election, appointment or employment shall be invalid. If any of the circumstances described in this Article occurs during the term of office of a director, the Company shall remove the director from the position and

suspend the director from performing his/her duty.

**Article 123** Directors include executive directors and non-executive directors, while non-executive directors include independent (non-executive) directors (namely independent directors).

Directors who are not representatives of employees shall be elected or replaced at shareholders' general meetings, and may be removed by the shareholders' general meeting prior to the expiration of their terms. Directors who are required to be a representative of employees shall be elected at a meeting of employees' representatives or meeting of employees or by other democratic ways.

The term of directorship shall be three years from the date of election until the expiry of the current session of the board of directors. Upon expiry of the term of directorship, the directors are eligible for re-election. If the term of directorship expires and a timely re-election has not taken place, the existing directors shall continue to perform their duties in accordance with laws, administrative regulations, departmental rules and the Articles of Association until the newly elected directors take office.

Executive directors shall be elected by the board of directors and are responsible for handling matters authorized by the board of directors and daily operations designated by the Company; non-executive directors are not responsible for handling daily operations.

Senior management may concurrently serve as a director, provided that the aggregate number of directors who concurrently serve as senior management and employee representative shall not exceed one-half of the total number of directors of the Company.

**Article 124** Candidates for directorship other than employee directors shall be nominated by the board of directors or the shareholders who hold, alone or in aggregate, more than 1% of the total shares with voting rights of the Company, and elected at a shareholders' general meeting.

**Article 125** The directors shall comply with the laws, administrative regulations and the Articles of Association, and owe fiduciary duties to the Company. The directors shall take measures to avoid conflicts between their own interests and the interests of the Company, and shall not use their authority to seek improper benefits.

The directors undertake the following fiduciary duties to the Company:

- (1) not to misappropriate the properties and the money of the Company;
- (2) not to open accounts in which any assets or money of the Company are deposited under their names or the names of other individuals;

(3) not to abuse their rights to accept bribes or other illegal income;

(4) without reporting to the board of directors or the shareholders' general meeting, and without being passed by the board of directors or shareholders' general meeting by way of resolutions in accordance with the provisions of the Articles of Association, not to directly or indirectly enter into contracts or conduct transactions with the Company;

(5) not to use their position to obtain business opportunities which should be available to the Company for themselves or others, but except when such business opportunities have been reported to the board of directors or shareholders' general meeting and passed by way of resolutions of the shareholders' meeting, or when the Company shall not take advantage of such business opportunities in accordance with the provisions of laws, administrative regulations or the Articles of Association;

(6) without reporting to the Board or shareholders' meeting and being passed by resolutions of the shareholders' meeting, not to operate business similar to the Company for himself/herself or for others;

(7) not to accept and possess commissions in relation to transactions between other parties and the Company;

(8) not to disclose the secrets of the Company without consent;

(9) not to use their connected relationship to harm the interests of the Company;

(10) to abide by the regulations on honest practice for leaders at state-owned enterprises, not to violate the regulations and requirements of the shareholders' general meeting on the loyalty and diligence of directors, not to take advantage of their power to accept bribes or other illegal income, not to misappropriate the Company's assets, and not to provide guarantee for others with the Company's assets without authorization;

(11) other loyalty duties as stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

Any income derived by directors in violation of the provisions of this Article shall belong to the Company. The directors shall be liable for compensation in case of any violation causing losses to the Company.

The provisions of clause (4) of paragraph 2 of this Article shall apply to the close relatives of directors and senior management, enterprises directly or indirectly controlled by directors or senior management or their close relatives, and related persons of other connected relationships with directors or senior management, who enter into contracts or conduct transactions with the Company.



**Article 126** The directors shall comply with the laws, administrative regulations and the Articles of Association, owe diligent duties to the Company, and shall perform duties with reasonable care that managers should ordinarily exercise in the best interests of the Company.

Directors owe the following diligent duties to the Company:

(1) to exercise prudently, conscientiously and diligently the rights granted by the Company to ensure that the Company's commercial activities are in compliance with the laws, administrative regulations and the requirements of economic policies of China and that its commercial activities are within the scope stipulated in the business license;

(2) to treat all shareholders impartially;

(3) to keep informed of the operation and management conditions of the Company in a timely manner;

(4) to sign written confirmation regarding regular reports of the Company and to ensure the integrity, accuracy and completeness of the information disclosed by the Company;

(5) to honestly provide the audit and risk committee with the relevant circumstances and information, and not to intervene the performance of duties of the audit and risk committee;

(6) to fulfill other diligent duties as stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

**Article 127** Directors may tender resignation prior to the expiry of the term of office. A written resignation report shall be tendered to the board of directors by a director who intends to resign. The resignation shall take effect on the date when the Company receives the resignation report, and the Company shall disclose the situation within two trading days. If the number of directors fall less than the statutory requirement on the minimum number of directors of the Company due to a director's resignation, the existing director shall continue to perform his/her duties in accordance with the law, administrative regulations, departmental rule and the Articles of Association until the newly elected director take office.

**Article 128** The Company shall establish a system to manage the resignation of directors, clearly specifying the accountability and compensation measures for unfulfilled public commitments and other outstanding matters. When a director's resignation takes effect or his/her term of service expires, the director shall complete all transfer procedures with the board of directors. His/her fiduciary duties towards the Company and the shareholders do not necessarily cease after the end of his/her term of service, which shall still be effective for a reasonable period specified by the Articles of Association. The responsibility that a director bears during the term of office due to the performance of his/her duties shall not be waived or

terminated upon leaving office.

**Article 129** The shareholders' general meeting may make a resolution to remove a director, and the removal shall become effective on the date when the resolution is passed.

Where a director is removed prior to the expiration of the term without proper cause, the director may claim against the Company for compensation.

**Article 130** If any director fails to attend in person or entrust other directors as his/her representative to attend meetings of the board of directors for two consecutive times, such director shall be deemed to have failed to perform his/her duties, and the board of directors shall propose to replace such director at the shareholders' general meeting.

**Article 131** Without the provisions of the Articles of Association or legal authorization given by the board of directors, no director shall act on behalf of the Company or the board of directors in his/her own name. If a director acts in his/her own name, and a third party would reasonably believe that such director acts on behalf of the Company or the board of directors, such director shall declare his/her standpoint and identity before taking any action.

**Article 132** If a director causes damages to others in performing duties for the Company, the Company shall be liable for compensation; and if a director acts with intent or gross negligence, he/she shall also be liable for compensation.

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

## **SECTION 2 BOARD OF DIRECTORS**

**Article 133** The Company shall form the board of directors consisting of eleven directors, one of whom shall be appointed as the chairman and two may be appointed as vice chairmen. At least one-third of the board of the members of the directors shall be independent (non- executive) directors and, in any event, the number of independent (non- executive) directors shall not be less than 3 persons. The board of directors shall include one representative employee of the Company.

The election and removal of the chairman and vice chairmen shall be approved by more than half of all directors. The term of office of the chairman and vice chairmen shall be three years and eligible for re-election upon expiry, which is subject to the provisions of the stock exchange and securities regulatory authorities in the place where the shares of the Company are listed.

**Article 134** The rules of procedures shall be formulated by the board of directors to ensure the implementation of the resolutions passed at the shareholder's general meeting by the board of

directors, enhance work efficiency and ensure that the decision-making process is scientific. The rules of procedures for the board of directors shall be annexed to the Articles of Association, and shall be formulated by the board of directors and approved by the shareholder's general meeting.

**Article 135** The board of directors exercises the following functions and powers:

(1) To be responsible for the convening of shareholders' general meetings and report its work at the shareholders' general meetings;

(2) To execute resolutions passed at the shareholders' general meetings;

(3) To decide on the development strategies and plans of the Company, and decide on business operation plans and investment proposals of the Company;

(4) To decide on the annual financial budget plans and final accounting plans of the Company;

(5) To formulate proposals for implementing the decisions and arrangements of the Party Central Committee, the State Council, municipal party committee and municipal government and major national development strategy initiatives;

(6) To formulate proposals for the changes in major accounting policies and accounting estimates of the Company;

(7) To formulate proposals for profit distribution and recovery of losses of the Company;

(8) To formulate proposals for increase or reduction in the Company's registered capital and the issue of corporate bonds or other securities and proposal for listing;

(9) To draw up proposals for major acquisition by the Company or purchase of the Company's shares;

(10) To draw up proposals for merger, division, dissolution, liquidation or otherwise alteration of the Company's form;

(11) To decide on the external guarantees other than those required to be approved at shareholders' general meetings in accordance with the laws, administrative regulations and the Articles of Association;

(12) To decide on the matters relating to external investments, acquisition or disposal of assets, pledge of assets, entrustment of financial management and connected transactions of the Company within the scope of the authority granted at the shareholders' general meeting;

(13) To decide on the matters relating to external donation of the Company and its subsidiaries,

the annual cumulative value of which is more than RMB5,000,000 but less than RMB10,000,000 (inclusive);

(14) To decide on the establishment of an internal management department of the Company;

(15) To decide on the appointment or dismissal of the Company's general manager and board secretary, and to decide on the matters relating to their remunerations, rewards and punishments; and based on the nomination by the general manager, to appoint or dismiss the deputy general manager, the chief accountant (financial manager), general legal counsel and other senior management of the Company and decide on the matters relating to their remunerations, rewards and punishments;

(16) To formulate the fundamental management system of the Company;

(17) To formulate the proposal on amendments to the Articles of Association;

(18) To manage the information disclosure matters of the Company;

(19) To submit a resolution on engagement or change of the certified public accountants' firm responsible for the audit work of the Company at the shareholders' general meeting;

(20) To receive the work report of the general manager of the Company and review his work;

(21) To establish a sound internal supervision and risk control system, strengthen internal compliance management, determine the Company's risk management system, internal control system, accountability system for non-compliant business operations and investments, and exercise overall monitoring and evaluation of the Company's risk management, internal control and legal compliance management systems as well as their effective implementation;

(22) To guide, inspect and evaluate the internal audit work of the Company, appoint the person-in-charge of the internal audit department of the Company, establish a mechanism for the audit department to report directly to the board of directors, review and approve the annual audit plan, the audit work reports and key audit reports;

(23) To decide on major matters related to the Company's safety and environmental protection, stability maintenance and social responsibility;

(24) Other functions and powers conferred by the laws, regulations and rules of listing of securities of the stock exchanges on which the Company's shares are listed, at the shareholders' general meeting or under the Articles of Association.

The matters mentioned above shall be resolved by more than one-half of all directors (clause (11) above shall also be approved by more than two-thirds of directors present at a meeting).

The board of directors shall perform its duties in accordance with the State's laws, administrative regulations, the Articles of Association and resolutions of the shareholders' general meeting.

**Article 136** The board of directors of the Company shall explain at the shareholders' general meeting for the non-standard audit opinions issued by the certified public accountants with respect to the Company's financial reports.

**Article 137** Without the provisions of the Articles of Association or legal authorization given by the board of directors, no director shall act on behalf of the Company or the board of directors in his own name. If a director acts in his own name, and a third party would reasonably believe that such director acts on behalf of the Company or the board of directors, such director shall declare his standpoint and identity before taking any action.

**Article 138** Unless otherwise required by the laws and regulations or rules of listing of the stock exchanges on which the Company's shares are listed, the Company's investment in other corporate and the provision of guarantee(s) for third parties shall be resolved by the board of directors. However, the guarantees which are required to be considered and approved at the shareholders' general meetings under Article 54 shall be resolved and approved at shareholders' general meetings.

In relation to the guarantees between the Company and its wholly-owned subsidiaries and controlling subsidiaries or between the wholly-owned subsidiaries and controlling subsidiaries of the Company, in order to enhance the efficiency of decision making, the Company may estimate the total amount of new guarantees for the two types of subsidiaries with a debt-to-asset ratio of more than 70% and a debt-to-asset ratio of less than 70% respectively in the next 12 months, and submit it to the shareholders' general meeting for consideration.

The Company shall establish strict internal control system over external guarantees. All directors shall cautiously handle and strictly control the risk of debt generated by external guarantees.

In respect of the Company's external guarantees, the Company shall take precautionary measures such as requiring counter-guarantee offered by the counterparty. The provider of the counter-guarantee shall have the actual capability in offering such counter-guarantee.

In connection with the losses resulting from an external guarantee given not in compliance with the relevant laws, statutes, regulations and the Articles of Association, directors who shall be held responsible shall bear joint and several liabilities.

**Article 139** The board of directors shall define the approval authority and establish stringent examination and decision-making procedures in relation to external investments, acquisition and disposal of assets, pledges of assets, external guarantees, entrustment of financial

management and connected transactions. Specialists or professionals shall be engaged to conduct assessments on any major investment projects, and report the results at shareholders' general meetings for consideration and approval.

**Article 140** The board of directors shall hold at least four regular meetings each year. Board meeting shall be convened by the chairman of the board of directors.

Extraordinary board meetings may be convened under one of the following circumstances:

- (1) the chairman of the board of directors considers necessary;
- (2) jointly demanded by more than one-third of the directors;
- (3) demanded by the audit and risk committee;
- (4) demanded by the shareholders representing more than one-tenth of the voting rights;
- (5) demanded by more than one-half of the independent (non-executive) directors;
- (6) demanded by the general manager.

Under the circumstances (2), (3) and (4) above, the chairman of the board of directors should convene and preside over a board meeting within ten days upon receipt of any demand.

**Article 141** Notice for convening the board meeting and extraordinary meeting of the board of directors shall be served as follows: written notices of meetings stamped with the seal of the board of directors shall be delivered to all directors by way of direct delivery in person or by e-mail or facsimile. Notice for regular board meetings shall be served fourteen days prior to the holding of the meeting while the requirement of notice period is not applicable to extraordinary board meetings, but reasonable notice should also be given to all directors.

The board of directors may fix the date and venue for the board meeting and record such information on the minutes of the meeting. If minutes of such meeting have been issued to all directors not less than ten days before the holding of the next board meeting, the next board meeting may be convened without issuing a separate notice to the directors beforehand.

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

**Article 142** Notice of board meeting shall include the following information:

- (1) The date and venue of the meeting;

- (2) The duration of the meeting;
- (3) Matters and objects to be discussed;
- (4) The date of the notice.

**Article 143** The quorum of the board meeting shall be more than half of the directors.

For voting at the board meeting, each director shall have a ballot for voting. Resolutions of the board of directors shall be passed by more than half of all directors, unless otherwise required by the Articles of Association.

**Article 144** When the directors has connected relationship with the enterprise or individual involved in the resolution to be passed at the board meeting, the director shall promptly report in writing to the board of directors. The director who has a connected relationship shall not vote in respect of such resolution and shall not vote on behalf of other directors. Such board meeting shall be held in the attendance of more than half of the directors without connected relationship. All resolutions to be passed at the board meeting shall be passed by more than half of the directors without connected relationship. If number of the directors without connected relationship attending the board meeting is less than three, such matter shall be submitted to the shareholders' general meeting for consideration.

**Article 145** The board of directors may convene meeting and vote in the form of on-site meeting, and may also hold meetings by way of a teleconference or by virtue of other communication devices. As regards such meetings, so long as the directors attending the meeting can hear and communicate with each other, all of the directors attending the meeting shall be deemed as attending the meeting in person.

In respect of any matter which needs to be determined by the extraordinary board meeting and where the board of directors has already sent out written notice (including facsimile) of proposals to be resolved at such meeting to all directors and the number of directors who have signified their consent thereto reaches the required number as set out in the Articles of Association, a valid resolution shall be deemed to be passed.

**Article 146** Directors shall attend board meetings in person. If a director is unable to attend the meeting in person for any reason, he may entrust another director to attend the meeting on his behalf by signing a power of attorney, which shall contain the name of the entrusted director, entrusted matter, scope of authorization and time of validity, and be signed and stamped by the proxy.

A director appointed as the 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 board meeting and has not entrusted a representative to attend the meeting on his behalf, he shall be deemed to have waived his right to vote at the meeting.

**Article 147** The board of directors shall keep minutes of resolutions passed at board meetings. The minutes shall be signed by the directors present at the meeting, the board secretary and the recorder. The minutes of board meetings shall be maintained in corporate archives for a period no less than ten years.

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 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. 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 board meetings shall include the following:

- (1) the date, venue and name of the convener of the meeting;
- (2) the names of attending directors and directors entrusted as proxies to attend the meeting;
- (3) the agenda of the meeting;
- (4) the major comments and opinions of each director;
- (5) the voting method and results of each resolution (the number of affirmative, negative and abstention votes shall be specifically indicated).

**Article 148** Costs reasonably incurred by directors in attending the board meeting shall be borne by the Company. These costs include cost of transportation between the place of the directors and the venue of the meeting (if different from the place of the directors), accommodation and meal expenses during the period of the meeting and local travelling costs, etc.

### **SECTION 3 CHAIRMAN OF THE BOARD OF DIRECTORS**

**Article 149** The chairman of the board of directors shall be the primary responsible person for the standardized operation of the board of directors, enjoy the rights of directors and assume the obligations of directors.



**Article 150** The chairman of the board of directors shall exercise the following functions and powers:

(1) to convey the spirit of the Party Central Committee and the state-owned assets supervision policies to the board of directors, and report the work and issues that needed to be implemented and supervised and rectified by the board of directors according to the instructions put forward by the supervisory and inspection bodies;

(2) to organize and conduct strategic research, preside over and convene at least one strategy seminar or evaluation meeting every year with the participation of the board of directors and members of the management;

(3) to determine the annual plan for regular board meetings, including the number and time of meetings, and to decide to convene extraordinary board meetings when necessary;

(4) to determine the topics of the board meetings, conduct preliminary review of relevant proposals to be submitted to the board of directors for discussion, and decide whether to submit to the board of directors for discussion and voting;

(5) to convene and preside over the board meeting, and enable each director to fully express their personal opinions and vote on the basis of thorough discussion;

(6) to timely keep abreast of the implementation of each board resolution, and supervise and inspect the implementation of resolutions; make timely requests for rectification of issues identified; and report the results of inspections and significant issues identified at the next board meeting;

(7) To organize the formulation and revision of the Company's basic management system and the rules and regulations for the operation of the board of directors, and submit the same to the board of directors for discussion and voting;

(8) to organize the formulation of proposals for profit distribution, making up losses, increase in or reduction of registered capital of the Company, issue of corporate bonds, proposals for merger, division, dissolution, liquidation, alteration of the Company's form, and other proposals organized and formulated as authorized by the board of directors, and submit the same to the board of directors for discussion and voting.

(9) to be responsible for signing documents for the appointment and dismissal of senior management of the Company in accordance with the board resolutions; to sign documents such as letters of responsibility for business performance with senior management on behalf of the board of directors in accordance with the authorization of the board of directors; and to sign other documents required by laws and administrative regulations and authorized by the board

of directors to be signed by the chairman of the board of directors;

(10) to preside over the shareholders' general meeting, organize the drafting of the annual work report of the board of directors, and report the annual work to the shareholder's general meeting on behalf of the board of directors;

(11) to organize the formulation of annual audit plans of the Company, review the important audit reports, and submit to the board of directors for consideration and approval;

(12) to propose candidates for the board secretary and their remuneration and appraisal suggestions, and submit to the board of directors to decide on the appointment or dismissal and remuneration;

(13) to put forward establishment plans or adjustment suggestions and candidate suggestions for each special committee, and submit to the board of directors for discussion and voting;

(14) to communicate with external directors other than meetings, listen to the opinions from external directors and organize necessary work research and business training for external directors;

(15) to exercise special executive powers that are in compliance with laws, administrative regulations and in the interests of the Company within the functions and powers of the board of directors in case of force majeure or major or critical circumstances which make it impossible to convene a board meeting in a timely manner, and report to the board of directors after the relevant events and ratify as per procedures;

(16) to perform other functions and powers granted by laws, administrative regulations and the board of directors.

**Article 151** The vice chairman of the Company shall assist the chairman with his work. If the chairman is unable or not to perform his duties, such duties shall be performed by the vice chairman (where there are two or more than two vice chairmen of the Company, the vice chairman nominated by more than half of all directors shall perform such duties). If the vice chairman is unable or not to perform such duties, such duties shall be performed by a director elected by more than half of the directors.

#### **SECTION 4 INDEPENDENT DIRECTORS**

**Article 152** The independent directors shall conscientiously perform their duties in accordance with the laws, administrative regulations, the regulations of the CSRC, stock exchanges and the Articles of Association, play the roles of participating in the decision-making, supervising, checking and balancing, and professional consulting in the board of directors, safeguard the

interests of the Company as a whole, and protect the legitimate rights and interests of minority shareholders.

**Article 153** Independent directors must maintain their independence and the following persons shall not act as an independent director:

(1) persons working for the Company or its affiliates and their spouses, parents, children, and major social relations;

(2) any natural person shareholder who directly or indirectly holds more than 1% of the issued shares of the Company or is among the top ten shareholders of the Company and their spouses, parents and children;

(3) any person who works for a shareholder who directly or indirectly holds more than 5% of the issued shares of the Company or who works for the top five shareholders of the Company and their spouses, parents and children;

(4) any person who works for affiliates of the Company's controlling shareholders and de facto controller and their spouses, parents and children;

(5) any person who has significant business dealings with the Company and its controlling shareholder, de facto controller or their respective affiliates, or holds a position in an entity with which they have significant business dealings and their controlling shareholder or de facto controller;

(6) any person who provides financial, legal, advisory and sponsorship services to the Company and its controlling shareholder, de facto controller or their respective affiliates, including but not limited to all members of the project team of the intermediary providing the services, reviewers at all levels, persons signing the reports, partners, directors, senior management and primary responsible persons;

(7) any person who falls into clauses (1) to (6) in the past twelve months;

(8) other person who is not independent as stipulated by laws, administrative regulations, the requirements of the CSRC, business rules of stock exchanges and the Articles of Association.

The affiliates of the Company's controlling shareholders and de facto controller as described in the preceding paragraphs 4 to 6 shall not include the enterprises that are under common control of a state-owned asset management institution and do not constitute connected relationship with the Company in accordance with relevant requirements.

Independent directors shall conduct an annual self-examination of their independence and submit the findings of their self-examinations to the board of directors. The board of directors

shall assess the independence of the incumbent independent directors on an annual basis and issue a special opinion, which shall be disclosed at the same time as the annual report.

**Article 154** An independent director of the Company shall meet the following conditions:

- (1) being qualified to act as a director of a listed company in accordance with the laws, administrative regulations and other relevant provisions;
- (2) meeting the independence requirements stipulated in the Articles of Association;
- (3) having the basic knowledge of the operation of listed companies and being familiar with relevant laws, regulations and rules;
- (4) having more than five years of legal, accounting or economic work experience necessary to perform the duties of an independent director;
- (5) having good personal morality, without material breach of integrity and other adverse records;
- (6) other conditions as stimulated by laws, administrative regulations, the requirements of the CSRC, business rules of stock exchanges and the Articles of Association.

**Article 155** As a member of the board of directors, an independent director owes the Company and all the shareholders fiduciary and diligent duties, and shall prudently perform the following duties:

- (1) participating in the decision-making of the board of directors and expressing clear opinions on the matters discussed;
- (2) supervising the matters of potential material conflicts of interest between the Company and its controlling shareholder, de facto controller, directors and senior management, so as to protect the legitimate interests of minority shareholders;
- (3) providing professional and objective advice on the operation and development of the Company and promoting the decision-making level of the board and directors;
- (4) other duties as stipulated by laws, administrative regulations, the requirements of the CSRC and the Articles of Association.

**Article 156** The independent directors shall exercise the following special functions and powers:

- (1) to independently engage intermediaries to conduct audit, consultation or verification on specific matters of the Company;

- (2) to propose to the board of directors to convene an extraordinary general meeting;
- (3) to propose to convene a board meeting;
- (4) to openly solicit shareholders' rights from shareholders in accordance with the law;
- (5) to express independent opinions on matters that may harm the interests of the Company or minority shareholders;
- (6) other functions and powers as stipulated by laws, administrative regulations, the requirements of the CSRC and the Articles of Association.

Where an independent director exercises the functions and powers listed in the clauses 1 to 3 in the preceding paragraphs, the exercise of which shall be approved by more than half of all independent directors.

The Company shall disclose in a timely manner any exercise of the functions and powers listed in paragraph 1 by independent directors. If the above functions and powers cannot be exercised normally, the Company shall disclose the specific circumstances and reasons thereof.

**Article 157** The following matters shall be submitted to the board of directors for consideration after being approved by more than half of all independent directors of the Company:

- (1) connected transactions that shall be disclosed;
- (2) plans for change or waiver of commitments by the Company and related parties;
- (3) decisions made and measures taken by the board of directors of the acquired listed company in response to the acquisition;
- (4) other matters as stipulated by laws, administrative regulations, the requirements of the CSRC and the Articles of Association.

**Article 158** The Company shall establish a mechanism for special meeting attended by all independent directors. Matters such as connected transactions to be considered by the board of directors shall be approved in advance by a special meeting of the independent directors.

The Company shall convene special meetings of the independent directors on a regular or ad hoc basis. Matters specified in clauses (1) to (3) of paragraph 1 of Article 156 and Article 157 of the Articles of Association shall be considered by a special meeting of the independent directors.

The special meetings of the independent directors may study and discuss other matters of the Company as needed.

The special meetings of the independent directors shall be convened and presided over by an independent director jointly elected by more than half of the independent directors; where the convenor fails or is unable to perform his/her duties, more than two independent directors may convene and elect a representative to preside over the meeting on their own accord.

Minutes of meetings of the special meetings of the independent directors shall be prepared in accordance with the regulations, and the opinions of the independent directors shall be set out in the minutes. The independent directors shall sign and confirm the minutes.

The Company shall provide facilities and supports for the convening of special meetings of the independent directors.

## **SECTION 5 SPECIAL COMMITTEES OF THE BOARD**

**Article 159** The board of directors of the Company shall establish an audit and risk committee to exercise the functions and powers of the supervisory board as stipulated in the Company Law.

**Article 160** The audit and risk committee shall consist of five to eight members, all of whom shall be non-executive directors not holding senior management positions in the Company, and more than half of whom shall be independent directors. Among them, one of the members must be an independent director with appropriate professional qualifications as required under the regulatory provisions of the place(s) where the Company's shares are listed, or with appropriate accounting or related financial management expertise, and the accounting professional among the independent directors shall serve as the convener.

**Article 161** The audit and risk committee shall be responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating internal and external audit work, as well as internal control. The following matters shall be submitted to the board of directors for consideration upon approval by more than half of the members of the audit and risk committee:

(1) disclosure of financial information contained in financial accounting reports and periodic reports, and internal control evaluation reports;

(2) appointment or dismissal of the certified public accountants' firm undertaking audits of the listed company;

(3) appointment or dismissal of the officer in charge of financial affairs of the listed company;

(4) changes of accounting policies and accounting estimates or correction of material accounting errors for reasons other than changes in accounting standards;

(5) other matters as stipulated by laws, administrative regulations, the requirements of the CSRC and the Articles of Association.

**Article 162** The audit and risk committee shall convene at least one meeting every quarter. An extraordinary meeting may be convened when it is proposed by two and more than two members, or when it is deemed necessary by the convener. Meetings of the audit and risk committee shall be held only if more than two-thirds of the members are present.

The audit and risk committee shall pass a resolution upon the approval of more than half of its members.

The voting on the resolutions of the audit and risk committee shall be one person, one vote.

Minutes shall be prepared for the resolutions of the audit and risk committee as required and shall be signed by the members of the audit and risk committee present at the meetings.

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

**Article 163** The board of directors shall also establish strategic committee, remuneration and nomination committee, executive committee and other special committees which the directors deem necessary. All members of the special committees shall be directors. Each of the special committees, under the leadership of the board of directors, shall provide recommendation and advices to the board of directors. Special committees shall be accountable to the board of directors and perform their responsibilities in accordance with the Articles of Association and the authorization of the board of directors. Proposals of special committees shall be submitted to the board of directors for consideration and determination. The board of directors shall be responsible for formulating the rules of work of the special committees and regulating the operation of the special committees.

**Article 164** Independent directors shall be the majority in the remuneration and nomination committee and act as the convener. The remuneration and nomination committee is responsible for formulating the criteria and procedures for the selection of directors and senior management, selecting and reviewing the candidates for directors and senior management and their qualifications for appointment, formulating the appraisal standards for directors and senior management and conducting appraisal, formulating and reviewing the remuneration determination mechanism, decision-making processes, payment and cessation of payment recovery arrangements, and other remuneration policies and plans for directors and senior management, and making recommendations to the board of directors on the following matters:

- (1) nomination, appointment or removal of directors;
- (2) appointment or dismissal of senior management;
- (3) remuneration of directors and senior management;
- (4) formulation or change of the share incentive scheme, employee stock option plans, granting of incentives to scheme participants, and fulfilment of the conditions for exercising the rights;
- (5) arrangement of stock ownership plans by directors and senior management in the subsidiaries to be spun off;
- (6) other matters as stipulated by laws, administrative regulations, the requirements of the CSRC and the Articles of Association.

If the board of directors does not adopt or fully adopt the recommendations of the remuneration and nomination committee, it shall record in a resolution of the board of directors the opinion of the remuneration and nomination committee and the specific reasons and make disclosure.

## **SECTION 6 THE BOARD SECRETARY AND THE ADMINISTRATIVE OFFICE OF THE BOARD**

**Article 165** The Company shall have one board secretary. The board secretary shall have relevant professional knowledge and experience, and shall devote sufficient time and energy to perform his or her duties, and shall generally be a full-time employee. The board secretary shall be present at important decision-making meetings of the Company such as shareholders' general meetings, board meetings, office meetings of general manager and meetings of special committees under the board of directors.

**Article 166** The board secretary shall perform the following duties:

- (1) to organize and carry out corporate governance research, assist the chairman of the



board of directors in formulating major proposals, and draft or revise operational regulations of the board of directors;

(2) to implement corporate governance systems and manage related affairs;

(3) to perform responsibilities related to shareholders' general meetings, organize and make good efforts on the establishment of operational systems for shareholders' general meetings, meetings preparation and proposals preparation, documentation management, implementation and tracking of resolutions, communication with shareholders and other areas;

(4) to be responsible for coordinating the consideration and decision-making of major business and management matters of the enterprise by the respective governance entities; organize and prepare the board meetings, prepare resolutions and related materials and ensure their completeness; accurately record and sign meeting minutes, draft resolutions, maintain minutes, records and other materials of the meetings;

(5) to organize the preparation and submission of documents required to be issued by the board of directors;

(6) to be responsible for liaising with directors, organizing the provision of information and materials to directors; arrange research visits for directors; communicate and coordinate with relevant functional departments and subsidiaries to support the operation of the board of directors and the duty performance of directors and other matters;

(7) to supervise the implementation of the board resolutions, follow up on the implementation of the resolutions of the board of directors and the decision-making matters authorized by the board of directors, and regularly report to the board of directors and give advices;

(8) to cooperate with the evaluation for the board of directors and individual directors;

(9) to perform other duties prescribed by laws, administrative regulations and regulatory documents or granted by the board of directors.

**Article 167** The Company shall formulate the rules of procedures for the board secretary, which provides for the qualifications, work methods and work procedures with respect to the position of a board secretary, and shall implement upon the approval by the board of directors.

**Article 168** The board of directors shall set up a board office to act as the administrative office of the board of directors, which shall be led by the board secretary. The office of the board of directors is responsible for the research on corporate governance and related affairs, undertaking the organization and implementation of the relevant work of the shareholders' general meetings, preparing for board meetings and the meetings of special committees under

the board of directors and providing support and services for the operation of the board of directors. The office of the board of directors shall be equipped with full-time staff.

## **CHAPTER 8 SENIOR MANAGEMENT OF THE COMPANY**

**Article 169** The Company shall have one general manager who shall be employed and dismissed by the board of directors, several deputy general managers, one chief accountant (financial manager) and one general legal counsel who shall be nominated by the general manager and employed and dismissed by the board of directors, and one board secretary who shall be nominated by the chairman and employed and dismissed by the board of directors. A director may also act as the general manager, deputy general manager and other members of senior management.

The term of office of the general manager and other senior management members shall be three years and they can be re-appointed.

**Article 170** The provisions of the Articles of Association concerning the circumstances where a person shall not serve as a director and the management system for resignations shall also apply to the senior management.

The provisions in the Articles of Association regarding the duties of loyalty and diligence of the directors shall also apply to the senior management.

**Article 171** Personnel who holds any administrative positions other than directorship and supervisors in any companies of the Controlling Shareholders of the Company shall not act as senior management of the Company.

The senior management of the Company shall receive remuneration from the Company only, and the controlling shareholder shall not pay any remuneration to them on behalf of the Company.

**Article 172** The general manager of the Company shall be accountable to the board of directors and exercise the following functions and powers:

- (1) to lead the Company's production, operation and management, organize the implementation of the resolutions made by the board of directors, and report to the board of directors;
- (2) to organize the formulation of the Company's annual business plans and investment plans and the implementation after obtaining approval;
- (3) to formulate plans for the establishment of the Company's internal management department;
- (4) to formulate the Company's basic management system;

- (5) to formulate specific regulations of the Company;
- (6) to propose the appointment or dismissal of the Company's deputy general managers, chief accountant (financial manager) and general legal counsel, etc.;
- (7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the board of directors;
- (8) to formulate proposals for the transformation, division, restructuring and liquidation of the wholly-owned subsidiaries of the Company;
- (9) to formulate the structure of the branch organizations of the Company;
- (10) to make decision on the Company's investments, financing, contracts and transactions under the authorization of the board of the directors;
- (11) to decide on the matters relating to external donation of the Company and its subsidiaries, the annual cumulative value of which is within RMB5,000,000 (inclusive);
- (12) to propose the holding of extraordinary general meeting in case of emergency;
- (13) to formulate internal supervision and risk control systems, risk management system, internal control system, accountability system for non-compliant business operations and investments, and compliance management system, and to organize the implementation upon approval by the board of directors;
- (14) to exercise other functions and powers conferred by the Articles of Association and the board of directors.

The deputy general manager, chief accountant (financial manager), the general legal counsel and other members of the senior management shall assist the general manager.

**Article 173** The general manager of the Company shall attend board meetings. The general manager who is not a director does not have any voting rights at board meetings.

**Article 174** The general manager of the Company shall, in accordance with the requirements of the board of directors, report to the board of directors regarding the signing and implementation of major contracts and application of funds of the Company. The general manager shall ensure the truthfulness of such reports.

**Article 175** The rules of work for general manager shall be formulated by the general manager of the Company and be reported to the board of directors for approval and implementation upon

approval.

**Article 176** The terms of reference of the rules of work for general manager shall cover the following aspects:

- (1) The conditions, procedures and attendees of general manager 's meetings;
- (2) The respective specific duties of the general manager and other members of the senior management and the division of such duties;
- (3) The use of the Company's funds and assets, limitation of power to sign major contracts and the system to report to the board of directors;
- (4) Other matters as the board of directors may consider necessary.

**Article 177** The general manager of the Company, in performing his functions and powers, shall act with integrity and diligently and in accordance with the laws, administrative regulations and the Articles of Association.

As authorized by the board of directors, the general manager may exercise part of the functions and powers of the board of directors provided that such authorization shall be in compliance with the laws and regulations of the State and the relevant requirements of the stock exchange(s) on which the Company's shares are listed.

**Article 178** The general manager may tender resignation prior to expiry of his term of office. The specific procedures and measures for the resignation of the general manager shall be provided in the labour contract between the general manager and the Company.

**Article 179** If senior management cause damage to others while performing their duties for the Company, the Company shall be liable for compensation; if senior management act with intent or gross negligence, they shall also be liable for compensation.

Any losses suffered by the Company as a result of any violation of the laws, administrative regulations, departmental regulations or the Articles of Association by senior management in performance of their duties shall be borne by them.

**Article 180** The senior management of the Company shall faithfully perform their duties, and protect the best interests of the Company and all shareholders.

Where the senior management of the Company fails to perform duties faithfully or violates his/her fiduciary duties causing harm to the interests of the Company and public shareholders, he/she shall be liable for compensation in accordance with the law.

## **CHAPTER 9 EMPLOYEE DEMOCRATIC MANAGEMENT AND LABOR AND PERSONNEL SYSTEM**

**Article 181** The Company shall improve the democratic management system with the employee representative meeting as the basic form, make public the affairs of enterprises and business, and put into practice the information right, participation right, expression right and right of supervision of employees in accordance with the laws. The Company shall listen to the opinions of employees in respect of important decisions, and the major issues involving the immediate interests of the employees must be submitted to the employee representative meeting or employee congress for deliberation. The Company shall adhere to and improve the system of employee directorship and ensure the right of employee representatives to participate in corporate governance in an orderly manner.

**Article 182** The employees of the Company shall organize a trade union in accordance with the Trade Union Law of the People's Republic of China to carry out the activities of the trade union and protect the legitimate rights and interests of employees. The Company shall provide conditions which are prerequisite for the activities of the trade union.

**Article 183** The Company shall abide by the relevant national laws and administrative regulations on labour protection and production safety, implement relevant national policies, and safeguard the legitimate rights and interests of employees. The Company shall formulate the labour, personnel and wage systems in light of the needs of production and operation in accordance with the relevant national laws, administrative regulations and policies on labour and personnel. The Company shall, based on its actual situation, establish selection and employment mechanisms that meet market-oriented requirements such as open recruitment of employees, election and competitive recruitment of management personnel, adjustment of underperforming employees and dismissal of the incompetent. In addition, the Company shall establish a market-competitive remuneration system for key core employees and optimize and make good use of medium-and long-term incentive policies.

## **CHAPTER 10 FINANCIAL, ACCOUNTING, AUDIT AND LEGAL COUNSEL SYSTEM**

### **SECTION 1 FINANCIAL AND ACCOUNTING SYSTEM**

**Article 184** The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and PRC accounting standards formulated by the finance regulatory department of the State Council.

**Article 185** At the end of each fiscal year, the Company shall prepare a financial report which shall be audited by certified public accountants in compliance with the law.

The fiscal year of the Company shall coincide with the calendar year, i.e. from January 1 to

December 31 on the Gregorian calendar.

**Article 186** The board of directors of the Company shall present before the shareholders at every annual general meeting such financial reports as are required by any laws, administrative regulations or directives promulgated by regional government and competent governmental authorities to be prepared by the Company.

**Article 187** The Company shall deliver or send to each shareholder of H Shares by prepaid mail the abovementioned reports not later than twenty-one days before the date of every annual general meeting. The address of the recipient shall be the address registered in the register of members. In compliance with the laws and regulations and the listing rules in the jurisdiction in which the Company's shares are listed, the Company may deliver or send the same to the shareholders by posting the same on the websites of the stock exchange and the Company's website or by electronic means, and the Company may not be required to deliver or send the same through the means stated in this Article.

**Article 188** The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or that of the accounting standards where the Company's shares are listed overseas. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, explanations shall be made in the notes to the financial statements. When the Company is to distribute its after-tax profits for the accounting year, the lower of the after-tax profits as shown in the two financial statements shall be adopted.

**Article 189** The interim results or financial information published or disclosed by the Company shall be prepared in accordance with PRC accounting standards and regulations as well as the international accounting standards or such accounting standards in the place of listing overseas.

**Article 190** The Company shall file with the relevant regulatory authorities its annual financial report within four months after the end of every financial year, interim financial and accounting report within two months from the end of the first six months of the financial year, and quarterly financial and accounting reports within one month after the end of the first three months and nine months of the financial year.

All the above financial and accounting reports shall be prepared in accordance with the relevant laws, administrative regulations and departmental rules.

**Article 191** The Company shall not keep accounting books other than those required by law. The funds of the Company will not be deposited into any account opened in the name of an individual.

**Article 192** When allocating the after-tax profits of the current year, the Company shall allocate

10% of its profit to the legal reserve fund. In the event that the accumulated legal reserve fund of the Company has reached more than 50% of the registered capital of the Company, no further allocation is required.

In the event that the legal reserve fund of the Company is insufficient to make up the losses of the Company for the previous year, before allocating the legal reserve fund in accordance with the provision of the previous paragraph, the Company shall first make up the losses by using the profits for the current year.

After allocating the legal reserve fund from the after-tax profits of the Company, the Company may allocate the discretionary reserve fund according to the resolution of shareholders' general meeting.

The remaining profits after making up the losses and allocating to the reserve funds shall be distributed in proportion to the shareholdings of shareholders unless as stipulated in the Articles of Association that such distribution shall not be made in proportion to the shareholdings.

Where the shareholders' general meeting distributes profits to shareholders in violation of the Company Law, shareholders shall return the profit so distributed to the Company; in case of losses caused to the Company, the shareholders and responsible directors and senior management shall be liable for compensation.

The shares held by the Company shall not be entitled to any profit distribution.

**Article 193** Capital reserve fund includes the following items:

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

**Article 194** The reserve funds of the Company shall be used to make up the losses of the Company, expand its production and operation or increase its capital.

When using reserve funds to make up for the losses of the Company, the discretionary reserve funds and the statutory reserve funds shall be used first; if they are still insufficient to make up for the losses, the capital reserve funds may be used in accordance with the regulations.

In capitalizing the legal reserve fund, the remaining balance of such fund shall not be less than 25% of the registered capital of the Company prior to such capitalization.

**Article 195** The basic principles of dividend distribution policy of the Company are:

(1) Taking into full account of the investor return, the dividend distributed to the shareholders in the past three years shall be no less than 30% of the average annual distributable profit attributable to shareholders of the listed company realized in the past three years, as recorded in the consolidated financial statements;

(2) The Company shall maintain continuity and stability of the dividend distribution policy, and give proper consideration to long-term interests of the Company, the interests of all shareholders as a whole and sustainable development of the Company;

(3) The Company will give priority to cash dividend.

**Article 196** The detailed policies of profits distribution are set out below:

(1) The form of distribution: the Company may distribute dividends in cash, in shares, or in a combination of both cash and shares. When the conditions are satisfied, the Company may declare interim dividends.

(2) Conditions and proportion of cash dividend distribution:

Subject to special circumstances, the Company shall distribute cash dividend when the Company makes profit in the year and the accumulated undistributed profit shall be a positive figure. In principle, the accumulated dividend distributed by the Company in cash in the past three years shall be no less than 30% of the average annual distributable profits realized in the past three years. (Average annual distributable profits refer to such average annual profits that attributable to shareholders of the listed company realized in the past three years, as recorded in the consolidated financial statements);

Special circumstances refer to material investments or cash expenditures (excluding fund-raising projects) made by the Company. Material investments or cash expenditures refer to those matters that need review and approval of shareholders' general meeting pursuant to the relevant laws and regulations and requirements of these Articles of Associations.

(3) Differentiated cash dividend distribution policies:

When carrying out cash dividend distribution, the board of directors shall take into comprehensive consideration of such factors as the characteristics of the industries the Company operate in and the business lifecycle of the Company, its own business model, profitability level, as well as whether it has any substantial capital expenditure arrangement, and structure differentiated cash dividend distribution policies applicable to the following situations in accordance with the procedures specified in the Articles of Association:

(i) Where the Company is in a maturity phase with no substantial capital expenditure, the cash



dividend distributed shall not be less than 80% of the total profits distributed when carrying out profits distribution;

(ii) Where the Company is in a maturity phase with substantial capital expenditure, the cash dividend distributed shall not be less than 40% of the total profits distributed when carrying out profits distribution;

(iii) Where the Company is in a growth phase with substantial capital expenditure, the cash dividend distributed shall not be less than 20% of the total profits distributed when carrying out profits distribution; where the phase of the business lifecycle of the Company is difficult to define and where Company has substantial capital expenditure arrangement, the profit distribution may be dealt with pursuant to the preceding provisions.

(4) Conditions of dividend distribution in shares:

When the Company is in good condition and the board of directors considers that the share price and share capital size do not match, and to distribute dividends in shares is in the interests of the shareholders as a whole, the board of directors may, provides that the conditions of cash dividend distribution stated above are satisfied, propose to distribute dividends in shares;

In distributing dividend in shares, the Company shall focus on capital expansion and performance growth, taking into account of such reasonable factors as the business growth and dilution of net asset value per share.

**Article 197** Review and approval procedure for profit distribution proposal:

(1) The profit distribution proposal shall be proposed by the management and submitted to the board of directors of the Company for review and approval, and the board of directors shall record a resolution and submit to the shareholders' general meeting for review and approval;

(2) The board of directors shall fully consider the profit distribution proposal pursuant to the provisions of the Articles of Association, having taken into full account of the Company's ability to operate on an ongoing basis, and the capital required for ensuring ordinary production, operation and business development as well as reasonable returns to investors. In deliberating and decision-making of the profit distribution proposal and revisions on the established profit distribution policy, the board of directors of the Company shall communicate and exchange ideas with independent directors in advance and take full account of the views and the demands of independent directors; in deliberating and decision-making of the profit distribution proposal and revisions on the established profit distribution policy, the shareholders' general meeting of the Company may communicate and exchange ideas with independent directors and minority shareholders through multiple channels including making full use of investor relations hotline (platform) and take full account of the views of independent directors and the demands of minority shareholders;

(3) Independent directors may solicit opinions from minority shareholders, put forth dividends distribution proposals and directly submitted to the board of directors for review and approval;

(4) If the Company decides not to distribute cash dividend due to special circumstances stipulated in Article 196, the board of directors shall provide a special explanation on matters relating to the detailed reasons, the exact purpose of the retained proceeds and estimated return on investment and submit to the shareholders' general meeting for review and approval, and disclosed on the media designated by the Company.

**Article 198** Implementation of profit distribution:

Subsequent to the passing of the resolution in respect of the profit distribution plan by the shareholders' general meeting or the formulation of specific plan by the board of directors of the Company in line with the conditions and the maximum limit of interim dividend distribution for the next year considered and approved at the annual general meeting, the board of directors of the Company shall complete the distribution of dividends (or shares) within two months from the date of the shareholders' general meeting;

Dividends and other distributions declared by the Company to holders of domestic shares shall be declared and denominated in renminbi, and paid in renminbi. Dividends and other distributions declared by the Company to holders of H shares shall be declared and denominated in renminbi. The exchange rate shall be based on the average middle exchange rate of the relevant foreign currency against renminbi announced by the People's Bank of China over the five working days preceding the date on which such dividends or other distribution are declared. Foreign currencies payable by the Company to holders of H shares shall be obtained pursuant to relevant State regulations on the administration of foreign exchange.

**Article 199** Adjustment of profit distribution policies:

In case of war, natural disasters and other force majeure, or the changes in external operating environment which significantly affect the Company's production and operation, or significant changes in the Company's own operation status, the Company may adjust its profit distribution policies.

When the Company needs to adjust its profit distribution policies, the board of directors shall carry out a special topic discussion to discuss in details and explain the reasons of adjustment, and then submit to the shareholders' general meeting for approval by way of a special resolution. The Company shall provide an internet voting for the shareholders when the adjustment of profit distribution policies is in review and discussion.

**Article 200** The Company shall appoint a receiving agent for holders of H shares. The receiving

agent shall receive on behalf of such shareholders any dividends or other amounts payable by the Company to them in respect of H shares.

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

## **SECTION 2 INTERNAL AUDIT AND GENERAL LEGAL COUNSEL SYSTEM**

**Article 201** The Company shall implement the internal audit system, which clarify the leadership system, duties and authorization, personnel allocation, financial safeguards, the use of audit results and accountability for internal audit.

The internal audit system of the Company shall be implemented upon obtaining the approval from the board of directors, and disclosed publicly.

**Article 202** The internal audit institution of the Company conducts supervision and inspection on the business activities, risk management, internal control, financial information and other matters of the Company.

The secretary of the Party Committee and the chairman of the board of directors shall be the primary responsible persons and specially take charge of the internal audit work. The internal audit organization shall be responsible to the Party organization and the board of directors and subject to the management and guidance of the board of directors, and conduct audit and supervision of the operation and management activities and performance of the Company and its branches and subsidiaries in accordance with relevant regulations.

**Article 203** The internal audit institution shall be subject to the supervision and guidance of the audit and risk committee in the course of its supervision and inspection of the business activities, risk management, internal control and financial information of the Company. If the internal audit institution discovers relevant major problems or clues, it shall report directly to the audit and risk committee immediately.

**Article 204** The internal audit institution shall be responsible for the specific organization and implementation of the evaluation of the Company's internal control. The Company shall issue an annual internal control evaluation report based on the evaluation report and relevant information issued by the internal audit institution and reviewed by the audit and risk committee.

**Article 205** The internal audit institution shall actively cooperate and provide necessary support and collaboration when the audit and risk committee communicate with the external audit institutions such as certified public accountants' firms and national audit authorities.

**Article 206** The audit and risk committee shall participate in the assessment of the person in charge of internal audit.

**Article 207** The Company adopts a general legal counsel system and has a general legal counsel to further give full play to the role of the general legal counsel as a gatekeeper for legal review in operation and management, thereby facilitating the legal operation and compliance of the Company. The general legal counsel shall report directly to the general manager or chairman of the board of directors, attend the Party Committee's meeting and the board meeting, participate in the general managers' meeting and express independent legal opinions on legal issues involving in the matters under consideration.

### **SECTION 3 APPOINTMENT OF CERTIFIED PUBLIC ACCOUNTANTS' FIRM**

**Article 208** The Company shall appoint an independent firm of certified public accountants which is qualified under the requirements of the Securities Law to audit the Company's annual financial statements and the Company's other financial reports.

**Article 209** The appointment and dismissal of a certified public accountants' firm by the Company shall be determined by the shareholders' general meeting. The board of directors shall not appoint a certified public accountants' firm before the decision is made by the shareholders' general meeting. Their remuneration shall be determined by a majority of the shareholders at the shareholders' general meeting or by other organizations independent of the board of directors.

**Article 210** The term of service of the certified public accountants' firm shall be one year commencing at the conclusion of the current annual general meeting and ending at the conclusion of the next annual general meeting. The term may be renewed upon expiry.

**Article 211** The Company must provide true and complete accounting vouchers, books and accounts, financial and accounting reports and other accounting data to the certified public accountants' firm engaged without any refusal, withholding and misrepresentation.

**Article 212** A prior notice of thirty days shall be given to the certified public accountants' firm if the Company dismisses or no longer re-appoints the certified public accountants' firm. The certified public accountants' firm is allowed to express its opinions during the voting on its dismissal at the shareholders' general meeting. Where the certified public accountants' firm resigns, it shall make clear to the shareholders' general meeting whether there are any impropriety on the part of the Company.

## **CHAPTER 11 MERGER, DIVISION, INCREASE IN CAPITAL, REDUCTION IN CAPITAL, DISSOLUTION AND LIQUIDATION OF THE COMPANY**

### **SECTION 1 MERGER, DIVISION, INCREASE IN CAPITAL AND REDUCTION IN CAPITAL**

**Article 213** The merger of the Company may take the form of merger by absorption or merger by the establishment of a new company.

Merger by absorption refers to a company absorbing another company, in which the company being absorbed shall be dissolved. Merger by establishment refers to the establishment of a new company by merging more than two companies, whereby the merging parties shall be dissolved.

**Article 214** Where the amount paid for the merger of company does not exceed 10% of the Company's net assets, it may not be subject to a resolution of the shareholders' general meeting, except as otherwise provided in the Articles of Association.

Where the Company merges in accordance with the provisions of the preceding paragraphs without a resolution of the shareholders' general meeting, it is subject to a resolution of the board of directors.

**Article 215** In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and a list of assets. The Company shall notify its creditors within ten days of the date of the Company's resolution on merger and shall make an announcement in newspapers or the National Enterprise Credit Information Publicity System within thirty days of the date of the Company's resolution on merger. Creditors may, within thirty days after receipt of such notice from the Company, or within forty-five days of the date of the newspaper announcement for those who do not receive such notice, to demand that the Company repay their debts to that creditor or provide a corresponding guarantee for such debts.

**Article 216** After the merger, claims and liabilities of parties to the merger shall be taken over by the continuing company or the newly established company.

**Article 217** In a division, the assets shall be split in an appropriate manner.

In the event of division of the Company, the parties concerned shall enter into a division agreement and prepare balance sheets and a list of assets. The Company shall notify all creditors within ten days after adoption of the resolution on division and shall make an announcement in newspapers or the National Enterprise Credit Information Publicity System within thirty days.

**Article 218** The debts of the Company before division shall be borne by the companies established after division jointly and severally, save as otherwise agreed in writing between the Company and the creditors in respect of debt settlement before division.

**Article 219** Where the Company reduces its registered capital, it shall prepare a balance sheet and a list of assets.

The Company shall notify its creditors within ten days from the date of the Company's resolution on reduction in registered capital and shall publish an announcement in newspapers or the National Enterprise Credit Information Publicity System within thirty days from the date of such resolution. Creditors of the Company shall be entitled, within thirty days from the date of receipt of the notice from the Company or, in case of a creditor who has not received such notice, within forty-five days of the date of the announcement, to require the Company to repay its debts or provide a corresponding guarantee for such debt.

When the Company reduces its registered capital, it shall reduce the amount of capital contributions or shares in proportion to the shareholders' shareholdings, unless otherwise stipulated in the laws or the Articles of Association.

**Article 220** Where the Company still has a loss after making up for it in accordance with paragraph 2 of Article 194 of the Articles of Association, it may reduce its registered capital to make up for the loss. If the Company reduces its registered capital to make up for the loss, it shall not make any distribution to the shareholders, nor shall the shareholders be exempted from the obligation to pay the capital contribution or the share payment.

Where the registered capital is reduced in accordance with the provisions of the preceding paragraphs, the provision of the paragraph 2 of Article 219 of the Articles of Association shall not be applicable, and an announcement shall be made in newspapers or the National Enterprise Credit Information Publicity System within 30 days from the date when a resolution on the reduction of the registered capital is made at the shareholders' general meeting.

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

**Article 221** Where the reduction of the registered capital is in violation of the Company Law or other relevant provisions, the shareholders shall return such funds they received, and reduction or exempt in capital contributions of the shareholders shall be restored to the original status; if losses are caused to the Company, the shareholders and the directors and senior management in charge shall be liable for compensation.

**Article 222** Where an increase in registered capital of the Company is made by means of issue of new shares, the shareholders do not have any pre-emptive right unless the Articles of Association provides otherwise or the shareholders' general meeting resolves that the shareholders shall have pre-emptive right.

**Article 223** When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the company registration authority in accordance with the law. When the Company dissolves, the Company shall cancel its registration in accordance with the law. When a new company is established, its establishment shall be registered in accordance with the law.

Changes of registration particulars shall be filed and registered with the companies' registration authority in respect of any increase or reduction in the registered capital of the Company.



## **SECTION 2 DISSOLUTION AND LIQUIDATION OF THE COMPANY**

**Article 224** Under any of the following circumstances, the Company shall be lawfully dissolved and liquidated:

- (1) The shareholders' general meeting adopts a resolution to dissolve;
- (2) The Company needs to be dissolved for the purpose of merger or division;
- (3) Where the Company encounters significant difficulties in business and management, its continuous survival may be significantly detrimental to the interests of the shareholders, and the difficulties may not be overcome through other means, shareholders who hold more than 10% of the shares carrying voting rights may request the People's Court to dissolve the Company;
- (4) The business licence of the Company is cancelled or the Company is ordered to be closed down or deregistered according to the laws.
- (5) The occurrence of other reasons for dissolution specified in the Articles of Association;

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

**Article 225** Where the circumstances of clauses (1) and (5) of Article 224 of the Articles of Association occur, and the Company has not yet distributed any assets to its shareholders, it may subsist by amending the Articles of Association or by a resolution of the shareholders' general meeting.

The amendments to the Articles of Association pursuant to the preceding paragraph or the resolutions of the shareholders' general meeting shall be subject to approval of more than two-thirds of the voting rights held by shareholders attending the shareholders' general meeting.

**Article 226** Where the Company is dissolved by virtue of the reasons set out in clauses (1), (3), (4) and (5) in the Article 224 of the Articles of Association, the Company shall be liquidated. The directors shall be the liquidation obligors, and a liquidation committee shall be established within 15 days from the date of occurrence of reasons for dissolution.

The liquidation committee shall comprise the directors, unless the Articles of Association provide otherwise or the shareholders' general meeting resolves to elect other person(s).

If the liquidation obligors fail to fulfill their liquidation obligations in a timely manner and cause losses to the Company or creditors, they shall be liable for compensation.

**Article 227** The liquidation committee shall notify creditors within ten days from the date of its establishment and make an announcement in newspapers or the National Enterprise Credit Information Publicity System within sixty days of that date. Creditors should, within thirty days after receipt of the notice, or for those who do not receive the notice, within forty-five days from the date of the announcement, declare their claims to the liquidation committee. The liquidation committee shall register the claims according to the requirements of the law.

The creditors shall explain the matters related to their claims and provide supporting materials when declaring their claims. The liquidation committee shall register the claims. The liquidation committee shall not settle any debt with the creditors during the period of claim declaration.

**Article 228** During the liquidation period, the liquidation committee shall exercise the following functions and duties:

- (1) to liquidate the Company's assets and separately prepare a balance sheet and a list of assets;
- (2) to notify creditors by sending notice or by making announcement;
- (3) to deal with and settle the Company's outstanding business in relation to the liquidation;
- (4) to settle outstanding taxes as well as taxes arising in the course of liquidation;
- (5) to settle all claims and debts;
- (6) to allocate the remaining assets of the Company after the repayment of debts; and
- (7) to represent the Company in any civil proceedings.

**Article 229** After checking the Company's assets and preparing a balance sheet and a list of assets, the liquidation committee shall formulate a liquidation plan and submit the same to the shareholders' general meeting or the People's Court for confirmation.

The Company's residual assets after repayment of liquidation expenses, staff wages, labour insurance expenses and statutory compensation, payment of outstanding taxes, and payment of the Company's debts shall be distributed to its shareholders according to the proportion of their shareholdings.

During the liquidation period, the Company remains in existence; however, it shall not carry out any business activities irrelevant with the liquidation.

The Company's assets shall not be distributed to its shareholders prior to repaying debts in

accordance with the foregoing provisions.

**Article 230** In the event of the Company's liquidation owing to dissolution, if the liquidation committee, after liquidating the Company's assets and preparing a balance sheet and a list of assets, discovers that the Company's assets are insufficient to repay off its debts, it shall immediately apply to the People's Court for declaration of bankruptcy.

After the bankruptcy application is accepted by the People's Court, the liquidation committee shall transfer the liquidation matters to the bankruptcy administrator designated by the People's Court.

**Article 231** Following the completion of liquidation, the liquidation committee shall prepare a report on liquidation, which shall be verified by PRC certified public accountants and then submitted to the shareholders' general meeting or the People's Court for confirmation, and shall submit the same to the company registration authority and apply for cancellation of registration of the Company.

**Article 232** Members of the liquidation committee shall perform the liquidation obligations and assume obligations of loyalty and diligence.

Members of the liquidation committee shall be liable for compensation of the losses caused to the Company by their negligence in performing their liquidation duties. Members of the liquidation committee shall be liable for compensation of the losses caused to the Company or the creditors as a result of their malicious acts or material errors.

**Article 233** If the Company is declared bankrupt in accordance with the law, the Company shall undergo liquidation in accordance with the law in relation to bankruptcy of an enterprise.

## **CHAPTER 12 AMENDMENT TO THE ARTICLES OF ASSOCIATION**

**Article 234** The Articles of Association may be amended in accordance with the laws, administrative regulations and the provisions of the Articles of Association.

The Articles of Association shall be amended on occurrence of any of the followings:

(1) The Articles of Association contradict with any amendments made to the Company Law or the relevant laws and administrative regulations;

(2) Any changes in the Company resulting in inconsistency with the matters set out in the Articles of Association;

(3) It is resolved to amend the Articles of Association at the shareholders' general meeting.

**Article 235** Any amendments to the Articles of Association shall be made in the following procedures:

(1) the board of directors shall, in accordance with the Articles of Association, pass a resolution to propose to the shareholders' general meeting to amend the Articles of Association, and draw up a proposal for such amendments;

(2) the amendments proposal shall be notified to shareholders, and a shareholders' general meeting shall be convened to vote on the amendments;

(3) subject to the relevant requirements of the Articles of Association, the amendments submitted to the shareholders' general meeting for approval are approved by way of special resolution.

**Article 236** Any amendments to the Articles of Association passed by a resolution at the shareholders' general meeting which are subject to approvals from relevant competent authorities shall be submitted to the competent authority for approval. If there is any change relating to the registered particulars of the Company, application shall be made for change in registration in accordance with the law.

**Article 237** The board of directors shall amend the Articles of Association in accordance with the resolutions on amendments of the Articles of Association at the shareholders' general meeting and the opinions of approval issued by the relevant competent authorities.

**Article 238** Amendments of the Articles of Association are information required for disclosure under the laws and regulations and announcement is required.

## CHAPTER 13 NOTICES

**Article 239** Notices of the Company (for the purpose of this Chapter, “notices” include notices of shareholders’ general meetings issued by the Company to shareholders, corporate communications of the Company or other written materials) may be issued in each of the following manner:

- (1) delivery in person;
- (2) delivery by mail;
- (3) in the form of an announcement;
- (4) in a manner recognized by the listing and/or securities authorities regulating the stock exchange(s) on which the Company’s shares are listed, or in a manner that is otherwise permissible under the Articles of Association.

Notices issued in the form of an announcement shall be published in the relevant publications as designated by the regulatory authorities and stock exchange(s) of the places where the Company’s shares are listed and/or the relevant designated media (including websites) of the relevant listing and/or securities authorities regulating the stock exchange(s) on which the Company’s shares are listed.

In relation to the Hong Kong Listing Rules requirements for the manner of issuance and/or distribution of corporate communications and in accordance with the laws and regulations of the relevant listing and/or securities authorities regulating the stock exchange(s) on which the Company’s shares are listed, the Company may issue and/or provide corporate communications to the holders of H Shares by electronic means or on the websites of the Company and of the SEHK in lieu of issuing and/or providing the corporate communications by delivery in person or by mail (with full postage paid).

“Corporate communications” means any documents issued, or will be issued by the Company to the holders of any securities of the Company for their reference or for their action, including but not limited to:

- (1) reports of the board of directors, the Company’s annual accounts and auditor’s reports and the Company’s summary financial report (if applicable);
- (2) the Company’s interim reports and the Company’s summary interim reports (if applicable);
- (3) notices of meetings of the Company;
- (4) listing documents of the Company;

- (5) the Company's circulars;
- (6) authorization letters for proxy; and
- (7) reply forms and other documentary materials.

**Article 240** If the Company delivers the notice by hand, the person on whom the notice is served shall sign (or affix the seal) on the receipt and the date of service shall be the date on which such person is served; when a notice is delivered by post, the second working day after the date of delivery to the post office shall be deemed as the date of service. If the notice is given by way of announcement, it shall be deemed as having delivered on the date of first announcement.

If the documents as mentioned in Article 239 hereof are provided by the Company to its shareholders by electronic means, such documents shall be deemed as having received when they are published on the websites of the stock exchange(s) and the Company in accordance with the requirements of the stock exchange(s).

## **CHAPTER 14 SUPPLEMENTARY PROVISIONS**

### **Article 241** Definitions

(1) Controlling shareholder refers to a shareholder whose shares exceed fifty percent of the total share capital of a joint stock limited company, or a shareholder whose shareholdings are less than 50%, but the voting rights of the shares held by whom are sufficient to have a significant impact on the resolutions of the shareholders' general meeting.

(2) De facto controller refers to a natural, legal person or other organization who has de facto control over actions of the Company through investment relationships, agreements or other arrangements.

(3) Connected relationship refers to the relationship between a controlling shareholder, de facto controller, director, senior management of the Company and their directly or indirectly controlled enterprises, as well as other relationship which may result in the transfer of interests of the Company. However, state-owned enterprises shall not be deemed to have connected relationships solely because they are under control by the State.

(4) Certified public accountants' firm as mentioned in the Articles of Association shall have the same meaning as "Auditor(s)".

**Article 242** The board of directors may formulate by-laws in accordance with the Articles of Association.

The by-laws shall not contravene the provisions of the Articles of Association.

**Article 243** All “more than” in the Articles of Association includes the figure itself; “exceed”, “beyond”, “more” and “less than” do not include the figure itself.

**Article 244** The Articles of Association are prepared in Chinese. Should there be any discrepancies between the versions in other languages and the Chinese version, the Chinese version shall prevail.

The Articles of Association shall be construed by the board of directors of the Company. Should there be any inconsistencies between the Articles of Association and the relevant laws, regulations, regulatory documents and the rules of listing of the places where the Company’s shares are listed, the latter shall prevail.

**Article 245** The rules of procedures for shareholders’ general meetings and meetings of the board of directors are annexed to the Articles of Association.