

# **Xinjiang Xinxin Mining Industry Co., Ltd.\***

**新疆新鑫礦業股份有限公司**

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

## **ARTICLES OF ASSOCIATION**

Approved at the 2007 third extraordinary general meeting of Xinjiang Xinxin Mining Industry Co., Ltd.,  
amended at the 2008 first extraordinary general meeting of Xinjiang Xinxin Mining Industry Co., Ltd.,  
amended at the 2008 annual general meeting of Xinjiang Xinxin Mining Industry Co., Ltd.,  
amended at the 2009 annual general meeting of Xinjiang Xinxin Mining Industry Co., Ltd.,  
amended at the 2011 extraordinary general meeting of Xinjiang Xinxin Mining Industry Co., Ltd.,  
amended at the 2013 annual general meeting of Xinjiang Xinxin Mining Industry Co., Ltd., and  
amended at the 2015 annual general meeting of Xinjiang Xinxin Mining Industry Co., Ltd.  
amended at the 2017 extraordinary general meeting of Xinjiang Xinxin Mining Industry Co., Ltd.  
amended at the 2018 extraordinary general meeting of Xinjiang Xinxin Mining Industry Co., Ltd.  
amended at the 2020 first extraordinary general meeting of Xinjiang Xinxin Mining Industry Co., Ltd.  
amended at the 2020 second extraordinary general meeting of Xinjiang Xinxin Mining Industry Co., Ltd.

**December 2020**

*\*For identification purpose only*

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# The Articles of Association of Xinjiang Xinxin Mining Industry Co., Ltd.

## Chapter 1 General Provisions

**Article 1** In order to regulate the composition and act of Xinjiang Xinxin Mining Industry Co., Ltd. (the “Company”), insist on and consolidate the comprehensive leadership of the Party, protect the legitimate rights and interests of shareholders and creditors, the Articles of Association (the “Articles”) are formulated in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China, the Special Provisions of the State Council Concerning the Flotation and Listing Abroad of Stocks by Limited Stock Companies (the “Special Provisions”), the Prerequisite Clauses for Articles of Association of Companies Seeking Listing outside the PRC (the “Prerequisite Clauses”), the Letter of Opinions on the Supplemental Amendments to Articles of Association of Companies Seeking Listing in Hong Kong (the “Letter of Opinions on Supplemental Amendments”) and other relevant regulations.

**Article 2** The Company is a company limited by shares established in accordance with the Company Law, the Special Provisions and other relevant regulations and shall observe and comply with the Company Law, Special Provisions and the Articles.

The Company was approved by the People’s Government of Xinjiang Uygur Autonomous Region through the approval letter regarding the Establishment of Xinjiang Xinxin Mining Industry Co., Ltd. (Xin Zheng Han (2005) No. 127) to be incorporated by way of promotion on 1 September 2005. The Company was registered with the Administration for Industry and Commerce of Xinjiang Uygur Autonomous Region and obtained the enterprise legal person business license on 1 September 2005. The unified social credit code of the Company is: 91650100778968995G.

The promoters of the Company are as follows: Xinjiang Non-ferrous Metal Industry (Group) Co., Ltd.\* (新疆有色金屬工業（集團）有限責任公司), Shanghai Yilian Mining and Energy Industry Co., Ltd.\* (上海怡聯礦能實業有限公司), Zhongjin Investment (Group) Co., Ltd.\* (中金投資（集團）有限公司), Zijin Mining Group (Xiamen) Investment Co., Ltd.\* (紫金礦業集團（廈門）投資有限公司), Xinjiang Xinying New Material Co., Ltd.\* (新疆信盈新型材料有限公司) and Shaanxi Honghao Industry Co., Ltd.\* (陝西鴻浩實業有限公司).

*\* The English name is a translation of the original Chinese name and provided for reference only.*

According to the requirements of the Constitution of the Communist Party of China (《中國共產黨章程》), the Company has established a Communist Party of China organization to accomplish the tasks assigned by the Party. The Company shall also establish the working organs of the Party, which shall be equipped with sufficient and competent staff to deal with Party affairs and provided with sufficient funds to operate the Party organization.

**Article 3** The registered name of the Company in Chinese: 新疆新鑫礦業股份有限公司

The English name of the Company: Xinjiang Xinxin Mining Industry Co., Ltd.

**Article 4** Domicile of the Company: 3/F, Tower 1, Business Residence Community of Youse Mingyuan Science and Technology Park, No. 52, East 2nd Lane, Binhe Middle Road, Saybagh District, Urumqi, Xinjiang.

Postal Code: 830000

Telephone number: 0086—0991—4852773

Fax number: 0086—0991—4853773

**Article 5** The legal representative of the Company is the chairman of the Company.

**Article 6** The Company is a company limited by shares with perpetual existence.

**Article 7** The total assets of the Company are divided into equal shares. Shareholders shall assume liability towards the Company to the extent of their respective subscribed shares and the Company shall be liable for its debts to the extent of its total assets.

**Article 8** The Articles shall be passed by way of special resolution at the general meeting of the Company and come into effect from the date of listing of the Company's overseas listed foreign shares of the initial public offering on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange") and shall be submitted to the original industry and commerce administration organ for record, superseding the original articles of association of the Company.

The Articles shall be the legally binding document regulating the constitution and act of the Company, the rights and obligations between the Company and its shareholders, and the rights and obligations among the shareholders from the effective date of the Articles.

**Article 9** The Articles shall be binding upon the Company and its shareholders, directors, supervisors, general managers, and other senior management of the Company. All the aforesaid persons have the right to make a claim regarding the Company's affairs in accordance with the Articles.

According to the Articles, shareholders may bring legal actions against other shareholders, directors, supervisors, general managers and other senior management of the Company as well as the Company. The Company may bring legal actions against shareholders, directors, supervisors, general managers and other senior management.

The "actions" referred to in the preceding paragraph include court proceedings and arbitration proceedings brought to an arbitration body.

The "other senior management" referred to in the preceding paragraph include deputy general managers, secretary of the board of directors, chief financial officer and chief engineer.

**Article 10** The Company may invest in other enterprises; however, unless the law provides otherwise, it shall not become the investor that assumes joint and several liability for the debts of the enterprises in which it invests.

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

**Article 11** The purpose of business of the Company is: focusing on pursuing economic benefits, maximizing shareholders' equity, giving full play to the Company's high-tech, management and industrial advantages and with the support of the government policies which encourage the development of the mining economy, to develop the Company as the leading enterprise among the non-ferrous metal industry with combination of businesses of mining, dressing and smelting and processing of non-ferrous metals and their by-products with strong competitiveness in the market and stable economic benefits.

**Article 12** The business scope of the Company as approved by the companies registration authority is: mining of copper, nickel ores within the scope as set forth by the 'Mining License' (only by the respective branches to which the ores belong); dressing and smelting of copper, nickel ores; processing of copper, nickel, lead, zinc, and other non-ferrous metals and sales of self-produced products (other than those required to obtain the special approval of the State).

Upon the approval by an ordinary resolution at the 2013 general meeting and the approval of the companies registration authority, the business scope of the Company was amended as: the ore processing and smelting of copper mines and nickel mines; processing of copper, nickel, lead, zinc, and other non-ferrous metals and sales of self-produced products (other than those related to hazardous chemicals); processing of sulfuric acid and sales of self-produced products (only limited to Fukang Refinery) (other than those required to obtain the special approval of the State for production and operation).

## **Chapter 3 Shares and Registered Capital**

**Article 13** The Company shall have ordinary shares in place at all times. The Company may create other classes of shares according to its needs, subject to the approval by the companies examining and approving authority(ies) authorized by the State Council.

The issue of the shares of the Company shall be equal and fair. Every share of the same class shall rank *pari passu* with each other.

Shares of the same class issued at the same time shall be issued on the same conditions and at the same price. Any entity and individual shall pay the same price for each of the share they subscribe for.

**Article 14** All shares issued by the Company shall have a par value and each shall have a par value of Renminbi 0.25.

The “Renminbi” referred to in the preceding paragraph shall mean the lawful currency of the People’s Republic of China.

**Article 15** Upon approval by the securities regulatory authority of the State Council, the Company may issue shares to domestic investors and foreign investors.

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

**Article 16** Shares issued by the Company to the domestic investors which are subscribed in Renminbi shall be referred to as domestic shares. Shares issued by the Company to the foreign investors which are subscribed in foreign currency(ies) shall be referred to as foreign shares. Foreign shares that are listed abroad shall be referred to as overseas listed foreign shares.

The “foreign currency” referred to in the preceding paragraph shall mean the lawful currency (other than Renminbi) of other countries or regions which is recognized by the foreign exchange administration authority of the State and can be used for payment of the Company’s shares.

Overseas listed foreign shares listed in Hong Kong issued by the Company shall be referred to as H shares. H shares refer to the shares approved to be listed on the Hong Kong Stock Exchange with the par value denominated in Renminbi and are subscribed for and traded in Hong Kong dollars.

**Article 17** At the time of the incorporation of the Company, the Company issued a total of 300,000,000 domestic ordinary shares with a par value of RMB1.00 per share, all being subscribed and held by the promoters, among which, 180,000,000 shares were issued to Xinjiang Non-ferrous Metal Industry (Group) Co., Ltd., accounting for 60.0000% of the total number of the Company’s shares; 60,000,000 shares were issued to Shanghai Yilian Mining and Energy Industry Co., Ltd., accounting for 20.0000% of the total number of the Company’s shares; 42,000,000 shares were issued to Zhongjin Investment (Group) Co., Ltd., accounting for 14.0000% of the total number of the Company’s shares; 12,000,000 shares were issued to Xiamen Zijin High-tech Co.,Ltd. (renamed as Zijin Mining Group (Xiamen) Investment Co., Ltd.), accounting for 4.0000% of the total number of the Company’s shares; 4,670,071 shares were issued to Xinjiang Xinying New Material Co., Ltd, accounting for 1.5567% of the total number of the Company’s shares; and 1,329,929 shares were issued to Shaanxi Honghao Industry Co., Ltd., accounting for 0.4433% of the total number of the Company’s shares.

**Article 18** The Company approved the increase of the registered capital of the Company by the promoters by special resolution at the first extraordinary general meeting of 2006 held on 15 May 2006. Following the completion of the increase of the registered capital, the total

number of domestic ordinary shares issued by the Company is 380,000,000 shares, with a par value of RMB1.00 per share, among which, 238,551,000 shares were held by Xinjiang Non-ferrous Metal Industry (Group) Co., Ltd., accounting for 62.7766% of the total number of the Company's shares; 70,724,000 shares were held by Shanghai Yilian Mining and Energy Industry Co., Ltd., accounting for 18.6116% of the total number of the Company's shares; 49,507,000 shares were held by Zhongjin Investment (Group) Co., Ltd., accounting for 13.0282% of the total number of the Company's shares; 14,145,000 shares were held by Xiamen Zijin High-tech Co.,Ltd. (renamed as Zijin Mining Group (Xiamen) Investment Co., Ltd.), accounting for 3.7224% of the total number of the Company's shares; 5,505,000 shares were held by Xinjiang Xinying New Material Co., Ltd., accounting for 1.4487% of the total number of the Company's shares; and 1,568,000 shares were held by Shaanxi Honghao Industry Co., Ltd., accounting for 0.4125% of the total number of the Company's shares.

It was approved by special resolution at the second extraordinary general meeting of 2007 held by the Company on 11 May 2007 and by the China Securities Regulatory Commission that the Company would implement share split for the purpose of the public offering of the Company's overseas listed foreign shares, i.e., to split the issued domestic ordinary shares of the Company with a par value of RMB1.00 per share into four shares of a par value of RMB0.25 per share. After the share split, the registered capital of the Company shall remain RMB380,000,000 and the total number of the domestic ordinary shares of the Company shall be 1,520,000,000 shares, among which, 954,204,000 shares were held by Xinjiang Nonferrous Metal Industry (Group) Co., Ltd., accounting for 62.7766% of the total number of the Company's shares; 282,896,000 shares were held by Shanghai Yilian Mining and Energy Co., Ltd., accounting for 18.6116% of the total number of the Company's shares; 198,028,000 shares were held by Zhongjin Investment (Group) Co., Ltd., accounting for 13.0282% of the total number of the Company's shares; 56,580,000 shares were held by Xiamen Zijin High-tech Co., Ltd. (renamed as Zijin Mining Group (Xiamen) Investment Co., Ltd.), accounting for 3.7224% of the total number of the Company's shares; 22,020,000 shares were held by Xinjiang Xinying New Material Co., Ltd., accounting for 1.4487% of the total number of the Company's shares; and 6,272,000 shares were held by Shaanxi Honghao Industry Co., Ltd., accounting for 0.4125% of the total number of the Company's shares.

**Article 19** It was approved by special resolution at the second extraordinary general meeting of 2007 held by the Company on 11 May 2007 and by the China Securities Regulatory Commission that the Company issued no more than 690,000,000 overseas listed foreign shares (H shares) (including 90,000,000 over-allotment shares) with a par value of RMB0.25 per share. According to the requirements of the State regarding the reduction of state-owned shares, 10% of H shares, owned by the State, approved at the meeting (no more than 69,000,000 share) transferred to the National Council For Social Security Fund (hereinafter referred to as the "NSSF") from one shareholder of state-owned shares of the Company, Xinjiang Non-ferrous Metal Industry (Group) Ltd., were converted into overseas listed foreign shares (H shares) with a par value of RMB0.25.

Following the completion of the offering of the Company's overseas listed foreign shares on

12 October 2007, the total number of the Company's shares is 2,210,000,000 (including 1,451,000,000 domestic ordinary shares and 759,000,000 H shares), among which, Xinjiang Non-ferrous Metal Industry (Group) Co., Ltd. holding 885,204,000 domestic ordinary shares, accounting for 40.06% of the total number of the Company's shares; Shanghai Yilian Mining and Energy Industry Co., Ltd. Holding 282,896,000 domestic ordinary shares, accounting for 12.80% of the total number of the Company's shares; Zhongjin Investment (Group) Co., Ltd. holding 198,028,000 domestic ordinary shares, accounting for 8.96% of the total number of the Company's shares; Xiamen Zijin High-tech Co., Ltd. (renamed as Zijin Mining Group (Xiamen) Investment Co., Ltd.) holding 56,580,000 domestic ordinary shares, accounting for 2.56% of the total number of the Company's shares; Xinjiang Xinying New Material Co., Ltd. holding 22,020,000 domestic ordinary shares, accounting for 1.00% of the total number of the Company's shares; Shaanxi Honghao Industry Co., Ltd. holding 6,272,000 domestic ordinary shares, accounting for 0.28% of the total number of the Company's shares; the NSSF holding 69,000,000 H shares, accounting for 3.12% of the total number of the Company's shares; and the shareholders of overseas listed foreign shareholding 690,000,000 shares, accounting for 31.22% of the total number of the Company's shares.

On 9 March 2016, Shaanxi Honghao Industry Co., Ltd. transferred its 6,272,000 domestic ordinary shares of the Company to Shaanxi Guangyou Trading Co., Ltd. ordinary shares of the Company to Shaanxi Guangyou Trading Co., Ltd. (陝西廣優貿易有限公司) by the way of a transfer agreement. Shaanxi Guangyou Trading Co., Ltd. holds by the way of a transfer agreement. Shaanxi Guangyou Trading Co., Ltd. holds 6,272,000 domestic ordinary shares of the Company, accounting for 0.28% of the total issued shares of the Company.

Upon approval by the State Council or the regulatory authority(ies) authorized by the State Council and subject to the requirements of the Hong Kong Stock Exchange, the domestic shares of the Company may be converted into H shares of the Company and be listed and traded on the Hong Kong Stock Exchange.

**Article 20** The Company's board of directors may make implementation arrangements for the scheme of the respective issuance of overseas listed foreign shares and domestic shares after proposals made for the issuance of the same have been approved by the securities regulatory authority of the State Council.

The Company may implement the proposals respectively to issue overseas listed foreign shares and domestic shares pursuant to the preceding paragraph within fifteen months from the date of approval by the securities supervisory authority of the State Council.

**Article 21** Where the Company respectively issues overseas listed foreign shares and domestic shares within the total number of shares fixed by its proposals for issue of shares, such shares shall be fully subscribed for in the respective offerings. If the shares cannot be fully subscribed for in the respective offerings due to special circumstances, the shares may, subject to the approval by the securities regulatory authority of the State Council, be issued respectively for subscription in several issues.



**Article 22** The registered capital of the Company is RMB552,500,000.

**Article 23** The Company may, based on its operation and development needs, authorize the increase of its capital pursuant to relevant provisions of the Articles.

The Company may increase its capital in the following means:

- (i) by offering new shares for subscription to non-specified investors;
- (ii) by placing new shares to its existing shareholders;
- (iii) by allotting new shares to its existing shareholders;
- (iv) by issuing new shares to specified targets;
- (v) by any other means permitted by the laws and administrative regulations.

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

Following the increase or decrease in its capital, the Company shall complete change of registration with the original industry and commerce administration authority and make an announcement.

**Article 24** Unless otherwise stated by laws, administrative regulations, the fully paid shares of the Company are transferable without any restrictions on the right of transfer and free from any lien; the documents of transfer and other documents in relation to the ownership of any registered shares or which may affect the ownership of those shares shall be registered.

**Article 25** The Company shall not accept any pledge with its owns as the subject of pledge.

**Article 26** Shares held by the promoters of the Company shall not be transferred within one year from the date on which the Company is incorporated. Shares issued prior to public offering of the Company shall not be transferred within one year from the date on which the shares of the Company are listed and traded on the Hong Kong Stock Exchange.

Directors, supervisors and senior management of the Company shall report to their shareholding in the Company and any changes thereof. The number of the shares of the Company which may be transferred by them each year during their term of office shall not exceed 25% of the total number of the Company's shares held by them. The Company's shares held by them shall not be transferred within one year from the date on which the shares of the Company are listed and traded. The aforesaid persons shall not transfer their shares in the Company within half year after they leave employment. The transfers mentioned above are not subject to enforcement by court order. The directors, supervisors and senior management of the Company shall manage and make information disclosure in accordance with the rules of the stock exchange where the Company's shares are listed and the relevant laws of the jurisdiction

where the Company's shares are listed.

Domestic shares and overseas listed foreign shares of the Company shall be traded, donated, inherited and pledged in accordance with the requirements of the PRC laws and the Articles respectively. The transfer and assignment of shares of the Company shall be registered in the registry entrusted by the Company and the transfer procedures should be completed in accordance with relevant requirements.

**Article 27** Upon transfer of the Company's shares, the transferees of the shares will become the holders of such shares with their names registered in the register of shareholders.

**Article 28** The issue or transfer of all the overseas listed foreign shares shall be registered in the register of shareholders of overseas listed foreign shares deposited in Hong Kong in accordance with Article 43.

The Company shall ensure that the following statements are included in the share certificates of all overseas listed foreign shares and shall direct and procure the its share registry to reject registration of any person as the holder of the shares of the Company subscribed for or purchased or transferred, unless and until such person has produced to the share registry the share certificate(s) carrying the following representations and the forms properly signed:

(1) that the purchaser agrees with the Company and each shareholder of the Company, and the Company agrees with each shareholder, to observe and comply with the Company Law and other relevant laws, administrative regulations and the Articles;

(2) that the purchaser agrees with the Company, each shareholder, directors, supervisors, general manager and other senior management of the Company, and the Company on behalf of itself and each of its directors, supervisors, general manager and other senior management agrees with each shareholder that they will refer to arbitration in accordance with the Articles in respect of all disputes and claims arising from the Articles or from any rights or obligations vested by or required under the Company law and other relevant laws and administrative regulations, and that any arbitration action shall be deemed to authorize the arbitration tribunal the right to hold a public hearing and announce the arbitration decisions and such arbitration award shall be final;

(3) that the purchaser and the Company and each of the shareholders of the Company agree that the shares of the Company may be freely transferred by their holders;

(4) that the purchaser authorizes the Company to represent him/her to enter into a contract with each of the directors and management personnel of the Company whereby such directors and management personnel undertake to observe and comply with the provisions of the Articles in respect of their responsibilities to the shareholders.

**Article 29** Upon approval by the securities regulatory authority of the State Council, the

holders of domestic shares of the Company may transfer all or part of their domestic shares to overseas investors, and such transferred shares may be listed and traded on overseas stock exchanges; and they may also convert all or part of their domestic shares to foreign shares and such converted shares may be listed and traded on overseas stock exchanges. The listing and trading of transferred or converted shares on overseas stock exchanges shall comply with the regulatory procedures, regulations and requirements of such overseas stock exchanges.

Unless otherwise required by an overseas stock exchange, neither the listing and trading of shares so transferred on such overseas stock exchange nor the conversion of such domestic shares into foreign shares and their listing and trading on such overseas stock exchange requires voting at general meeting or class meeting.

The overseas listed foreign shares converted from domestic shares are the same class shares as the original overseas listed foreign shares.

#### **Chapter 4 Reduction of Capital and Redemption of Shares**

**Article 30** According to the provisions of the Articles, the Company may reduce its registered capital.

**Article 31** The Company must produce a balance sheet and a assets list in the event of reduction of its registered capital.

The Company shall, within ten days from the date of adoption of the resolution on reduction of its registered capital, notify its creditors, and shall make an announcement in the newspaper (including newspaper in the PRC and which complies with the Listing Rules of The Stock Exchange of Hong Kong Limited) within 30 days therefrom. The creditors shall, within 30 days from the date on which they receive the notice, or within 45 days from the date on which the announcement is made in the event of their failure to receive such notice, be entitled to require the Company to discharge its debts or provide relevant securities for the discharge of such debts.

After reduction of the capital by the Company, the registered capital shall not be less than the minimum amount required by laws.

**Article 32** Under the following circumstances, the Company may repurchase its issued shares in accordance with the procedures set out in the Articles and subject to the approval by the relevant responsible authority of the State Council:

- (1) it cancels shares for the purpose of reduction of the Company's capital;
- (2) it merges with other companies that hold its shares;
- (3) it utilises shares in the employee stock ownership scheme or stock incentive plan;
- (4) a shareholder requests the Company to purchase his or her shares because he or she raises objections to the resolution on the merger or division of the Company adopted at the general meetings;
- (5) it utilises shares for the conversion into corporate bonds issued by the Company which are

convertible to shares;

(6) it is necessary to protect the Company's value and shareholders' rights and interests;

(7) other circumstances permitted under the laws and administrative regulations.

Except from the abovementioned, the Company shall not purchase the Company's shares.

Purchase of its own shares by the Company under the circumstances specified in above (1) and (2) shall be subject to resolution adopted at the general meeting; and purchase of its own shares by the Company under the circumstances specified in above (3), (5) and (6) shall be resolved by a board meeting with more than two-thirds of the Directors present, in accordance with the Articles of Association of the Company or mandate at the general meeting.

Where the Company purchases its own shares on grounds of item (1) as specified in Paragraph 1 of this article, such shares shall be cancelled within ten days from the date of purchase; where the shares are purchased on grounds of item (2) or (4), such shares shall be transferred or cancelled within six months; and where the shares are purchased on grounds of item (3), (5) or (6), the total shares of the Company held by the Company itself shall not exceed 10% of the total shares issued by the Company and shall be transferred or cancelled within three years.

Purchase of its own shares by the Company under the circumstances specified in item (3), (5) or (6) in Paragraph 1 of this article shall be conducted in a public and centralised manner.

**Article 33** The Company may repurchase its shares in one of the following ways, subject to the approval by the relevant governing authority of the State:

(1) by making an offer for the repurchase of its shares to all its shareholders on a pro rata basis;

(2) by public trading on a stock exchange;

(3) by a contractual agreement outside a stock exchange; or

(4) other ways permitted by laws and administrative regulations or by the securities regulatory authority of the State Council.

**Article 34** When the Company repurchases its own shares by a contractual agreement outside a stock exchange, prior approval by the general meeting in accordance with the Articles shall be obtained. With prior approval of the general meeting in the same way, the Company may terminate or vary the contract so entered into in the manner set forth above or waive any of its rights under such contract.

A contractual agreement for repurchase of shares referred to in the preceding paragraph shall include but not limited to an agreement in which it is agreed to undertake the obligation to repurchase shares and to acquire the right to repurchase shares.

The Company shall not assign the contracts for repurchasing its shares or any of its rights thereunder.

Where the Company repurchases the redeemable shares which it is entitled to other than

through market or by tender, the redemption price shall not exceed the ceiling price. If the repurchase is conducted by tender, the tenders shall be made to all shareholders on the same conditions.

**Article 35** Upon the repurchase of shares pursuant to the laws, the Company shall, within the period as required by the laws and administrative regulations, cancel such shares and conduct change of registration of registered capital with the original industry and commerce administration authority.

The aggregate par value of the cancelled shares shall be deducted from the Company's registered capital.

**Article 36** Unless the Company is in the course of liquidation, it shall comply with the following provisions in repurchasing its issued shares:

(1) where the Company repurchases its shares at par value, payment shall be paid out of the book balance of the distributable profits of the Company and the proceeds from issue of new shares for the purpose of repurchasing the original shares;

(2) where the Company repurchases its shares at a premium to the par value, the payment equivalent to the total par value shall be paid out of the book balance of the distributable profits of the Company and the proceeds from issue of new shares for the purpose of repurchasing the original shares; and payment of the portion beyond the par value shall be handled in accordance with the following methods:

(i) where the shares repurchased are issued at the par value, payment of such portion shall be paid out of the book balance of the distributable profits of the Company; and

(ii) where the shares repurchased are issued at a premium to the par value, payment of such portion shall be paid out of the book balance of the distributable profits of the Company and the proceeds from issue of new share for the purpose of repurchasing the original shares. However, the amount paid out of the proceeds from issue of new shares shall neither exceed the total premium received by the Company on the issue of the shares repurchased nor the amount of the Company's premium account (or capital reserve fund account) (including the premium from the new issues) at the time of the repurchase;

(3) the Company shall make the payments for the following purposes out of the Company's distributable profits:

(i) the acquisition of the right to repurchase its shares;

(ii) the variation of any contract for the repurchase of its shares; and

(iii) the release of its obligation under any contract for the repurchase of its shares.

(4) after the total par value of the shares cancelled is deducted from the Company's registered capital in accordance with relevant provisions, the amount deducted from the distributable profits and used to pay the par value portion of the repurchased shares shall be included in the premium account (or capital reserve fund account) of the Company.

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

**Article 37** The Company or its subsidiaries shall not, at any time, provide any financial

assistance, in any form of gift, advance, security, indemnity, or loan, etc., to a person who acquires or proposes to acquire shares of the Company. “The person” mentioned above shall include any person who directly or indirectly incurs obligations as a result of acquiring shares in the Company.

The Company (including its branches) or its subsidiaries shall not, at any time, provide any form of financial assistance to the aforesaid obligors for the purposes of reducing or discharging the obligations assumed by such obligors.

This Article does not apply to the circumstances specified in Article 39 of this chapter.

**Article 38** “Financial assistance” referred to in this chapter shall include, but not limited to, the following means:

- (1) gift;
- (2) security (including the assumption of liability by the guarantor or the provision of property to secure the performance of obligations by the obligor), indemnity (other than the indemnity resulting from the Company’s own default), relief or waiver of rights;
- (3) provision of loan or entering into a contract under which the Company needs to perform its obligations ahead of the other contracting party(ies), or the change in parties to, or the assignment of rights under, such loan or contract;
- (4) any other forms of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

“The assumption of obligations” referred to in this chapter shall include the assumption of obligations by way of contract or by way of arrangement (whether or not such contract or arrangement is enforceable and whether or not such obligation is to be borne solely by the obligor or jointly with other persons) or by any other means which results in a change in his/her financial position.

**Article 39** The following acts shall not be deemed to be acts prohibited by Article 37 of this chapter:

- (1) the provision of financial assistance provided by the Company is in good faith in the interests of the Company, and the principal purpose of the financial assistance is not for the acquisition of the Company's shares, or the giving of such financial assistance is an incidental part of a master plan of the Company;
- (2) the lawful distribution of the Company’s assets as dividends;
- (3) the distribution of dividends in the form of shares;
- (4) the reduction of registered capital, repurchase of shares of the Company or reorganization of the shareholding structure of the Company effected in accordance with the Articles;
- (5) the provision of loans by the Company within its scope of business and in the ordinary course of business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial aid is provided out of distributable profits); and

(6) contributions made by the Company to the employee share ownership schemes (provided that the net assets of the Company are not thereby reduced or that, if the assets are thereby reduced, such financial assistance is made out of the distributable profits of the Company).

## **Chapter 6 Share Certificates and Register of Shareholders**

**Article 40** The share certificates of the Company shall be in registered form.

Matters that shall be specified in the share certificates of the Company shall include, in addition to those required to be specified by the Company Law, other matters required to be specified by the Hong Kong Stock Exchange.

The share certificates of the Company can be transferred, donated, inherited and pledged in accordance with relevant laws and administrative regulations and the Articles. The transfer and assignment of the share certificates shall be registered in the share registry entrusted by the Company.

**Article 41** Share certificates shall be signed by the chairman of the board. Where the Hong Kong Stock Exchange requires other senior management of the Company to sign on the share certificates, the share certificates shall also be signed by such other relevant senior management. The share certificates shall take effect after being affixed or printed with the seal of the Company. The affixing of the seal of the Company on the share certificates shall be authorized by the board. The signatures of the chairman of the board or other senior management of the Company appearing on the share certificates may also be in printed form. Regulations of the securities regulatory authorities in the jurisdiction where the shares of the Company are listed shall be separately applicable in case the share certificates of the Company are issued and traded in a paperless manner.

**Article 42** The Company shall maintain a register of shareholders which shall contain the following particulars:

- (1) the name, address (domicile), occupation or nature of each shareholder;
- (2) the class and number of shares held by each shareholder;
- (3) the amount paid or payable for the shares held by each shareholder;
- (4) the serial number of the shares held by each shareholder;
- (5) the date on which each person is registered as a shareholder; and
- (6) the date on which any shareholder ceases to be a shareholder.

Unless there is evidence to the contrary, the register of shareholders shall be sufficient evidence of the shareholders' shareholdings in the Company.

**Article 43** The Company may, in accordance with the mutual understanding and agreements between the securities regulatory authority of the State Council and the overseas securities regulatory organizations, maintain the original register of shareholders of overseas listed foreign shares overseas and appoint overseas agent(s) to manage such register of shareholders.

The original register of shareholders H shares shall be maintained in Hong Kong.

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

If there is any inconsistency between the original and the duplicate register of shareholders of overseas listed foreign shares, the original register of shareholders shall prevail.

**Article 44** The Company shall maintain a complete set of register of shareholders. The register of shareholders shall include the following parts:

- (1) the register of shareholders which is maintained at the domicile of the Company, other than those registers of shareholders which are described in (2) and (3) of this Article;
- (2) the register of shareholders of overseas listed foreign shares of the Company which is maintained in Hong Kong; and
- (3) the register of shareholders which is maintained in such other place as the board of directors may consider necessary for the purpose of the listing of the Company's shares.

**Article 45** Each part of the register of shareholders shall not overlap. No transfer of shares registered in any part of the register of shareholders shall, during the continuance of that registration, be registered in any other part of the register of shareholders.

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

**Article 46** All H shares shall be transferred in ordinary or usual forms or other forms acceptable by the board of instruments of transfer in writing. Such instruments of transfer can be signed by hand without seal. If the transferor or the transferee is a recognized clearing house or its agent ("Recognized Clearing House") as defined in the laws of Hong Kong, the instruments of transfer may be signed by hand or by machine-imprinted format. All instruments of transfer shall be maintained at the legal address of the Company or such other places as may designate from time to time.

All H shares which have been fully paid may be freely transferred in accordance with the Articles. However, unless such transfer complies with the following requirements, the board of directors may refuse to recognize any instrument of transfer without providing any reason:

- (1) a fee of HKD2.5 or such higher amount as agreed by the Hong Kong Stock Exchange has been paid to the Company for registration of the instrument of transfer and other documents relating to or which will affect the right of ownership of the shares;
- (2) the instrument of transfer only relates to H shares;
- (3) the stamp duty which is chargeable on the instrument of transfer has been paid;
- (4) the relevant share certificate(s) and any other evidence which the board may reasonably require to show that the transferor has the right to transfer the shares have been provided;



- (5) if the shares are to be transferred to joint holders, the number of such joint holders shall not exceed four; and
- (6) the relevant shares shall be free from any lien of any company.

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

**Article 47** No change of registration can be made in the register of shareholders as a result of the transfer of shares within 30 days prior to the date of a shareholders' general meeting or within five days before the record date set by the Company for the purpose of distribution of dividends.

**Article 48** When the Company needs to convene a general meeting, distribute dividends, conduct liquidation or perform other acts for the purpose of ascertaining the titles to the shares, the board shall determine a record date for ascertaining the titles to the shares. Upon the expiration of such record date, the shareholders whose names appear on the register of shareholders shall be the shareholders of the Company.

**Article 49** Any person who objects to the register of shareholders and requests to have his/her/its name entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register of shareholders.

**Article 50** If the share certificates (the "original certificates") held by any shareholder whose name registered in the register of shareholders or any person who requests to have his/her/its name entered in the register of shareholders is lost, such person may apply to the Company for issuing new share certificates in respect of such shares (the "Relevant Shares").

Application by a shareholder of domestic shares, who has lost his/her/its share certificate(s), for the issue of new share certificate(s) shall be dealt with in accordance with Article 143 of the Company Law.

If a shareholder of H shares, who has lost his/she/its share certificate, applies for the issue of a new share certificate shall comply with the following requirements:

- (1) the applicant shall submit an application in a standard form prescribed by the Company together with a notarial certificate or a statutory declaration. The notarial certificate or statutory declaration shall include the reason for submitting the application, the circumstances under which the share certificates are lost and relevant supporting evidence, and a declaration showing that no other person may be entitled to have his/her/its name entered in the register of shareholders in respect of the Relevant Shares.
- (2) the Company has not received any declaration made by any person other than the applicant declaring that his/her/its name shall be entered in the register of shareholders in respect of the Relevant Shares before it decides to issue a new share certificate to the applicant.

(3) the Company shall, if it determines to issue a new share certificate to the applicant, make an announcement on its so issue of new share certificate in the newspapers designated by the board. The period for such announcement shall be 90 days and such announcement shall be published at least once in every 30 days. The newspapers designated by the board shall be Chinese and English newspapers (at least one each respectively) recognized by the Hong Kong Stock Exchange.

(4) the Company shall, prior to publishing the announcement on the issue a new share certificate, submit to the stock exchange on which its shares are listed, a copy of such announcement and it may publish the notice upon receipt of confirmation from such stock exchange that the announcement has been exhibited in such stock exchange. The term for exhibiting such announcement in such stock exchange shall be 90 days.

If the application for issuing new certificates has not been approved by the shareholder of the Relevant Shares as registered in the register of shareholders, the Company shall deliver by mail to that shareholder a copy of the notice to be published.

(5) if, at the expiration of the 90-day period for the publication and exhibition of the announcement as specified in (3) and (4) of this Article, the Company has not received any objection from any person against the issue of the new share certificate, it may issue a new share certificate to the applicant based on his/her/its application.

(6) Where the Company issues a new share certificate pursuant to this Article, it shall forthwith cancel the original share certificate and record the cancellation of the original share certificate and issue of a new share certificate in the register of shareholders accordingly.

(7) all expenses arising from the cancellation of an original share certificate and the issue of a new share certificate shall be borne by the applicant and the Company is entitled to refuse to take any action until reasonable guarantee is provided by the applicant.

**Article 51** After the Company issues a new share certificate pursuant to the Articles, the names of bona fide purchasers who obtain the aforesaid new share certificates or the shareholders who are subsequently registered as an owner of such shares (if they are bona fide purchasers) shall not be removed from the register of shareholders.

**Article 52** The Company shall not be liable for any damages sustained by any person due to the cancellation of the original share certificate or the issue of the new share certificate unless the claimant is able to prove fraud on the part of the Company.

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

**Article 53** A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is registered in the register of members.

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

All joint holders of any shares shall bear joint and several liability for all amounts payable. As

for joint shareholders, if one of the joint shareholders is deceased, only the surviving joint shareholders shall be deemed by the Company to have the ownership of the Relevant Shares, but the board is entitled to require them to provide the suitable death certificate for the purpose of the revision of the register of shareholders. In respect of the joint shareholders of any shares, only the first named shareholder in the register of shareholders is entitled to receive the share certificates of Relevant Shares, receive the notice of the Company, attend the general meeting and exercise his/her/its voting right; and, any notice delivered to such shareholder shall be deemed as if the notice has been delivered to all of the joint shareholders of the Relevant Shares;

**Article 54** The shareholders of ordinary shares of the Company shall enjoy the following rights:

- (1) the right to receive dividends and other distributions in proportion to their shareholdings;
- (2) the right to request, convene, preside over, attend or appoint a proxy to attend shareholders' general meetings and the right to exercise the voting rights;
- (3) the right to supervise and manage the Company's business operations, and to put forward proposals or to raise inquiries;
- (4) the right to transfer, donate, or pledge shares held by them in accordance with laws, administrative regulations and the provisions of the Articles;
- (5) the right to obtain relevant information in accordance with laws, administrative regulations and the provisions of the Articles, including:
  - i. the right to obtain the Articles after payment of costs;
  - ii. the right to inspect free of charge and copy after payment of a reasonable fee, the following:
    - (i) a full copy of the register of shareholders;
    - (ii) personal particulars of the directors, supervisors, general manager, and other senior management of the Company, including:
      - (a) present and former name and alias;
      - (b) principal address (domicile);
      - (c) nationality;
      - (d) full-time and all other part-time occupations and titles;
      - (e) identification documents and the numbers thereof.
    - (iii) report on the issued share capital of the Company;
    - (iv) the latest audited financial statements of the Company, and the reports of the board, auditors and supervisory committee;
    - (v) special resolutions of the Company;
    - (vi) reports showing the aggregate par value, quantity, maximum and minimum price paid of each class of shares repurchased by the Company since the end of the preceding financial year and the total amount paid by the Company for this purpose;
    - (vii) copy of the latest annual return submitted to the industry and commerce administration or other responsible authorities;
    - (viii) minutes of shareholders' general meetings and resolutions of the board meetings and meetings of the supervisory committee;
    - (ix) corporate bond counterfoils;
- (6) in the event of the termination and liquidation of the Company, the right to participate in

the distribution of remaining assets of the Company in accordance with the number of shares held;

(7) with respect to shareholders who raise objections to the resolution adopted at the shareholders' general meeting on the merger or division of the Company, the right to request the Company to acquire the shares held by them; and

(8) other rights conferred by laws, administrative regulations and the Articles.

**Article 55** A shareholder requesting to review the relevant information or copies of the materials mentioned in the preceding article shall provide to the Company written documents showing the class and number of shares of the Company he or she holds. Upon verification of the shareholder's identity, the Company shall provide such information as requested by him or her.

**Article 56** Without prejudice to Chapter 22 of the Articles, where the resolutions of the shareholders' general meeting or the board of the Company violate laws or administrative regulations, shareholders are entitled to apply to the people's court to for nullifying such resolutions.

Where the procedures for convening the shareholders' general meeting, the board meeting, and the voting methods violate laws, administrative regulations or the Articles, or the content of the resolutions violate the Articles, the shareholders are entitled to, within 60 days from the date on which such resolutions are adopted, make a petition to the people's court to revoke the resolutions.

**Article 57** Without prejudice to Chapter 22 of the Articles, where directors, senior management of the Company violates laws, administrative regulations or the Articles in performance of their duties for the Company, and thus cause losses to the Company, shareholders individually or jointly holding more than 1% of the shares for more than 180 consecutive days shall be entitled to request, in writing, the supervisory committee to initiate proceedings in a people's court. Where the supervisory committee violates laws, administrative regulations or the Articles in performance of its duties for the Company, and thus causes losses to the Company, the shareholders shall be entitled to request, in writing, the board to initiate proceedings in a people's court.

Where the supervisory committee or the board refuses to take legal proceedings after receiving the written request from the shareholders as specified in the preceding paragraph, or fails to take legal proceedings within 30 days from the date on which it receives such request, or under emergency situations, failure to take legal proceedings immediately will result in irreparable damage to the interests of the Company, the shareholders specified in the preceding paragraph shall have the right, in their own names, directly to initiate proceedings in a people's court in the interests of the Company.

Where a third party infringes upon the legal rights and interests of the Company and thus causes losses to the Company accordingly, the shareholders specified in the first paragraph of this

Article initiate proceedings in a people's court in accordance with the provisions of the preceding two paragraphs.

**Article 58** Without prejudice to Chapter 22 of the Articles, where a director, senior of the Company violates laws, administrative regulations or the Articles, and thus causes damages to the interests of the shareholders, shareholders may initiate proceedings in a people's court.

**Article 59** The shareholders of ordinary shares of the Company shall assume the following obligations:

- (1) to comply with the Articles;
- (2) to pay for subscription of shares according to the number of shares subscribed and the method of subscription;
- (3) not to withdraw its/his investment unless laws and regulations provide otherwise;
- (4) not to abuse his rights to infringe the interests of the Company or other shareholders; and not to abuse the independent status of the Company as a legal person or the limited liability of shareholders to infringe the interests of the creditors of the Company.

Where the shareholders of the Company abuse the rights of shareholders and thus causes loss to the Company or other shareholders, they shall be liable for compensation according to laws. Where the shareholders of the Company abuse the independent status of the Company as a legal person or the limited liability of shareholders for the evasion of debts and thus cause serious damages the interests of the creditors of the Company, they shall assume joint and several liability for the debts of the Company;

- (5) other obligations imposed by laws, administrative regulations and the Articles.

Shareholders of ordinary shares of the Company are not liable to make any further contribution to the share capital other than according to the terms and conditions agreed by the subscriber at the time of subscription.

**Article 60** In addition to the obligations imposed by laws, administrative rules or required by the listing rules of the stock exchange on which the Company's shares are listed, a controlling shareholder, when exercising his rights as a shareholder, shall not exercise his/her/its voting rights in respect of the following matters to make a decision which is prejudicial to the interests of all or part of the shareholders of the Company:

- (1) to relieve a director or supervisor of his duty to act in good faith in the best interests of the Company;
- (2) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the Company's assets in any way, including (but not limited to) opportunities which are beneficial to the Company;
- (3) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the individual interest of other shareholders, including (but not limited to) rights to distributions and voting rights, excluding a reorganization of the Company which has been submitted for approval at a general meeting in accordance with the Articles.

**Article 61** The "controlling shareholder" referred to in the preceding article means a person

who satisfies one of the following conditions:

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

## **Chapter 8 Shareholders' General Meeting**

**Article 62** The shareholders' general meeting is the organ of authority of the Company and exercises its functions and powers in accordance with laws.

**Article 63** The shareholder's general meeting shall exercise the following functions and powers:

- (1) to decide on the Company's business policies and investment plans;
- (2) to elect and replace directors and to decide on matters relating to the remuneration of directors;
- (3) to elect and replace supervisors who are not representatives of employees and to decide on matters relating to the remuneration of supervisors;
- (4) to consider and approve the reports the board of directors;
- (5) to consider and approve the reports of the supervisory committee;
- (6) to consider and approve the Company's proposed annual financial budgets and final accounts;
- (7) to consider and approve the Company's profit distribution plans and loss recovery plans;
- (8) to resolve on the increase or reduction of the Company's registered capital;
- (9) to resolve on merger, division, change of corporate vehicle, dissolution and liquidation or change of the nature of incorporation of the Company;
- (10) to resolve on the issue of debentures by the Company;
- (11) to resolve on the appointment, dismissal and non-reappointment of the accounting firm of the Company;
- (12) to amend the Articles;
- (13) to consider proposals raised by shareholders who, individually or jointly, represent more than 3% of the total number of voting shares issued by the Company;
- (14) to consider the matters regarding acquisition and disposal of assets by the Company in one year which exceed 30% of the latest audited total assets of the Company; and to consider and approve the provision of guarantees as specified in Article 64 of the Articles;
- (15) to consider and approve change of use of proceeds;
- (16) to consider share incentive scheme;
- (17) to consider other matters which, according to laws, administrative regulations, department rules and the Articles, need to be resolved by shareholders in general meetings.

**Article 64** The following external guarantees provided by the Company shall be considered and approved by the shareholders' general meetings.

- (1) any guarantees provided after the total amount of external guarantee provided by the Company and its controlling subsidiaries reach or exceed 50% of its latest audited net assets;
- (2) any guarantees provided after the total amount of external guarantee provided by the Company has reached or exceeded 30% of the latest audited total assets;
- (3) any guarantees to be provided in favor of a party with a gearing ratio of over 70%;
- (4) any individual guarantee that exceeds 10% of its latest audited assets;
- (5) any guarantees provided to shareholders, controller de facto and their connected persons.

**Article 65** Without prior approval by the general meeting of shareholders, the Company shall not enter into a contract with a person other than its directors, supervisors, general manager and other senior management pursuant to which the management of the whole or a substantial part of the Company's business is delegated to such person.

**Article 66** Shareholders' general meetings include annual general meetings and extraordinary general meetings. Annual general meetings are held once every year and within six months from the end of the preceding financial year.

The Company must convene an extraordinary general meeting within two months of the actual occurrence of one of the following events:

- (1) where the number of directors is less than the number of directors required by the Company Law or less than two-thirds of the number of directors required by the Articles;
- (2) where the unrecovered losses of the Company amount to one-third of the total amount of the share capital;
- (3) where shareholder(s) who hold(s), individually or jointly, 10% or more of the Company's shares so request(s);
- (4) whenever the board of directors considers necessary;
- (5) whenever the supervisory committee so requests;
- (6) whenever two or more independent non-executive directors so request;
- (7) other circumstances specified by laws, administrative regulations, department rules or the provisions of the Articles.

**Article 67** Where the Company convenes a shareholders' general meeting, a notice should be given to all registered shareholders 45 days before the date of the meeting to notify such shareholders the matters to be considered at such meeting as well as the date and the venue of the meeting. Shareholders who intend to attend the general meeting should serve a written reply to the Company 20 days before the date of the meeting.

**Article 68** Where the Company convenes a general meeting, shareholder(s) who individually or jointly hold(s) more than 3% of total voting shares issued by the Company are entitled to put forward new proposals in writing to the Company and the Company shall include matters of those proposals that are within terms of reference of shareholders' general meetings in the agenda of such meeting.

**Article 69** The Company shall calculate the number of voting shares represented by shareholders who intend to attend the general meeting based upon the written replies received 20 days before the date of the meeting. If the number of voting shares represented by shareholders who intend to attend the meeting amounts to more than half of the total number of voting shares of the Company, the Company may hold a general meeting. Otherwise, the Company should within five days give the shareholders further notice of the matters to be considered at the meeting as well as the date and venue of the meeting by way of a public announcement. The Company may hold a general meeting after such announcement is made.

The extraordinary general meetings cannot decide to announce matters that are not specified in the notice.

**Article 70** The notice of the general meeting must satisfy the following requirements:

- (1) be in writing;
- (2) specifying the venue, date and time of the meeting;
- (3) illustrating the matters to be discussed at the meeting;
- (4) providing shareholders with information and explanations necessary for them to make informed decisions in respect of the matters to be discussed, including (but not limited to) specific terms and contract (if any) for a proposed transaction, and a detailed explanation of its causation and consequence where the Company proposes a merger, share redemption, share capital restructuring or other form of reorganization;
- (5) where any director, supervisor, general manager and other senior management have a material interest in the matters to be discussed, then the nature and extent of that interest must be disclosed; where the impact of the matters to be discussed on such director, supervisor, manager and other senior management as shareholders is different from the impact on other shareholders of the same class, then that difference must be illustrated;
- (6) containing the full text of any special resolution proposed to be passed at the meeting;
- (7) containing a clear text statement stating that all shareholders who have the right to attend and vote at the general meeting have the right to entrust one or more proxies, who need not be shareholders of the Company, to attend and vote at the meeting on his behalf;
- (8) stating the time and place for the delivery of proxy forms of the meeting.

**Article 71** Notice of the general meeting shall be delivered in person or by pre-paid post to shareholders (whether they have a voting right at the general meeting or not) and the address of the recipient is the address registered in the register of shareholders. Notice of the general meeting to shareholders of domestic shares may be served by way of public announcements.

The announcement aforesaid should be published in one or more newspapers designated by the securities regulatory authority of the State Council 45 to 50 days before the date of the meeting. All shareholders of domestic shares are deemed to have received the notice of the general meeting upon the publication of the announcement.

**Article 72** In the case that the notice of the meeting has not been delivered to those who are



entitled to receive such notice due to accidental omission or such persons have not received the notice of the meeting, the meeting and the resolutions passed by the meeting do not therefore become invalid.

**Article 73** Any shareholder entitled to attend and vote at a general meeting has the right to appoint one or more persons (who may not be shareholder(s)) as his/her proxy to attend and vote at the meeting on his behalf. Such proxy may exercise the following rights in accordance with the shareholder's instructions:

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

**Article 74** Shareholders shall appoint proxy in writing. The proxy form should be signed by the shareholder or its authorized representative who has been authorized in writing. If the shareholder is a legal person, the document must be affixed with the legal person's seal or signed by its director or duly authorized person or attorney.

**Article 75** Individual shareholder who attends the meeting in person shall produce his/her identification card or other valid document or evidence of identification. Where the shareholder appoints proxy to attend the meeting, the proxy shall produce valid identification document and the proxy form.

Legal representative who attends the meeting shall produce his/her identity card and valid proof of his/her legal representative identity. Where the legal representative appoints proxy to attend the meeting, the proxy shall produce his/her identity card and proxy form in writing duly issued by such legal representative of the legal person shareholder.

**Article 76** A proxy form issued by the appointing shareholder to appoint another person to attend general meeting should contain the following information:

- (1) name of the proxy;
- (2) whether the proxy has voting rights or not;
- (3) instructions to vote for, against or abstain from voting on each matter to be considered included in the agenda of the shareholders' meeting;
- (4) date of issue of the proxy form and the valid period;
- (5) the signature (or chop) of the shareholder.

**Article 77** The proxy form authorizing the proxy to votes shall be deposited at the domicile of the Company, or at other place designated in the notice of meeting, at least twenty-four hours prior to the meeting at which the relevant matters will be voted on as specified in the proxy form, or twenty-four hours prior to the specified time for voting. If the proxy form is signed by a person authorized by the appointing shareholder, the power of attorney or other authorization documents must be notarized. The notarized power of attorney or other authorization documents shall be deposited together with the proxy form authorizing the proxy to vote at the

domicile of the Company or other place designated in the notice of meeting.

If the appointing shareholder is a legal person, its legal representative or other person authorized by the board or other decision-making body shall attend the shareholders' meeting of the Company as its representative.

**Article 78** Any format of the proxy form issued by the board of the Company to the shareholders for the purpose of appointing proxies shall enable the shareholders to have free choice to instruct their proxies to vote in favor of or against the resolutions and to give separate instructions on each matter to be voted on at the meeting. The proxy form should contain a statement that the proxy may vote at his/her discretion if the appointing shareholder does not give any instruction.

**Article 79** The register of attendance of a general meeting shall be prepared by the Company. The register shall set forth information such as the names of attendants (or the attending units), their identity card numbers, address of domicile, the number of voting shares held or represented, and name of the appointing shareholder (or the appointing units), etc.

**Article 80** If, before voting, the appointing shareholder has passed away, lost his/her capacity to act, withdrawn the appointment, withdrawn the authorization to sign the proxy form, or transferred the relevant shares, the vote given in accordance with the proxy form remains valid so long as the Company has not received the written notice regarding such matters before the commencement of relevant meeting.

**Article 81** Resolutions of the general meeting include general resolutions and special resolutions.

General resolutions made at the general meeting shall be passed by more than half of voting shares held by the shareholders (including their proxies) present at the meeting.

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

**Article 82** A shareholder (including his/her proxy), when voting at a general meeting, shall exercise such voting rights based on the number of voting shares which he/she holds. Each share shall carry one vote.

**Article 83** If the Listing Rules of the Hong Kong Stock Exchange require any shareholders to abstain from voting or only vote for (or against) certain resolution, the votes from such shareholders or their proxies in violation of relevant provisions or restrictions shall not be counted in the total number of valid votes.

**Article 84** At any general meeting of shareholders, a resolution is decided on a show of hands unless a poll is demanded by the following persons before or after voting by show of

hands:

- (1) the chairman of the meeting;
- (2) at least two shareholders or their proxies entitled to vote; or
- (3) one or more shareholders (including their proxies) individually or jointly holding 10% or more of the voting shares at the meeting.

Unless a poll is demanded, the chairman of the meeting shall declare whether a resolution has been passed and record the same in the minutes of the meeting as conclusive evidence. There is no need to prove the number or proportion of the votes in favor of or against such resolution.

The demand for voting a poll may be withdrawn by the person who makes such demand.

**Article 85** A poll demanded on the election of the chairman or on the adjournment of the meeting, shall be taken forthwith. A poll demanded on any other matters shall be taken at such time as the chairman may direct, and the meeting may proceed to discuss other matters while the results of the poll shall still be deemed to be resolutions passed by the meeting.

**Article 86** On a poll taken at a meeting, a shareholder (including his/her proxy) entitled to two or more votes needs not cast all his/her votes in the same way.

**Article 87** The general meeting shall vote on the election of directors and supervisors by cumulative voting.

Cumulative voting referred to above means that each share, in voting on the selection of directors or supervisors at a general meeting, shall have the same voting rights as the number of directors or supervisors to be elected, and a shareholder may concentrate his/her voting rights or vote separately for several candidates, but in such case the shareholder must state clearly the distribution of his/her votes.

**Article 88** When the number of votes for and against a resolution are equal, whether the vote is taken by show of hands or by poll, the chairman of the meeting has a casting vote.

**Article 89** The following matters shall be passed by ordinary resolutions at the general meeting:

- (1) work reports of the board and the supervisory committee;
- (2) profit distribution plans and loss recovery plans formulated by the board;
- (3) removal of members of the board and the supervisory committee and their remuneration and payment methods thereof;
- (4) annual financial budgets and final accounts, balances sheets, income statements and other financial statements of the Company; and
- (5) other matters other than those required by the laws and administrative regulations or by the provisions of the Articles to be passed by special resolutions.

**Article 90** The following matters shall be passed by special resolutions at the general

meeting:

- (1) the increase or reduction in share capital and the issue of shares of any class, warrants and other similar securities of the Company;
- (2) the repurchase of the Company's shares;
- (3) the issue of debentures of the Company;
- (4) the division, merger, dissolution and liquidation and major acquisition or disposal of the Company;
- (5) amendment to articles of association of the Company;
- (6) any other matters passed by general resolutions and considered at the general meeting as having significant impact on the Company and those that should be passed by special resolutions.

**Article 91** Convening of an extraordinary general meeting or a class shareholders' meeting is required to take the following procedures:

- (1) Two or more shareholders holding a total of 10% or more voting shares at the meeting to be held may sign one or more written requests of the same form and contents, with the agenda of the meeting clearly stated, and submit it/them to the board for the convening of an extraordinary general meeting or a class shareholders' meeting. The board shall forthwith convene the extraordinary general meeting or class shareholders' meeting upon receipt of the written request aforesaid. The number of shares referred to above is calculated on the date of submission of the shareholders' written requests.
- (2) If the board has not issued the notice for the convening of the meeting within 30 days upon the receipt of the written request aforesaid, shareholders requesting such may convene the meeting on their own within four months upon the receipt of such request by the board. The meeting will be convened following is the procedures as similar as possible to that for convening of general meetings by the board.

Where a meeting is convened by shareholders on their own because the board fails to convene the meeting at the request referred to above, reasonable expenses incurred are to be borne by the Company and to be deducted from the Company's payable to the director(s) negligent in performing his/their duties.

At a general meeting, except for trade secrets which cannot be disclosed to the public, the board and supervisory committee shall give replies or explanations on queries and suggestions made by shareholders.

**Article 92** The general meeting shall be convened and chaired by the chairman of the board. If the chairman of the board is unable to attend the meeting, the vice-chairman of the board shall convene and chair the meeting. If both of the chairman and vice-chairman of the board are unable to attend the meeting, the board may designate a director of the Company to convene and chair the meeting. Where the chairman of the meeting has not been designated, shareholders attending the meeting may elect one person to be the chairman. If the shareholders fail to elect a chairman due to any reason, the shareholder (including his proxy) with the maximum number of voting shares among the shareholders attending the meeting shall be the chairman of the

meeting.

**Article 93** The chairman of the meeting determines whether a resolution has been passed by the meeting according to the voting results. His/her decision, which is final and conclusive, shall be announced at the meeting and recorded in the minutes.

**Article 94** If the chairman of the meeting has any doubt as to the result of a resolution which has been put to vote at a shareholders' meeting, he/she may have the votes counted. If the chairman of the meeting has not counted the votes, the shareholders attending the meeting or their proxies who object to the result announced by the chairman of the meeting may, immediately after the declaration of the result, request to have the votes counted and the chairman of the meeting shall have the votes counted immediately.

**Article 95** If votes are counted at a general meeting, the result of the count shall be recorded in the minutes.

The general meeting shall include the resolutions of the matters considered and passed at the meeting into the minutes, which shall be signed by directors, supervisors, secretary to the board and the recording clerk present at the meeting.

The minutes, together with the register of attendance of shareholders and the proxy forms, shall be kept at the domicile of the Company. The above minutes, register of attendance and proxy forms must be kept for 10 years, during which period they cannot be destructed.

**Article 96** Photocopies of the minutes of the general meeting shall be, during business hours of the Company, open for inspection by the shareholders of the Company without charge. If any shareholder requests for a copy of such minutes from the Company, the Company shall send a copy of such minutes to him/her within seven days upon the receipt of reasonable fees.

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

**Article 97** Shareholders who hold different classes of shares are class shareholders.

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

**Article 98** If the Company intends to vary or abrogate the rights of class shareholders, it must obtain approval by a special resolution in a general meeting and the approval at a separate general meeting convened by the class shareholders so affected in accordance with Articles 100 to 104.

**Article 99** The following circumstances shall be deemed to be variation or abrogation of the rights of certain class shareholders:

(1) to increase or decrease the number of shares of that class, or to increase or decrease the

number of shares of another class having voting or distribution rights or other privileges equal or superior to those of the shares of that class;

(2) to convert all or part of the shares of that class into shares of another class or to convert all or part of the shares of another class into shares of that class or to grant rights of conversion;

(3) to remove or reduce rights to accrued dividends or rights to cumulative dividends attached to shares of that class;

(4) to reduce or remove preferential rights to receive dividends or to the assets distribution in the event of the Company's liquidation attached to shares of that class;

(5) to increase, remove or reduce the rights of conversion, options, voting rights, the right of transfer, pre-emptive rights, and the right to acquire securities of the Company attached to shares of that class;

(6) to remove or reduce rights to receive sums payable by the Company in specific currencies attached to shares of that class;

(7) to create a new class of shares having voting or distribution rights or privileges equal or superior to those of the shares of that class;

(8) to restrict the transfer or the ownership of shares of that class or to increase such restrictions;

(9) to issue subscription rights or share conversion rights in respect of shares of that class or another class;

(10) to increase the rights or privileges of shares of another class;

(11) to propose to restructure the Company in such a way which results in the disproportionate distribution of obligations between various classes of shareholders in the restructuring; and

(12) to amend or repeal the provisions of this Chapter.

**Article 100** Affected class shareholders, whether or not having the right to vote at the general meeting, shall have the right to vote at class meetings in respect of matters concerning (2) to (8) and (11) to (12) of Article 99 hereof, however, interested shareholder(s) shall not be entitled to vote at such class shareholders' meetings.

The "interested shareholder" referred to in the preceding paragraph means:

(1) in the case of a repurchase of shares by way of a general offer to all shareholders of the Company on a pro rata basis or by way of public trading on a stock exchange pursuant to Article 32 hereof, an "interested shareholder" is a controlling shareholder as defined in Article 61 hereof;

(2) in the case of a repurchase of shares by way of a contractual agreement outside the stock exchange pursuant to Article 32 hereof, a shareholder to which the proposed agreement is related; and

(3) in the case of the restructuring of the Company, a shareholder who assumes a relatively lower proportion of obligation than the obligations imposed on other shareholders of that class or who has an interest different from that of other shareholders of that class.

**Article 101** Resolutions of a class shareholders' meeting shall be passed by more than two-thirds of the voting shares of shareholders of that class attending the class shareholders' meeting according to Article 100.

**Article 102** Written notice of a class shareholders' meeting of the Company shall be sent to all shareholders who are registered as shareholders of that class in the register of shareholders 45 days before the date of the class shareholders' meeting, specifying the matters to be considered as well as the date and the venue of the class shareholders' meeting. A shareholder who intends to attend the class shareholders' meeting shall deliver his/her written reply to the Company twenty days before the date of the class shareholders' meeting.

If the number of voting shares held by the shareholders who intend to attend such meeting represent more than half of the total number of voting shares of that class at such meeting, the Company may hold the class shareholders' meeting; if not, the Company shall within five days give the shareholders further notice of the matter to be considered as well as the date and the venue of the class shareholders' meeting by way of public announcement. The Company may then hold the class shareholder' meeting after such public announcement has been made.

**Article 103** Notice of class meetings only needs to be delivered to shareholders entitled to vote thereat.

Class shareholders' meetings shall be held in a way as similar as possible to that of general meetings. The provisions of the Articles relating to the procedures for holding general meetings are also applicable to class shareholders' meetings.

**Article 104** Apart from the shareholders of other classes, the shareholders of domestic shares and overseas listed foreign invested shares are deemed to be shareholders of different classes.

The special procedures for voting by class shareholders do not apply to the following circumstances:

- (1) where the Company issues, upon the approval by a special resolution in a general meeting, the domestic shares and overseas listed foreign shares, either separately or concurrently once every twelve months, and the respective numbers of the domestic shares and overseas listed foreign shares to be issued do not exceed 20% of each of the issued domestic shares and overseas listed foreign invested shares;
- (2) where the Company's plan to issue domestic shares and overseas listed foreign invested shares at the time of its incorporation is carried out within 15 months from the date of approval by the securities regulatory authority of the State Council;
- (3) upon approval by the securities regulatory authority of the State Council, shareholders of domestic shares of the Company transfer their shares to overseas investors and such shares are listed and traded abroad. Listing and trading of the shares so transferred on overseas stock exchange shall comply with regulatory procedures, regulations and requirements of overseas stock exchanges.

## Chapter 10 Board of Directors

### Section I Directors

**Article 105** Directors are natural persons and they do not need to hold any shares of the Company.

**Article 106** Directors shall be elected or replaced by shareholders' general meetings for a term of three years. Upon expiry, directors may be re-elected.

The term of office of a director shall commence from the dates of his accession till the expiry of the term of the same session of the board. Where election of directors fails to be timely conducted upon expiry of the term of office of the directors at the expiration of the term of office, former directors shall perform their duties as directors according to laws, administrative regulations, department rules and the provisions of the Articles before the accession of the newly elected directors.

If there are possible vacancies due to expiry of directors' term of office or any other reasons, the board shall submit a proposed resolution on nomination of director candidates to the general meeting. Methods of selection of director candidates shall be separately formulated by the board. Resumes of director candidates and basic particulars shall be disclosed to shareholders when notice of the general meeting is issued.

If there are vacancies in the board or increase of number of directors, relevant persons may be appointed as directors of the Company when such resolutions are passed by more than half of the members of the board. The director who is appointed to fill the vacancies or newly elected may be in office until the next annual general meeting and is eligible for re-election at such annual general meeting.

Written notice of the intention to nominate director candidates and the candidates' willingness to accept such nomination shall be delivered to the Company seven days before the general meeting. The period of the said notice shall commence from the date when such notice is issued and ends on the date no later than seven days before the general meeting or earlier.

Directors may be removed before expiry of their term of office by ordinary resolutions at the general meeting subject to the provisions of relevant laws and administrative regulations (however, claims which may arise from any contract shall not be affected).

**Article 107** Directors shall be cautious, careful and diligent when exercising rights granted by the Company and ensure that:

(1) the Company's business practices are in line with laws, administrative regulations and the requirements of economic policies of the State, and the business activities are within the scope of business scope prescribed in the business license;



- (2) all shareholders are treated equally;
- (3) they read each of the business and financial reports of the Company carefully, so as to understand the operation and management of the business of the Company on a timely basis;
- (4) they will sign written confirmation opinion on regular reports of the Company, so as to guarantee information disclosed by the Company is true, accurate and complete;
- (5) they will report relevant situation and information to the supervisory committee faithfully and will not impede the supervisory committee or the supervisors to exercise their functions and powers;
- (6) they will perform other duties of diligence specified in the laws, administrative regulations, department rules, and the Articles.

**Article 108** Without the legal authorization of articles of association of the Company or the board, no director can act on behalf of the Company or the board in his own name. If any third parties reasonably believe that a director who is acting in his own name is acting on behalf of the Company or the board, the director shall clarify his position and identity in advance.

**Article 109** Where a director fails to attend the board meeting in person and also fails to appoint other directors to attend the board meeting on his behalf for two consecutive times, such director shall be regarded incapable to perform his duties. The board shall propose to the shareholders' general meeting to remove and replace such director.

**Article 110** A director may resign prior to the expiration of his term of office. The resigning director shall submit his resignation report in writing to the board. The board shall disclose relevant information within two days.

If the resignation of a director results in the number of members of the board of the Company falling below the minimum number required by laws, before the accession of the newly elected directors, the former director shall perform duties according to laws, administrative regulations, department rules and the provisions of the Articles.

Except for the circumstances stated in the preceding paragraphs, the resignation of a director shall become effective upon the resignation report is delivered to the board.

A director shall complete all handover procedures with the board once his resignation becomes effective or his office term expires. The director's duty of loyalty to the Company and the shareholders may not necessarily be released upon the end of his term of office. His/her duties of confidentiality in relation to trade secrets of the Company remain effective after the termination of his term of office, until such secrets become public information. The periods of other duties of loyalty shall be determined according to principle of fairness, which should normally be one year from the effective date of resignation or expiration of the term of office.

**Article 111** If a director violates laws, administrative regulations, department rules or the provisions of the Articles when performing his duties in the Company and causes losses to the Company, such director shall be liable for the losses.

**Article 112** Independent directors shall act according to relevant provisions of laws, administrative regulations and department rules.

## **Section II Board**

**Article 113** The Company shall have a board of directors which is accountable to the general meeting.

**Article 114** The board of directors comprises nine directors, including a chairman and a vice chairman. More than half of the members of the board shall be external directors (who do not work in the Company), including three independent directors.

The Company does not have employee representative directors.

**Article 115** The board of directors exercises the following functions and powers:

- (1) convening shareholders' general meetings and reporting its work to the shareholders' general meetings;
- (2) implementing resolutions of the shareholders' general meetings;
- (3) deciding on the Company's business plans and investment plans;
- (4) formulating the Company's annual budget and final accounts;
- (5) formulating the Company's plan for profit distribution and recovery of losses;
- (6) formulating proposals for increase or reduction of the Company's registered capital and the issue of bonds or other securities and the listing project;
- (7) drawing up plans for acquisition of shares of the Company, merger, division, dissolution or change of the nature of incorporation of the Company;
- (8) deciding on external investment, acquisition and disposal of assets, pledge of assets, external guarantee, entrusted financial management, connected transactions and other matters under the authority granted by the general meeting;
- (9) determining on the Company's internal management structure;
- (10) appointing or removing the Company's general manager and the secretary to the board and, based on the nominations of the general manager, appointing or removing the deputy general manager(s), financial officer(s) and other senior management, and determining their remuneration, rewards and punishments;
- (11) formulating proposals for amendment to articles of association of the Company;
- (12) formulating basic management system of the Company;
- (13) managing the information disclosure matters of the Company;
- (14) proposing to the general meeting as to the appointment or change of the accounting firm of the Company;
- (15) hearing the reports of the Company's general manager and examining the work of the general manager;
- (16) exercising functions and powers provided by laws, administrative regulations, competent department rules or the provisions of the Articles, and other functions and powers granted by the general meeting.

When the board of directors resolve on matters as referred to in the previous clause, save for (6), (7) and (11) which should be approved by voting by more than two-thirds of the directors, the rest may be approved by voting by more than half of the directors.

The opinions of the Party Committee of the Company shall be heard before the board of directors decides on material issues of the Company.

**Article 116** The board of the Company shall explain to the general meeting in respect of the non-standard audit opinions issued by the certified public accountants on the Company's financial reports.

**Article 117** The board shall establish strict review and decision-making procedures to determine the scope of authority for external investment, acquisition and disposal of assets, pledge of assets, external guarantee, entrusted financial management and connected transactions, and it shall organize relevant experts and professionals to review the major investment projects and submit to the general meeting for approval.

The board shall not, without the approval of the general meeting, dispose of or agree to dispose of the fixed assets of the Company where the aggregate of the estimated value of the proposed disposal of fixed assets and the value of the disposal of fixed assets obtained within four months immediately before the proposed disposal exceeds 33% of the value of the Company's fixed assets as shown in the latest balance sheet placed before the general meeting for consideration.

“Disposal of fixed assets” as referred to in this Article includes transfer of certain interests in assets but excludes the provision of guarantee with fixed assets.

Breach of the second paragraph of this Article shall not affect the validity of a transaction entered into by the Company to dispose of fixed assets.

**Article 118** The chairman and vice chairman of the board shall be elected and removed by a majority of all directors. Term of office of the chairman and vice chairman of the board shall be the same as the term of office of the same session of the board and they may be re-elected.

**Article 119** The chairman shall exercise the following functions and powers:

- (1) to preside over the shareholders' general meetings and to convene and preside over the board meetings;
- (2) to monitor and examine the implementation of the board resolutions;
- (3) to sign securities issued by the Company;
- (4) to exercise other functions and powers granted by the board;

**Article 120** Vice chairman of the board of the Company shall assist the chairman of the board with his work. In the event of any inability or failure of the chairman to perform his duties, the

vice chairman shall perform such duties. In the event of any inability or failure of the vice chairman to perform his duties, a director elected jointly by more than half of the directors shall perform such duties.

**Article 121** The board shall hold meetings at least four times per year. The meeting shall be convened by the chairman of the board and a written notice of the meeting shall be sent to all directors and supervisors 14 days before the date of the meeting.

**Article 122** Shareholders representing more than 10% of the voting shares or more than one third of directors or the supervisory committee or the general manager may convene an extraordinary board meeting. The chairman of the board shall convene and preside over the extraordinary board meeting within 10 days after receiving such proposal.

**Article 123** Notice of the board meeting and extraordinary board meeting shall be in written forms such as mails, delivery in person, facsimile, email and so on. Notice of the extraordinary board meeting shall be issued 10 days prior to such meeting.

**Article 124** A notice of the board meeting shall include:

- (1) date and venue of the meeting;
- (2) duration of the meeting;
- (3) reasons for and topics to be discussed of the meeting;
- (4) the date of the notice.

**Article 125** Meetings of the board of directors shall be held only if the majority of the directors attend the meeting. Resolutions should be passed by the majority of all directors.

Each director shall have one vote for the voting on the resolutions of the board meeting.

Where the number of votes for and against a resolution are equal, the chairman of the board shall have an additional vote.

**Article 126** A director should not vote at the board meeting in respect of any contract or arrangement or any other proposed resolutions in which he or any of his associates is materially interested, nor should he exercise voting rights on behalf of other directors in this regard. Such board meeting shall be held when more than half of the non-connected directors attend the meeting, and the resolutions of the board meeting shall be passed by more than half of the non-connected directors. If the number of directors attending the board meetings is less than three, such matters shall be submitted to the Company's general meeting for consideration.

**Article 127** The voting method of the board meeting shall be voting by show of hands or voting by open ballot.

Provided that the extraordinary board meeting shall ensure sufficient expression of opinions by directors, a resolution of the extraordinary board meeting shall be considered and resolved by

way of voting through communication and confirmed by the signature of the directors attending the meeting.

**Article 128** Directors shall attend the board meetings in person. If the director is unable to attend the meeting for whatever reason, he may appoint in writing other directors to attend the board meeting on his behalf. The proxy form shall specify the name of the proxy, the entrusted tasks, scope of the authorization and valid period and shall be signed or sealed by the appointing director.

The director attending such a meeting on another's behalf shall exercise the rights as a director within the scope of the authorization. If a director does not attend the board meeting nor appoints a proxy to attend on his/her behalf, he shall be deemed to have abstained from voting at that meeting.

**Article 129** Matters determined in a board meeting shall be included in the minutes of the board meeting. Directors attending the meeting and the recording staff are required to sign the minutes.

Minutes of the board meeting must be kept on file for the Company for a term of ten years.

**Article 130** The minutes of the board meeting shall include the following contents:

- (1) the date and venue of the meeting and the name of the convener;
- (2) names of the directors attending the meeting and names of the directors (proxies) who are authorized to attend the meeting on behalf of another director;
- (3) agenda of the meeting;
- (4) summary of the main points expressed by directors; and
- (5) the voting method and result of each resolution (and the voting result shall set out the number of votes against, for and abstained).

**Article 131** Directors should be liable for the board resolutions. Where a board resolution breaches laws, administrative regulations and the Articles and causes serious losses to the Company, the directors who participated in approving such resolution shall compensate the Company. However, if it can be proven that a director has expressly raised an objection to such resolution during voting, and that such objection is recorded in the minutes of the meeting, such director may be released from such liability.

**Article 132** The board may establish several specific committees such as audit committee, remuneration committee and strategic committee, which, under the leadership of the board, assist the board to perform its functions and powers, or to provide suggestions and advisory opinions to the board for decision-making.

## **Chapter 11 Secretary to the Board of Directors of the Company**

**Article 133** The Company shall have a secretary of the board, who shall be senior

management of the Company.

**Article 134** The secretary of the board shall be a natural person who has necessary professional knowledge and experience and shall be appointed by the board for a term of three years and shall be eligible for re-election. The major duties are:

- (1) ensuring the Company has complete organizational documents and records ;
- (2) ensuring the Company prepares and delivers in accordance with laws those reports and documents required by competent authorities (including but not limited to industry and commerce administration authorities);
- (3) ensuring the Company's register of shareholders is properly prepared, and that persons entitled to the Company's relevant records and documents are able to obtain in time such records and documents;
- (4) being responsible for coordination and organization of the disclosure of the Company's information;
- (5) being responsible for keeping the Company's price-sensitive information confidential and formulating effective and practical confidentiality systems and measures;
- (6) performing duties and obligations of secretary of the board required by laws and provisions of regulatory authorities of the place where the Company's shares are listed and/ or the Articles (including other functions and powers authorized by the board).

Secretary of the board shall comply with requirements of domestic regulatory authorities and regulatory authorities of the place where the Company's shares are listed as well as relevant listing rules.

**Article 135** Directors or other senior management of the Company may hold the office of secretary of the board of directors concurrently. However, the accountant(s) of the accounting firm appointed by the Company shall not act as secretary of the board.

Where the office of secretary of the board is held concurrently by a director and an action is required to be taken by a director and a secretary of the board separately, the person who holds the office both of director and secretary of the board shall not take the action in dual capacity.

## **Chapter 12 General Manager of the Company**

**Article 136** The Company shall have one general manager and several deputy general managers, who are appointed and dismissed by the board.

**Article 137** The term of office of the general manager is three years. The general manager can be re-elected.

**Article 138** The general manager should be accountable to the board and shall exercise the following functions and powers:

- (1) to take charge of the Company's production, operation and management, to arrange the implementation of the board resolutions and to report the work to the board;
- (2) to arrange the implementation of the Company's annual business plan and investment plan;
- (3) to prepare the plans for the establishment of the Company's internal management structure;
- (4) to formulate the Company's basic management system;
- (5) to formulate basic rules and regulations of the Company;
- (6) to propose the appointment or removal of the Company's deputy general manager(s), chief engineer(s) and chief financial officer;
- (7) to appoint or remove management staff other than those required to be appointed or removed by the board;
- (8) to exercise other functions and powers granted by the Articles and the board.

**Article 139** The general manager shall formulate working rules of the general manager and shall implement such rules upon approval of the board.

**Article 140** The working rules of the general manager include the followings:

- (1) conditions and procedures for convening the general manager meeting and persons attending such general manager meeting;
- (2) the specific responsibilities and division of work of the general manager and other senior management;
- (3) the application of the Company's funds and assets, the scope of authority regarding signing of material contracts and the system on reporting to the board and supervisory committee;
- (4) such other matters considered necessary by the board.

**Article 141** The general manager of the Company may resign prior to expiry of his term of office. The procedures and measures in respect of the general manager's resignation shall be set forth by the employment contract between the general manager and the Company.

**Article 142** The general manager attend the board meetings. The general manager shall not have voting rights at the board meetings if he is not a director.

**Article 143** The general manager, in exercising his functions and powers, shall perform his fiduciary duties and duties of diligence in accordance with laws, administrative regulations and the provisions of the Articles.

## **Chapter 13 Supervisory Committee**

### **Section I Supervisors**

**Article 144** Directors, the general manager and other senior management shall not concurrently hold the office of supervisors.

**Article 145** The term of office of the supervisors is three years. Supervisors may be re-elected upon expiry of the term of office.

**Article 146** Where the election of supervisors fails to be conducted timely at the expiry of the term of office or a supervisor has resigned during the term of office, as a result of which the number of the members of the supervisory committee falls below the quorum, the former supervisor shall perform his duties as a supervisor, prior to the accession of the newly elected supervisor, in accordance with the laws, administrative regulations and the provisions of the Articles.

**Article 147** A supervisor shall owe fiduciary duty and duty of diligence in accordance with the laws, administrative regulations and the provisions of the Articles and shall neither accept bribery nor seek other illegal income by use of his power, and shall not misappropriate the property of the Company.

**Article 148** Supervisors may attend the board meetings and raise inquiries or give advice regarding the matters to be resolved by the board.

**Article 149** A supervisor shall not cause losses to the Company through his connected relationship and shall be liable to compensate the Company.

**Article 150** A supervisor shall be liable to compensate for any losses caused to the Company due to his/her breach of the laws, administrative regulations, department rules and the provisions of the Articles when performing his duties.

## **Section II Supervisory Committee**

**Article 151** The Company shall have a supervisory committee. The supervisory committee shall consist of five supervisors, including one shareholder representative supervisor, two independent supervisors and two employee representative supervisors. The number of supervisors not working in the Company shall account for more than half of the total number of the supervisors.

The supervisory committee shall have a chairman, whose appointment and removal shall be passed by more than two-thirds of the total number of the supervisors.

The chairman of the supervisory committee shall convene and chair the meetings of the supervisory committee. If the chairman of the supervisory committee fails to or does not perform his duties, a supervisor jointly elected by more than half of the total number of supervisors shall convene and chair the meetings of the supervisory committee.

**Article 152** The supervisory committee shall be consisted of shareholder representative supervisors and employee representative supervisors in an appropriate proportion which shall



not be less than one-third of the total number of the supervisors. The election and removal of shareholder representative supervisors and independent supervisors shall be resolved by the general meeting while the democratic election and removal of employee representative in the supervisory committee shall be approved by the employees of the Company through the meeting of employee representatives, or the employee meeting, or through other forms.

**Article 153** The supervisory committee shall be accountable to the general meeting and exercise the following functions and powers in accordance with the laws:

- (1) to review the Company's periodic reports prepared by the board and to provide review opinions in writing;
- (2) to review the Company's financial position;
- (3) to supervise directors, general manager and other senior management of their performance of duties, and to propose the removal of the aforesaid personnel whose are in breach of laws, administrative regulations, the Articles or the resolutions of the general meeting;
- (4) to require the directors, general manager and other senior management to rectify their acts which have impaired the Company's interests;
- (5) to propose to convene an extraordinary general meeting, and to convene and chair an extraordinary meeting when the board does not perform its duty to convene and chair a general meeting according to the Company Law;
- (6) to propose resolutions to the general meeting;
- (7) to negotiate with the directors on behalf of the Company or initiate legal proceedings against the directors or senior management according to the Section 151 of the Company Law;
- (8) to verify the financial information such as the financial reports, business reports and profits distribution plans to be submitted by the board to the general meeting and to conduct investigation when discovering the abnormal operation of the Company; and to engage, at the Company's expenses, professional institutions or professionals such as accounting firm, law firm and practising auditors to assist with the work when necessary;
- (9) to perform other functions and powers provided in the Articles.

**Article 154** The supervisory committee shall hold a meeting at least once every six months. Supervisors may propose to convene extraordinary meetings of the supervisory committee.

Written notice of the meeting of the supervisory committee shall be served to all supervisors 10 days prior to the meeting. The notice shall include the date, venue and duration of the meeting; reasons for holding the meeting and matters to be discussed, and the date of the notice.

Meetings of the supervisory committee shall be held only if more than half of all supervisors attending the meeting.

The voting method of the meeting of the supervisory committee shall be voting by open ballot. Each supervisor shall have one vote. Where the number of votes for and against a resolution are equal, the chairman of the supervisory committee shall have an additional vote. Supervisors

shall attend the meetings of the supervisory committee in person or they shall appoint another supervisor in writing to attend the meeting on behalf of them if they are unable to attend the meeting for whatever reasons. The proxy form shall specify the scope of authority. Resolutions of the meeting of the supervisory committee shall be passed by more than two-thirds of the number of the supervisors.

**Article 155** The supervisory committee shall take minutes on the decisions of the matters discussed at meetings. Supervisors have the right to require their speech at the meetings to be recorded in the minutes in the form of explanatory statement. All supervisors having attended the meeting shall sign the minutes.

Minutes of the meetings of the supervisory committee shall be kept on file for the Company for a term of 10 years.

**Article 156** Supervisors shall be liable for the resolutions passed by the supervisory committee. Any substantial losses caused to the Company, due to the breach of laws, regulations and the Articles by any resolutions of the supervisory committee, shall be borne by the supervisors involved in approving the resolution. However, if it can be proven that a supervisor has expressly objected to the resolution during voting, and that such objection is recorded in the minutes of the meeting, such supervisor may be released from such liability.

**Article 157** A supervisor shall perform his duties of supervision faithfully in accordance with the laws, administrative regulations and the provisions of the Articles.

#### **Chapter14 Party Committee**

**Article 158** According to the requirements of the Constitution of the Communist Party of China (《中國共產黨章程》) and subject to the approval by upper Party organization, the Company shall establish the Communist Party of China Committee of Xinjiang Xinxin Mining Industry Co., Ltd. (hereafter abbreviated as the “Party Committee”). Meanwhile, according to relevant regulations, the Company shall establish the commission for discipline inspection of the Party.

**Article 159** 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 (5) years. Regular re-election shall be conducted upon the expiration of its term of office. Each term of office of the Discipline Inspection Commission under the Party shall be the same as the Party Committee.

**Article 160** The Party Committee of the Company generally consists of 3 to 7 members, with a maximum number of 9. There should be 1 party secretary, and 1–2 deputy party secretaries as and when they are needed.

**Article 161** Party Committee of the Company shall play a leading role, supervising the Company's direction of development, monitoring the whole picture and ensuring implementation, discussing and making decisions on significant matters of the Company in accordance with the regulations. The main responsibilities are:

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

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

(3) to investigate and discuss the significant operation and management matters of the Company and support the shareholders' general meeting, the Board of Directors, the Supervisory Committee and the management to exercise their rights and perform their duties 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 undertake the main responsibility in improving Party conduct and upholding integrity, lead and support discipline inspection institutions to fulfil their supervisory and disciplining responsibilities as well as exercise strict administrative discipline and political rules and promote Party self-governance exercised fully and with rigor into the grassroots level;

(6) to strengthen the building of grassroot Party organisations and the Party member service, unit and lead officials and employees 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 work and lead mass organisations such as the Labour Union, Communist Youth League and Women's Organisation of the Company.

## **Chapter 15 The Qualifications and Obligations of Directors, Supervisors, General Manger and Other Senior Management**

**Article 162** By insisting on and improving the leadership mechanism of "Dual Entry and Cross Appointment", eligible members of the Party Committee may take seats in the Board of Directors, the Supervisory Committee and the management through statutory procedures, while eligible members of the Board of Directors, the Supervisory Committee and the management who are also Party members may take seats in the Party Committee in accordance with related regulations and procedures.

**Article 163** A person shall not hold the office of directors, supervisors, general manager or senior management of the Company if any of the following circumstances apply:

- (1) a person without civil capacity or with restricted civil capacity;
- (2) a person who has been sentenced for committing the offences of corruption, bribery, misappropriation or appropriation of property or damaging the social economic order, and the sentence is enforced for no more than five years or a person who has been deprived of his political rights and not more than five years have elapsed since the sentence is executed;
- (3) a person who is a former director, factory manager or manager of a company or an enterprise which is insolvent and liquidated and who is personally liable for the winding up of such company or enterprise, where no more than three years have elapsed since the date of completion of the liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise whose business license has been revoked or which is ordered to close due to violation of laws and who was personally liable, where no more than three years have elapsed since the date of the revocation of the business license of such company or enterprise;
- (5) a person who has a relatively large amount of due and outstanding debts;
- (6) a person who has committed criminal offences and is still under investigation by the judicial authorities;
- (7) a person who, according to laws and administrative regulations, cannot act as a leader of an enterprise;
- (8) a person who is not a natural person;
- (9) a person who has been convicted by the relevant responsible authority for breach of requirements of relevant securities regulations and of involving fraudulent acts or dishonest acts, where no more than three years have elapsed since the date of such convictions;
- (10) other circumstances provided by laws, administrative regulation and department rules.

**Article 164** Where the director, general manager and other senior management of the Company acts on behalf of the Company in good with respect to a bona fide third party, the validity of such acts shall not be affected by the non-compliance in terms of incumbency, election or qualification of such person.

**Article 165** The director, supervisor and other senior management shall undertake to the Company that they will observe and comply with the Company Law, the Special Provisions, the Articles and the provisions of the takeovers code and code repurchase of the stock exchange where the shares of the Company are listed.

**Article 166** Apart from the obligations provided in the laws, administrative regulations, or the Hong Kong Stock Exchange Listing Rules, the director, supervisor, general manager and other senior management of the Company shall also owe the following obligations to each shareholder, when exercising their functions and powers granted by the Company:

- (1) not causing the Company to conduct business beyond the business scope specified in the business license;
- (2) acting in good faith with a view to act in the best interest of the Company;

- (3) not depriving the Company of its properties by any means, including (but not limited to) opportunities beneficial to the Company;
- (4) not depriving shareholders of their personal rights and interests, including (but not limited to) the rights to distribution and vote, except the restructuring of the Company submitted to and approved by the general meeting according to the Articles.

**Article 167** In exercising their rights or performing their duties, the directors, supervisors, general manager and other senior management of the Company shall act with prudence, diligence and skills as a reasonably prudent person would exercise under similar circumstances.

**Article 168** When performing their duties, the director, supervisor, general manager and other senior management of the Company shall observe the fiduciary principles, and shall not place themselves in a position where their interests may conflict with their obligations. The principles include (but is not limited to) the following obligations:

- (1) acting in good faith with a view to act in the best interest of the Company;
- (2) exercising the powers within the scope and not to act ultra vires;
- (3) exercising in person the discretionary power granted to him without being manipulated by other persons; the discretionary power shall not be assigned to another person, unless permitted by the laws and administrative regulations or approved by the informed consent given by the general meeting;
- (4) equally treating shareholders of the same class and fairly treating those of different classes;
- (5) except as otherwise provided in the Articles or approved by the informed consent of the general meeting, not entering into contracts, transactions or arrangements with the Company;
- (6) without the informed consent of the general meeting, not in any way using the Company's property for their own benefits;
- (7) not making use of his power to accept bribes or other illegal income, nor not in any way misappropriating the Company's property, including (but not limited to) opportunities beneficial to the Company;
- (8) without the informed approval of the general meeting, not accepting commissions in connection with the Company's transactions;
- (9) observing the Articles, faithfully performing his duties, protecting interests of the Company, and not making use of his position and power for personal interests;
- (10) without the informed approval of the general meeting, not in any way competing with the Company;
- (11) not misappropriating the Company's funds or lending such funds to others, not depositing the Company's assets in an account in his personal or other's name, nor using the assets of the Company as the guarantee for the personal debts of the Company's shareholders or other persons;
- (12) without the informed approval of the general meeting, not disclosing the confidential information in relation to the Company obtained during his term of office nor using such information unless for the interest of the Company; however, in the following circumstances,

such information may be disclosed to the court or other governmental authorities:

1. such disclosure is required by laws;
2. such disclosure is required by public interests; and
3. such disclosure is required by the director, supervisor, general manager and other senior management for his own interests.

**Article 169** The director, supervisor, general manager and other senior management of the Company shall not direct the following persons or institutions (“connected persons”) to do what such director, supervisor, general manager and other senior management is not permitted to do:

- (1) the spouse or minor children of a director, supervisor, general manager and other senior management of the Company;
- (2) trustees of the director, supervisor, general manager and other senior management of the Company or those specified in (1) of this Article;
- (3) partners of the director, supervisor, general manager and other senior management of the Company and those specified in (1) and (2) of this Article;
- (4) companies in which the director, supervisor, general manager and other senior management of the Company, alone, or jointly with those specified in (1), (2) and (3) of this Article or other directors, supervisors, general manager and other senior management personnel of the Company, has de facto control; and
- (5) the director, supervisor, general manager and other senior management of the controlled companies specified in (4) of this Article.

**Article 170** The fiduciary duties of the director, supervisor, general manager and other senior management of the Company shall not necessarily cease upon the termination of their term of office, and their duty of confidentiality in relation to the trade secrets of the Company shall survive the termination of their term of office. The duration of other duties shall be decided in accordance with the principle of fairness, depending on the interval between the date of the occurrence of the event and the date when they leave their post, and depending on the circumstances and conditions under which their relationship with the Company terminates.

**Article 171** The responsibilities borne by the director, supervisor, general manager and other senior management of the Company for breach of certain specific duty may be released by the informed general, except for the circumstances specified in Article 60 of the Articles.

**Article 172** Where the director, supervisor, general manager and other senior management of the Company directly or indirectly has a material interest in the contracts, transactions or arrangements (except the employment contracts between the Company and its directors, supervisors, general manager and other senior management) entered into or proposed to be entered into with the Company by such person, such person shall notify the board of the nature and extent of the interest as soon as possible, regardless of whether such matter, under normal circumstances, shall be subject to approval of the board.

A director shall refrain from voting on the contract, transaction or arrangement in which he has a material interest, nor shall he be listed in the quorum of the meeting.

Unless the interested directors, supervisors, general manager and other senior management have informed the board of the matter in accordance with the requirements specified in the first paragraph of this Article, and the board has approved it at a meeting where such persons are not incorporated into the quorum nor participate in the voting, the Company shall have the right to rescind such contracts, transactions or arrangements, except that the counterparty is innocent bona fide party who is unaware of the breach of duties by the relevant directors, supervisors, general manager and other senior management.

When the connected persons of the director, supervisor, general manager and other senior management of the Company have an interest in certain contracts, transactions or arrangements, the director, supervisor, general manager and other senior management personnel shall be deemed to have an interest as well.

**Article 173** Before a contract, transaction or arrangement is first taken into consideration by the Company, if the interested directors, supervisors, general manager and other senior management of the Company have notified the board in writing, declaring that if they have an interest in the contract, transaction or arrangement of the Company in the future because of the reasons specified in the notice, to the extent of the content specified in the notice, it shall be deemed that they have made the disclosure as required in the preceding Article.

**Article 174** The Company shall not pay taxes for its directors, supervisors, general manager and other senior management in any way.

**Article 175** The Company shall not, directly or indirectly, provide loans or guarantee for a loan for the directors, supervisors, general manager and other senior management of the Company and its parent company, nor shall it provide the same to their connected persons.

However, the preceding paragraph shall not apply to the following circumstances:

- (1) the Company provides loans or guarantees for a loan to its subsidiaries;
- (2) pursuant to the employment contracts approved by the general meeting, the Company provides loans, guarantees for a loan or other funds to its directors, supervisors, general manager and other senior management of the Company, enabling them to pay the expenses arising for the Company or to perform their duties;
- (3) if the normal business scope of the Company includes provision of loans or guarantees for a loan, the Company may provide loans or guarantees for a loan to its directors, supervisors, general manager and other senior management and their connected persons based on the normal commercial terms.

**Article 176** Where the Company provides loans in breach of the preceding Article, the borrower of the loan shall repay the loan immediately, regardless of the conditions of the loan.

**Article 177** The Company shall not be enforced to execute the guarantee for a loan provided by the Company in breach of the first paragraph of Article 172, except for the following circumstances:

- (1) the lender of the loan is not aware of relevant circumstances when providing the loan to the connected persons of the director, supervisor, general manager and other senior management of the Company or its parent company;
- (2) the collateral provided by the Company has been lawfully sold by the lender of the loan to a bona fide purchaser.

**Article 178** The “guarantee” referred to in the preceding Article of this Chapter shall include the act to provide an undertaking by the guarantor to bear the responsibility or to provide property to ensure the performance of obligations by the obligors.

**Article 179** Where the director, supervisor, general manager and other senior management of the Company are in breach of their duties owed to the Company, apart from the rights and remedies provided by the laws and administrative regulations, the Company has the right to take the following measures:

- (1) requiring relevant directors, supervisors, general manager and other senior management to compensate the Company for the losses caused by their breach of duties;
- (2) rescinding any contract or transaction entered into between the Company and relevant directors, supervisors, general manager and other senior management and that entered into between the Company and a third party (if the third party has knowledge or should have had knowledge of the breach of duty owed to the Company by the directors, supervisors, general manager and other senior management who represent the Company);
- (3) requiring relevant directors, supervisors, general manager and other senior management to the proceeds gained as a result of the breach of duties;
- (4) recovering the funds received by relevant directors, supervisors, general manager and other senior management which should have been received by the Company, including but not limited to commissions;
- (5) requiring relevant directors, supervisors, general manager and other senior management to return the interest generated by or possibly generated by the funds which should have been received by the Company;
- (6) turning to legal proceedings rule that the properties obtained by the directors, supervisors, general manager and other senior management in breach of duties shall be surrendered to the Company.

**Article 180** With the prior approval of the general meeting, the Company shall entered into



written contracts with its directors and supervisors in respect of their remunerations. The aforesaid remunerations include:

- (1) remunerations for being directors, supervisors or senior management of the Company;
- (2) remunerations for being directors, supervisors or senior management of the Company's subsidiaries;
- (3) remunerations of other services for the management of the Company and its subsidiaries;
- (4) compensation for the loss of office or retirement of a director or supervisor.

Except for the aforesaid contracts, the director and supervisor shall not initiate any proceedings against the Company and claim the benefits they shall obtain in respect of the foregoing matters.

**Article 181** The contracts in relation to remunerations entered into between the Company and its directors and supervisors shall include the provision that in the event of an acquisition of the Company, the directors and supervisors of the Company have the right to obtain the compensation or other payment to which they are entitled due to loss of office or retirement, subject to the prior approval of the general meeting.

The acquisition referred to above shall mean any one of the followings:

- (1) any person makes an offer of acquisition to all shareholders;
- (2) any person makes an offer of acquisition with an aim to make the offer or become the controlling shareholder of the Company. The term "controlling shareholder" shall have the same meaning as defined in Article 61 of this Chapter.

If the relevant directors and supervisors breach the provisions of this Article, any sum received by them shall be attributed to the persons who accept the foregoing offer and sell their shares and at the same time the directors and supervisors shall bear the expense incurred by allocation of that sum pro rata amongst those persons. The expenses shall not be deducted from the sum distributed.

## **Chapter 16 Financial and Accounting Systems and Distribution of Profits**

**Article 182** The Company shall establish its financial and accounting system in accordance with laws, administrative regulations as well as the requirements of the relevant financial authority of the State.

**Article 183** At the end of each financial year, the Company shall prepare a financial report which shall be examined and verified in accordance with laws.

**Article 184** The board of the Company shall place before the shareholders at every annual general meeting a financial report prepared by the Company as required by the relevant laws, administrative regulations as well as the regulatory documents promulgated by local governments and competent authorities.

**Article 185** The financial report of the Company shall be available at the Company for examination by its shareholders 20 days prior to the annual general meeting. Every shareholder of the Company has the right to obtain the financial report specified in this Chapter.

The Company shall deliver or send by prepaid mail to each shareholder of overseas listed foreign shares, (1) a photocopy of the directors' report along with the balance sheet (including all documents required to be attached by laws) and profit and loss accounts or income statements (including the aforesaid financial reports) or (2) a summary of the financial report no later than 21 days prior to the date of the annual general meeting, and the addresses of the recipients shall be those recorded in the register of shareholders.

**Article 186** The financial statements of the Company shall be prepared in accordance with the PRC accounting standards and regulations.

**Article 187** The results or financial information that the Company announces or disclose shall be prepared in accordance with the PRC accounting standards and regulations.

**Article 188** The Company shall publish its financial reports twice every financial year, that is, to publish its interim financial report within two months after the end of the first six months of a financial year, and to publish its annual financial report within three months after the end of a financial year.

**Article 189** The Company shall not have no books of accounts other than that required by law. The assets of the Company shall not be deposited in any account opened under the name of any individual.

**Article 190** When distributing the after-tax profits of the current year, the Company shall allocate 10% of its profit to the Company's statutory common reserve fund. Where the accumulated statutory common reserve fund of the Company has reached more than 50% of the Company's registered capital, no allocation is required.

Where the Company's statutory common reserve fund is insufficient to make up the losses of the Company in the previous year, before allocating the profits to the statutory common reserve fund in accordance with the preceding paragraph, the Company shall first make up the losses by using the profits of the current year.

After allocating the after-tax profits to the statutory common reserve fund, with the approval of the general meeting, the Company may allocate the after-tax profits to the discretionary common reserve fund.

The after-tax profits shall be distributed to shareholders in proportion based on their shareholding after making up the losses of the Company and allocating the profits to the statutory common reserve fund, unless otherwise provided by the Articles that distribution may be made without being based on the shareholding. If the Company does not have profits, it shall not distribute dividends.

If the general meeting violates the preceding paragraph and distributes profits to the shareholders before making up the Company's losses and allocating the profits to the statutory common reserve fund, shareholders must return to the Company the profits which are distributed in violation of the provisions.

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

**Article 191** The capital common reserve fund shall include the following items:

- (1) the premium gained from the issue of shares in excess of the par value;
- (2) other income that shall be included into the capital common reserve fund as required by the authority in charge of finance of the State Council.

**Article 192** The common reserve fund of the Company shall be used for making up the Company's losses, expanding the Company's production and operation, or being converted into the capital of the Company. However, The capital common reserve fund shall not be used to make up the Company's losses.

When the Company converts its statutory common reserve fund to capital, the balance of such common reserve fund shall not fall below 25% of the Company's registered capital prior to such conversions.

**Article 193** The Company may distribute dividends in either the following ways or in both ways:

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

The Company shall distribute cash dividends and other distributions to shareholders of domestic shares in Renminbi. The Company shall distribute cash dividends and other distributions to shareholders of H shares in Hong Kong Dollars. As for the foreign currency needed by the Company for distribution of cash dividends and other distributions to shareholders of overseas listed foreign shares, it shall be handled in accordance with relevant national regulations on foreign exchange control.

The Company may confiscate unclaimed dividends; however, such right shall not be exercised prior to the expiry of relevant applicable limitation period.

The distribution of dividends by way of shares by the Company shall be passed by the special resolution at the general meeting. The Company shall distribute domestic shares to the shareholders of domestic shares and H shares to the shareholders of H shares.

**Article 194** With proposal of the board and the approval by the general meeting, the Company may distribute interim dividends or special dividends. The Company shall appoint receiving agents for shareholders of the overseas listed foreign shares. Such receiving agents shall receive dividends distributed by the Company in respect of the overseas listed foreign shares and other sums payable by the Company on behalf of relevant shareholders, and keep such monies for relevant shareholders until they are paid to such shareholders.

The receiving agents of shareholders of overseas listed foreign shares listed on the Hong Kong Stock Exchange appointed by the Company shall be a registered trust company registered under the Trustee Ordinance of Hong Kong.

**Article 195** The Company shall have the right to terminate dispatching dividend warrants by post only under the following circumstances:

- (1) such dividend warrants have not been monetized for at least two consecutive occasions; or
- (2) such dividend warrants have been returned undelivered for the first occasion.

The Company shall not sell the shares of the shareholders who cannot be contacted unless the following conditions are met:

- (1) dividends in respect of the relevant shares have been distributed at least three times in the past 12 years, and such dividends remain unclaimed during this period; and
- (2) upon the expiry of 12 years period and the Company has made an announcement in a newspaper (after obtaining the approval from the China Securities Regulatory Commission) of its intention to sell the shares, and has notified the Hong Kong Stock Exchange of the same.

The power to forfeit the unclaimed dividends shall only be exercised upon the expiry of the applicable period of the power.

**Article 196** The Company shall have its internal auditing system with professional auditing personnel, who shall be responsible for the internal auditing supervision over the financial income and expenditure and economic activities of the Company.

**Article 197** The functions and power of the internal auditing system and the internal auditing personnel shall be executed after obtaining the approval by the board. The person in charge of auditing shall be accountable to and report to the board.

## Chapter 17 Appointment of Audit Firms

**Article 198** The Company shall appoint an independent audit firm which is qualified under relevant regulations of the State to audit the Company's annual financial reports and review other financial reports of the Company.

The first accounting firm of the Company may be appointed by the founding meeting before the first annual general meeting. The term of office of such audit firm shall terminate at the conclusion of the first annual general meeting.

If the founding meeting does not exercise the functions and powers stipulated in the preceding paragraph, the board shall exercise such functions and powers.

**Article 199** The term of office of the audit firm appointed by the Company shall begin from the date of the conclusion of the annual general meeting and terminate on the date of the conclusion of the next annual general meeting.

**Article 200** The audit firm appointed by the Company shall have the following rights:

- (1) reviewing the books, records or vouchers of the Company at any time, and requiring the directors, general manager or other senior management of the Company to provide relevant information and explanations;
- (2) requiring the Company to take all reasonable measures to obtain from its subsidiaries information and explanations that are required for the audit firm to perform its duties;
- (3) attending the general meeting, receiving notice of the meeting or other information in relation to the meeting which any shareholder is entitled to receive, and giving views at the meeting on matters in relation to it as the audit firm of the Company.

**Article 201** If there is any vacancy of the post of the audit firm, the board may appoint an audit firm to fill such vacancy before the general meeting. However, if during the period of such vacancy, the Company has other audit firm in place, such audit firm may continue handling matters.

**Article 202** The general meeting may remove an audit firm by an ordinary resolution before the expiration of the term of office of the audit firm, regardless of the terms and conditions of the contract between the audit firm and the Company. If the relevant audit firm has the right to claim against the Company, if any, due to such removal, such right shall not be affected.

**Article 203** The remuneration of the audit firm or the method of determining the remuneration shall be decided by the general meeting. The remuneration of the audit firm appointed by the board shall be decided by the board.

**Article 204** The appointment, removal or non-reappointment of an audit firm shall be determined by the general meeting, and reported to the securities regulatory authority of the State Council for record.

If the general meeting intends, by passing resolutions, to appoint an audit firm not currently serving the Company to fill any vacancy of the post of audit firm, or reappoint an audit firm appointed by the board to fill the vacancy, or remove an audit firm before the expiration of the term of office, the following requirements shall be complied with:

(1) the proposal in relation to the appointment or removal shall be sent to the audit firm to be appointed or the audit firms which proposes to leave office or the audit firm which has left office in the relevant financial year before the issue of the notice of general meeting. Leaving herein shall include leaving by dismissal, resignation and retirement.

(2) If the audit firm leaving office makes a written statement, and requests the Company to inform the shareholders of such statement, unless the time of receipt of the written statement is too late, the Company shall take the following measures:

(i) stating in the notice issued for making resolutions that the audit firm about to leave office has made a statement; and

(ii) providing a copy of the statement in the form of an attachment to the notice to the shareholders in a way stipulated by the Articles.

(3) If the Company fails to send the statement of the relevant audit firm according to the above provisions of (2), the relevant audit firm may request the statement to be read at the general meeting and make further complaint.

(4) An audit firm leaving office shall have the right to attend the following meetings:

(i) the general meeting at which its term of office would otherwise have expired;

(ii) the general meeting at which the vacancy caused by its removal is to be filled;

(iii) the general meeting convened due to its voluntary resignation from its post.

The audit firm leaving office shall have the right to receive all notices of the aforesaid meetings or other information in relation to the meetings and to present its views at the aforesaid meetings on matters in relation to its appointment as the previous audit firm of the Company.

**Article 205** Prior notice shall be given to the audit firm if the Company decides to remove or not to renew the appointment of such audit firm. Such audit firm shall have the right to present its views at the general meeting. Where the audit firm resigns from its position, it shall make clear to the general meeting whether there is any impropriety on the part of the Company.

(1) An audit firm may resign by depositing at the Company's legal address a written resignation notice. Such notice shall contain the following statements:

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

(ii) a statement of any such circumstances. The notice shall become effective on the date

of depositing at the Company's legal address or on such later date as may be stipulated in such notice.

(2) The Company shall send copies of the aforesaid notice to relevant responsible authorities within 14 days upon its receipt of the notice referred to in (1) of this Article. If the notice contains the statements specified in (1)(ii) of this Article, the Company shall place a copy of such statements in the Company for shareholders' review. The Company shall also send a copy of the aforesaid statements to each shareholder of overseas listed foreign shares by prepaid post, and the address of the recipient shall be the address in the register of shareholders.

(3) If the resignation notice of the audit firm contains any statement referred to in (1)(ii) of this Article, the audit firm may require the board to convene an extraordinary general meeting to listen to its explanation on relevant circumstances of its resignation.

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

**Article 206** For a merger or division of the Company, the board shall put forward a plan, and the plan shall go through relevant approval process after it has been passed according to the procedures specified in the Articles. Shareholders who oppose the Company's merger or division plans shall have the right to require the Company or the shareholders who approve the merger or division plans to purchase their shares at a fair price. The content of the resolution on the merger or division of the Company shall be made into special document available for shareholders' review.

With regard to shareholders of overseas listed foreign shares, the aforesaid documents shall also be sent to each of them by mail.

**Article 207** The merger of the Company may take the form of merger by absorption or merger by establishment.

In the case of a merger of the Company, the parties shall enter into a merger agreement and prepare balance sheets and an assets lists. The Company shall notify its creditors within 10 days from the date on which the resolutions on the Company's merger are passed and shall make announcements in newspaper at least three times within 30 days. The creditors shall have the right to require the Company to settle the debts or provide relevant guarantees within 30 days upon their receipt of the notice or within 45 days from the date of announcement for those who have not received the notice.

After the merger of the Company, the creditor's rights and debts of each of the merging parties shall be assumed by the surviving company or the newly established company.

**Article 208** In the case of a division of the Company, its assets shall be divided accordingly.

In the case of a division of the Company, the parties to the division shall enter into a division agreement and prepare balance sheets and assets lists. The Company shall notify its creditors within 10 days from the date on which the resolutions on division are passed and shall make announcements in newspaper at least three times within 30 days.

Debts of the Company prior to the division shall be assumed by the companies in existence after the division, except otherwise agreed in the debt payment agreement entered into by the Company and its creditors before the division.

**Article 209** Where a merger or division of the Company results in changes of registered particulars, such changes shall be registered according to laws with the company registration authority; if the Company is dissolved, cancellation of registration of the company shall be carried out according to laws; where a new company is incorporated, the registration of the incorporation of the company shall be carried out according to laws.

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

**Article 210** The Company shall be dissolved and liquidated according to laws any of the following circumstances:

- (1) a resolution regarding the dissolution is passed by the general meeting;
- (2) dissolution is necessary due to a merger or division of the Company;
- (3) the Company is legally declared insolvent due to its failure to repay debts as they become due;
- (4) the Company's business license is legally revoked, or the Company is ordered to close, or de-registered due to the violation of laws and administrative regulations;
- (5) the continuation of the Company which meets serious difficulties in the Company's operation will cause material losses to the shareholders' interests and such difficulties cannot be solved through other means, then the shareholders holding more than 10% of the total voting shares of the Company may request the people's court to dissolve the Company.

**Article 211** In the case of dissolution of the Company under (1) and (5) of the preceding Article, a liquidation committee shall be formed within 15 days thereafter and the members of the liquidation committee shall be determined by general meeting through ordinary resolution.

In the case of dissolution of the Company under (2) of the preceding Article, the liquidation shall be carried out by each of the parties to the merger or division according to the agreements entered into during the merger or division.

In the case of dissolution of the Company under (3) of the preceding Article, the people's court shall, according to relevant provisions of laws, organize the shareholders, relevant authorities and relevant professionals to form a liquidation committee to carry out the liquidation.



In the case of dissolution of the Company under (4) of the preceding Article, the relevant responsible authorities shall organize the shareholders, relevant authorities and relevant professionals to form a liquidation committee to carry out the liquidation.

**Article 212** If the board decides to liquidate the Company (except for liquidation resulting from the Company's declaration of insolvency), it shall state in the notice of the general meeting convened for this purpose that the board has conducted comprehensive investigation on the Company's conditions and believes that the Company is able to pay all its debts within 12 months following the commencement of the liquidation.

The functions and powers of the board of the Company shall terminate immediately when the general meeting passes the resolution on liquidation.

The liquidation committee shall follow the directions of the general meeting and report on its receipts and expenditures, the Company's business and progress of the liquidation at least once a year to the general meeting and make a final report to the general meeting upon completion of the liquidation.

**Article 213** The liquidation committee shall inform its creditors within 10 days upon its establishment, and shall make announcements in newspaper at least three times within 60 days. The creditors shall within 30 days upon their receipt of the notice, or for creditors, who have not received the notice, within 45 days of the date of the announcement, declare their creditor's rights to the liquidation committee. For declaring creditors' rights, the creditors shall explain the relevant matters on the creditor's rights and shall supporting documents. The liquidation committee shall register such creditor's rights.

During the period of declaring creditor's rights, the liquidation committee shall not discharge the debts owed to the creditors.

**Article 214** The liquidation committee shall exercise the following functions and powers during the period of liquidation:

- (1) to thoroughly examine the Company's assets and prepare a balance sheet and an assets list respectively;
- (2) to notify the creditors by notice or announcements;
- (3) to dispose of the outstanding businesses of the Company in relation to the liquidation;
- (4) to pay all outstanding taxes and taxes arising during the liquidation process;
- (5) to settle creditor's rights and debts;
- (6) to deal with the Company's assets remaining after the Company's debts having been paid in full;
- (7) to represent the Company in any civil proceedings.

**Article 215** After the liquidation committee has thoroughly examine the Company’s assets and prepared a balance sheet and an assets list, it shall prepare a liquidation plan and submit it to the general meeting or relevant responsible authority for confirmation.

The assets of the Company remaining after the liquidation expenses, employees’ salaries, social insurance premium, statutory compensation, outstanding taxes and the debts have been paid shall be distributed to its shareholders according to the proportion of their shareholdings.

During the period of liquidation, the Company shall subsist but shall not conduct any business activities not relating to liquidation. The Company’s assets, before the payment according to the provisions of the preceding paragraph, shall not be distributed to the shareholders.

**Article 216** In the case of liquidation as a result of dissolution of the Company, if the liquidation committee, having thoroughly examined the Company’s assets and prepared the balance sheet and an assets list, discovers that the Company’s assets are insufficient to fully repay its debts, it shall apply to the people’s court immediately for a declaration of insolvency of the Company.

Upon the declaration of insolvency of the Company by the people’s court, the liquidation committee shall hand over the liquidation matters to the people’s court.

**Article 217** Upon the completion of liquidation, the liquidation committee shall prepare a liquidation report and a statement of receipts and expenditures and financial books during the period of liquidation and submit them, after being verified by the PRC certified public accountants, to the general meeting or relevant governing authorities for confirmation.

The liquidation committee shall, within 30 days from the confirmation of the relevant governing authorities, submit the aforesaid documents to the company registration authority for cancellation of the Company’s registration and make an announcement on the Company’s termination.

**Article 218** Members of the liquidation committee shall perform their duties loyally and fulfill the liquidation obligations according to laws and shall not use their powers to accept bribes or other illegal income and shall not misappropriate the properties of the Company.

Members of the liquidation committee shall assume compensation liabilities if such members causes damages to the Company or its creditors intentionally or due to gross negligence.

## **Chapter 20 Procedures for the Amendment of the Articles of Association**

**Article 219** The Company may make amendments to the Articles in accordance with laws, administrative regulations and the Articles.

**Article 220** The Company shall amend the Articles when any of the followings occurs:

- (1) after amendments to the Company Law or relevant laws or administrative regulations, the matters stipulated in the Articles are in conflict with the provisions of the amended laws or administrative regulations;
- (2) there are changes in the circumstances of the Company thereby making them inconsistent with the matters set out in the Articles;
- (3) a decision is made at the general meeting to amend the Articles.

**Article 221** Amendments of the Articles in relation to the contents of the Prerequisite Clauses shall become effective upon approvals by the Companies Approving Department as authorized by the State Council and the securities regulatory authorities of the State Council. Amendments in relation to the matters to be approved by other governing authorities shall be reported to the relevant authorities for approval. If the amendments are in relation to the registered particulars of the Company, change of registration shall be made in accordance with laws.

**Article 222** The board shall amend the Articles according to the resolutions on amendments to the Articles passed at a general meeting and the approval opinions of the relevant governing authorities.

**Article 223** Where the amendments to the Articles are required by laws and regulations to be disclosed, announcements shall be made in accordance with relevant provisions.

## **Chapter 21 Notice and Announcements**

**Article 224** Notices of the Company shall be issued in the following manners:

- (1) by hand;
- (2) by post;
- (3) by way of an announcement;
- (4) any other manners specified in the Articles.

**Article 225** If a notice of the Company is issued by way of an announcement, it shall be deemed to have been received by all relevant personnel once announced.

**Article 226** The notice of the general meeting shall be issued by way of an announcement or in the manners specified in the Articles.

**Article 227** The notice of the board meeting shall be issued by way of an announcement or in the manners specified in the Articles.

**Article 228** The notice of the meeting of the supervisory committee shall be issued by way

of an announcement or in the manners specified in the Articles.

**Article 229** If a notice of the Company is served by hand, it shall be signed in hand (or by stamp) by the recipient on the receipt of delivery and the date of signing shall be regarded as the date of delivery. If a notice of the Company is served by post (the address should be clearly written, with postage prepaid and notice put into an envelope), such notice shall be deemed to be issued when the envelope containing such notice is put in the post box and have been received 48 hours thereafter. If a notice of the Company is issued by way of an announcement, the date of the first publication of the announcement shall be regarded as the date of delivery. If a notice of the Company is issued by way of telephone or fax or e-mail, the date of sending shall be regarded as the date of delivery.

**Article 230** The Company may send or provide relevant information to the shareholders through electronic ways such as publication of the corporate communications on its own website. If the Company sends or provides the corporate communications through the abovementioned electronic ways, it shall be deemed to have complied with the relevant regulations. The Company does not need to send or provide printed copies unless the shareholders make such requests.

If any shareholder of the Company requests the Company to send or provide the printed copies of corporate communications of the Company, the shareholder shall send reasonable written notice to the Company's share registry to change to receiving printed copies and also to choose the languages (Chinese or English) of the printed copies he intends to receive.

## **Chapter 22 Resolutions of Disputes**

**Article 231** The Company shall comply with the following rules for dispute resolution:

(1) Any disputes or claims arising between shareholders of overseas listed foreign shares and the Company, between shareholders of overseas listed foreign shares and the Company's directors, supervisors, general manager or other senior management, or between shareholders of overseas listed foreign shares and shareholders of domestic shares, on the basis of any rights or obligations specified by the Articles, the Company Law and any other relevant laws and administrative regulations concerning the affairs of the Company, shall be submitted by relevant parties to arbitration.

When the aforementioned dispute or claim of rights is submitted to arbitration, the entire claim or dispute shall be submitted to arbitration, and all persons whose causes of action were based on the same ground or the persons whose participation is necessary for the resolution of such dispute or claim, shall obey the arbitration award, provided that such person is the Company, the Company's shareholders, directors, supervisors, general manager or other senior management.

Disputes with respect to the definition of shareholders and disputes concerning the register of shareholders need not be resolved by arbitration.

(2) A claimant of arbitration may choose the arbitration to be conducted by China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. Once a claimant of arbitration submits a dispute or claim of rights to arbitration, the other party must participate the arbitration at the arbitration organization selected by the claimant.

If a claimant selects Hong Kong International Arbitration Centre as the arbitration organ, either party may apply for the arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of Hong Kong International Arbitration Centre.

(3) If any disputes or claims of rights as a result of (1) are resolved by arbitration, the laws of the People's Republic of China shall apply, except otherwise provided by laws and administrative regulations.

(4) The award of the arbitration organ shall be final and conclusive and binding on all parties.

## **Chapter 23 Supplementary Provisions**

**Article 232** The board may formulate detailed rules of the Articles according to the Articles. Detailed rules of the Articles shall not be in conflict with the provisions of the Articles.

**Article 233** For the purpose of the Articles, references to "audit firm" shall have the same meaning as "auditors".

**Article 234** The Articles shall be written in Chinese. If there is any discrepancy, the latest version registered with the Industry and Commerce Administration of Xinjiang Uygur Autonomous Region shall prevail.

**Article 235** For the purpose of the Articles, references to "above", "below", "beyond", "less than", "more than" and "exceed" shall exclude the figures listed.

**Article 236** The board of the Company shall have the right to interpret the Articles. Any matters not dealt with in the Articles shall be resolved at the general meeting.

**Article 237** The Articles shall become effective since the date on which the Articles are passed by the general meeting and the overseas listed foreign shares issued in the initial public offering are listed on the Hong Kong Stock Exchange.

***\*\*\* The above document is an English translation of the Chinese original version of the Company's Articles of Association for reference only, Chinese original version prevails in case of discrepancies.\*\*\****