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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

**If you have sold or transferred** all your shares in China Suntien Green Energy Corporation Limited, you should at once hand this circular, the enclosed proxy form and the reply slip for the EGM to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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This circular is for information only and does not constitute an invitation or offer to acquire, purchase or subscribe for any securities in the Company.

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**China Suntien Green Energy Corporation Limited\***

**新天綠色能源股份有限公司**

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

**(Stock Code: 00956)**

**PROPOSED A SHARE OFFERING AND RELEVANT MATTERS  
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION  
AND  
ELECTION OF SUPERVISOR**

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China Suntien Green Energy Corporation Limited will convene an extraordinary general meeting (the "EGM") at the Conference Room, 5<sup>th</sup> Floor, Ambassador Hotel, Shijiazhuang City, Hebei Province, the PRC at 9:30 a.m. on Friday, 10 November 2017. A notice convening the EGM was dispatched to the Shareholders on 25 September 2017.

If you intend to appoint a proxy to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. H Shareholders shall return the form of proxy to Computershare Hong Kong Investor Services Limited, and Domestic Shareholders shall return the form of proxy to the Company's registered office and headquarters in the PRC by hand or by post no later than 24 hours before the time appointed for holding the EGM or any adjournment thereof (i.e. 9:30 a.m. on 9 November 2017). Completion and return of the form of proxy shall not preclude you from attending in person and voting at the EGM or any adjournment thereof.

If you intend to attend the EGM in person or by proxy, you are requested to complete and return the enclosed reply slip to Computershare Hong Kong Investor Services Limited (if you are a H Shareholder) or the Company's registered office and headquarters in the PRC (if you are a Domestic Shareholder) on or before Friday, 20 October 2017.

\* For identification purposes only

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## DEFINITIONS

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*In this circular, unless the context requires otherwise, the following terms shall have the following meanings:*

|   |   |
|---|---|
| “A Shares”  | the ordinary shares proposed to be issued by the Company under its A Share Offering plan and to be subscribed for in Renminbi   |
| “A Share Offering”                                | the proposed initial public offering by the Company of no more than 134,750,000 A Shares which are proposed to be listed on the Shanghai Stock Exchange                             |
| “Articles of Association”                         | the articles of association of the Company currently in effect  |
| “Articles of Association (Draft)”                 | the articles of association of the Company which will become effective from the date on which the A Shares are issued and listed  |
| “Board of Directors” or “Board”                   | the board of directors of the Company   |
| “Board of Supervisors” or “Supervisory Committee” | the board of supervisors of the Company   |
| “Company”   | China Suntien Green Energy Corporation Limited (新天綠色能源股份有限公司), a joint stock limited company incorporated in the PRC with limited liability   |
| “Company Law”                                     | the Company Law of the People’s Republic of China, as amended, supplemented or otherwise modified from time to time   |
| “connected person(s)”                             | shall have the meaning ascribed to it under the Listing Rules   |
| “Controlling Shareholder” or “HECIC”              | Hebei Construction & Investment Group Co., Ltd. (河北建設投資集團有限責任公司), a wholly state-owned enterprise incorporated in the PRC, which is under the direct supervision of the Hebei SASAC |
| “CSRC”  | China Securities Regulatory Commission  |
| “Director(s)”                                     | the director(s) of the Company  |
| “Domestic Shares”                                 | ordinary shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and paid up in Renminbi   |

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## DEFINITIONS

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|---------------------------|---|
| “EGM”                     | the first extraordinary general meeting of the Company for 2017 to be convened at the Conference Room, 5 <sup>th</sup> Floor, Ambassador Hotel, Shijiazhuang City, Hebei Province, the PRC at 9:30 a.m. on Friday, 10 November 2017 in relation to the matters set out in this circular   |
| “General Mandate”         | the general mandate granted to the Board of Directors by the Shareholders at the annual general meeting of the Company to issue Domestic Shares and H Shares representing no more than 20% of the total number of Domestic Shares and H Shares of the Company, respectively, in issue at the date of the passing of the relevant resolution by the Shareholders |
| “Hebei SASAC”             | the State-owned Assets Supervision and Administration Commission of the People’s Government of Hebei Province   |
| “H Shares”                | the overseas listed foreign invested shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Hong Kong Stock Exchange and traded in Hong Kong dollars   |
| “HKD”                     | Hong Kong dollars, the lawful currency of Hong Kong   |
| “Hong Kong”               | the Hong Kong Special Administrative Region of the People’s Republic of China   |
| “Latest Practicable Date” | 16 October 2017, being the latest practicable date prior to the printing of this circular for ascertaining certain information contained herein   |
| “Listing Rules”           | the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, as amended, supplemented or otherwise modified from time to time  |
| “NSSF”                    | the National Council for Social Security Fund of the People’s Republic of China   |
| “PRC”                     | the People’s Republic of China, which, for the purposes of this circular only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan   |
| “RMB”                     | Renminbi, the lawful currency of the PRC  |
| “SASAC”                   | the State-owned Assets Supervision and Administration Commission of the State Council   |

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## DEFINITIONS

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|----------------------------|---|
| “Securities Law”           | the Securities Law of the People’s Republic of China, as amended, supplemented or otherwise modified from time to time                        |
| “SFO”                      | the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time |
| “Share(s)”                 | share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, including the Domestic Shares and H Shares                |
| “Shareholder(s)”           | the holder(s) of Share(s)   |
| “Hong Kong Stock Exchange” | The Stock Exchange of Hong Kong Limited   |

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## LETTER FROM THE BOARD

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### **China Suntien Green Energy Corporation Limited\*** **新天綠色能源股份有限公司**

*(A joint stock limited company incorporated in the People's Republic of China with limited liability)*  
**(Stock Code: 00956)**

**Board of Directors:**

*Non-executive Directors:*

Dr. Cao Xin (*Chairman*)

Dr. Li Lian Ping

Mr. Qin Gang

Ms. Sun Min

Mr. Wu Hui Jiang

*Executive Directors:*

Mr. Mei Chun Xiao (*President*)

Mr. Wang Hong Jun

*Independent Non-executive Directors:*

Mr. Qin Hai Yan

Mr. Ding Jun

Mr. Wang Xiang Jun

Mr. Yue Man Yiu Matthew

**Registered office and headquarters:**

9th Floor, Block A, Yuyuan Plaza

No. 9 Yuhua West Road

Shijiazhuang City, Hebei Province  
the PRC

**Principal place of business  
in Hong Kong:**

Suite 2103, Prudential Tower

The Gateway, Harbour City

Kowloon

Hong Kong

20 October 2017

*To the Shareholders*

Dear Sir or Madam,

**PROPOSED A SHARE OFFERING AND RELEVANT MATTERS  
PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION  
AND  
ELECTION OF SUPERVISOR**

**I. INTRODUCTION**

The purpose of this circular is to provide you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions to be proposed at the EGM.

\* *For identification purposes only*

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## LETTER FROM THE BOARD

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### II. MATTERS TO BE TRANSACTED AT THE EGM

Details of the matters to be transacted at the EGM are set out in the notice convening the EGM, which has been despatched to the Shareholders on 25 September 2017.

The resolutions to be proposed at the EGM for consideration by the Shareholders include the following:

- 1) the resolution on the A Share Offering Plan;
- 2) the resolution on the feasibility of the project to be financed with the proceeds of the A Share Offering;
- 3) the resolution on the proposed grant at the general meeting of the authorisation to the Board of Directors to handle all matters relating to the A Share Offering;
- 4) the resolution on the plan for distribution of accumulated profit of the Company prior to the A Share Offering;
- 5) the resolution on the plan of the Company for distribution of dividends to Shareholders for the three years following the A Share Offering;
- 6) the resolution on the proposal of the Company for A Share price stabilisation for the three years following the A Share Offering;
- 7) the resolution on the undertakings made by the Company in respect of the A Share Offering;
- 8) the resolution on the analysis of the dilution impact of the A Share Offering on immediate returns and the remedial measures;
- 9) the resolution on the Articles of Association (Draft) (effective upon the listing of A Shares);
- 10) the resolution on the report on the use of proceeds previously raised by the Company;
- 11) the resolution on the “Rules of Procedure of the General Meetings of the Company (Effective upon the Listing of A Shares)”;
- 12) the resolution on the “Rules of Procedure of the Board of Directors of the Company (Effective upon the Listing of A Shares)”;
- 13) the resolution on the “Rules of Procedure of the Board of Supervisors of the Company (Effective upon the Listing of A Shares)”;
- 14) the resolution on the “Rules for the Administration of Provision of Guarantees to External Parties of the Company (Effective upon the Listing of A Shares)”;



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## LETTER FROM THE BOARD

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- 15) the resolution on the “Working Rules for Independent Directors of the Company (Effective upon the Listing of A Shares)”;
- 16) the resolution on the amendment to the Articles of Association; and
- 17) the resolution on the election of Mr. Wang Chun Dong as a non-employee representative Supervisor of the Company.

For the aforesaid resolutions, resolutions 1-4, 9, 11-13 and 16 will be considered as special resolutions, and resolutions 5-8, 10, 14, 15 and 17 will be considered as ordinary resolutions, among which, items under resolution 1 will be voted upon individually.

### III. PROPOSED A SHARE OFFERING AND RELEVANT MATTERS

Reference is made to the announcement of the Company dated 25 September 2017 in relation to the A Share Offering.

In order to expand its financing channels, optimise its capital structure and further improve its competitiveness and economic benefits, the Company intends to apply to the CSRC for the initial public offering and listing of A Shares. The A Share Offering will be carried out by the Board of Directors under the General Mandate. In accordance with the General Mandate granted to the Board of Directors by the Shareholders at the annual general meeting of the Company for 2016 held on 8 June 2017, the Board of Directors may issue Domestic Shares representing no more than 20% of the total number of Domestic Shares of the Company in issue at the date of the annual general meeting of 2016 (being 375,231,200 Domestic Shares). In accordance with the A Share Offering plan, the Company intends to issue no more than 134,750,000 A Shares, representing approximately 7.18% and 3.63%, respectively, of the Domestic Shares in issue and the entire issued share capital of the Company as at the Latest Practicable Date. In the event that the A Share Offering proceeds after the General Mandate to issue Shares granted by the Shareholders on 8 June 2017 expires, the Company will rely on any future general mandate obtaining at future general meeting or convene a general meeting to seek for the specific Shareholders’ mandate (depending on the then actual need) to issue the A Shares.

Resolutions of the A Share Offering plan and the relevant matters have been approved by the Board at the Board meeting held on 25 September 2017.

#### 1. Resolution on the A Share Offering plan

Details of the A Share Offering plan are as follows:

- 1) Class of shares to be issued: RMB ordinary shares (A Shares).
- 2) Number of shares to be issued: the number of A Shares to be issued under the public offering of the Company will be no more than 134,750,000 A Shares. The exact number of A Shares to be issued shall be determined by the Board of Directors and the sponsor through negotiations and book building under the authorisation to be granted at the general meeting and in

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## LETTER FROM THE BOARD

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view of the capital needs of the project to be financed with the proceeds from the A Share Offering. The final number of shares to be issued shall be subject to the approval of the CSRC. The A Share Offering is limited to the issue of new A Shares by the Company only and does not involve any transfer of Shares of the Company (the existing Shares) by the existing Shareholders of the Company to investors.

- 3) Nominal value of shares to be issued: RMB ordinary shares (A Shares) with a nominal value of RMB1.00 each.
- 4) Target subscribers of the shares to be issued: places that satisfy the requirements under national laws and regulations and the provisions of regulators, and domestic natural persons, legal persons and other investors which have maintained accounts at the Shanghai Stock Exchange (other than those prohibited under national laws and regulations).

The Company will take appropriate steps to ascertain the eligibility of the A-Share subscribers and to ensure that no A Shares will be allotted and issued to its connected persons and/or their associates.

- 5) Price of shares to be issued: the initial price range will be determined first by the Board of Directors and the sponsor through promotion and initial book building under the authorisation to be granted at the general meeting, and the offer price will then be determined in accordance with laws and regulations and the relevant requirements of the CSRC.
- 6) Proposed place of listing: the Shanghai Stock Exchange
- 7) Methods of offering of shares: combination of the offline placing to specified investors through book building and the online subscription, or any other methods specified by the CSRC.
- 8) Transfer of state-owned shares: in accordance with the Implementing Measures for the Transfer of Certain State-owned Shares through Domestic Securities Market to the National Social Security Fund (Cai Qi [2009] No. 94) (境內證券市場轉持部分國有股充實全國社會保障基金實施辦法) and the relevant requirements, state-owned corporation Shareholders of the Company shall perform their obligations to transfer state-owned Shares based on 10% of the actual number of A Shares issued at the time of the A Share Offering, and the detailed transfer proposal shall be determined and implemented subject to the approval of the relevant national authorities.
- 9) Use of proceeds: the proceeds from the public offering of A Shares, after deduction of the offering expenses undertaken by the Company, will be used for the investment in the Fengning Senjitu wind farm (phase 3) project (150MW) of HECIC. The total investment of such project shall be RMB1,473,351,900, of which RMB442,005,600 is intended to be financed

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with the proceeds. In the event that the actual proceeds, after deduction of the corresponding offering expenses, are insufficient to meet the investment needs for such project, the shortfall will be financed by the internal resources of the Company. If early investment is required for the aforesaid project to be financed before the proceeds from the offering are available due to factors such as operational needs or market competition, the Company will fund the project by way of injecting its own funds, obtaining bank loans and/or financing leases, etc.. Once the proceeds from the offering are available, the Company will replace its early investment, such as self-owned funds, bank loans and/or financing leases, with the proceeds from the offering. In the event that the actual proceeds, after deduction of the corresponding offering expenses, are more than those required for the aforesaid project to be financed, the excess will be applied to replenish the working capital of the Company through legal procedures in accordance with the national laws, regulations and the relevant requirements of the CSRC.

- 10) Conversion into a joint stock limited liability company with Shares issued and listed domestically and overseas: after the A Shares are issued and become listed with the approval of the CSRC, the Company will apply for the conversion into a joint stock limited liability company with Shares issued and listed domestically and overseas.
- 11) Validity period of the resolution on the A Share Offering plan: 12 months following the approval at the general meeting.

The matters regarding the A Share Offering are subject to the approval of the Shareholders at the EGM, securities regulatory authorities (including the CSRC) and other relevant regulatory authorities (including the relevant stock exchanges). The final proposal for the A Share Offering is subject to the approval of regulatory authorities. Upon completion of the A Share Offering, the existing Domestic Shares in issue will become domestic listed shares. The date of completion of the A Share Offering depends on the policies in relation to the offering and listing of A shares of the PRC government, the date of approval and the actual situation of the domestic capital market. As such, as at the Latest Practicable Date, the date of completion of the A Share Offering had not been determined.

In determining the offer price of A Shares, the Company will take into account the following: (i) the operational and financial position of the Company; (ii) prevailing market conditions; (iii) market demand for A Shares; (iv) the industry in which the Company operates; (v) the requirements of applicable laws and regulations; and (vi) the average price/earnings ratio of other listed issuers of A shares in the same industry as the Company. In accordance with the relevant requirements of the SASAC, the offer price of A Shares shall not be less than the net assets per share of the Company available as at the date of determination of the offer price. As at 31 December 2016, the audited net assets per share of the Company were RMB2.13. As the price for the A Share Offering is likely to be determined after the announcement of the audited net assets per share of the Company as at 31 December 2017, such data is for information purpose only. In addition, the Company will comply with the requirements of Rule

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## LETTER FROM THE BOARD

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13.36(5) of the Listing Rules and the offer price of A Shares issued under the General Mandate will not represent a discount of 20% or more to the applicable benchmark price as determined in accordance with Rule 13.36(5) of the Listing Rules.

This resolution is subject to consideration and approval at the EGM as a special resolution, among which, each item of the A Share Offering plan shall be voted upon individually.

### **2. Resolution on the feasibility of the project to be financed with the proceeds of the A Share Offering**

The proceeds from the A Share Offering are intended to be applied in the Fengning Senjitu wind farm (phase 3) project (150MW) of HECIC.

- 1) The report on the feasibility of the Fengning Senjitu wind farm (phase 3) project (150MW) of HECIC: the proceeds are intended to be used for the investment in the Fengning Senjitu wind farm (phase 3) project (150MW) of HECIC. The project has a total investment of RMB1,473,351,900, of which RMB442,005,600 is intended to be financed with the proceeds.

When determining the expected proceeds of the A Share Offering, the Company has given full consideration to the following factors: the relevant PRC regulatory requirements, the financial performance of the Company, offering statistics of the Company's comparable companies, and the historical price performance of the Company's H shares. Pursuant to the relevant requirements of the CSRC and the SASAC, the A Share offer price shall not be lower than the net asset value per share in its latest audited financial report, and shall not exceed 23 times of its price earning ratio. For information purpose only, the company's audited net asset value per share and audited earnings per share for 2016 are RMB2.13 and RMB0.15, based on which, the offer price will range from RMB2.13 to RMB3.45, and the gross proceeds of the A Share Offering will range from approximately RMB287.0 million to RMB464.9 million.

As 30% of the total investment of Fengning Senjitu wind farm (phase 3) project (150MW) of HECIC shall be funded by the self-owned capital of the Company, the proceeds of the A Share Offering will be invested into the same project in full.

- 2) In the event that the actual proceeds, after deduction of the corresponding offering expenses, are insufficient to meet the investment needs for such project, the shortfall will be financed by the internal resources of the Company. If early investment is required for the aforesaid project to be financed before the proceeds from the offering are available due to factors such as operational needs or market competition, the Company will fund the project by way of injecting its own funds, obtaining bank loans and/or financing leases, etc.. Once the proceeds from the offering are available, the Company will replace its early investment, such as self-owned funds, bank

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## LETTER FROM THE BOARD

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loans and/or financing leases, with the proceeds from the offering. In the event that the actual proceeds, after deduction of the corresponding offering expenses, are more than those required for the aforesaid project to be financed, the excess will be applied to replenish the working capital of the Company through legal procedures in accordance with the national laws, regulations and the relevant requirements of the CSRC.

The full text of the report on the project to be financed with the proceeds of the A Share Offering and its feasibility study is set out in Appendix I to this circular.

The resolution is subject to consideration and approval at the EGM as a special resolution.

### **3. Resolution on the proposed grant at the general meeting of the authorisation to the Board of Directors to handle all matters relating to the A Share Offering**

In view of possible changes in the process of the offering and listing of A Shares and in order to ensure the success of the public offering and listing of A Shares, a resolution will be proposed at the general meeting to authorise the Board of Directors to handle all the matters relating to the offering and listing, including but not limited to the following:

- 1) negotiation with the sponsor(s) to determine and implement the proposal for the offering and listing of A Shares of the Company in accordance with the principles approved at the general meeting and the requirements of the regulatory authorities for the issue of securities in view of the prevailing conditions of the Company within the scope permitted by laws, regulations and the Articles of Association, including but not limited to: offering size, the number of state-owned shares to be transferred, offer price, offering method, date of issuance, target subscribers, and the place of listing;
- 2) issue, review, amendment and/or signing of legal documents relating to the offering and listing, including but not limited to the material contracts, prospectus and its summary, offer letter of intent, announcement on the offering and other relevant documents for the project to be financed with the proceeds;
- 3) preparation of application materials for the offering and listing of shares;
- 4) amendments and supplements to the Articles of Association (Draft) considered and passed at the general meeting in view of the actual situations of the Company after the offering and listing;
- 5) completion of the procedures in relation to capital verification and change of registration for registered capital with the department in charge of industrial and commercial administration after the offering and listing;

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## LETTER FROM THE BOARD

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- 6) amendment to and adjustment of the plan for use of the proceeds from the offering considered and approved at the general meeting in accordance with the requirements of the CSRC, the actual situations of the Company and market conditions;
- 7) determination of the special account for the proceeds as necessary prior to the offering;
- 8) upon completion of the offering, handling of the matters regarding the registration and settlement of equity interest at China Securities Depository and Clearing Company Limited, including but not limited to equity custody registration and restriction on trading;
- 9) matters regarding the transfer of state-owned shares in accordance with the relevant laws and regulations;
- 10) drafting, amendment, signing and submission of the application, memorandum of understanding, reports or materials relating to the A Share Offering to the government authorities and regulatory authorities in connection with the A Share Offering (including but not limited to the SASAC, the CSRC, the Shanghai Stock Exchange, the CSRC Hebei Office, the NSSF and China Securities Depository and Clearing Company Limited, Shanghai Branch), completion of the procedures for approval, registration, filing, authorisation and consent relating to the A Share Offering, making of statements and undertakings relating to the A Share Offering, and carrying out of any actions in relation to the A Share Offering as it deems necessary, suitable or appropriate;
- 11) delegation of its power to other Directors or relevant persons as necessary to individually or jointly handle the matters regarding the offering and listing;
- 12) engagement or appointment of the relevant intermediaries for the A Share Offering, determination of service fees and signing of the relevant engagement or appointment agreements;
- 13) handling of other matters relating to the offering and listing which are not specified but are necessary for the offering and listing; and
- 14) the authorisation shall be effective for 12 months from the date of passing at the EGM.

The resolution is subject to consideration and approval at the EGM as a special resolution.

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## LETTER FROM THE BOARD

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#### **4. Resolution on the plan for distribution of accumulated profit of the Company prior to the A Share Offering**

If the A Share Offering is completed within 12 months from the date of passing of the resolution at the general meeting (the “**12-month Period**”), in addition to the normal annual profit distribution, the accumulated undistributed profit of the Company prior to the A Share Offering shall be shared by the new and existing Shareholders in proportion to their respective shareholdings following the A Share Offering. If the Company fails to complete the A Shares Offering within the 12-month Period, a separate resolution on the distribution of accumulated undistributed profit shall be proposed for consideration at the general meeting of the Company.

The Company will decide whether to declare dividends according to the applicable laws and regulations and the requirements under the Articles of Association. Therefore, the accumulative undistributed profit prior to the A Share Offering may or may not be distributed to the existing Shareholders.

The resolution is subject to consideration and approval at the EGM as a special resolution.

#### **5. Resolution on the plan of the Company for distribution of dividends to Shareholders for the three years following the A Share Offering**

In order to achieve sustainable development of the Company and establish a continuous, stable and scientific return mechanism for investors, in view of its current development stage at the growth period, the Company has developed a plan for distribution of dividends to Shareholders for the three years following the A Share Offering in accordance with the laws, regulations and rules, including the Company Law, the Securities Law, the Guidelines on the Articles of Association of Listed Companies, the Management Measures for Initial Public Offering and Listing of Shares (首次公開發行股票並上市管理辦法), the Opinions on Further Promoting the Reform of New Share Offering System (關於進一步推進新股發行體制改革的意見), the Circular on Further Implementation of Matters Regarding Distribution of Cash Dividends of Listed Companies (關於進一步落實上市公司現金分紅有關事項的通知) and the Listed Companies Regulation Guideline No. 3 – Distribution of Cash Dividends by Listed Companies (上市公司監管指引第3號 – 上市公司現金分紅). The full text of the plan is set out in Appendix II to this circular.

The resolution is subject to consideration and approval at the EGM as an ordinary resolution.

#### **6. Resolution on the proposal of the Company for A Share price stabilisation for the three years following the A Share Offering**

In accordance with the relevant laws and regulations, such as the Company Law, the Securities Law and the Opinions on Further Promoting the Reform of New Share Offering System and in order to protect the interests of minority shareholders and investors, the Company prepared a proposal for stabilising the price of A Shares. The

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## LETTER FROM THE BOARD

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stabilisation measures include repurchase of A Shares by the Company, increase in the number of A Shares held by the Controlling Shareholder, and increase in number of Shares held by Directors (excluding independent non-executive Directors) and senior management who receive remuneration from the Company. Regardless of which stabilisation measures are implemented, the Company will ensure that sufficient number of Shares are held by the public and its public float will continue to meet the requirements of Rule 8.08 of the Listing Rules upon the completion of such stabilisation process. The full text of the proposal is set out in Appendix III to this circular.

The resolution is subject to consideration and approval at the EGM as an ordinary resolution.

### **7. Resolution on the undertakings provided by the Company in respect of the A Share Offering**

In order to protect the interests of minority shareholders and investors and strengthen its obligation of information disclosure, the Company shall provide undertakings in respect of matters such as repurchase of A Shares and compensation for loss as a result of non-compliant information disclosure. Details are set out in Appendix IV to this circular.

The resolution is subject to consideration and approval at the EGM as an ordinary resolution.

### **8. Resolution on the analysis of the dilution impact of the A Share Offering on immediate returns and the remedial measures**

In accordance with the relevant requirements of documents, including the Opinions of the General Office of the State Council on Further Strengthening the Protection of Lawful Interests of Small and Medium Investors in the Capital Market (Guo Ban Fa [2013] No. 110) (國務院辦公廳關於進一步加強資本市場中小投資者合法權益保護工作的意見) and the Guiding Opinions of the CSRC in Relation to Matters Relevant to Dilution of Immediate Returns by Initial Public Offering, Refinancing and Material Asset Reorganisation (Zheng Jian Hui Gong Gao [2015] No. 31 (關於首發及再融資、重大資產重組攤薄即期回報有關事項的指導意見), the Company analysed the dilution impact of the A Share Offering on immediate returns and proposed specific remedial measures, and the relevant entities (including the Directors and senior management of the Company) have made undertakings in respect of the effective performance by the Company of remedial measures. The details of the analysis and measures are set out in Appendix V to this circular.

When performing their obligations with respect to the price stabilization of the A Shares, the Company and its Directors and senior management shall meet the requirements for information disclosure under the securities listing rules of the jurisdictions in which the Shares of the Company are listed and other applicable regulatory requirements.



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## LETTER FROM THE BOARD

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The resolution is subject to consideration and approval at the EGM as an ordinary resolution.

### **9. Resolution on the Articles of Association (Draft) (Effective upon the Listing of A Shares)**

The Company proposes to amend the Articles of Association based on the existing Articles of Association and in accordance with the requirements of relevant laws, regulations and regulatory documents. The amendments made by the Articles of Association (Draft) to the existing Articles of Association primarily relate to: (1) a provision in relation to the increase in the number of new A Shares to be issued; (2) the amendments to the provisions in the Articles of Association with respect to A Shares companies in accordance with the laws, regulations and regulatory documents in the PRC, details of which are set out in Appendix VI to this circular.

If resolution no. 16 (in relation to the amendments to the Articles of Association of the Company, details of which are set out below) is approved by the Shareholders at the EGM, the revised provisions will be incorporated into the Articles of Association (Draft) or the Articles of Association (Draft) are deemed to have made the corresponding changes.

The Articles of Association (Draft) are subject to the approval at the EGM by way of special resolution and shall become effective and be implemented from the date on which the A Shares to be issued under the initial public offering are listed and traded on a stock exchange.

### **10. Resolution on the report on the use of proceeds previously raised by the Company**

After verification of the use of proceeds previously raised by the Company, the Company prepared "Report on the Use of Proceeds Previously Raised", Ernst & Young Hua Ming LLP have verified in respect of the use of proceeds previously raised, the full text of which is set out in Appendix VII to this circular.

The resolution is subject to consideration and approval at the EGM as an ordinary resolution.

### **11. Resolution on the Rules of Procedure of the General Meetings of the Company (Effective upon the Listing of A Shares)**

In order to meet the relevant regulatory requirements, the Company has prepared the Rules of Procedure of the General Meetings (Effective upon the Listing of A Shares), the full text of which is set out in Appendix VIII to this circular.

Such rules of procedure are subject to the approval at the EGM by way of special resolution and shall become effective and be implemented from the date on which the A Shares to be issued under the initial public offering are listed and traded on a stock exchange.

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## LETTER FROM THE BOARD

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**12. Resolution on the Rules of Procedure of the Board of Directors of the Company (Effective upon the Listing of A Shares)**

In order to meet the relevant regulatory requirements, the Company has prepared the Rules of Procedure of the Board of Directors (Effective upon the Listing of A Shares), the full text of which is set out in Appendix IX to this circular.

Such rules of procedure are subject to the approval at the EGM by way of special resolution and shall become effective and be implemented from the date on which the A Shares to be issued under the initial public offering are listed and traded on a stock exchange.

**13. Resolution on the Rules of Procedure of the Board of Supervisors of the Company (Effective upon the Listing of A Shares)**

In order to meet the relevant regulatory requirements, the Company has prepared the Rules of Procedure of the Board of Supervisors (Effective upon the Listing of A Shares), the full text of which is set out in Appendix X to this circular.

Such rules of procedure are subject to the approval at the EGM by way of special resolution and shall become effective and be implemented from the date on which the A Shares to be issued under the initial public offering are listed and traded on a stock exchange.

**14. Resolution on the Rules for the Administration of Provision of Guarantees to External Parties of the Company (Effective upon the Listing of A Shares)**

In order to meet the relevant regulatory requirements, the Company has prepared the Rules for the Administration of Provision of Guarantees to External Parties (Effective upon the Listing of A Shares), the full text of which is set out in Appendix XI to this circular.

Such rules are subject to the approval at the EGM by way of ordinary resolution and shall become effective and be implemented from the date on which the A Shares to be issued under the initial public offering are listed and traded on a stock exchange.

**15. Resolution on the Working Rules for Independent Directors of the Company (Effective upon the Listing of A Shares)**

In order to meet the relevant regulatory requirements, the Company has prepared the Working Rules for Independent Directors (Effective upon the Listing of A Shares), the full text of which is set out in Appendix XII to this circular.

Such rules are subject to the approval at the EGM by way of ordinary resolution and shall become effective and be implemented from the date on which the A Shares to be issued under the initial public offering are listed and traded on a stock exchange.

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## LETTER FROM THE BOARD

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### 16. Effect of the A Share Offering on the shareholding structure of the Company

Assuming all the 134,750,000 A Shares under the A Share Offering plan are issued in full with approval and the share capital of the Company will remain unchanged prior to the completion of the plan for the A Share Offering, the Company's shareholding structure as at the Latest Practicable Date and immediately following the completion of the A Share Offering will be as follows:

|   | As at the<br>Latest Practicable Date |  | Immediately following<br>the completion of<br>the A Share Offering |  |
|---|--------------------------------------|--|--|--|
|   | Number of<br>Shares                  | Approximate<br>percentage of<br>the issued<br>share capital<br>of the<br>Company | Number of<br>Shares  | Approximate<br>percentage of<br>the issued<br>share capital<br>of the<br>Company |
| <b>Domestic Shares</b>  |                                      |  |  |  |
| Domestic Shares in issue  | 1,876,156,000                        | 50.50%   | 1,876,156,000  | 48.73%   |
| New A Shares to be issued under the<br>A Share Offering and to be held by the<br>public | –                                    | –  | 134,750,000  | 3.50%  |
| <b>Sub-total of Domestic Shares:</b>  | <u>1,876,156,000</u>                 | <u>50.50%</u>  | <u>2,010,906,000</u>   | <u>52.23%</u>  |
| <b>H Shares (held by the public)</b>  | <u>1,839,004,396</u>                 | <u>49.50%</u>  | <u>1,839,004,396</u>   | <u>47.77%</u>  |
| <b>Total</b>  | <u><u>3,715,160,396</u></u>          | <u><u>100.00%</u></u>  | <u><u>3,849,910,396</u></u>  | <u><u>100.00%</u></u>  |

*Notes:*

- As at the Latest Practicable Date, all the Domestic Shares in issue were directly held by HECIC, the Controlling Shareholder of the Company. Following the completion of the A Share Offering, the existing Domestic Shares in issue will be converted into A Shares. However, in accordance with the relevant requirements including the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, HECIC shall not transfer or appoint any other person to manage the shares held by it prior to the A Share Offering or cause the Company to repurchase such shares within 36 months from the date of listing of the A Shares of the Company.
- Due to rounding adjustments, the figures shown as total may not represent the arithmetic sum of the previous figures.
- The shareholding structure immediately following the completion of the A Share Offering did not take into account the transfer of shares to the NSSF or the reduction in the shares held by state-owned shareholders. Such transfer or reduction, if any, will be carried out in accordance with the applicable PRC laws and regulations and is subject to the consideration and approval by the PRC regulatory authorities including the Ministry of Finance.

During the 12 months up to the Latest Practicable Date, the Company had not conducted any fund raising activities involving the issue of share capital.

Assuming that (i) all the 134,750,000 A Shares under the A Share Offering are issued in full with approval; and (ii) save for the A Shares to be converted from the existing Domestic Shares following the completion of the A Share Offering, the share capital of the Company will remain unchanged prior to the completion of the A Share

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Offering, the Company expects that its public float will continue to meet the requirements of Rule 8.08 of the Listing Rules immediately following the completion of the A Share Offering.

#### IV. PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

In order to further enhance the party construction in state-owned enterprises and in compliance with the requirements of the Circular on Properly Inserting the requirements of Party Construction Work of State-Owned Enterprises into the Articles of Association (Ji Zu Zi [2017] No. 12) (關於做好將國有企業黨建工作要求納入公司章程的通知) and the Circular on Matters regarding the Acceleration of Inserting the Requirements of Party Construction Work of the Enterprises Supervised by Hebei SASAC into the Articles of Association (Ji Guo Zi Dang Zi [2017] No. 7) (關於加快推進省國資委監管企業黨建工作要求納入公司章程有關事項的通知) jointly published by the Organization Department of Hebei Provincial Party Committee and Hebei SASAC, the Board of Directors proposes to include information relating to party construction work in the Articles of Association in accordance with the requirements of the Company Law and in view of the actual situations of the Company. The amendments will become effective on the date of approval at the EGM.

Details of the proposed amendments are as follows:

- 1) The following is proposed to be added after Article 10 under Chapter 1 “General Principles” of the existing Articles of Association:

Article 11 In accordance with the requirements of the Constitution of the Communist Party of China, an organisation of the Communist Party of China shall be established and play the core leadership role, functioning as the political core of the Company, providing direction, managing the overall situation and ensuring implementation. The working committee of the Party shall be established within the Company, and shall be equipped with sufficient staff to deal with Party affairs and provided with sufficient funds to operate the Party organisation.

- 2) The following is proposed to be added after Article 128 under Chapter 10 of the existing Articles of Association:

Article 129 The opinions of the Party Committee shall be heard before the Board of Directors decides on material issues of the Company.

- 3) A new chapter headed “Party Committee” shall be added after Chapter 10 “The Board of Directors” of the existing Articles of Association:

#### **Chapter 11 Party Committee**

Article 130 The Company shall establish the Party Committee consisting of a secretary and several other members. Eligible members of the Party Committee may be considered and appointed as members of the Board of Directors, the Board of Supervisors and the management through the statutory procedures. Eligible members in the Board of Directors, the Board of Supervisors and the

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management who are members of the Communist Party of China may be considered and appointed as members of the Party Committee in accordance with relevant requirements and procedures. Meanwhile, the discipline inspection committee shall be established as required.

Article 131 The Party Committee shall perform its duties in accordance with the Constitution of the Communist Party of China and other internal regulations of the Party.

- (i) To ensure and supervise the Company's implementation of policies and guidelines of the Party and the State and implement major strategic decisions of the Communist Party of China Central Committee and the State Council, as well as important work arrangements of the superior party organization.
- (ii) To uphold the integration of the principle of management of cadres by the Party with the function of the board of directors in the lawful selection of operation managers and the function of operation managers in the lawful exercise of authority of employment of personnel. The Party Committee shall consider and comment on the candidates nominated by the board of directors or president, or recommend candidates to the board of directors or president. The Party Committee, together with the board of directors, shall evaluate the proposed candidates and put forth comments and suggestions collectively.
- (iii) To research and discuss the reform, development and stability of the Company, major operational and management issues and major issues concerning employee interests, and provide comments and suggestions thereon.
- (iv) To undertake the main responsibility to strictly administer the Party in all aspects, lead the Company's ideological and political work, united front work, spiritual civilization construction, corporate culture construction and the work of organisations such as the labour union and the communist youth league, and lead the construction of the party conduct and of an honest and clean administration and support the fulfilment of the supervision responsibility by the discipline inspection committee.

Save for the proposed amendments above, the contents of other chapters and articles will remain unchanged. If the number of any chapter or article of the Articles of Association is affected as a result of the amendments to the relevant chapters and articles, the numbers of the chapters or articles of the existing Articles of Association shall be adjusted accordingly, and the cross references to the numbers of the chapters or articles of the Articles of Association shall be changed accordingly.

Despite the inclusion of the provisions relating to party construction work in the Articles of Association, the Board of Directors and management of the Company will decide whether or not to adopt the opinions and advices provided by the Party Committee in the day-to-day management and decision-making of the

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Company in view of the actual situations of the Company. The relevant duties and powers of the Board of Directors and management stipulated in the Articles of Association will remain unchanged.

### **V. THE RESOLUTION ON THE ELECTION OF MR. WANG CHUN DONG AS NON-EMPLOYEE REPRESENTATIVE SUPERVISOR OF THE COMPANY**

Reference is made to the announcement of the Company dated 25 September 2017 in relation to the resignation of Mr. Yang Hong Chi as a Supervisor and the chairman of the Board of Supervisors, which will become effective upon the appointment of a new Supervisor of the Company to fill the vacancy arising from the resignation.

A resolution in relation to the recommendation on the election of Mr. Wang Chun Dong as a non-employee representative Supervisor of the Company was passed at the meeting of the Board of Supervisors held on 25 September 2017. The biography of Mr. Wang Chun Dong is as follows:

Mr. Wang Chun Dong, aged 51, has been a member of the standing committee of the party committee and the secretary of the discipline inspection committee of HECIC since October 2016. Prior to that, he held various positions, including a deputy secretary of the party committee, the secretary of the discipline inspection committee and the chairman of the board of supervisors of Tangsteel Company of Hebei Iron & Steel Group Co. Ltd., a deputy secretary of the discipline inspection committee and the director of the comprehensive office of the Hebei SASAC, a disciplinary inspector and ombudsman of the Office of the Ombudsman and the director of the comprehensive office of discipline inspection committee of Hebei SASAC and Hebei Provincial Supervision Department in Hebei SASAC. Mr. Wang obtained a master's degree in business administration from the University of Illinois in the United States and he is a senior political analyst.

The Company will enter into a service contract with Mr. Wang for a term from the date of the EGM until the expiry of the office of the third session of the Board of Supervisors, who may be eligible for re-election upon the expiry of his office in accordance with the Articles of Association. As a non-employee representative Supervisor of the Company, Mr. Wang will not receive any remuneration as a Supervisor from the Company.

To the best of the knowledge of the Directors of the Company and save as disclosed above, Mr. Wang did not hold any directorship in other public companies, the securities of which are listed on any securities market in Hong Kong or overseas, in the last three years. Mr. Wang does not have any relationship with any director, senior management or substantial or Controlling Shareholder of the Company, nor does he hold any position in the Company or any of its subsidiaries. As at the Latest Practicable Date, Mr. Wang did not have any interest in the shares of the Company or its associated corporations within the meaning of Part XV of the SFO.

Save as disclosed above, there is no other information in relation to the appointment of Mr. Wang that needs to be disclosed pursuant to the requirements set out in Rule 13.51(2) of the Listing Rules, nor are there any other matters that need to be brought to the attention of the Shareholders.

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## LETTER FROM THE BOARD

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### VI. EGM

The matters to be considered at the EGM are set out in the notice convening the EGM, which was despatched on 25 September 2017. The form of proxy and reply slip for the EGM have been despatched together with the notice convening the EGM.

If you intend to appoint a proxy to attend the EGM, you are requested to complete and return the enclosed form of proxy in accordance with the instructions printed thereon. H Shareholders shall return the form of proxy to Computershare Hong Kong Investor Services Limited, and Domestic Shareholders shall return the form of proxy to the Company's registered office and headquarters in the PRC by hand or by post no later than 24 hours before the time appointed for holding the EGM and any adjournment thereof (i.e. 9:30 a.m. on 9 November 2017). Completion and return of the form of proxy shall not preclude you from attending in person and voting at the EGM or any adjournment thereof.

If you intend to attend the EGM in person or by proxy, you are requested to complete and return the enclosed reply slip to Computershare Hong Kong Investor Services Limited (if you are a H Shareholder) or the Company's registered office and headquarters in the PRC (if you are a Domestic Shareholder) on or before Friday, 20 October 2017.

### VII. VOTING BY POLL

In accordance with the requirements of Rule 13.39(4) of the Listing Rules, any voting by the Shareholders at the general meeting shall be conducted by poll. As such, the chairman of the EGM will request all resolutions to be proposed at the EGM to be voted by poll in accordance with the power conferred by the Articles of Association.

### VIII. RECOMMENDATION

The Board of Directors is of the view that all resolutions to be proposed at the EGM are in line with the interests of the Company and its Shareholders as a whole and recommend you to vote for all the resolutions to be proposed at the EGM.

By order of the Board  
**China Suntien Green Energy Corporation Limited**  
**Cao Xin**  
*Chairman*

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**APPENDIX I                      REPORT ON THE ANALYSIS OF FEASIBILITY OF  
THE PROJECT TO BE FINANCED WITH  
THE PROCEEDS FROM THE A SHARE OFFERING**

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**REPORT ON THE ANALYSIS OF FEASIBILITY OF  
THE PROJECT TO BE FINANCED  
WITH THE PROCEEDS FROM THE INITIAL PUBLIC OFFERING OF A SHARES  
OF CHINA SUNTIEN GREEN ENERGY CORPORATION LIMITED\***

China Suntien Green Energy Corporation Limited (the “Company”) has prepared the following Report on the Analysis of Feasibility of the Project to be Financed with the Proceeds from the Initial Public Offering of A Shares in accordance with the plan for the initial public offering and listing of RMB ordinary shares (A Shares) (the “Issue”), the requirements of the relevant laws, regulations and regulatory documents and in view of the actual situations of the Company:

**I.    NUMBER OF A SHARES TO BE ISSUED UNDER THE OFFERING**

The number of A Shares to be issued under the initial public offering of the Company will be no more than 134,750,000 A Shares. The exact number of A Shares to be issued shall be determined through book building and in view of the capital needs of the project to be financed with the proceeds from the Share Offering. The final number of shares to be issued shall be subject to the approval of the CSRC. The Offering is limited to the issue of new A Shares by the Company only and does not involve any transfer of Shares of the Company (the “Existing Shares”) by the existing Shareholders of the Company to investors.

**II.   INFORMATION ON THE PROJECT TO BE FINANCED WITH THE  
PROCEEDS FROM THE ISSUE**

**1.   Project overview**

The proceeds from the Issue, after deduction of the offering expenses, are intended to be applied in the Fengning Senjitu wind farm (phase 3) project (150MW) of HECIC (the “Project”). The Project has a total investment amount of RMB1,473,351,900, of which RMB442,005,600 is intended to be financed with the proceeds.

In the event that the actual proceeds, after deduction of the corresponding offering expenses, are insufficient to meet the investment needs for such project, the shortfall will be financed by the internal resources of the Company. If early investment is required for the aforesaid project proposed to be financed before the proceeds from the offering are available due to factors such as operational needs or market competition, the Company will fund the project by way of injecting its own funds, obtaining bank loans and/or financing leases, etc.. Once the proceeds from the offering are available, the Company will replace early investment, such as self-owned funds, bank loans and/or financing leases, with the proceeds from the offering. In the event that the actual proceeds, after deduction of the corresponding offering expenses, are more than those required for the aforesaid project proposed to be financed, the excess will be applied to

\* For identification purposes only



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replenish the working capital of the Company through legal procedures in accordance with the national laws, regulations and the relevant requirements of the China Securities Regulatory Commission.

### **2. Implementation entity**

The entity implementing the Project is Hebei Fengning CIC New Energy Co., Ltd. (河北豐寧建投新能源有限公司) (“Hebei Fengning CIC New Energy”), a wholly-owned subsidiary of the Company. Hebei Fengning CIC New Energy was established on 4 July 2013 with a registered capital of RMB243.00 million. It is a professional company committed to the development of new energy such as wind power and solar energy and has extensive experience in the site selection, investment, construction, and operation and management of wind farms.

### **3. Geographical location**

The Project is located in the north of Fengning County and approximately 70 kilometres away from the county town of the county. Its location mainly involves Si Cha Kou Township and Wai Gou Men Township, with topography of mainly middle and lower maintains and hills. The top of the ridge is relatively wide and gentle, and certain mountainous areas are steep. National Highway G111 and G112 pass through Fengning County, and S244 passes through surrounding areas of the Project zone. The Project zone is accessible through rural roads with convenient access.

### **4. Necessity of investment in the Project**

*(1) It is in line with the renewable energy development plan and the direction of the development of the energy industry*

According to China’s National Plan to Cope with Climate Changes (中國應對氣候變化國家方案) and the Medium- and Long-term Development Plan for Renewable Energy (可再生能源中長期發展規劃), China will vigorously develop renewable energy and optimise its energy consumption structure, making the consumption of renewable energy to account for 15% of its total energy consumption by 2020.

Wind energy is regarded as one of the most valuable green and eco-friendly new energy sources for development in the 21st century. China is rich in wind energy reserves, but its utilisation of wind energy resource is relatively undeveloped. With the continuous economic growth and growing awareness of human beings on environmental protection, people are paying increasing attention to the quality of life, and the development of green and eco-friendly new energy has become a direction of development of the energy industry. As one of the green and eco-friendly new energy sources, the development and construction of wind farms are extremely necessary. Fengning County is a region in the PRC with

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extensive wind energy resources, and the development of wind power is in line with the renewable energy development plan and the direction of development of the energy industry.

*(2) It is necessary for the sustainable development of regional and national economy*

There has been strong economic and social growth in Fengning County where the Fengning Senjitu wind farm (phase 3) project (150MW) is located. However, the pace of its development is relatively slow due to the constraints imposed by objective conditions such as transportation and energy, and there is still a huge gap compared with developed areas.

In order to achieve the sustainable economic development in Fengning County, the potential advantages of wind, water, mineral resources, tourism, wild plants and agricultural by-products shall be fully leveraged, and industrial structure adjustments shall be accelerated to gradually improve the technology level and increase economic benefits.

As China increases its support for new energy, it has created rare opportunities and conditions for the economic and social development of Fengning County. The government will make full use of the extensive and clean wind resources in the area and treat the development of wind energy resources as one of the industries for future economic growth. The development of wind power can drive the overall economic and social development of Fengning County and the improvement of material culture and living standard of people, and change the reality of backward regional economy.

*(3) It is necessary for the improvement of energy structure*

The central government requires all provinces to maintain a certain percentage of conventional energy to renewable energy. There is a lack of water power resources in Hebei Province. The development of wind power has become mature compared to other renewable energy such as solar energy. As such, the vigorous development of wind power generation will improve energy structure and be beneficial for the increase in the percentage of renewable energy in the system.

*(4) It is necessary for the improvement of ecology and protection of environment*

It is the common aspiration of people all over the world to protect and improve the environment on which human beings rely for existence and to achieve sustainable development. The Chinese government has considered sustainable development as a basic strategy for economic and social development, and has taken a series of major initiatives. It promotes rational exploitation and economical use of natural resources, improving resource utilization model,

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adjustment to the structure of resource allocation and improvement of resource utilization rate, all of which are effective ways to improve the ecology and protect the environment.

Wind energy is a clean and renewable energy source, and the development of wind energy conforms to the national environmental protection and energy conservation policy. The development and construction of wind farms can effectively reduce the consumption of conventional energy, in particular coal resources, protect the ecological environment and make great contribution to the reduction of air pollution in the Beijing-Tianjin-Hebei area.

**III. ANALYSIS OF FEASIBILITY OF THE USE OF THE PROCEEDS FROM THE ISSUE**

1. The Issue complies with the requirements of the relevant laws, regulations and regulatory documents

The Company is a joint stock limited liability company established in accordance with law and legally existing, and has the entity qualification to conduct the initial public offering and listing of A Shares. Since its establishment, the Company has been operating in accordance with the requirements of the relevant national laws, regulations and regulatory documents. During the reporting period, the Company was not subject to any material punishment by administrative and regulatory departments. The Company has established sound corporate governance structure and internal control system. The Company standardises the basis work of accounting, and its financial statements give a fair view of the financial position, results of operation and cash flows of the Company in all material respects, for which unqualified auditors' reports have been issued by certified public accountants for all the years. The Company has good business operation and profitability, which meets the financial requirements for the initial public offering and listing of A Shares.

2. The use of the proceeds from the offering is in line with the direction of policy of national industries

According to China's 13th five-year plan outline, China "will push forward the energy revolution, accelerate the innovation in energy technologies and build a clean, low-carbon, safe and efficient modern energy system, will increase the percentage of consumption of non-fossil energy and facilitate the clean and efficient utilisation of fossil energy such as coal, and will speed up the development of wind, solar, biomass, hydro and geothermal energy and develop nuclear energy in a safe and efficient manner". In addition, the National Development and Reform Commission and the National Energy Administration published the 13th Five-year Plan for the Development of Renewable Energy and the 13th Five-year Plan for the Development of Wind Power in 2016, which set the target and construction planning for the wind power development during the 13th five-year period and stated that by the end of 2020, China's cumulative on-grid installed capacity of wind power is ensured to reach more

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than 210 million kWh. In 2016, China's cumulative on-grid installed capacity of wind power was 149 million kWh, and there is still a long way to achieve the objective set out in the 13th five-year plan. The proceeds from the Issue will be applied for the development of wind farms, which is in line with China's development plans for new energy and wind power industry.

3. It is closely related to the principal business of the Company and will improve the competitiveness of such principal business

The Company's scope of business is: investment in wind, solar, nuclear and other new energy projects, electric power environmental protection equipment manufacturing projects, and natural gas, liquefied natural gas, compressed natural gas, coal gasification, coal bed methane development and utilization projects (other than the projects restricted or eliminated by the State); technical development, technical services and technical consulting for new energy and clean energy.

The Company is principally engaged in the development and utilization of clean energy and new energy, with two major business segments: the natural gas business and the wind power business.

The Project involves the development of wind farms, which is closely related to the principal business of the Company. The Company is a leading company in the development and utilization of clean energy in northern China and is also the largest wind power operator in Hebei province and a renowned wind power operator in the PRC. As at the end of 2016, the Company had the cumulative controlled installed capacity of 2,796.15 MW, the cumulative attributable installed capacity of 2,571.6 MW, and the cumulated capacity transferred to commercial operation projects of 2,395.3 MW. The planned installed capacity for the Project is 150 MW, which can increase the existing installed capacity and market share of the Company.

4. Abundant local wind energy resources

Based on the analysis and treatment of wind testing data of the wind farms in the region where the Project is located and the wind power density classification table set out in the Methodology of Wind Energy Resource Assessment for Wind Farms (風電場風能資源評估方法) (GB/T 18710-2002), the wind farms have a wide range of wind power density at level three or above basically, with extensive wind energy. The annual effective utilisation hours of wind speed at the upper level of the wind farms are all above 7,700h, representing high utilisation hours.

5. Strong demand for power in the Beijing-Tianjin-Hebei area

Fengning County is located in the north of Hebei Province and the west of Chengde City, with Beijing to the south and Inner Mongolia to the north. It falls under the Beijing-Tianjin-Hebei area. The power generated after the Project has been put into operation is planned to be connected to Chengde West 500kV station through the

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220kV wind power pooling channel in Fengning area and for consumption by the Beijing-Tianjin-Hebei power grid. As an important receiving end of the North China power grid, the Beijing-Tianjin-Hebei power grid has established a 500kV large ring network structure covering the region. According to the Planning and Design of Transmission System of Wind Farms in Hebei (河北風電基地輸電系統規劃設計), the maximum load and the total electricity consumption of the Beijing-Tianjin-Tangshan power grid are expected to reach 87,000MW and 527.3 billion kWh, which can effectively consume the new capacity brought by the Project. In addition, the Company has applied for and obtained an approval document for the connection to the grid of the State Grid Corporation of China in respect of the Project, which is eligible for connection to the state grid after it is put into operation, and the generated power is able to be sold online, providing a strong support for the consumption of power to be generated after the Project is put into operation.

6. It has strong economic benefits

Assuming there will be no material changes in the prevailing economic conditions and policies, based on the estimations using existing data, the rate of return and profit margin after tax of the Project will be promising, which will have strong economic benefits and bring great returns to the Shareholders.

In view of the above, the Project to be financed with the proceeds from the initial public offering of A Shares of the Company is in line with China's renewable energy development plan and energy industry development direction and the approach of the national industrial policy, closely related to the principal business of the Company, and will be able to increase the competitiveness of the principal business of the Company and create good returns for the Shareholders with strong economic benefits.

In order to achieve sustainable development of the Company and establish a continuous, stable and scientific return mechanism for investors, in view of its current development stage at the growth period, the Company has developed a plan for distribution of dividends to Shareholders for the three years following the initial public offering and listing of A Shares in accordance with laws, regulations and rules, including the Company Law, the Securities Law, the Guidelines on the Articles of Association of Listed Companies, the Management Measures for Initial Public Offering and Listing of Shares (首次公開發行股票並上市管理辦法), the Opinions on Further Promoting the Reform of New Share Issue System (關於進一步推進新股發行體制改革的意見), the Circular on Further Implementation of Matters Regarding Distribution of Cash Dividends of Listed Companies (關於進一步落實上市公司現金分紅有關事項的通知) and the Listed Companies Regulation Guideline No. 3 – Distribution of Cash Dividends by Listed Companies (上市公司監管指引第3號 – 上市公司現金分紅), which will be submitted to the general meeting for consideration.

### **I. FACTORS CONSIDERED IN PREPARING THE PLAN FOR SHAREHOLDERS' RETURNS**

By focusing on long-term and sustainable development and taking into account its actual situations and development objectives, the Company has prepared a consistent, stable and scientific return plan and mechanism for investors to make systematic arrangements for dividend distribution and ensure the continuity and stability of its dividend distribution policy.

### **II. PRINCIPLES FOR PREPARING THE PLAN FOR SHAREHOLDERS' RETURNS**

In preparing the plan for Shareholders' returns, the Company has fully considered and listened to the demands and wills of the Shareholders, in particular, the minority Shareholders, followed the basic principle of cash dividend while ensuring the normal operation and business development of the Company, and taken into account the characteristics of the industry in which the Company operates, its stage of development, its business model, profitability and whether there are significant capital expenses.

### **III. CYCLE OF THE PLAN FOR SHAREHOLDERS' RETURNS**

The Company reviews again the Plan for Distribution of Dividends to Shareholders at least once every three years, and the Board of Directors prepares year-end or interim dividend distribution plans based on the results of operation of the Company and by taking into account its current profitability, cash flows, stage of development and existing capital needs.

**IV. PLAN FOR DISTRIBUTION OF DIVIDENDS TO SHAREHOLDERS FOR THE  
THREE YEARS FOLLOWING THE LISTING (INCLUDING THE YEAR OF  
LISTING)****(i) Basis principles for the profit distribution policy of the Company**

The Company adopts an active profit distribution policy and emphasizes on reasonable investment returns to investors. The profit distribution policy of the Company shall be consistent and stable, while taking into account the long-term interests of the Company, the entire interests of Shareholders as a whole, and the sustainable development of the Company. The profit to be distributed shall be no more than the distributable profit and shall not harm the Company's ability to continue as a going concern. In discussing and determining the profit distribution policy, the Board of Directors, the Board of Supervisors and the general meeting shall give full consideration to the opinions of independent Shareholders and the views of public investors.

**(ii) Methods of profit distribution**

The Company may distribute profit in cash, shares or in a combination of both cash and shares, and shall give priority to the method of profit distribution in cash.

**(iii) Condition and percentage of dividend distribution**

Dividends may be distributed if the following conditions are met:

1. the distributable profit realised by the Company (i.e. the profit after taxation after offsetting loss and allocating to reserves) for the year is a positive value;
2. A standard auditor's report without qualifying opinions has been issued by the auditors for the financial report of the Company for the year.

The Company may distribute profit in cash when the Company has realized profit but without uncovered loss, and there is sufficient cash for cash dividend distribution while not affecting the normal operation of the Company. The profit distributed by the Company each year shall not be less than 15% of the profit attributable to Shareholders of the Company for the year. The distributable profit that has not been distributed for the year can be carried forward for distribution in subsequent years. The profit distribution by the Company shall neither exceed the total distributable profit nor affect the Company's ability to continue as a going concern.

**(iv) Percentage and intervals of cash dividends**

The Board of Directors shall propose differentiated cash dividend policies after taking into full consideration the characteristics of the industry in which the Company operates, its stage of development, its business model, profitability and whether there are any arrangements for significant capital expenses:

1. If the Company is at a mature stage and there is no arrangement for significant capital expenses, in making profit distribution, cash dividends shall account for at least 80% of the total dividends to be distributed;
2. If the Company is at a mature stage and there are arrangements for significant capital expenses, in making profit distribution, cash dividends shall account for at least 40% of the total dividends to be distributed;
3. If the Company is at a growth stage and there are arrangements for significant capital expenses, in making profit distribution, cash dividends shall account for at least 20% of the total dividends to be distributed;
4. If the stage of development of the Company is difficult to identify and there are arrangements for significant capital expenses, in making profit distribution, cash dividends shall account for at least 20% of the total dividends to be distributed.

The “arrangements for significant capital expenses” means that the proposed total expenses of the Company in external investments, acquisition of assets or purchase of equipment and buildings for the next twelve months reach or exceed 20% of the latest audited net assets of the Company and are more than RMB50 million in absolute value.

In principle, the Company shall distribute dividends in cash each year following the approval at the annual general meeting, and the Board of Directors may propose interim cash dividends in view of the Company’s profitability and capital needs.

**(v) Conditions for distributing dividends in shares**

When the Company has a good business operation and the Board of Directors considers that the distribution of dividends in shares will be in the interests of the Shareholders of the Company as a whole, the Company may propose a plan for distribution of dividends in shares provided that there are sufficient cash for dividend distribution. In distributing profit in shares, true and reasonable factors such as the growth of the Company and the dilution to net assets per share shall be taken into account.



**(vi) Decision-making procedures and mechanism**

The annual profit distribution proposal of the Company shall be proposed and prepared by the Board of Directors in accordance with the requirements of the Articles of Association and in view of the profitability and capital supply and needs. Independent Directors shall issue their independent opinions on the profit distribution proposal, which is subject to the consideration and approval by the Board of Directors before submission to the general meeting for consideration and approval by the Shareholders. Independent Directors may seek opinions from minority Shareholders, prepare a distribution proposal and submit it directly to the Board of Directors for consideration.

In considering the profit distribution proposal at the general meeting, the Shareholders shall be provided with the method of online voting. A number of channels shall be adopted to actively communicate and exchange information with the Shareholders, especially minority Shareholders, take into full account the opinions and requests of them and answer their questions in a timely manner. Once a resolution on the profit distribution proposal has been approved at the general meeting, the Board of Directors shall complete the distribution of dividends (or shares) within 2 months of the general meeting.

If the Company is profitable for any year and the conditions for cash dividends have been met, but the Board of Directors fails to submit a profit distribution proposal at the general meeting in accordance with the existing profit distribution policy, the Board of Directors shall give a special explanation on the reason for no cash dividend distribution, the use of the fund that has not been utilised for distribution but retained by the Company and the utilisation plan, and shall disclose the same in regular reports, on which independent Shareholders shall express their independent opinions.

**(vii) Change in profit distribution policy of the Company**

The Company shall prepare or adjust the plan and scheme for distribution of dividends in view of its own situations and taking into account the opinions of Shareholders (especially public investors) and independent Directors. However, the Company shall ensure that the existing and future plans and scheme for distribution of dividends will not violate any of the following principles: If the Company is profitable for any year and the conditions for cash dividends have been met, the Company shall distribute dividends in cash in the amount of no less than 20% of the profit to be distributed for that time.

If any adjustment to the profit distribution policy is necessary as a result of material changes in the external operating environment or the operation of the Company, a detailed demonstration and explanation shall be given in the proposal at the general meeting in order to protect the interests of Shareholders. The adjusted profit distribution policy shall not violate any requirements of the CSRC and stock exchanges. The resolution on the adjustment to the profit distribution policy is subject

to the consideration and approval by the Board of Directors and the Board of Supervisors before submission to the general meeting for approval. Independent Directors shall express independent opinions on the resolution, and in considering the resolution at the general meeting, online voting method shall be provided to public Shareholders for them to attend and vote at the meeting. The proposal for the adjustment to profit distribution policy shall be passed by Shareholders holding more than 2/3 of the voting rights of all Shareholders attending the general meeting.

The material changes in the external operating environment or the operation of the Company means any of the following:

1. the Company suffers from operating loss as a result of a material adverse effect on its production and operation due to significant changes in the national laws, regulations and industry policies;
2. the Company suffers from operating loss as a result of a material adverse effect on its production and operation due to war, natural disasters and other force majeure factors;
3. the percentage of net cash flows from operating activities to net profit of the Company for each of three consecutive financial years is lower than 20% due to material changes in the external operating environment or the operation of the Company;
4. any other matters specified by the CSRC and stock exchanges.

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## **APPENDIX III      PROPOSAL FOR A SHARE PRICE STABILISATION FOR THE THREE YEARS FOLLOWING THE A SHARE OFFERING**

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The Company proposes to conduct initial public offering and listing of its A Shares. In accordance with the relevant laws and regulations, such as the Company Law, the Securities Law and the Opinions on Further Promoting the Reform of New Share Issue System and in order to protect the interests of minority Shareholders and investors, the Company has developed a proposal for stabilising the price of A Shares.

### **I.      CONDITIONS TRIGGERING THE PROPOSAL FOR STABILISING THE PRICE OF A SHARES**

If within 36 months of the listing of A Shares, the closing price of A Shares of the Company is lower than the net assets disclosed in its latest regular report<sup>Note</sup> for 20 consecutive trading days for reasons other than force majeure (in case of any change in the net assets or the total number of Shares of the Company after the base date for the latest audit as a result of profit distribution, conversion of capital reserve into share capital, issue of additional Shares or placing of Shares, the net assets per share shall be adjusted accordingly), and the Company's position meets the relevant requirements of laws, regulations and regulatory documents with respect to the repurchase of Shares and increase in shareholding, the Company will implement the proposal to stabilise the price of A Shares.

### **II.     SPECIFIC MEASURES TO STABILISE THE PRICE OF A SHARES**

The specific measures to stabilise the price of A Shares include the repurchase by the Company of A Shares, the increase in the number of A Shares held by the Controlling Shareholder, and the increase in number of Shares held by Directors (excluding independent Directors) and senior management receiving remuneration from the Company.

#### **1.      Repurchase by the Company of A Shares**

- (1) If the Company repurchases A Shares in order to stabilise the share price, it shall comply with the requirements of the relevant laws and regulations, including the Management Rules for the Repurchase of Shares by Listed Companies from the Public (for Trial Implementation) (上市公司回購社會公眾股份管理辦法(試行)) and the Supplemental Provisions on the Repurchase of Share by Listed Companies through Centralized Bidding (關於上市公司以集中競價交易方式回購股份的補充規定), and the shareholding structure of the Company shall not be inconsistent with the conditions for listing as a result.
- (2) The Board of Directors shall convene a meeting of the Board of Directors to consider the plan for repurchase of A Shares within 10 trading days of the fulfilment of the conditions triggering the measures to stabilise the price of A Shares, submit the plan for consideration at the general meeting and

*Note:* "Regular report(s)" in this Appendix III refers to the Company's annual reports, interim reports, quarterly reports or other reports of the Company (as case may be) published on a regular basis in accordance with the securities listing rules of the jurisdictions in which the Shares of the Company are listed and other applicable regulatory requirements.

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## APPENDIX III      PROPOSAL FOR A SHARE PRICE STABILISATION FOR THE THREE YEARS FOLLOWING THE A SHARE OFFERING

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perform the relevant information disclosure obligation. The Controlling Shareholder, Directors and senior management shall vote for or abstain from voting as required on the resolution on the specific measures to stabilise the price of A Shares at the relevant Board meeting and general meeting. The resolution on the repurchase of A Shares shall be passed by Shareholders representing more than two-thirds of voting rights of attending Shareholders at the general meeting. The Company shall commence the repurchase on the trading day following the passing of the proposal at the general meeting.

On the condition that the shareholding structure of the Company will not be inconsistent with the conditions for listing, the amount of funds to be utilised in any single repurchase of A Shares shall be no less than 10% of the audited net profit attributable to the Shareholders of the Company for the previous financial year, and the total amount of funds to be utilised in the repurchase in any year for stabilisation of A Share price shall be no more than 50% of the audited net profit attributable to the Shareholders of the Company for the previous financial year.

- (3) In the process of implementing the plan for repurchase of A Shares, the Company shall have the right to terminate the implementation of the plan for repurchase of A Shares in any of the following circumstances:
  - (i) the closing price of A Shares of the Company for 7 consecutive trading days is higher than the net assets per share disclosed in its latest regular report as a result of the repurchase of A Shares;
  - (ii) further repurchase of A Shares will cause the Company to be inconsistent with the statutory conditions for listing.
- (4) If the Company fails to adopt the measures to stabilise the price of A Shares when the condition triggering such measures to stabilise the price of A Shares is met, the Company shall disclose publicly the reason for its failure to adopt the measures and apologize to the Shareholders and the public investors at the general meeting and on the media designated by the CSRC for information disclosure.

### **2. Increase in the number of A Shares held by the Controlling Shareholder**

- (1) If the closing price of A Shares for 5 consecutive trading days upon completion of the plan for repurchase of A Shares is lower than the net assets per share of the Company disclosed in its latest regular report, the Controlling Shareholder of the Company shall increase the number of A Shares of the Company held by he/she/it in accordance with the conditions and requirements stipulated in laws and regulations, including the Management Rules for Acquisitions by Listed Companies (上市公司收購管理辦法).

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**APPENDIX III      PROPOSAL FOR A SHARE PRICE STABILISATION  
FOR THE THREE YEARS FOLLOWING  
THE A SHARE OFFERING**

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- (2) The Controlling Shareholder of the Company shall propose and notify the Company of a plan for increase in the number of A Shares held within 10 trading days of the day on which the conditions for the increase in the number of A Shares held by the Controlling Shareholder is triggered, and the Company shall make an announcement in relation to such plan in accordance with the relevant rules. The Controlling Shareholder of the Company shall commence the increase in shareholding on the next day following the announcement.

On the condition that the shareholding structure of the Company will not be inconsistent with the conditions for listing, the amount of funds to be utilised by the Controlling Shareholder for increase in the number of A Shares held shall not be less than the amount of cash dividends received from the Company in the previous year.

- (3) In the process of implementing the plan for increase in the number of A Shares held by the Controlling Shareholder, the Controlling Shareholder shall have the right to terminate the implementation of the plan for increase in the number of A Shares held in any of the following circumstances:
- (i) the closing price of A Shares of the Company for 7 consecutive trading days is higher than the net assets per share disclosed in its latest regular report as a result of the increase in the number of A Shares held;
  - (ii) further increase in the number of A Shares held will cause the Company to be inconsistent with the statutory conditions for listing.
- (4) If the Controlling Shareholder fails to adopt the measures to stabilise the price of A Shares when the conditions triggering such measures to stabilise the price of A Shares is met, the Controlling Shareholder shall disclose publicly the reason for failure to adopt the measures and apologize to the Shareholders and the public investors at the general meeting and on the media designated by the CSRC for information disclosure, and shall cease to receive dividends, if any, from the Company from the date of the above failure until the completion of the adoption of corresponding measures to stabilise the price of A Shares set out in the plan.

**3. Increase in the number of A Shares held by Directors and senior management**

- (1) If the closing price of A Shares for 5 consecutive trading days upon completion of the plans for repurchase of A Shares and increase in the number of A Shares held by the Controlling Shareholder is lower than the net assets per share of the Company disclosed in its latest regular report, the Directors (excluding independent Directors, same as below) and senior management receiving remuneration from the Company shall increase their holding of A Shares subject to the conditions and requirements stipulated in laws and regulations, including the Management Rules for Acquisitions by Listed Companies and the Management Rules for the Shares Held by

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**APPENDIX III      PROPOSAL FOR A SHARE PRICE STABILISATION  
FOR THE THREE YEARS FOLLOWING  
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Directors, Supervisors and Senior Management of Listed Companies in the Company and the Changes (上市公司董事、監事和高級管理人員所持本公司股份及其變動管理規則).

- (2) Directors and senior management receiving remuneration from the Company shall propose and notify the Company of a plan for increase in the number of A Shares held within 10 trading days of the day on which the conditions for the increase in the number of A Shares held by Directors and senior management is triggered, and the Company shall make an announcement in relation to the plan in accordance with the relevant rules. Directors and senior management of the Company shall commence the increase in shareholding on the next day following the announcement.

On the condition that the shareholding structure of the Company will not be inconsistent with the conditions for listing, the amount of funds to be utilised by Directors and senior management of the Company for increase in the number of A Shares held shall be no less than 30% but no more than 60% of the total amount of after-tax remuneration received from the Company in the previous year.

- (3) In the process of implementing the plan for increase in the A Shares held by Directors and senior management, Directors and senior management shall have the right to terminate the implementation of the plan for increase in the number of A Shares held in any of the following circumstances:
- (i) the closing price of A Shares of the Company for 7 consecutive trading days is higher than the net assets per share disclosed in its latest regular report as a result of the increase in the number of A Shares held;
  - (ii) further increase in the number of A Shares held will cause the Company to be inconsistent with the statutory conditions for listing.
- (4) If any Director or senior management fails to adopt the measures to stabilise the price of A Shares when the conditions triggering such measures to stabilise the price of A Shares is met, the Director or senior management shall disclose publicly the reason for failure to adopt the measures and apologize to the Shareholders and the public investors at the general meeting and on the media designated by the CSRC for information disclosure, and shall cease to receive remuneration and dividends, if any, from the Company from the date of the above failure until the completion of the adoption of corresponding measures to stabilise the price of A Shares set out in the plan.
4. The proposal for A share price stabilisation shall also be binding on the Directors and senior management to be appointed in the future. In appointing new Directors and senior management receiving remuneration from the Company, the Company shall request them to sign the relevant undertakings in accordance with the proposal.

The Company proposes to conduct initial public offering and listing of its A Shares. In order to protect the interests of minority Shareholders and investors and strengthen its obligation of disclosure information, the Company shall make undertakings in respect of matters such as repurchase of new A Shares and compensation for loss as a result of non-compliant information disclosure. As such, the Company has prepared the following proposal for implementation under the supervision of the relevant parties:

#### **I. CONTENT OF UNDERTAKINGS BY THE COMPANY**

The Company undertakes that the prospectus for the initial public offering of A Shares of the Company does not contain any false records, misleading statements or material omissions, and the Company shall bear the corresponding legal liability for the truthfulness, accuracy and completeness of the prospectus. If there are any false records, misleading statements or material omissions in the prospectus for the initial public offering of A Shares of the Company, which has had material and substantial effect on the determination of whether the Company meets the conditions for issue under laws and regulations, the Company shall repurchase all the new A Shares to be issued under the initial public offering in accordance with law. The Board of Directors shall prepare and submit a plan for repurchase of A Shares for consideration and approval at the general meeting within thirty business days following the issue of the determination by the securities regulation authorities under the State Council or the judicial authority for the facts of violation of laws and regulations. The Company shall complete the repurchase within six months of the date on which the plan for repurchase of A Shares is approved at the general meeting or approved by or filed with the relevant regulatory authorities (whichever is later). The Company undertakes that the repurchase price shall not be lower than the issue price for the A Share Offering plus the bank deposit interest of the same period or such other price as approved by the relevant regulatory authorities.

In case of any ex-rights and ex-dividend events such as dividend distribution, bonus issue, conversion of capital reserve into share capital or placing of shares, the A Shares to be repurchased shall include all the new A Shares under the initial public offering and any shares arising therefrom, and the issue price shall be adjusted accordingly.

If any investor suffers from loss in any securities exchanges as a result of any false records, misleading statements or material omissions in the prospectus, the Company shall compensate the investor for any direct economic loss in accordance with law.

#### **II. CONDITIONS TRIGGERING THE OBLIGATION TO REPURCHASE NEW A SHARES AND COMPENSATE FOR LOSS**

If the CSRC, the stock exchange on which the securities of the Company are listed or judicial authority determines that there are false records, misleading statements or material omissions in the prospectus in connection with the initial public offering of A Shares, which has had material and substantial effect on the determination of whether the Company meets the conditions for issue under laws and regulations, the Company shall be obliged to repurchase the new A Shares and compensate for losses.

**III. ANNOUNCEMENT PROCEDURES**

The Company shall make a relevant announcement on the date on which the CSRC, the stock exchange on which the securities of the Company are listed or judicial authority determines that there are false records, misleading statements or material omissions in the prospectus in connection with the initial public offering of A Shares, and shall make further announcements every 5 trading days following the date of such announcement on the preparation and progress of the plans for repurchase of new A Shares and compensation for loss.

**IV. RESTRICTIVE MEASURES**

If the aforesaid undertakings in respect of the repurchase of new A Shares and compensation for loss are not performed in a timely manner, the Company shall be liable in accordance with laws and regulations and the requirements of regulatory authorities.



**A. DILUTION OF IMMEDIATE RETURN BY THE A SHARE OFFERING AND  
REMEDIAL MEASURES**

In accordance with the requirements of the Guiding Opinions of the CSRC in Relation to Matters Relevant to Dilution of Immediate Returns by Initial Public Offering, Refinancing and Material Asset Reorganisation (Zheng Jian Hui Gong Gao [2015] No. 31) for the dilution of earnings per share, the Company has analysed the necessity and rationale of the initial public offering of A Shares, the relationship between the project to be financed with the proceeds and the existing business of the Company and the relevant remedial measures, details of which are set out below:

**I. Dilution impact of the initial public offering of A Shares on immediate returns**

The number of A Shares to be issued under the Issue of the Company will be no more than 134,750,000 shares. Following the Issue, the total share capital of the Company will increase. However, it takes considerable time for the capital invested with the proceeds from the issue to generate results and certain cycles for the realisation of returns on the Project. If the growth rate of net profit attributable to ordinary Shareholders of the Company after deduction of non-recurring gains and losses is less than the growth rate of the weighted average number of ordinary Shares outstanding of the Company, the basic and diluted earnings per share of the Company after deduction of non-recurring gains and losses will decrease, and the immediate returns for Shareholders may be diluted.

**II. Necessity and rationale for the Issue****1. Necessity**

*(1) It is in line with the renewable energy development plan and the direction of development of the energy industry*

According to China's National Plan to Cope with Climate Changes (中國應對氣候變化國家方案) and the Medium- and Long-term Development Plan for Renewable Energy (可再生能源中長期發展規劃), China will vigorously develop renewable energy and optimise its energy consumption structure, making the consumption of renewable energy to account for 15% of its total energy consumption by 2020.

Wind energy is regarded as one of the most valuable green and eco-friendly new energy sources for development in the 21st century. China is rich in wind energy reserves, but its utilisation of wind energy resource is relatively undeveloped. With the continuous economic growth and growing awareness of environmental protection, people are paying increasing attention to the quality of life, and the development of green and eco-friendly new energy has become a direction of development of the

energy industry. As one of the green and eco-friendly new energy sources, the development and construction of wind farms are extremely necessary. Fengning County is a region in the PRC with extensive wind energy resources, and development of wind power is in line with the renewable energy development plan and the direction of the development of the energy industry.

(2) *It is necessary for the sustainable development of regional and national economy*

There has been strong economic and social growth in Fengning County where the Fengning Senjitu wind farm (phase 3) project (150MW) is located. However, the pace of its development is relatively slow due to the constraints imposed by objective conditions such as transportation and energy, and there is still a huge gap compared with developed areas.

In order to achieve the sustainable economic development in Fengning County, the potential advantages of wind, water, mineral resources, tourism, wild plants and agricultural by-products shall be fully leveraged, and industrial structure adjustments shall be accelerated to gradually improve the technology level and increase economic benefits.

As China increases its support for new energy, it has created rare opportunities and conditions for the economic and social development of Fengning County. The government will make full use of the extensive and clean wind resources in the area and treat the development of wind energy resources as one of the industries for future economic growth. The development of wind power can drive the overall economic and social development of Fengning County and the improvement of material culture and living standard of people, and change the reality of backward regional economy.

(3) *It is necessary for the improvement of energy structure*

The central government requires all provinces to maintain a certain percentage of conventional energy to renewable energy. There is a lack of water power resources in Hebei Province. The development of wind power has become mature compared to other renewable energy such as solar energy. As such, the vigorous development of wind power generation will improve energy structure and be beneficial for the increase in the percentage of renewable energy in the system.

- (4) *It is necessary for the improvement of ecology and protection of environment*

It is the common aspiration of people all over the world to protect and improve the environment on which human beings rely for existence and to achieve sustainable development. The Chinese government has considered sustainable development as a basic strategy for economic and social development, and has taken a series of major initiatives. It promotes rational exploitation and economical use of natural resources, improving resource utilization model, adjustment to the structure of resource allocation and improvement of resource utilization rate, all of which are effective ways to improve the ecology and protect the environment.

Wind energy is a clean and renewable energy source, and the development of wind energy conforms to the national environmental protection and energy conservation policy. The development and construction of wind farms can effectively reduce the consumption of conventional energy, in particular coal resources, protect the ecological environment and make great contribution to the reduction of air pollution in the Beijing-Tianjin-Hebei area.

## 2. *Rationale*

- (1) *The Issue complies with the requirements of the relevant laws, regulations and regulatory documents*

The Company is a joint stock limited liability company established in accordance with law and legally existing, and has the entity qualification to conduct the initial public offering and listing of A Shares. Since its establishment, the Company has been operating in accordance with the requirements of the relevant national laws, regulations and regulatory documents. During the reporting period, the Company was not subject to any material punishment by administrative and regulatory departments. The Company has established sound corporate governance structure and internal control system. The Company standardises the basis work of accounting, and its financial statements give a fair view of the financial position, results of operation and cash flows of the Company in all material respects, for which unqualified auditors' reports have been issued by certified public accountants for all the years. The Company has good business operation and profitability, which meets the financial requirements for the initial public offering and listing of A Shares.

- (2) *The use of the proceeds from the offering is in line with the direction of policy of national industries*

According to China's 13th five-year plan outline, China "will push forward the energy revolution, accelerate the innovation in energy technologies and build a clean, low-carbon, safe and efficient modern energy system, will increase the percentage of consumption of non-fossil energy and facilitate the clean and efficient utilisation of fossil energy such as coal, and will speed up the development of wind, solar, biomass, hydro and geothermal energy and develop nuclear energy in a safe and efficient manner". In addition, the National Development and Reform Commission and the National Energy Administration published the 13th Five-year Plan for the Development of Renewable Energy and the 13th Five-year Plan for the Development of Wind Power in 2016, which set the target and construction planning for the wind power development during the 13th five-year period and stated that by the end of 2020, China's cumulative on-grid installed capacity of wind power is ensured to reach more than 210 million kWh. In 2016, China's cumulative on-grid installed capacity of wind power was 149 million kWh, and there is still a long way to achieve the objective set out in the 13th five-year plan. The proceeds from the Issue will be applied for the development of wind farms, which is in line with China's development plans for new energy and wind power industry.

- (3) *It is closely related to the principal business of the Company and will improve the competitiveness of such principal business*

The Company's scope of business is: investment in wind, solar, nuclear and other new energy projects, electric power environmental protection equipment manufacturing projects, and natural gas, liquefied natural gas, compressed natural gas, coal gasification, coal bed methane development and utilization projects (other than the projects restricted or eliminated by the State); technical development, technical services and technical consulting for new energy and clean energy.

The Company is principally engaged in the development and utilization of clean energy and new energy, with two major business segments: the natural gas business and the wind power business.

The Project involves the development of wind farms, which is closely related to the principal business of the Company. The Company is a leading company in the development and utilization of clean energy in northern China and is also the largest wind power operator in Hebei province and a renowned wind power operator in the PRC. As at the end of 2016, the Company had the cumulative controlled installed capacity of 2,796.15 MW, the cumulative attributable installed capacity of 2,571.6 MW, and the

cumulated capacity transferred to commercial operation projects of 2,395.3 MW. The planned installed capacity for the Project is 150 MW, which can increase the existing installed capacity and market share of the Company.

*(4) Abundant local wind energy resources*

Based on the analysis and treatment of wind testing data of the wind farms in the region where the Project is located and the wind power density classification table set out in the Methodology of Wind Energy Resource Assessment for Wind Farms (風電場風能資源評估方法) (GB/T 18710-2002), the wind farms have a wide range of wind power density at level three or above basically, with extensive wind energy. The annual effective utilisation hours of wind speed at the upper level of the wind farms are all above 7,700h, representing high utilisation hours.

*(5) Strong demand for power in the Beijing-Tianjin-Hebei area*

Fengning County is located in the north of Hebei Province and the west of Chengde City, with Beijing to the south and Inner Mongolia to the north. It falls under the Beijing-Tianjin-Hebei area. The power generated after the Project has been put into operation is planned to be connected to Chengde West 500kV station through the 220kV wind power pooling channel in Fengning area and for consumption by the Beijing-Tianjin-Hebei power grid. As an important receiving end of the North China power grid, the Beijing-Tianjin-Hebei power grid has established a 500kV large ring network structure covering the region. According to the Planning and Design of Transmission System of Wind Farms in Hebei (河北風電基地輸電系統規劃設計), the maximum load and the total electricity consumption of the Beijing-Tianjin-Tangshan power grid are expected to reach 87,000MW and 527.3 billion kWh in 2020, which can effectively consume the new capacity brought by the Project. In addition, the Company has applied for and obtained an approval document for the connection to the grid of the State Grid Corporation of China in respect of the Project, which is eligible for connection to the state grid after it is put into operation, and the generated power is able to be sold online, providing a strong support for the consumption of power to be generated after the Project is put into operation.

*(6) It has strong economic benefits*

Assuming there will be no material changes in the prevailing economic conditions and policies, based on the estimations using existing data, the rate of return and profit margin after tax of the Project will be promising, which will have strong economic benefits and bring great returns to the Shareholders.

**III. Relationship between the project to be financed with the proceeds and the existing business of the Company, the Company's reserve of human resources, technology and marketing resources for the Project**

**1. *Relationship between the project to be financed with the proceeds and the existing business of the Company***

The project to be financed with the proceeds is the Fengning Senjitu wind farm (phase 3) project (150MW) of HECIC. The Company has developed phase 1 and phase 2 in the area, with strong economic benefits. The Project represents a continuous development and utilisation of the existing leading wind farms of the Company. By taking advantage of the existing wind farm resources and advantages of the Company, the Project aims at improving the wind power generation capacity of the Company and its stability and reliability in order to further improve the competitiveness and sustainable development ability of the Company.

**2. *The Company's reserve of human resources, technology and marketing resources for the Project***

*(1) Human resource reserve*

The key management and business personnel of the Company and its subsidiaries have many years of experience in the wind power generation industry. With years of development, the Company has accumulated sufficient outstanding production, operation and technical talents in the wind power industry, which has laid a solid foundation for the sustainable development of the Company and can fully ensure the successful implementation of the Project.

*(2) Technology reserve*

The Project is a wind power generation project. The Company has years of experience in the wind power generation industry and has developed a mature business model. Its technology reserve can meet the needs of the Project in full.

*(3) Market reserve*

The Project is located in Fengning County, Chengde City, which is in the Beijing-Tianjin-Hebei area. With the economic growth, increasing urbanisation rate and population growth of the Beijing-Tianjin-Hebei area, the demand for power will maintain continuous and steady growth in the future, which has provided strong market support for the Project. In addition, the Company has applied for and obtained an approval document for the connection to the grid of the State Grid Corporation of China in respect of

the Project, which is eligible for connection to the state grid after it is put into operation, and the generated power is able to be sold online, providing a strong support for the consumption of power to be generated after the Project is put into operation.

#### **IV. Remedial measures for the dilution of immediate returns by the initial public offering of A Shares of the Company**

Upon the initial public offering of A Shares and receipt of the proceeds raised, the Company's share capital and net assets will increase considerably. However, as it takes considerable time for the project to be financed with the proceeds to be completed and realise full production capacity, the Company's earnings per share and return on equity will decrease, and the immediate returns for the investors of the Company will be diluted. As such, the Company intends to adopt the following measures to improve its ability to generate returns for investors upon receipt of the proceeds:

##### ***1. Accelerate the Project to maximize its benefits***

The proceeds from the offering and listing will be mainly applied in the Fengning Senjitu wind farm (phase 3) project (150MW) of HECIC, which is a principal activity of the Company and in line with the relevant national industry policies and the future development direction of the Company's overall strategy, and has good prospects for development and strong economic benefits. Upon receipt of the proceeds from the Issue, the Company will strive to accelerate the implementation of the Project. The successful implementation and the realisation of benefits of the Project will contribute to the remedial measures for the dilution of immediate returns by the issue and listing and is in line with the long-term interests of the Shareholders of the Company as a whole.

##### ***2. Strengthen the management of proceeds***

In order to regulate the utilisation and management of the proceeds upon the issue and listing and ensure the standardized, safe and efficient use of the proceeds, the Company has formulated the Proceeds Management System (募集資金管理制度) in accordance with laws, administrative regulations, departmental rules and regulatory documents, including the Company Law of the People's Republic of China, the Securities Law of the People's Republic of China, the Regulatory Guideline for Listed Companies No. 2 – Regulatory Requirements for the Management and Utilisation of Proceeds by Listed Companies (上市公司監管指引第2號 – 上市公司募集資金管理和使用的監管要求), the Rules Governing the Listing of Securities on the Shanghai Stock Exchange and the Management Measures for Proceeds by Companies Listed on the Shanghai Stock Exchange (上海證券交易所上市公司募集資金管理辦法).

Upon receipt of the proceeds from the Issue, the Company will enter into a custody agreement with the sponsor and the commercial bank at which the proceeds are to be placed in a timely manner in accordance with the Proceeds Management System, and deposit the proceeds into a special account approved by the Board of Directors. During the process of utilisation of proceeds, the Company will strictly carry out the application and approval procedures and make records for the utilisation of proceeds to set out in detail the expenses of proceeds and the investment in the projects financed with the proceeds to ensure that the proceeds are utilised for specified purposes only.

***3. Strictly implement the Company's profit distribution policy and enhance the mechanism of returns for investors***

For the purposes of the offering and listing and in accordance with the requirements of the Circular on Further Implementation of Matters regarding Distribution of Cash Dividends of Listed Companies and the Listed Companies Regulation Guideline No. 3 – Distribution of Cash Dividends by Listed Companies published by the CSRC, the Company has amended the provisions of the Articles of Association of China Suntien Green Energy Corporation Limited (the “Articles of Association”) in relation to profit distribution, further clarifying the form and decision-making procedure of profit distribution, condition for cash dividends and minimum percentage of dividends.

In order to clarify the dividends to be distributed to the new and existing Shareholders of the Company following the issue and listing, further refine the provisions of the Articles of Association in relation to profit distribution policy, and strengthen the transparency and operability of the decision-making on profit distribution, the Company has developed the Plan of China Suntien Green Energy Corporation Limited for Distribution of Dividends to Shareholders for the Three Years Following the Initial Public Offering and Listing of A Shares (新天綠色能源股份有限公司首次公開發行A股股票並上市後三年的股東分紅回報規劃).

The Company will strictly implement the profit distribution policy set out in the Articles of Association and strive to create long-term values for Shareholders through the development of reasonable dividend distribution plan to protect the lawful interests of Shareholders.



**B. UNDERTAKINGS PROVIDED BY DIRECTORS AND SENIOR MANAGEMENT  
OF THE COMPANY PURSUANT TO THE PRC REGULATORY RULES ON  
EFFECTIVE IMPLEMENTATION OF THE REMEDIAL MEASURES FOR THE  
DILUTION OF IMMEDIATE RETURNS BY THE A SHARE OFFERING**

All Directors and senior management will perform duties in a faithful and diligent manner and safeguard the lawful interests of the issuer and all Shareholders, and have made the following undertakings in respect of the effective implementation of the remedial measures of the issuer:

1. I will not transfer benefits to any other entity or person at no consideration or on unfair terms nor harm the interests of the issuer in any manner;
2. restrictions will be imposed on the expenses to be incurred by the Directors and senior management of the Company in performing duties;
3. I will not utilise any assets of the issuer in any investment or consumption that is not related to my performance of duties;
4. the remuneration system established by the Board of Directors or the Remuneration Committee will be linked to the implementation of the remedial measures of the issuer for the dilution of returns;
5. the conditions to be announced for the exercise of share options of the issuer will be linked to the implementation of the remedial measures of the issuer for the dilution of returns;
6. I will comply with the future requirements of the China Securities Regulatory Commission, stock exchanges and other regulatory authorities and actively adopt all necessary and reasonable measures to enable the effective implementation of the remedial measures of the issuer for the dilution of returns;
7. If I fail to perform such undertakings, I will actively adopt measures so that all these undertakings will be re-performed and the remedial measures of the issuer for the dilution of returns will be effectively implemented, and will offer explanations and apologies on the website designated by the China Securities Regulatory Commission for the failure on my part to perform such undertakings and make compensation for any losses incurred by the issuer or Shareholders as a result of my violation of undertakings.

**APPENDIX VI                      DETAILS OF PROPOSED AMENDMENTS TO THE ARTICLES  
OF ASSOCIATION SET OUT IN THE ARTICLES OF ASSOCIATION  
(DRAFT) (EFFECTIVE UPON THE LISTING OF A SHARES)**

**Articles of Association of China Suntien Green Energy Corporation Limited (Draft)  
(Comparison version)**

| <b>Before Amendment</b>  | <b>After Amendment</b>  | <b>Basis for Amendment</b>   |
|--|---|--|
| <b>Chapter 1 General Principles</b>  | <b>Chapter 1 General Principles</b>   |  |
| <p><b>Article 1</b> In order to safeguard the lawful rights and interests of China Suntien Green Energy Corporation Limited (hereinafter referred to as “the Company”) and its shareholders and creditors, <u>regularize the Company’s organization and behaviour</u>, the Articles of Association are stipulated in accordance with <u>“The Company Law of the People’s Republic of China” (hereinafter referred to as “Company Law”), “The Securities Law of the People’s Republic of China” (hereinafter referred to as “Securities Law”), “The Special Regulations of the State Council Concerning the Overseas Share Subscription and Listing of Joint Stock Limited Companies” (hereinafter referred to as “Special Regulations”), “The Articles of Association of Companies Seeking a Listing Outside the PRC Prerequisite Clauses”, “Letter of Supplementary Amendment Advice on The Articles of Association of Companies Seeking a Listing in Hong Kong”, “Guidelines for Articles of Association of Chinese Listed Companies (amended in 2006)”</u> and other relevant requirements.</p> | <p><b>Article 1</b> In order to safeguard the lawful rights and interests of China Suntien Green Energy Corporation Limited (hereinafter referred to as “the Company”) and its shareholders and creditors, <u>regularize the Company’s organization and behaviour</u>, the Articles of Association are stipulated in accordance with <u>“The Company Law of the People’s Republic of China” (hereinafter referred to as the “Company Law”), “The Securities Law of the People’s Republic of China” (hereinafter referred to as the “Securities Law”), “The Special Regulations of the State Council Concerning the Overseas Share Subscription and Listing of Joint Stock Limited Companies” (hereinafter referred to as the “Special Regulations”), “The Articles of Association of Companies Seeking a Listing Outside the PRC Prerequisite Clauses” (the “Prerequisite Clauses”), “Letter of Supplementary Amendment Advice on The Articles of Association of Companies Seeking a Listing in Hong Kong”, “Guidelines for Articles of Association of Listed Companies (amended in 2016)” (the “Guidelines for Articles”), “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” (the “Hong Kong Listing Rules”), “Rules Governing the Listing of Stocks on the Shanghai Stock Exchange” (the “SSE Listing Rules”)</u> and other relevant requirements.</p> | <p>Perfective amendment based on these amendments</p>                  |
| <p><b>Article 2</b> The Company is a joint stock limited company established in the PRC in accordance with the “Company Law”, the “Special Regulations” and other State laws and administrative regulations.</p>   | <p><b>Article 2</b> The Company is a joint stock limited company established in the PRC in accordance with the “Company Law”, the “Special Regulations” and other State laws and administrative regulations.</p>  | <p>Amendment according to article 3 of the Guidelines for Articles</p> |
| <p>The Company was established by way of promotion, registered with Commerce and Administration Bureau in Hebei Province <u>and obtained the business license on 9th February 2010. The number of the Company’s business license is: 130000000023637.</u></p>  | <p>The Company was established by way of promotion <u>with the approval of the State-owned Assets Supervision and Administration Commission of the People’s Government of Hebei Province under Circular Ji Guo Zi Fa Gai Ge Fa Zhan [2009] No. 198</u>, registered with Commerce and Administration Bureau in Hebei Province on 9th February 2010.</p>  |  |
| <p>The promoters of the Company are: Hebei Construction &amp; Investment Group Co., Ltd. and HECIC Water Investment Co., Ltd.</p>  |   |  |

\* For identification purposes only

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**APPENDIX VI                      DETAILS OF PROPOSED AMENDMENTS TO THE ARTICLES  
OF ASSOCIATION SET OUT IN THE ARTICLES OF ASSOCIATION  
(DRAFT) (EFFECTIVE UPON THE LISTING OF A SHARES)**

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| <b>Before Amendment</b>  | <b>After Amendment</b>   | <b>Basis for<br/>Amendment</b>                        |
|--|--|---|
|  | <p>The promoters of the Company are: Hebei Construction &amp; Investment Group Co., Ltd. and HECIC Water Investment Co., Ltd.</p> <p><u>With the authorisation of the China Securities Regulatory Commission, the Company conducted initial public offering of 1,238,435,000 RMB ordinary shares to the public on 1 September 2010, which became listed on the Main Board of the Hong Kong Stock Exchange on 13 October 2010.</u></p> <p><u>With the approval of the China Securities Regulatory Commission, the Company conducted initial public offering of [●] RMB ordinary shares to the public on [●], which became listed on the Shanghai Stock Exchange on [●].</u></p> |   |
| <p><b>Article 7</b> The Articles of Association are passed by the special resolution of the general meeting of the Company, <u>approved by the relevant State authorities and will become effective on the date that the foreign listed shares of the Company are listed on The Stock Exchange of Hong Kong Limited (hereinafter referred to as “Hong Kong Stock Exchange”). The former Articles of Association as registered and recorded under the industry and commerce administrative authorities is replaced.</u></p> <p>Once the Articles of Association have been effective, it shall become a legally binding document to standardize the organization and activities of the Company, the rights and obligations between the Company and its shareholders, and among its shareholders.</p> | <p><b>Article 7</b> The Articles of Association are passed by the special resolution of the general meeting of the Company, <u>and shall become effective on the day on which the A Shares of the Company become listed on the Shanghai Stock Exchange.</u></p> <p>Once the Articles of Association have been effective, it shall become a legally binding document to standardize the organization and activities of the Company, the rights and obligations between the Company and its shareholders, and among its shareholders.</p>  | <p>Perfective amendment based on these amendments</p> |

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**APPENDIX VI                      DETAILS OF PROPOSED AMENDMENTS TO THE ARTICLES  
OF ASSOCIATION SET OUT IN THE ARTICLES OF ASSOCIATION  
(DRAFT) (EFFECTIVE UPON THE LISTING OF A SHARES)**

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| <b>Before Amendment</b>   | <b>After Amendment</b>   | <b>Basis for Amendment</b>                     |
|---|--|--|
| <b>Chapter 2 Purpose and Scope of Business</b>  | <b>Chapter 2 Purpose and Scope of Business</b>   |  |
| <b>Article 12</b> The scope of business of the Company shall be based on the projects approved by the company registration authority and examined by the industry and commerce administrative authorities.  | <b>Article 13</b> The scope of business of the Company shall be based on the projects approved by the company registration authority and examined by the industry and commerce administrative authorities.   | Perfective amendment based on these amendments |
| The principle business of the Company include: investing in projects of new energy such as wind, solar and nuclear energy, investing in project of manufacturing environmental friendly electricity facility, investing in project of exploiting natural gas, liquefied natural gas, compressed natural gas, coal gas and coal bed methane; providing technical development of new energy and clean energy, technical service and technical consultation. | The principle business of the Company include: investing in projects of new energy such as wind, solar and nuclear energy, investing in project of manufacturing environmental friendly electricity facility, investing in project of exploiting natural gas, liquefied natural gas, compressed natural gas, coal gas and coal bed methane <b><u>(other than the projects restricted or eliminated by the State)</u></b> ; providing technical development of new energy and clean energy, technical service and technical consultation. |  |
| The Company is allowed to adjust the scope of business based on the demands of both domestic and international markets, the development capability and business requirement of the Company itself.  | The Company is allowed to adjust the scope of business based on the demands of both domestic and international markets, the development capability and business requirement of the Company itself.   |  |

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**APPENDIX VI                      DETAILS OF PROPOSED AMENDMENTS TO THE ARTICLES  
OF ASSOCIATION SET OUT IN THE ARTICLES OF ASSOCIATION  
(DRAFT) (EFFECTIVE UPON THE LISTING OF A SHARES)**

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| <b>Before Amendment</b>   | <b>After Amendment</b>  | <b>Basis for Amendment</b>                            |
|---|---|---|
| <p><b>Chapter 3 Shares, Transfer of Shares and Registered Capital</b></p> <p><b>Article 18</b> Subject to the approval by the company examination authority as authorised by the State Council, the Company issued 2,000,000,000 shares of ordinary shares to the promoters since establishment, amongst other, Hebei Construction &amp; Investment Group Co., Ltd. has subscribed for and is holding 1,600,000,000 shares (represents 80% of the total issued ordinary shares) and HECIC Water Investment Co., Ltd. has subscribed for and is holding 400,000,000 shares (represent 20% of the total issued ordinary shares).</p> <p><b>Article 19</b> After the Company has been established and subject to the approval by the China Securities Regulatory Commission, the Company is allowed to issue 1,238,435,000 foreign listed overseas shares (including over-allotment of 161,535,000 shares). In addition, the state-owned shareholder of the Company has transferred not more than 123,844,000 state-owned shares to the National Social Security Fund Council in accordance with the relevant national requirement in relation to reduction of holding of state-owned shares.</p> <p>After completion of the issuance of the aforesaid foreign invested shares listed overseas, the Company's equity capital structure was: Hebei Construction &amp; Investment Group Co., Ltd. held 1,500,924,800 shares, accounting for 46.35% of all the ordinary shares; HECIC Water Investment Co., Ltd. held 375,231,200 shares, accounting for 11.59% of all the ordinary shares; the National Social Security Fund Council held 123,844,000 shares, accounting for 3.82% of all the ordinary shares; shareholders of H shares held 1,238,435,000 shares, accounting for 38.24% of all ordinary shares.</p> | <p><b>Chapter 3 Shares, Transfer of Shares and Registered Capital</b></p> <p><b>Article 19</b> Subject to the approval by the company examination authority as authorised by the State Council, the Company issued 2,000,000,000 shares of ordinary shares to the promoters since establishment, amongst other, Hebei Construction &amp; Investment Group Co., Ltd. has subscribed for and is holding 1,600,000,000 shares (represents 80% of the total issued ordinary shares) and HECIC Water Investment Co., Ltd. has subscribed for and is holding 400,000,000 shares (represent 20% of the total issued ordinary shares).</p> <p>After the Company has been established and subject to the approval by the China Securities Regulatory Commission, the Company is allowed to issue 1,238,435,000 foreign listed overseas shares (including over-allotment of 161,535,000 shares). In addition, the state-owned shareholder of the Company has transferred not more than 123,844,000 state-owned shares to the National Social Security Fund Council in accordance with the relevant national requirement in relation to reduction of holding of state-owned shares.</p> <p>After completion of the issuance of the aforesaid foreign invested shares listed overseas, the Company's equity capital structure was: Hebei Construction &amp; Investment Group Co., Ltd. held 1,500,924,800 shares, accounting for 46.35% of all the ordinary shares; HECIC Water Investment Co., Ltd. held 375,231,200 shares, accounting for 11.59% of all the ordinary shares; the National Social Security Fund Council held 123,844,000 shares, accounting for 3.82% of all the ordinary shares; shareholders of H shares held 1,238,435,000 shares, accounting for 38.24% of all ordinary shares.</p> | <p>Perfective amendment based on these amendments</p> |

**APPENDIX VI                      DETAILS OF PROPOSED AMENDMENTS TO THE ARTICLES  
OF ASSOCIATION SET OUT IN THE ARTICLES OF ASSOCIATION  
(DRAFT) (EFFECTIVE UPON THE LISTING OF A SHARES)**

| <b>Before Amendment</b>  | <b>After Amendment</b>  | <b>Basis for Amendment</b>   |
|--|---|--|
| <p>In January 2014, as approved by the China Securities Regulatory Commission, the Company issued an additional 476,725,396 foreign invested shares listed overseas to no more than 10 foreign investors by way of private placing. After completion of such issuance of shares, the Company's equity capital structure is: Hebei Construction &amp; Investment Group Co., Ltd. holds 1,500,924,800 shares, accounting for 40.40% of all the ordinary shares; HECIC Water Investment Co., Ltd. holds 375,231,200 shares, accounting for 10.10% of all the ordinary shares; the National Social Security Fund Council holds 123,844,000 shares, accounting for 3.33% of all the ordinary shares; shareholders of H shares hold 1,715,160,396 shares, accounting for 46.17% of all ordinary shares.</p> <p>In July 2015, as approved by the State-owned Assets Supervision and Administration Commission of the State Council, HECIC Water Investment Co., Ltd. transferred 375,231,200 domestic shares of the Company to its controlling shareholder Hebei Construction &amp; Investment Group Co., Ltd. by administrative allocation at nil consideration. After completion of such transfer of shares, the Company's equity capital structure is: Hebei Construction &amp; Investment Group Co., Ltd. holds 1,876,156,000 shares, accounting for 50.50% of all the ordinary shares; shareholders of H shares hold 1,839,004,396 shares, accounting for 49.50% of all the ordinary shares.</p> | <p>In January 2014, as approved by the China Securities Regulatory Commission, the Company issued an additional 476,725,396 foreign invested shares listed overseas to no more than 10 foreign investors by way of private placing. After completion of such issuance of shares, the Company's equity capital structure is: Hebei Construction &amp; Investment Group Co., Ltd. holds 1,500,924,800 shares, accounting for 40.40% of all the ordinary shares; HECIC Water Investment Co., Ltd. holds 375,231,200 shares, accounting for 10.10% of all the ordinary shares; the National Social Security Fund Council holds 123,844,000 shares, accounting for 3.33% of all the ordinary shares; shareholders of H shares hold 1,715,160,396 shares, accounting for 46.17% of all ordinary shares.</p> <p>In July 2015, as approved by the State-owned Assets Supervision and Administration Commission of the State Council, HECIC Water Investment Co., Ltd. transferred 375,231,200 domestic shares of the Company to its controlling shareholder Hebei Construction &amp; Investment Group Co., Ltd. by administrative allocation at nil consideration. After completion of such transfer of shares, the Company's equity capital structure is: Hebei Construction &amp; Investment Group Co., Ltd. holds 1,876,156,000 shares, accounting for 50.50% of all the ordinary shares; shareholders of H shares hold 1,839,004,396 shares, accounting for 49.50% of all the ordinary shares.</p> <p><b><u>With the approval of the China Securities Regulatory Commission, the Company conducted initial public offering of [●] RMB ordinary shares to the public on [●]. After completion of such issuance, the Company's equity capital structure is: the Company has a total share capital of [●] shares, including [●] A Shares, representing [●]% of the total share capital of the Company and [●] H Shares, representing [●]% of the total share capital of the Company.</u></b></p> |  |
| <p><b><u>Article 22 After completion of the issue of overseas listed foreign shares by way of an initial public offering and private placing, the Company's registered capital is RMB3,715,160,396.</u></b></p>  | <p><b><u>Article 22 The registered capital of the Company is RMB[●].</u></b></p> <p><b><u>The domestic shares issued by the Company are centrally deposited with the China Securities Depository and Clearing Corporation Limited. The overseas listed foreign shares issued by the Company are deposited in accordance with Article 41 of the Articles of Association.</u></b></p>   | <p>Amendment according to articles 6 and 17 of the Guidelines for Articles</p> |

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**APPENDIX VI                      DETAILS OF PROPOSED AMENDMENTS TO THE ARTICLES  
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(DRAFT) (EFFECTIVE UPON THE LISTING OF A SHARES)**

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| <b>Before Amendment</b>   | <b>After Amendment</b>  | <b>Basis for Amendment</b>                    |
|---|---|---|
| <b>Chapter 4 Reduction of Capital and Buy Back of Shares</b>  | <b>Chapter 4 Reduction of Capital and Buy Back of Shares</b>  |   |
| <b>Article 34</b> Unless the Company is in the course of liquidation, it complies with the following provisions in relation to repurchase of its issued shares:   | <b>Article 34</b> Unless the Company is in the course of liquidation, it complies with the following provisions in relation to repurchase of its issued shares:   | Perfective amendment based on these amendment |
| (i) Where the Company repurchases its shares at par value, payment shall be made out of the book surplus distributable profits of the Company and out of the proceeds from any issue of new shares made for the purpose of the repurchase;  | (i) Where the Company repurchases its shares at par value, payment shall be made out of the book surplus distributable profits of the Company and out of the proceeds from any issue of new shares made for the purpose of the repurchase;  |   |
| (ii) When the Company repurchases its shares at a premium to the par value, payment up to their par value may be made out of the book surplus distributable profits of the Company and the proceeds from any issue of new shares made from the purpose of the repurchase. Payment of the portion in excess of the par value shall be affected as follows:   | (ii) When the Company repurchases its shares at a premium to the par value, payment up to their par value may be made out of the book surplus distributable profits of the Company and the proceeds from any issue of new shares made from the purpose of the repurchase. Payment of the portion in excess of the par value shall be affected as follows:   |   |
| (1) if the Shares being repurchased were issued at par value, payment shall be made out of the book surplus distributable profits of the Company;   | (1) if the Shares being repurchased were issued at par value, payment shall be made out of the book surplus distributable profits of the Company;   |   |
| (2) if the Shares being repurchased were issued at a premium to the par value, payment shall be made out of the book surplus distributable profits of the Company and the proceeds from any issue of new shares made for the purpose of the repurchase, provided that the amount paid out of such proceeds shall neither exceed the aggregate of the premiums received by the Company on the issue of the Shares repurchased nor the current amount of the share premium account or the capital reserve fund account of the Company (including the premiums on the new issues) at the time of the repurchase; | (2) if the Shares being repurchased were issued at a premium to the par value, payment shall be made out of the book surplus distributable profits of the Company and the proceeds from any issue of new shares made for the purpose of the repurchase, provided that the amount paid out of such proceeds shall neither exceed the aggregate of the premiums received by the Company on the issue of the Shares repurchased nor the current amount of the share premium account or the capital reserve fund account of the Company (including the premiums on the new issues) at the time of the repurchase; |   |

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**APPENDIX VI                      DETAILS OF PROPOSED AMENDMENTS TO THE ARTICLES  
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(DRAFT) (EFFECTIVE UPON THE LISTING OF A SHARES)**

---

| <b>Before Amendment</b>   | <b>After Amendment</b>  | <b>Basis for Amendment</b> |
|---|---|----------------------------|
| <p>(iii) payment by the Company for the following purposes shall be made out of the Company's distributable profits:</p> <p style="margin-left: 40px;">(1) acquisition of rights to repurchase shares;</p> <p style="margin-left: 40px;">(2) variation of any contract to repurchase shares;</p> <p style="margin-left: 40px;">(3) release of any of the obligation under a contract to repurchase shares.</p> <p>(iv) After the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with the relevant regulations, the amount deducted from the distributable profits for paying up the par value portion of the repurchased shares shall be transferred to the Company's share premium account (or capital reserve fund account) of the Company.</p> | <p>(iii) payment by the Company for the following purposes shall be made out of the Company's distributable profits:</p> <p style="margin-left: 40px;">(1) acquisition of rights to repurchase shares;</p> <p style="margin-left: 40px;">(2) variation of any contract to repurchase shares;</p> <p style="margin-left: 40px;">(3) release of any of the obligation under a contract to repurchase shares.</p> <p>(iv) After the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with the relevant regulations, the amount deducted from the distributable profits for paying up the par value portion of the repurchased shares shall be transferred to the Company's share premium account (or capital reserve fund account) of the Company.</p> |                            |

**Where the laws, administrative regulations and the relevant rules of the regulatory authorities have any other provisions in respect of the accounting treatment relating to the aforesaid repurchase of shares, such provisions shall prevail.**



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**APPENDIX VI                      DETAILS OF PROPOSED AMENDMENTS TO THE ARTICLES  
OF ASSOCIATION SET OUT IN THE ARTICLES OF ASSOCIATION  
(DRAFT) (EFFECTIVE UPON THE LISTING OF A SHARES)**

---

| <b>Before Amendment</b>   | <b>After Amendment</b>  | <b>Basis for Amendment</b>  |
|---|---|---|
| <p><b>Chapter 6 Share Certificates and Shareholders Register</b></p> <p><b>Article 39</b> A share certificate shall be signed by the chairman of the board of directors. If the stock exchange where the Company's shares are listing requests that other senior management shall sign the share certificates, a share certificate shall also be signed by those senior management as requested. A share certificate shall only become valid after it is affixed with the Company seal or with the Company seal in a printed format. All the share certificates under the company seal shall be affixed with the authority of the board of directors. Printed format may also be adopted for the signature of the chairman of the board of directors or other senior management on a share certificate.</p> | <p><b>Chapter 6 Share Certificates and Shareholders Register</b></p> <p><b>Article 39</b> A share certificate shall be signed by the chairman of the board of directors. If the stock exchange where the Company's shares are listing requests that other senior management shall sign the share certificates, a share certificate shall also be signed by those senior management as requested. A share certificate shall only become valid after it is affixed with the Company seal or with the Company seal in a printed format. All the share certificates under the company seal shall be affixed with the authority of the board of directors. Printed format may also be adopted for the signature of the chairman of the board of directors or other senior management on a share certificate.</p> <p style="text-align: center;"><b><u>Where the Company's shares are listed and traded on a "paperless" basis, provisions otherwise stipulated by securities regulatory authorities in charge of the places where the Company's shares are listed shall prevail.</u></b></p> | <p>Perfective amendment with reference to the sample articles issued by the Hong Kong Stock Exchange and in view of the actual operation of the Company</p> |

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**APPENDIX VI                      DETAILS OF PROPOSED AMENDMENTS TO THE ARTICLES  
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---

| <b>Before Amendment</b>   | <b>After Amendment</b>   | <b>Basis for Amendment</b>                                       |
|---|--|--|
| <b>Chapter 7 Rights and Obligation of a Shareholder</b>   | <b>Chapter 7 Rights and Obligation of a Shareholder</b>  |  |
| <b>Article 53</b> A holder of ordinary shares of the company shall have the following rights:                                       | <b>Article 53</b> A holder of ordinary shares of the company shall have the following rights:  | Amendment according to article 32 of the Guidelines for Articles |
| (i) to receive dividends and beneficial distributions in other forms according to the quantity of shares held;                      | (i) to receive dividends and beneficial distributions in other forms according to the quantity of shares held;   |  |
| (ii) to attend or entrust an agent to attend general meeting of shareholders and to execute voting rights;                          | (ii) to attend or entrust an agent to attend general meeting of shareholders and to execute voting rights;   |  |
| (iii) to supervise and manage business operations of the Company and to raise proposals or address inquiries accordingly;           | (iii) to supervise and manage business operations of the Company and to raise proposals or address inquiries accordingly;  |  |
| <b><u>(iv) to assign shares pursuant to the provisions of laws, administrative regulations and the Articles of Association;</u></b> | <b><u>(iv) to assign, give or pledge shares held by him/her/it pursuant to the provisions of laws, administrative regulations and the Articles of Association;</u></b> |  |
| (v) to obtain information pursuant to the provisions of the Articles of Association including:                                      | (v) to obtain information pursuant to the provisions of the Articles of Association including:   |  |
| 1. obtain a copy of the Articles of Association after the cost has been paid;   | 1. obtain a copy of the Articles of Association after the cost has been paid;  |  |
| 2. the right to consult or copy the following after reasonable fees have been paid:   | 2. the right to consult or copy the following after reasonable fees have been paid:  |  |
| (1) all parts of the shareholders register;   | (1) all parts of the shareholders register;  |  |
| (2) personal information concerning directors, supervisors and other senior management of the Company, including:                   | (2) personal information concerning directors, supervisors and other senior management of the Company, including:  |  |
| (a) current and previous names and/or alternative names;  | (a) current and previous names and/or alternative names;   |  |
| (b) principal address (residence);  | (b) principal address (residence);   |  |
| (c) nationality;  | (c) nationality;   |  |

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---

| <b>Before Amendment</b>   | <b>After Amendment</b>  | <b>Basis for Amendment</b> |
|---|---|----------------------------|
| (d) full-time position and/or other concurrent positions and posts;   | (d) full-time position and/or other concurrent positions and posts;   |                            |
| (e) identification document and numbers.  | (e) identification document and numbers.  |                            |
| (3) the Company's share capital position;   | (3) the Company's share capital position;   |                            |
| (4) the Company's latest audited financial statements and the directors', auditors' and supervisors' reports thereon;   | (4) the Company's latest audited financial statements and the directors', auditors' and supervisors' reports thereon;   |                            |
| <b>(5) <u>special resolutions of the Company;</u></b>   | <b>(5) <u>the resolutions of shareholders' meetings, the meetings of the board of directors and the meetings of the supervisory committee of the Company;</u></b>   |                            |
| (6) reports showing the number and nominal value of securities repurchased by the Company since the end of the last financial year, the aggregate amount paid for such securities and the maximum and minimum prices paid in respect of each class of securities repurchased; | (6) reports showing the number and nominal value of securities repurchased by the Company since the end of the last financial year, the aggregate amount paid for such securities and the maximum and minimum prices paid in respect of each class of securities repurchased; |                            |
| (7) a copy of the latest annual return filed with the Administration for Industry and Commerce or other competent authority; and  | (7) a copy of the latest annual return filed with the Administration for Industry and Commerce or other competent authority; and  |                            |
| (8) minutes of general meeting of shareholder.  | (8) minutes of general meeting of shareholder.  |                            |

The Company shall place the above mentioned (1), (3) to (7) and any other applicable documents at the Hong Kong office of the Company according to the listing rule requirement for the review by the public and the overseas listing foreign investors at free of charge.

The Company shall place the above mentioned (1), (3) to (7) and any other applicable documents at the Hong Kong office of the Company according to the listing rule requirement for the review by the public and the overseas listing foreign investors at free of charge.

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**APPENDIX VI                      DETAILS OF PROPOSED AMENDMENTS TO THE ARTICLES  
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| <b>Before Amendment</b>   | <b>After Amendment</b>  | <b>Basis for Amendment</b>  |
|---|---|---|
| <p>When a shareholder presents a request to inspect the information under the preceding Articles, he should present proof of the type and number of shareholding in writing. The Company should comply with the shareholder's request after verifying his identity.</p>   | <p>When a shareholder presents a request to inspect the information under the preceding Articles, he should present proof of the type and number of shareholding in writing. The Company should comply with the shareholder's request after verifying his identity.</p>   |   |
| <p>(vi) to participate in, upon the Company's termination or liquidation, the distribution of the Company's remaining assets according to the quantity of shares held; and</p>  | <p>(vi) to participate in, upon the Company's termination or liquidation, the distribution of the Company's remaining assets according to the quantity of shares held;</p>  |   |
| <p>(vii) other rights as stipulated in laws, administrative regulations and the Articles of Association.</p>  | <p><b><u>(vii) to make a request to the Company requiring the Company to purchase their shares when a shareholder objects to the resolutions passed at the shareholders' meeting with regards to the Company's merger or division; and</u></b></p>  |   |
|   | <p>(viii) other rights as stipulated in laws, administrative regulations and the Articles of Association.</p>   |   |
| <p><b>Article 58</b> In addition to obligations as required by laws, administrative regulations or the listing rules of the stock exchange the Company's shares are listing, a controlling shareholder (according to the definition of the following paragraphs) when executing its shareholding rights shall not be permitted to exercise its voting rights to make decisions on the following matters which harm the interests of all or some shareholders:</p> | <p><b>Article 58</b> In addition to obligations as required by laws, administrative regulations or the listing rules of the stock exchange the Company's shares are listing, a controlling shareholder (according to the definition of the following paragraphs) when executing its shareholding rights shall not be permitted to exercise its voting rights to make decisions on the following matters which harm the interests of all or some shareholders:</p> | <p>Amendment according to article 38 of the Guidelines for Articles</p> |
| <p>(1) to relieve a director or supervisor from his/her responsibility on the basis that this is in the best interests of the Company;</p>  | <p>(1) to relieve a director or supervisor from his/her responsibility on the basis that this is in the best interests of the Company;</p>  |   |

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---

| <b>Before Amendment</b>  | <b>After Amendment</b>   | <b>Basis for Amendment</b>  |
|--|--|---|
| <p>(2) to approve that a director or supervisor (for his/her own interests or another's interests) expropriate Company property using any means including (but not limited to) any opportunity which is beneficial to the Company;</p> <p>(3) to approve that a director or supervisor (for his/her own interests or another's interests) divest other shareholders of individual rights and interests including (but not limited to) any distribution rights and voting rights, but not including where the matter is submitted to the general meeting of shareholders for adoption in accordance with the Articles of Association that there be reorganization of the Company.</p> | <p>(2) to approve that a director or supervisor (for his/her own interests or another's interests) expropriate Company property using any means including (but not limited to) any opportunity which is beneficial to the Company;</p> <p>(3) to approve that a director or supervisor (for his/her own interests or another's interests) divest other shareholders of individual rights and interests including (but not limited to) any distribution rights and voting rights, but not including where the matter is submitted to the general meeting of shareholders for adoption in accordance with the Articles of Association that there be reorganization of the Company.</p> | <p>Amendment according to article 38 of the Guidelines for Articles</p> |

The controlling shareholder or actual controller of the Company cannot use his associated relationship to damage the Company's interests. If this requirement is contravened, resulting in damage to the Company, he should be responsible to compensate.

The controlling shareholder or actual controller of the Company cannot use his associated relationship to damage the Company's interests. If this requirement is contravened, resulting in damage to the Company, he should be responsible to compensate.

The controlling shareholder and actual controller have a duty of honesty towards the Company and shareholders holding the public community shares of the Company. The controlling shareholder should strictly exercise his rights as a provider of capital. The controlling shareholder cannot make use of methods such as the distribution of profits, restructuring of assets, external investment, misappropriation of assets, borrowing or providing guarantee, in order to damage the legal interest of the Company and shareholders of public community shares. He cannot make use of his controlling position to damage the legal interest of the Company and shareholders of public community shares.

**Any shareholder holding 5% or more of the voting rights in the Company and pledging his/her/its shares shall report in writing to the Company on the date of such pledge.**

The controlling shareholder and actual controller have a duty of honesty towards the Company and shareholders holding the public community shares of the Company. The controlling shareholder should strictly exercise his rights as a provider of capital. The controlling shareholder cannot make use of methods such as the distribution of profits, restructuring of assets, external investment, misappropriation of assets, borrowing or providing guarantee, in order to damage the legal interest of the Company and shareholders of public community shares. He cannot make use of his controlling position to damage the legal interest of the Company and shareholders of public community shares.

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---

| <b>Before Amendment</b>   | <b>After Amendment</b>  | <b>Basis for Amendment</b>                                       |
|---|---|--|
| <b>Chapter 8 General Meeting</b>  | <b>Chapter 8 General Meeting</b>  |  |
| <b>Article 61</b> A general meeting of shareholders shall exercise the following powers of office:  | <b>Article 61</b> A general meeting of shareholders shall exercise the following powers of office:  | Amendment according to article 40 of the Guidelines for Articles |
| (1) determining the Company’s business policies and investment plans;   | (1) determining the Company’s business policies and investment plans;   |  |
| (2) election and replacement of directors who are not staff representatives and determining matters concerning the remuneration of those directors;         | (2) election and replacement of directors who are not staff representatives and determining matters concerning the remuneration of those directors;         |  |
| (3) election and replacement of supervisors who are not staff representatives and determining matters concerning the remuneration of those supervisors;     | (3) election and replacement of supervisors who are not staff representatives and determining matters concerning the remuneration of those supervisors;     |  |
| (4) discussion and approval of reports compiled by the board of directors;  | (4) discussion and approval of reports compiled by the board of directors;  |  |
| (5) discussion and approval of reports compiled by the supervisory committee;   | (5) discussion and approval of reports compiled by the supervisory committee;   |  |
| (6) discussion and approval of the Company’s annual budget and final accounting plans;  | (6) discussion and approval of the Company’s annual budget and final accounting plans;  |  |
| (7) discussion and approval of the Company’s profit distribution and loss recovery plans;   | (7) discussion and approval of the Company’s profit distribution and loss recovery plans;   |  |
| (8) passing resolutions on matters such as increase or reduction of the Company’s registered capital;   | (8) passing resolutions on matters such as increase or reduction of the Company’s registered capital;   |  |
| (9) passing resolutions on the issue of corporate bonds, other bonds and programs of listing;   | (9) passing resolutions on the issue of corporate bonds, other bonds and programs of listing;   |  |
| (10) passing resolutions on matters such as merger, demerger, dissolution, liquidation or changing the form of the Company;                                 | (10) passing resolutions on matters such as merger, demerger, dissolution, liquidation or changing the form of the Company;                                 |  |
| (11) amending the Articles of Association;  | (11) amending the Articles of Association;  |  |
| (12) passing resolutions on matters such as engagement of the accounting firm;  | (12) passing resolutions on matters such as engagement of the accounting firm;  |  |
| (13) reviewing guarantee providing which should be decided by shareholder’s meetings as required by the law, administrative regulations and these Articles; | (13) reviewing guarantee providing which should be decided by shareholder’s meetings as required by the law, administrative regulations and these Articles; |  |

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---

| <b>Before Amendment</b>   | <b>After Amendment</b>  | <b>Basis for Amendment</b> |
|---|---|----------------------------|
| <p>(14) discussing and approving any acquisition or disposal after the value of the acquisition or disposal of material assets for the last one year reaches 30% or more of the latest audited total assets;</p> <p>(15) reviewing share incentive plans;</p> <p>(16) discussing proposals raised by the shareholders who represent more than 3% (including 3%) of the Company's shareholders with voting rights;</p> <p>(17) reviewing other matters which should be decided by shareholder's meetings as required by the law, administrative regulations and these Articles.</p> <p>Without breach of law, regulations and the mandatory clause of the regulations at the place of listing, the shareholders at the general meeting can authorize or entrust the board of directors to handle the authorization or entrust matters.</p> | <p>(14) discussing and approving any acquisition or disposal after the value of the acquisition or disposal of material assets for the last one year reaches 30% or more of the latest audited total assets;</p> <p>(15) reviewing share incentive plans;</p> <p>(16) discussing proposals raised by the shareholders who represent more than 3% (including 3%) of the Company's shareholders with voting rights;</p> <p><b><u>(17) reviewing and approving the change of use of proceeds raised;</u></b></p> <p><b><u>(18) reviewing the external guarantees stipulated under Article 62 of the Articles of Association;</u></b></p> <p>(19) reviewing other matters which should be decided by shareholder's meetings as required by the law, administrative regulations and these Articles.</p> <p>Without breach of law, regulations and the mandatory clause of the regulations at the place of listing, the shareholders at the general meeting can authorize or entrust the board of directors to handle the authorization or entrust matters.</p> |                            |

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| Before Amendment | After Amendment   | Basis for Amendment   |
|------------------|---|---|
|                  | <p><b>Article 62</b> <u>The following external guarantees to be provided by the Company shall be reviewed and passed at the shareholders’ meeting:</u></p> <p>(1) <u>any external guarantee to be provided after the total amount of guarantees provided by the Company and its subsidiaries has reached or exceeded 50% of the Company’s latest audited net assets;</u></p> <p>(2) <u>any external guarantee to be provided after the total amount of guarantees provided by the Company has reached or exceeded 30% of the Company’s latest audited total assets;</u></p> <p>(3) <u>any guarantee to be provided for a party which has a gearing ratio<sup>Note</sup> in excess of 70%;</u></p> <p>(4) <u>any guarantee with a single guarantee amount in excess of 10% of the Company’s latest audited net assets;</u></p> <p>(5) <u>any guarantee to be provided in favour of shareholders, actual controllers and their related parties (as defined in the SSE Listing Rules);</u></p> <p>(6) <u>other guarantees to be reviewed and passed at the shareholders’ meeting as required by the stock exchange on which the shares of the Company are listed and the Articles of Association.</u></p> <p><u>Where the shareholders’ meeting is reviewing a resolution on guarantees to be provided to shareholders, actual controllers and its related parties, such shareholders, or shareholders under the control of such actual controllers, shall abstain from voting. Such resolution is subject to the approval of more than half of the voting rights held by the other shareholders present at the meeting.</u></p> | <p>Amendment according to article 41 of the Guidelines for Articles</p> |

*Note:* For reference purpose only, the “gearing ratio” of a company to which the Company provides a guarantee (the “**Guaranteed Target**”) is calculated based on the following formula:

$$\text{Gearing ratio} = \frac{\text{Total debt of the Guaranteed Target as at the end of the reporting period}}{\text{Total asset of the Guaranteed Target as at the end of the reporting period}}$$



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---

| <b>Before Amendment</b>  | <b>After Amendment</b>   | <b>Basis for Amendment</b>  |
|--|--|---|
|  | <u><b>External guarantees other than above shall be reviewed and approved by the board of directors under authorisation, but shall be reviewed, agreed and resolved by more than two-thirds of the directors present at the meeting of the board of directors and passed by more than half of all directors of the Company.</b></u>  |   |
| <p><b>Article 63</b> General meeting of shareholders shall be separated into annual and extraordinary meetings. A general meeting of shareholders shall be convened by the board of directors. An annual general meeting of shareholders shall be held once a year within six (6) months after the end of the previous financial year.</p> <p>The board of directors shall convene an extraordinary general meeting of shareholders within two (2) months in any of the following circumstances:</p> <p>(1) where the number of directors does not meet the number stipulated in the Company Law or is less than two-thirds of the number required in the Articles of Association;</p> <p>(2) where the Company’s losses which have not yet been offset account for one-third of the total number of actual share capital;</p> <p>(3) where shareholders holding more than 10% (including 10%) of the issued shares of the Company with voting rights make written request for the convening of an extraordinary general meeting of shareholders;</p> <p>(4) the board of directors believes it is necessary or the supervisory committee proposes that an extraordinary general meeting of shareholders be convened; or</p> <p>(5) where more than half (including half) independent directors request to convene an extraordinary general meeting.</p> | <p><b>Article 64</b> General meeting of shareholders shall be separated into annual and extraordinary meetings. A general meeting of shareholders shall be convened by the board of directors. An annual general meeting of shareholders shall be held once a year within six (6) months after the end of the previous financial year.</p> <p>The board of directors shall convene an extraordinary general meeting of shareholders within two (2) months in any of the following circumstances:</p> <p>(1) where the number of directors does not meet the number stipulated in the Company Law or is less than two-thirds of the number required in the Articles of Association;</p> <p>(2) where the Company’s losses which have not yet been offset account for one-third of the total number of actual share capital;</p> <p>(3) where shareholders holding more than 10% (including 10%) of the issued shares of the Company with voting rights make written request for the convening of an extraordinary general meeting of shareholders;</p> <p>(4) the board of directors believes it is necessary or the supervisory committee proposes that an extraordinary general meeting of shareholders be convened;</p> <p>(5) where more than half (including half) independent directors request to convene an extraordinary general meeting; or</p> <p><b>(6) <u>other circumstances stipulated by the laws, administrative regulations, departmental rules or the Articles of Association.</u></b></p> | <p>Amendment according to article 43 of the Guidelines for Articles</p> |

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| <b>Before Amendment</b>   | <b>After Amendment</b>  | <b>Basis for Amendment</b>  |
|---|---|---|
| <p><b>Article 64</b> The venue to hold a shareholder’s meeting of the Company is: the Company’s domicile or other specified place notified by convener of the general meeting.</p> <p>The shareholder’s meeting should provide a venue for holding the meeting in the form of on-the-spot meeting. The Company shall also provide internet or other means for the convenience of shareholders attending the meeting. Shareholders attending the shareholder’s meeting using the above method are considered present at the meeting.</p> | <p><b>Article 65</b> The venue to hold a shareholder’s meeting of the Company is: the Company’s domicile or other specified place notified by convener of the general meeting.</p> <p>The shareholder’s meeting should provide a venue for holding the meeting in the form of on-the-spot meeting. The Company shall also provide internet or other means for the convenience of shareholders attending the meeting. Shareholders attending the shareholder’s meeting using the above method are considered present at the meeting.</p> <p><b><u>If a shareholders’ meeting is held online or through other means, the notice of shareholders’ meeting shall specify the voting time and voting procedure online or through other means. The time to start voting at a shareholders’ meeting held online or through other means shall not be earlier than 3:00 p.m. of the day preceding the date of the onsite shareholders’ meeting or later than 9:30 a.m. of the date of the onsite shareholders’ meeting, and shall not conclude earlier than 3:00 p.m. of the date on which the onsite shareholders’ meeting concludes.</u></b></p> | <p>Amendment according to articles 44 and 55 of the Guidelines for Articles</p> |

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---

| <b>Before Amendment</b>   | <b>After Amendment</b>  | <b>Basis for Amendment</b>  |
|---|---|---|
| <p><b>Article 66</b> The shareholder(s) holding more than 3% (including 3%) of voting right of the shares of the Company may put forward written temporary proposals to the shareholders' meeting. The Company shall add the temporary proposals which relates to the scope of duties of the general meeting to agenda of the meeting.</p> <p>The temporary proposals as raised by the shareholders shall fulfil the following conditions:</p> <ol style="list-style-type: none"> <li>(1) the contents should be not breach of the law, administrative regulations and within the scope of duties of the shareholders' meetings;</li> <li>(2) should have a clear topic and have concert resolutions; and</li> <li>(3) should be handled or delivered to the board of directors in written 10 days before the convening of the shareholders' meetings.</li> </ol> | <p><b>Article 67</b> The shareholder(s) holding more than 3% (including 3%) of voting right of the shares of the Company may put forward written temporary proposals to the shareholders' meeting. The Company shall add the temporary proposals which relates to the scope of duties of the general meeting to agenda of the meeting.</p> <p><b><u>Shareholders independently or collectively holding 3% or more of the shares in the Company may raise a temporary proposal and submit it to the convener in written form 20 days prior to the convening of the general meeting. The convener shall deliver a supplementary notice of the general meeting to announce the contents of the temporary proposal within 2 days upon receipt of the proposal.</u></b></p> <p>The temporary proposals as raised by the shareholders shall fulfil the following conditions:</p> <ol style="list-style-type: none"> <li>(1) the contents should be not breach of the law, administrative regulations and within the scope of duties of the shareholders' meetings;</li> <li>(2) should have a clear topic and have concert resolutions; and</li> <li>(3) should be handled or delivered to the board of directors in written 10 days before the convening of the shareholders' meetings.</li> </ol> | <p>Amendment according to article 53 of the Guidelines for Articles</p> |

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| <b>Before Amendment</b>  | <b>After Amendment</b>   | <b>Basis for Amendment</b>                                       |
|--|--|--|
| <b>Article 68</b> The notice of a shareholders' meeting shall meet the following requirements:   | <b>Article 69</b> The notice of a shareholders' meeting shall meet the following requirements:   | Amendment according to article 55 of the Guidelines for Articles |
| (1) It shall be made in writing;   | (1) It shall be made in writing;   |  |
| (2) specify the location, date and time of the meeting;  | (2) specify the location, date and time of the meeting;  |  |
| (3) state those matters to be discussed at the meeting;  | (3) state those matters to be discussed at the meeting;  |  |
| (4) specify the date of share register which the shareholder is entitled to attend the general meeting;  | (4) specify the date of share register which the shareholder is entitled to attend the general meeting;  |  |
| (5) provide the shareholders with data and explanations necessary in order to make informed decisions on those matters to be discussed; this shall include (but not be limited to) providing detailed conditions and contracts (if such exist) on deals to be conducted and proper explanation of consequences where the Company proposes a merger, repurchase of shares, share capital restructure or other reorganization;   | (5) provide the shareholders with data and explanations necessary in order to make informed decisions on those matters to be discussed; this shall include (but not be limited to) providing detailed conditions and contracts (if such exist) on deals to be conducted and proper explanation of consequences where the Company proposes a merger, repurchase of shares, share capital restructure or other reorganization;   |  |
| (6) if any director, supervisor, manager or other senior management is an interested party to a matter to be discussed at the meeting, the nature and degree of that interest shall be disclosed; if a matter to be discussed impacts upon such a director, supervisor, manager or other senior management in their capacity as shareholders and such impact differs to the impact on other shareholders holding the same classes of shares, such difference shall be explained; | (6) if any director, supervisor, manager or other senior management is an interested party to a matter to be discussed at the meeting, the nature and degree of that interest shall be disclosed; if a matter to be discussed impacts upon such a director, supervisor, manager or other senior management in their capacity as shareholders and such impact differs to the impact on other shareholders holding the same classes of shares, such difference shall be explained; |  |
| (7) include the full text of any special resolution to be passed at the meeting;   | (7) include the full text of any special resolution to be passed at the meeting;   |  |
| (8) unequivocally state in clear language that a shareholder with the right to attend the meeting and to vote shall be entitled to entrust one or more agents to attend the meeting and to vote on behalf of that shareholder, and that the agent(s) of that shareholder need not necessarily be shareholder(s); and   | (8) unequivocally state in clear language that a shareholder with the right to attend the meeting and to vote shall be entitled to entrust one or more agents to attend the meeting and to vote on behalf of that shareholder, and that the agent(s) of that shareholder need not necessarily be shareholder(s); and   |  |
| (9) state clearly the place and date by which a letter of proxy for voting shall be received;  | (9) state clearly the place and date by which a letter of proxy for voting shall be received;  |  |
| (10) name and telephone number of the contact person of the meeting.   | (10) name and telephone number of the contact person of the meeting.   |  |

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**APPENDIX VI            DETAILS OF PROPOSED AMENDMENTS TO THE ARTICLES  
OF ASSOCIATION SET OUT IN THE ARTICLES OF ASSOCIATION  
(DRAFT) (EFFECTIVE UPON THE LISTING OF A SHARES)**

---

| Before Amendment | After Amendment   | Basis for Amendment   |
|------------------|---|---|
|                  | <p><u>Notices and supplementary notices of a shareholders' meeting shall fully and completely disclose all detailed contents of all proposals. For matters to be discussed that require opinions from the independent directors, the opinions of the independent directors and reasons thereof shall be simultaneously disclosed with the notices or supplementary notices of the shareholders' meeting.</u></p> <p><u>Article 70 If matters relating to election of directors and supervisors are proposed to be discussed at a shareholders' meeting, detailed information concerning the candidates shall be fully disclosed in the notice of the shareholders' meeting, which shall at least include the following:</u></p> <ol style="list-style-type: none"> <li><u>(1) personal information including educational background, work experience and other positions undertaken on a part-time basis;</u></li> <li><u>(2) whether the candidates are connected with the Company, its controlling shareholders or actual controllers;</u></li> <li><u>(3) disclosing the candidates' shareholdings in the Company;</u></li> <li><u>(4) whether the candidates have been subject to any punishment by the securities regulatory authority under the State Council or other relevant departments or to any sanction by any stock exchange;</u></li> <li><u>(5) other matters required to be disclosed under the listing rules of the place where the shares of the Company are listed.</u></li> </ol> <p><u>In addition to the adoption of the cumulative voting mechanism to elect directors and supervisors, each candidate for directors or supervisors shall be proposed in a separate proposal.</u></p> | <p>Amendment according to article 56 of the Guidelines for Articles</p> |

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**APPENDIX VI                      DETAILS OF PROPOSED AMENDMENTS TO THE ARTICLES  
OF ASSOCIATION SET OUT IN THE ARTICLES OF ASSOCIATION  
(DRAFT) (EFFECTIVE UPON THE LISTING OF A SHARES)**

---

| <b>Before Amendment</b>   | <b>After Amendment</b>  | <b>Basis for Amendment</b>  |
|---|---|---|
| <p><b>Article 69</b> The notice of a general meeting shall be delivered to the shareholders (whether or not such shareholders are entitled to vote at the meeting) by hand or by postage-prepared mail; the recipient's address shall be the address as shown in the register of shareholders of the Company. For the holders of domestic shares, the notice of the meeting may also be given by way of public announcement.</p> <p>The aforesaid public announcement shall, within forty-five (45) to fifty (50) days before the commencement of the meeting, be published in one or several newspapers designated by the Securities Committee of the State Council. Once a public announcement has been made, this shall be regarded as notice received by all Domestic Shareholders.</p> | <p><b>Article 71</b> The notice of a general meeting shall be delivered to the shareholders (whether or not such shareholders are entitled to vote at the meeting) by hand or by postage-prepared mail; the recipient's address shall be the address as shown in the register of shareholders of the Company. For the holders of domestic shares, the notice of the meeting may also be given by way of public announcement.</p> <p>The aforesaid public announcement shall, within forty-five (45) to fifty (50) days before the commencement of the meeting, be published in one or several newspapers designated by the Securities Committee of the State Council. Once a public announcement has been made, this shall be regarded as notice received by all Domestic Shareholders.</p> <p><b><u>Subject to the laws, administrative regulations, regulatory documents and the relevant rules of the securities regulatory authority of the place of the listing of the shares of the Company and the fulfilment of the necessary procedures under the relevant rules, for the shareholders of overseas listed foreign shares, the Company may also issue a notice of the shareholders' meeting by publishing an announcement on the website of the Company and the website designated by the Hong Kong Stock Exchange or other means permitted under the Hong Kong Listing Rules and the Articles of Association, in lieu of sending notices to the shareholders of overseas listed foreign shares by personal delivery or prepaid mail.</u></b></p> | <p>Perfective amendment in view of the operation of the Company</p> |

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**APPENDIX VI                      DETAILS OF PROPOSED AMENDMENTS TO THE ARTICLES  
OF ASSOCIATION SET OUT IN THE ARTICLES OF ASSOCIATION  
(DRAFT) (EFFECTIVE UPON THE LISTING OF A SHARES)**

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| <b>Before Amendment</b>   | <b>After Amendment</b>  | <b>Basis for Amendment</b>  |
|---|---|---|
| <p><b>Article 72</b> A shareholder shall use written form when entrusting an agent. The letter of proxy shall be signed by the principal or the agent entrusted by the principal in writing. If a principal is a corporation, the letter of proxy shall be affixed with the seal of the corporation or shall be signed by its director or officially entrusted officer or agent. <u><b>The letter of proxy shall indicate the number of shares represented by an agent on behalf of the principal. If several agents are appointed, the letter of proxy shall state the number of shares represented by each agent.</b></u></p> | <p><b>Article 74</b> A shareholder shall use written form when entrusting an agent. The letter of proxy shall be signed by the principal or the agent entrusted by the principal in writing. If a principal is a corporation, the letter of proxy shall be affixed with the seal of the corporation or shall be signed by its director or officially entrusted officer or agent. <u><b>The letter of proxy shall set out the following:</b></u></p> <ol style="list-style-type: none"><li><u><b>(1) the name of the principal and the name of the agent;</b></u></li><li><u><b>(2) the number of shares represented by the agent on behalf of the principal. If several agents are appointed, the letter of proxy shall state the number of shares represented by each agent;</b></u></li><li><u><b>(3) whether the agent has voting rights;</b></u></li><li><u><b>(4) the instructions on whether to vote for or against or abstain from voting on each matter included in the agenda of the shareholders' meeting;</b></u></li><li><u><b>(5) whether the agent has voting rights in respect of the temporary proposal as might be included in the agenda of the shareholders' meeting, and, if yes, the instructions on how to exercise the voting rights;</b></u></li><li><u><b>(6) the date of issue and effective period of the letter of proxy.</b></u></li></ol> | <p>Amendment according to article 61 of the Guidelines for Articles</p> |





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| <b>Before Amendment</b> | <b>After Amendment</b>  | <b>Basis for Amendment</b>                                       |
|-------------------------|---|--|
|                         | <p><u>Article 79 In convening a shareholders' meeting, the convener and the lawyer appointed by the Company shall jointly verify the validity of the shareholders' qualifications based on the register of members provided by the securities registration and clearing authority, and shall register the names of the shareholders as well as the amount of their voting shares. The registration for the meeting shall be completed before the presider announces the number of shareholders and agents that attend the meeting and the total amount of their voting shares.</u></p>  | Amendment according to article 65 of the Guidelines for Articles |
|                         | <p><u>Article 81 The Company shall formulate the Rules of Procedure of the General Meeting regulating the convening and voting procedure of general meetings, including notice, registration, consideration of resolutions, voting, counting of ballots, announcement of voting result, formation of resolution, meeting minutes and signing thereof and announcement, and the principles for authorisation to the board of directors by general meetings. The Rules of Procedure of the General Meeting shall be an appendix to the Articles of Association and shall be formulated by the board of directors and approved by the general meeting.</u></p> | Amendment according to article 68 of the Guidelines for Articles |
|                         | <p><u>Article 82 The board of directors and the supervisory committee shall report their work in the preceding year at the annual general meeting. Every independent director shall also make his/her work reports.</u></p>   | Amendment according to article 69 of the Guidelines for Articles |
|                         | <p><u>Article 83 Directors, supervisors and senior management shall make explanations in relation to the inquiries and suggestions made by shareholders at shareholders' meetings.</u></p>  | Amendment according to article 70 of the Guidelines for Articles |

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**APPENDIX VI                      DETAILS OF PROPOSED AMENDMENTS TO THE ARTICLES  
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---

| <b>Before Amendment</b>  | <b>After Amendment</b>  | <b>Basis for Amendment</b>  |
|--|---|---|
| <p><b>Article 79</b> When voting at a general meeting, a shareholder (including the agent of a shareholder) shall exercise voting rights according to the number of shares held. Each share held shall represent the equivalent of one voting right.</p> <p>Shares held by the Company have no voting rights. This portion of shares is not considered part of the total number of shares with voting rights and attending the shareholder's meetings.</p> <p>When approving the connected parties transactions at the general meeting, the connected shareholders shall abstain from voting and the number of shares of voting right of it shall not be counted as a valid resolution in the aggregate number of valid resolutions.</p> <p>Where any shareholder is, under applicable law and regulations and thee exchange listing rules of the place of exchange that the shares of the Company is listing, required to abstain from voting on any particular resolution or restricted to voting only for (or only against) any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.</p> | <p><b>Article 86</b> When voting at a general meeting, a shareholder (including the agent of a shareholder) shall exercise voting rights according to the number of shares held. Each share held shall represent the equivalent of one voting right.</p> <p><b><u>When material issues affecting the interests of minority shareholders are considered at the shareholders' meeting, the votes of minority shareholders shall be counted separately. The separate votes counting results shall be disclosed publicly in a timely manner. In such a case, when counting the votes by the minority shareholders, the votes of followings shareholders will not be counted: (1) the directors, supervisors and senior management of the Company; and (2) the shareholders, individually or collectively, holding 5% or more of the issued shares of the Company.</u></b></p> <p>Shares held by the Company have no voting rights. This portion of shares is not considered part of the total number of shares with voting rights and attending the shareholder's meetings.</p> <p><b><u>The open soliciting of voting rights can be carried out by the board of directors, independent directors, and the shareholders who comply with relevant requirements. Information including the specific voting preference shall be fully disclosed to the shareholders for whom voting rights are being solicited. Consideration or de facto consideration for soliciting shareholders' voting rights is prohibited. The Company shall not impose any minimum shareholding limitation for soliciting voting rights.</u></b></p> <p>When approving the connected parties transactions at the general meeting, the connected shareholders shall abstain from voting and the number of shares of voting right of it shall not be counted as a valid resolution in the aggregate number of valid resolutions.</p> <p>Where any shareholder is, under applicable law and regulations and thee exchange listing rules of the place of exchange that the shares of the Company is listing, required to abstain from voting on any particular resolution or restricted to voting only for (or only against) any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.</p> | <p>Amendment according to article 78 of the Guidelines for Articles</p> |

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| Before Amendment  | After Amendment   | Basis for Amendment  |
|---|---|--|
|   | <p><u>Article 87 While ensuring the shareholders' meeting is legitimate and valid, the Company shall, by different channels and means, provide electronic voting platform and other modern information technology methods in priority for the convenience of shareholders attending the shareholders' meeting.</u></p>  | Amendment according to article 80 of the Guidelines for Articles |
| <p><u>Article 80 The shareholder's meeting shall vote by show of hands unless the applicable listing rules of the stock exchange or other security laws and regulations require otherwise, or unless the following persons requested for voting by poll (before or after the voting by show of hands):</u></p> <ol style="list-style-type: none"> <li>(1) <u>the chairman of the meeting;</u></li> <li>(2) <u>at least two shareholders with voting rights or their proxies; or</u></li> <li>(3) <u>one or several shareholders (including proxies) holding in aggregate of or separately 10% or more of the shares carrying the right to vote at the meeting.</u></li> </ol> <p><u>Unless somebody proposes voting by poll, the chairman of the meeting shall declare whether the proposal has been adopted according to the results of the vote by raising hand, and shall record the same in the minutes of the meeting, which shall serve as final evidence without having to state the number or proportion of the votes for or against resolution adopted at the meeting.</u></p> <p><u>The demand for a vote by poll may be withdrawn by the person who made it.</u></p> | <p><u>Article 88 The resolutions put forward at the shareholders' meeting shall be voted by poll, except that the chairman of the meeting may allow in good faith the resolutions relating purely to the procedures or administrative matters to be voted by show of hands subject to the listing rules of the place where the shares of the Company are listed.</u></p>  | Amendment according to article 86 of the Guidelines for Articles |
|   | <p><u>Article 95 Regarding the proposal of the independent director(s) to convene an extraordinary general meeting, the board of directors shall, according to provisions of the laws, administrative regulations and the Articles of Association, give a written reply on whether to convene the extraordinary general meeting within 10 days after receipt of the proposal. If the board of directors agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 days after the resolution is made by the board of directors. If the board of directors does not agree to hold the extraordinary general meeting, it shall give the reasons and make an announcement in respect thereof.</u></p> | Amendment according to article 46 of the Guidelines for Articles |

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| <b>Before Amendment</b> | <b>After Amendment</b>  | <b>Basis for Amendment</b>  |
|-------------------------|---|---|
|                         | <p><u>Article 96 The supervisory committee shall have the right to propose to the board of directors to convene an extraordinary general meeting, and shall put forward its proposal to the board of directors in writing. The board of directors shall, according to provisions of the laws, administrative regulations and the Articles of Association, give a written reply on whether to convene the extraordinary general meeting within 10 days after receipt of the proposal.</u></p> <p><u>If the board of directors agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 days after the resolution is made by the board of directors. In the event of any change to the original proposal set forth in the notice, the consent of the supervisory committee is required.</u></p> <p><u>If the board of directors does not agree to hold the extraordinary general meeting or fails to give a written reply within 10 days after receipt of the proposal, it shall be deemed as unable to perform or failing to perform the duty of convening the extraordinary general meeting, and the supervisory committee may convene and preside over the meeting by itself.</u></p> | <p>Amendment according to article 47 of the Guidelines for Articles</p> |

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---

| <b>Before Amendment</b>  | <b>After Amendment</b>  | <b>Basis for Amendment</b>  |
|--|---|---|
| <p><b>Article 87 <u>Shareholders or the supervisory committee who request the convening of an extraordinary general meeting or a class meeting of shareholders shall do so in accordance with the following procedures:</u></b></p> <p>(1) Two (2) or more shareholders individually or together holding more than 10% (including 10%) of shares with voting rights at the meeting to be convened may sign one or several written requests in the same format and with the same contents to the board of directors to convene an extraordinary general meeting or class meeting of shareholders and which shall also specify the meeting’s agenda. <b><u>After receiving the aforesaid written request, the board of directors shall promptly convene an extraordinary general meeting or class meeting of shareholders of shareholders.</u></b> The aforesaid number of shares held by shareholders shall be calculated as at the date of the written request, proof of shareholding document in written shall be provided by the shareholder who proposed such request.</p> <p>If the board of directors agrees to convene the extraordinary shareholders’ meeting, it will issue a notice of shareholders’ meeting within 5 days of the decision of the board of directors. If there are changes to the original request in the notice, they should be agreed by the relevant shareholders.</p> <p>(2) <b><u>If the board of directors fails to issue notification convening a meeting within thirty (30) days after receiving the aforesaid written request, the shareholders who raised the request may convene the meeting within four (4) months after the board of directors received that request. The procedures for convening such a meeting shall be, as much as possible, the same as the procedures for convening a general meeting by the board of directors.</u></b></p> | <p><b>Article 97 <u>Shareholders who request the convening of an extraordinary general meeting or a class meeting of shareholders shall do so in accordance with the following procedures:</u></b></p> <p>(1) Two (2) or more shareholders individually or together holding more than 10% (including 10%) of shares with voting rights at the meeting to be convened may sign one or several written requests in the same format and with the same contents to the board of directors to convene an extraordinary general meeting or class meeting of shareholders and which shall also specify the meeting’s agenda. The aforesaid number of shares held by shareholders shall be calculated as at the date of the written request, proof of shareholding document in written shall be provided by the shareholder who proposed such request. <b><u>The board of directors shall, according to provisions of the laws, regulations and the Articles of Association, give a written reply on whether to convene the extraordinary general meeting or class meeting within 10 days after receipt of the request.</u></b></p> <p><u>If the board of directors agrees to convene the extraordinary shareholders’ meeting, it will issue a notice of shareholders’ meeting within 5 days of the decision of the board of directors. If there are changes to the original request in the notice, they should be agreed by the relevant shareholders.</u></p> <p>(2) If the board of directors does not agree to convene the extraordinary shareholders’ meeting, or does not reply within 10 days of receipt of the suggestion, shareholders individually or together holding more than 10% of the Company are authorised to request to the supervisory committee to hold an extraordinary shareholders’ meeting, and should be presented to the supervisory committee in writing.</p> | <p>Amendment according to article 48 of the Guidelines for Articles</p> |

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**APPENDIX VI                      DETAILS OF PROPOSED AMENDMENTS TO THE ARTICLES  
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(DRAFT) (EFFECTIVE UPON THE LISTING OF A SHARES)**

---

| <b>Before Amendment</b> | <b>After Amendment</b> | <b>Basis for Amendment</b> |
|-------------------------|------------------------|----------------------------|
|-------------------------|------------------------|----------------------------|

(3) If the board of directors does not agree to convene the extraordinary shareholders' meeting, or does not reply within 10 days of receipt of the suggestion, shareholders individually or together holding more than 10% of the Company are authorised to request to the supervisory committee to hold an extraordinary shareholders' meeting, and should be presented to the supervisory committee in writing.

**If the supervisory committee agrees to convene the extraordinary shareholders' meeting, it will issue a notice of shareholders' meeting within 5 days of the decision of the supervisory committee. If there are changes to the original request in the notice, they should be agreed by the relevant shareholders.**

(4) If the supervisory committee does not issue the notice of shareholders' meeting within the prescribed period, this is treated as the supervisory board not convening and not holding the shareholders' meeting. Then shareholders individually or together holding more than 10% of the shares for more than 90 days can convene and hold the meeting by themselves.

In the case of shareholders organising the convening of a meeting as a result of the failure of the shareholders or the board of directors or the supervisory committee to convene a meeting as requested above, reasonable expenses incurred on the meeting shall be borne by the Company and shall be deducted from the bank funds of those directors who were negligent in the performance of their duties.

Except for matters involving the Company's trade secret, directors, supervisors, and senior management personnel should explain with respect to questions and suggestions from shareholders at the shareholder's meeting.

(3) If the supervisory committee does not issue the notice of shareholders' meeting within the prescribed period, this is treated as the supervisory board not convening and not holding the shareholders' meeting. Then shareholders individually or together holding more than 10% of the shares for more than 90 days can convene and hold the meeting by themselves.

In the case of shareholders or the supervisory committee organising the convening of a meeting as a result of the failure of the board of directors to convene a meeting as requested above, reasonable expenses incurred on the meeting shall be borne by the Company and shall be deducted from the bank funds of those directors who were negligent in the performance of their duties.

Except for matters involving the Company's trade secret, directors, supervisors, and senior management personnel should explain with respect to questions and suggestions from shareholders at the shareholder's meeting.

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**APPENDIX VI            DETAILS OF PROPOSED AMENDMENTS TO THE ARTICLES  
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---

| <b>Before Amendment</b> | <b>After Amendment</b>   | <b>Basis for Amendment</b>  |
|-------------------------|--|---|
|                         | <p><u>Article 98 Where the supervisory committee or the shareholders initiate procedures to convene a general meeting, it/they shall give a written notice to the board of directors and shall simultaneously file the case with the local office of the China Securities Regulatory Commission and the stock exchange in the locality where the Company operates for record.</u></p> <p><u>Prior to the announcement of the resolution of the shareholders' meeting, the shareholding by the convening shareholders shall be not less than 10%.</u></p> <p><u>When the convening shareholders deliver a notice of shareholders' meeting and make the announcement of the resolution of the shareholders' meetings, the convening shareholders shall submit the relevant evidencing materials to the local office of the China Securities Regulatory Commission and the stock exchange in the locality where the Company operates.</u></p> | <p>Amendment according to article 49 of the Guidelines for Articles</p> |
|                         | <p><u>Article 99 The board of directors and the secretary of the board of directors shall provide cooperation for the shareholders' meetings initiated by the supervisory committee or shareholders. The board of directors shall provide the register of members as at the date of registration of shareholding.</u></p>  | <p>Amendment according to article 50 of the Guidelines for Articles</p> |

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---

| <b>Before Amendment</b>   | <b>After Amendment</b>  | <b>Basis for Amendment</b>                                       |
|---|---|--|
| <p><b>Article 88</b> A general meeting shall be convened by the chairman of the board of directors who shall be the chairman of the meeting. If the board chairman is unable to attend the meeting, the vice-chairman of the board of directors shall convene the meeting and shall be the chairman of the meeting. If, for some reasons, both the chairman and the vice-chairman are unable to attend the meeting, the board of directors may designate a director of the Company to convene the meeting and to chair the meeting on its behalf. If no chairman of the meeting is designated, shareholders at the meeting may elect a chairman. In a case where shareholders are unable, for any reason, to elect a chairman of the meeting, that a shareholder who holds the majority number of shares with voting rights shall be the chairman of the meeting (including an agent of a shareholder).</p> | <p><b>Article 100</b> A general meeting shall be convened by the chairman of the board of directors who shall be the chairman of the meeting. If the board chairman is unable to attend the meeting, the vice-chairman of the board of directors <u>(or the vice chairman elected by more than half of directors if there are two or more vice chairmen of the Company)</u> shall convene the meeting and shall be the chairman of the meeting. If, for some reasons, both the chairman and the vice-chairman are unable to attend the meeting, the board of directors may designate a director of the Company to convene the meeting and to chair the meeting on its behalf. If no chairman of the meeting is designated, shareholders at the meeting may elect a chairman. In a case where shareholders are unable, for any reason, to elect a chairman of the meeting, that a shareholder who holds the majority number of shares with voting rights shall be the chairman of the meeting (including an agent of a shareholder).</p> | Amendment according to article 67 of the Guidelines for Articles |
| <p><b>Article 89</b> The chairman of a meeting shall be responsible for making decisions whether a resolution should be passed at the meeting. Decisions made shall be final and shall be declared at the meeting and recorded in the minutes of the meeting.</p>   | <p><u><b>The chairman of the supervisory committee shall preside over the shareholders' meetings initiated and convened by the supervisory committee. In the event that the chairman of the supervisory committee is unable to or fails to discharge his duties in convening and presiding the shareholders' meeting, the meeting shall be presided over by a supervisor jointly nominated by more than half of the supervisors.</b></u></p> <p><u><b>For the shareholders' meetings initiated and convened by shareholders, the convener shall nominate a representative to preside over the meeting.</b></u></p> <p><u><b>In the event that the chairman violates the rules of procedure during the shareholders' meeting that results in the shareholders' meeting being unable to continue, upon approval by more than half of the shareholders with voting rights present at the meeting, a person may be nominated to preside over the shareholders' meeting and the meeting may continue.</b></u></p>                            |  |



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| <b>Before Amendment</b> | <b>After Amendment</b>   | <b>Basis for Amendment</b>  |
|-------------------------|--|---|
|                         | <p><u>Article 101 Minutes of a shareholders' meeting shall be kept by the secretary of the board of directors. The minutes shall set out:</u></p> <ol style="list-style-type: none"> <li><u>(1) date, venue, agenda, and the convener of the meeting;</u></li> <li><u>(2) the name of the presider of the meeting, and the directors, supervisors, secretary of the board of directors, manager and other senior management attending or present at the meeting;</u></li> <li><u>(3) the number of shareholders and agents present at the meeting, the total number of voting shares held by them and the percentage of such shares against the total number of shares of the Company;</u></li> <li><u>(4) the process of consideration, highlights of the speeches and voting result in respect of each resolution;</u></li> <li><u>(5) the inquiries and suggestions of shareholders and the responses or explanations made;</u></li> <li><u>(6) the names of the lawyer, vote counter and scrutinizer;</u></li> <li><u>(7) other issues that shall be recorded in the minutes in accordance with the provisions of the Articles of Association.</u></li> </ol> <p><u>The attending directors, supervisors, secretary of the board of directors, convener or representative thereof and the chairman shall sign on the minutes of the meeting.</u></p> | <p>Amendment according to articles 72 and 73 of the Guidelines for Articles</p> |
|                         | <p><u>Article 102 The convener shall ensure the shareholders' meeting is held unceasingly until final resolutions are arrived at. If the shareholders' meeting is terminated or fails to reach any resolution due to force majeure or other special reasons, necessary measures shall be taken to resume the shareholders' meeting as soon as possible, or the shareholders' meeting should be simply terminated, and in both cases a timely announcement shall be made. Meanwhile, the convener shall report to the local office of China Securities Regulatory Commission where the Company is located and to the stock exchange.</u></p>  | <p>Amendment according to article 74 of the Guidelines for Articles</p>         |

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---

| <b>Before Amendment</b>  | <b>After Amendment</b>   | <b>Basis for Amendment</b>  |
|--|--|---|
| <p><b>Article 91</b> If counting of votes is held at a shareholder’s general meeting, the result of vote counting at the general meeting shall be recorded in the minutes of the meeting.</p> <p>The minutes of the meeting should be kept together with the signature book of shareholders attending the meeting, authorization letters of proxies in the Company’s domicile. The aforementioned minutes, signature book and letters of proxies shall be kept for not less than 10 years.</p> | <p><b>Article 104</b> If counting of votes is held at a shareholder’s general meeting, the result of vote counting at the general meeting shall be recorded in the minutes of the meeting.</p> <p>The minutes of the meeting should be kept together with the signature book of shareholders attending the meeting, authorization letters of proxies <b><u>and valid information on the results of voting online or through other means</u></b> in the Company’s domicile. The aforementioned minutes, signature book and letters of proxies shall be kept for not less than 10 years.</p>   | <p>Amendment according to article 73 of the Guidelines for Articles</p> |
|  | <p><b>Article 106 <u>The list of candidates for directors and supervisors shall be proposed in the form of resolution to the shareholders’ meeting for voting.</u></b></p> <p><b><u>In voting on the election of directors or supervisors at the shareholders’ meeting, the cumulative voting system may be adopted in accordance with the provisions of the Articles of Association or the resolution passed at the shareholders’ meeting.</u></b></p> <p><b><u>The cumulative voting system in the foregoing sentence means that every share shall, on the occasion of electing directors or supervisors at the shareholders’ meeting, have the same voting rights with that of the number of candidate directors or supervisors and the voting rights possessed by the shareholders may be exercised uniformly. The board of directors shall disclose by means of announcement the biographies and basic information on the candidates for directors and supervisors.</u></b></p> | <p>Amendment according to article 82 of the Guidelines for Articles</p> |
|  | <p><b>Article 107 <u>Other than the cumulative voting system, the shareholders’ meeting shall vote on all proposals one by one. Where different proposals for the same issue are proposed, such proposals shall be voted on in the order of time in which they are proposed. Other than special reasons such as force majeure which results in the interruption of the shareholders’ meeting or makes it impossible to come to resolution, the shareholders’ meeting shall not set aside the proposals or withhold from voting.</u></b></p>  | <p>Amendment according to article 83 of the Guidelines for Articles</p> |
|  | <p><b>Article 108 <u>A resolution being considered at the shareholders’ meeting shall not be revised, otherwise it shall be regarded as a new resolution and shall not be voted at the same shareholders’ meeting.</u></b></p>   | <p>Amendment according to article 84 of the Guidelines for Articles</p> |

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**APPENDIX VI            DETAILS OF PROPOSED AMENDMENTS TO THE ARTICLES  
OF ASSOCIATION SET OUT IN THE ARTICLES OF ASSOCIATION  
(DRAFT) (EFFECTIVE UPON THE LISTING OF A SHARES)**

---

| <b>Before Amendment</b> | <b>After Amendment</b>   | <b>Basis for Amendment</b>                                       |
|-------------------------|--|--|
|                         | <p><u>Article 109 The voting right of the same shares shall be exercised only by either on-site voting, online voting or other means of voting. In case of repeated voting by the same shares, only the first vote is valid.</u></p>   | Amendment according to article 85 of the Guidelines for Articles |
|                         | <p><u>Article 110 Voting is conducted by open ballot at the shareholders' meeting.</u></p>   | Amendment according to article 86 of the Guidelines for Articles |
|                         | <p><u>Article 111 Prior to the voting on a resolution at the shareholders' meeting, two shareholder representatives shall be elected to participate in the counting and ballot examination. If any shareholder is interested in the matter being considered, the shareholder and his/her/its agent shall not participate in the counting and ballot examination.</u></p>   | Amendment according to article 87 of the Guidelines for Articles |
|                         | <p><u>When voting on the resolutions at the shareholders' meeting, the lawyer, shareholder representatives, supervisor representatives and either the share registrar of H Shares or external accountant with auditor qualification shall be jointly responsible for the counting and ballot examination and announcing the voting results on the resolution on the spot, which shall be included in the minutes of meeting.</u></p> |  |
|                         | <p><u>Shareholders or their agents voting online or through other methods shall have the right to check their own voting results through the corresponding voting system.</u></p>  |  |
|                         | <p><u>Article 112 The onsite shareholders' meeting shall not end earlier than the online means or other means. The chairman of the meeting shall announce the voting and results of each of the resolutions, and announce whether or not they are approved in accordance with the results.</u></p>   | Amendment according to article 88 of the Guidelines for Articles |
|                         | <p><u>Before the results are officially announced, all related parties such as the companies, vote counters, vote scrutinizers, substantial shareholders and online voting service provider involved in onsite, online or other means of voting are obliged to keep the results confidential.</u></p>  |  |

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APPENDIX VI                      DETAILS OF PROPOSED AMENDMENTS TO THE ARTICLES  
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---

| Before Amendment | After Amendment  | Basis for Amendment  |
|------------------|--|--|
|                  | <p><u>Article 113 Shareholders attending the shareholders' meeting shall express their opinions on the resolutions proposed for voting in one of the following manners: For, Against or Abstain, unless the securities registration and clearing institution, as the nominal holder of the shares under the connection mechanism between the Mainland and Hong Kong stock markets, makes declaration in accordance with the instructions of the actual holder of the shares.</u></p> | Amendment according to article 89 of the Guidelines for Articles |
|                  | <p><u>Voters whose ballots are incomplete, incorrectly completed or illegible shall be deemed as giving up their voting rights, thus the voting result in respect of their shares shall be counted as "Abstain".</u></p>   |  |
|                  | <p><u>In the case of abstaining from voting, when calculating the voting results on such matter, such votes shall be counted as votes with voting rights, but will not be counted as votes "for" or "against" such matter.</u></p>   |  |
|                  | <p><u>Article 114 An announcement on the resolutions passed at the shareholders' meeting shall be made on a timely manner, which shall set out the number of agents present, the number of shares held by them with voting rights and the percentage to total voting shares of the Company, voting method, voting results on each resolution and details of the resolutions passed.</u></p>  | Amendment according to article 91 of the Guidelines for Articles |
|                  | <p><u>Article 115 If a resolution is not passed or if a resolution passed at previous meeting is changed at the meeting, special notes shall be made in the announcement of the resolutions of the shareholders' meeting.</u></p>  | Amendment according to article 92 of the Guidelines for Articles |

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---

| <b>Before Amendment</b> | <b>After Amendment</b>   | <b>Basis for Amendment</b>  |
|-------------------------|--|---|
|                         | <p><b><u>Article 116 If a resolution on the election of director or supervisor is approved at the shareholders' meeting, the term of office of the new director or supervisor shall commence on the date on which the resolution is approved at the shareholders' meeting or the date otherwise determined at the shareholders' meeting.</u></b></p> <p><b><u>If the staff representative supervisor in the new session of supervisory committee is determined through democratic election before the new session of supervisory committee is determined, the term of office of the staff representative supervisor shall commence on the date on which the new session of supervisory committee is determined. In any other cases, the term of office of the staff representative supervisor shall commence on the date of democratic election.</u></b></p> | <p>Amendment according to article 93 of the Guidelines for Articles</p> |
|                         | <p><b><u>Article 117 If a proposal on the distribution of cash dividends, bonus issue or capitalisation of reserve is passed at the shareholders' meeting, it shall be implemented with detailed plans by the Company within two months of the conclusion of the meeting.</u></b></p>  | <p>Amendment according to article 94 of the Guidelines for Articles</p> |
|                         | <p><b><u>Article 118 In convening a shareholders' meeting, the Company shall engage a lawyer to provide legal opinions and publish an announcement on the following matters:</u></b></p> <p><b><u>(1) whether the convening procedure of the meeting and the convening itself comply with the laws, administrative regulations and the Articles of Association;</u></b></p> <p><b><u>(2) whether the attendants and convener of the meeting are eligible;</u></b></p> <p><b><u>(3) whether the voting procedures and voting results of the meeting are valid;</u></b></p> <p><b><u>(4) legal opinions on other matters upon request by the Company.</u></b></p>  | <p>Amendment according to article 45 of the Guidelines for Articles</p> |

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| <b>Before Amendment</b>   | <b>After Amendment</b>   | <b>Basis for Amendment</b>  |
|---|--|---|
| <b>Chapter 10 The Board of Directors</b>  | <b>Chapter 10 The Board of Directors</b>   |   |
| <b>Section 1 Directors</b>  | <b>Section 1 Directors</b>   |   |
| <p><b>Article 101</b> The Company shall have a Board of Directors. The Board of Directors shall consist of 11 Directors, of which four shall be <b><u>independent non-executive directors</u></b>. The Board of Directors shall have one Chairman and two Vice Chairmen.</p> <p><b>Article 102</b> Directors shall be elected by a general meeting. The term of appointment of a director shall be 3 years. If the term of appointment of a director expires and he/she may be reappointed for consecutive terms.</p> <p>A director's term of office shall start on the date of taking the position and end on the expiration date of the director's term of office. If, upon the expiry of a director's term of office, a new director cannot be elected on a timely basis, before the re-elected director start his/her term of office, such director shall continue to perform his/her duties in accordance with laws, administrative regulations and the Articles of Association.</p> <p>A chairman and vice-chairman shall be elected or recalled by the board of directors which represents more than 50% of board of directors. The term of appointment of a chairman and vice-chairmen shall be 3 years and they may be reappointed for consecutive terms if re-elected.</p> <p>Subject to the provisions of the relevant laws and administrative regulations, the general meeting shall have the power by ordinary resolution to remove any director before the expiration of his term of office, but without prejudice to any claim for damages under any contract.</p> <p>A director shall not be required to hold the Company's shares.</p> | <p><b>Article 128</b> The Company shall have a Board of Directors. The Board of Directors shall consist of 11 Directors, of which four shall be <b><u>independent directors</u></b>. The Board of Directors shall have one Chairman and two Vice Chairmen.</p> <p><b>Article 129</b> Directors shall be elected by a general meeting. The term of appointment of a director shall be 3 years. If the term of appointment of a director expires and he/she may be reappointed for consecutive terms.</p> <p>A director's term of office shall start on the date of taking the position and end on the expiration date of the director's term of office. If, upon the expiry of a director's term of office, a new director cannot be elected on a timely basis, before the re-elected director start his/her term of office, such director shall continue to perform his/her duties in accordance with laws, administrative regulations and the Articles of Association.</p> <p>A chairman and vice-chairman shall be elected or recalled by the board of directors which represents more than 50% of board of directors. The term of appointment of a chairman and vice-chairmen shall be 3 years and they may be reappointed for consecutive terms if re-elected.</p> <p><b><u>Chief executive officer or other senior management may serve as a director, provided that the total number of the directors also acting as chief executive officer or other senior management shall not be more than 1/2 of the total number of directors of the Company.</u></b></p> <p>Subject to the provisions of the relevant laws and administrative regulations, the general meeting shall have the power by ordinary resolution to remove any director before the expiration of his term of office, but without prejudice to any claim for damages under any contract.</p> <p>A director shall not be required to hold the Company's shares.</p> | <p>Perfective amendment based on these amendments</p> <p>Amendment according to article 96 of the Guidelines for Articles</p> |

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---

| <b>Before Amendment</b>  | <b>After Amendment</b>  | <b>Basis for Amendment</b>  |
|--|---|---|
| <b>Section 2 Independent Directors</b>   | <b>Section 2 Independent Directors</b>  |   |
| <p><b>Article 109</b> The Company establishes a board of independent directors. Independent directors refer to those do not carry out non-director duties in the Company and the relationship with the Company and the controlling shareholders will not affect their independent and objective judgment as a director of the Company.</p> <p>The term of office of independent directors is three years and may be reappointed for consecutive terms if re-elected, but the longest term of office shall be no more than <b>nine</b> years, except the relevant law, administrative regulations and listing rules of the stock exchange where the Company's stocks are listing stipulated otherwise.</p> <p><b>Article 111</b> In addition to the functions and powers granted to the directors under the Company Law and other relevant laws and regulations, listing rules of the stock exchange where the Company's stocks are listing and the Articles of Association, the following special functions and powers should also be granted:</p> <p>(1) proposing the engagement or dismissal of an accounting firm to the board of directors;</p> <p>(2) proposing to the board of directors the convening of an extraordinary shareholders' general meeting;</p> <p>(3) proposing the convening of a meeting of the board of directors;</p> <p>(4) <b>subject to the consent from all the independent directors,</b> to appoint external auditor or consultant to audit and consult specific matters of the Company, relevant cost shall be borne by the Company.</p> <p><b>Except for item (4) above,</b> independent directors should obtain the consent of at least half of all the independent directors before exercising the aforementioned functions and powers. If any of the aforementioned proposals was not accepted or any of the aforementioned functions and powers could not be exercised normally, the listed company should disclose the details thereof.</p> | <p><b>Article 136</b> The Company establishes a board of independent directors. Independent directors refer to those do not carry out non-director duties in the Company and the relationship with the Company and the controlling shareholders will not affect their independent and objective judgment as a director of the Company.</p> <p>The term of office of independent directors is three years and may be reappointed for consecutive terms if re-elected, but the longest term of office shall be no more than <b>six</b> years, except the relevant law, administrative regulations and listing rules of the stock exchange where the Company's stocks are listing stipulated otherwise.</p> <p><b>Article 138</b> In addition to the functions and powers granted to the directors under the Company Law and other relevant laws and regulations, listing rules of the stock exchange where the Company's stocks are listing and the Articles of Association, the following special functions and powers should also be granted:</p> <p>(1) proposing the engagement or dismissal of an accounting firm to the board of directors;</p> <p>(2) proposing to the board of directors the convening of an extraordinary shareholders' general meeting;</p> <p>(3) proposing the convening of a meeting of the board of directors;</p> <p>(4) to appoint external auditor or consultant to audit and consult specific matters of the Company, relevant cost shall be borne by the Company.</p> <p>(5) <b><u>Material connected transactions (as determined in accordance with the standards issued by competent regulatory authorities from time to time) shall be submitted to the board of directors for discussion after being approved by the independent directors. Before making determination, the independent directors may appoint an intermediary to issue independent financial advisor's report as the basis for determination.</u></b></p> | <p>Amendment according to article 4 of the Guidance on the Establishment of an Independent Director System in Listed Companies</p> <p>Amendment according to article 5 of the Guidance on the Establishment of an Independent Director System in Listed Companies</p> |

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| <b>Before Amendment</b>  | <b>After Amendment</b>   | <b>Basis for Amendment</b>  |
|--|--|---|
|  | <p>(6) <b><u>Voting rights may be openly solicited from the shareholders prior to the holding of the shareholders' meeting.</u></b></p> <p>Independent directors should obtain the consent of at least half of all the independent directors before exercising the aforementioned functions and powers. If any of the aforementioned proposals was not accepted or any of the aforementioned functions and powers could not be exercised normally, the listed company should disclose the details thereof.</p>   |   |
| <b>Section 3 The Board of Directors</b>  | <b>Section 3 The Board of Directors</b>  |   |
|  | <p><b><u>Article 142 The board of directors shall formulate its rules of procedure to ensure its implementation of the resolutions of the shareholders' meeting, improve its work efficiency and ensure scientific decision-making.</u></b></p>  | Amendment according to article 109 of the Guidelines for Articles |
| <p><b>Article 121</b> The form of a notice of meetings and extraordinary meetings of the board of directors shall be as follows: telephone, fax or electronic mail; The time limit for notification shall be: fourteen (14) days before the convention of meeting of the board of directors, there's no time limit for notification of the extraordinary meeting of the board of directors.</p> <p>The time and venue of meeting of board of directors can be determined by the board of directors and recorded in the minutes. No separate notice for convening the meeting of the board of directors shall be issued to the directors if the minutes has been sent to all directors at least ten (10) days in advance before the next meeting has been held.</p> <p>In the case of a director has attended the meeting, and no dissent of having not received the notice has been raised before or at the meeting, the notice shall be deemed as received.</p> | <p><b>Article 149</b> The form of a notice of meetings and extraordinary meetings of the board of directors shall be as follows: telephone, fax or electronic mail; The time limit for notification shall be: fourteen (14) days before the convention of meeting of the board of directors, there's no time limit for notification of the extraordinary meeting of the board of directors.</p> <p>The time and venue of meeting of board of directors can be determined by the board of directors and recorded in the minutes. No separate notice for convening the meeting of the board of directors shall be issued to the directors if the minutes has been sent to all directors at least ten (10) days in advance before the next meeting has been held.</p> <p>In the case of a director has attended the meeting, and no dissent of having not received the notice has been raised before or at the meeting, the notice shall be deemed as received.</p> | Amendment according to article 117 of the Guidelines for Articles |



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---

| <b>Before Amendment</b>  | <b>After Amendment</b>   | <b>Basis for<br/>Amendment</b> |
|--|--|--------------------------------|
| <p>The meetings of the board of directors can be convened by the way of telephone conference or via communication facilities alike, provided that the aforesaid methods are able to ensure the communication among attending directors, such directors shall be deemed as attending in person.</p> | <p><b><u>A notice of the meeting of the board of directors shall at least include the following:</u></b></p> <ol style="list-style-type: none"><li><b>(1) <u>the time and venue of the meeting;</u></b></li><li><b>(2) <u>the method of holding of the meeting;</u></b></li><li><b>(3) <u>the background and the resolutions to be considered;</u></b></li><li><b>(4) <u>the date of notice;</u></b></li><li><b>(5) <u>the convener and the presider of the meeting, the proponent of the extraordinary meeting as well as the written proposals;</u></b></li><li><b>(6) <u>the meeting materials necessary for voting by directors;</u></b></li><li><b>(7) <u>the requirement that the directors shall attend the meeting in person or appoint another director to attend the meeting;</u></b></li><li><b>(8) <u>contact persons and contact methods.</u></b></li></ol> <p><b><u>A verbal notice of meeting shall at least include the contents set out in items (1) and (2) above, as well as explanations for the convening of an extraordinary meeting of the board of directors under urgent circumstances.</u></b></p> |                                |
|  | <p>The meetings of the board of directors can be convened by the way of telephone conference or via communication facilities alike, provided that the aforesaid methods are able to ensure the communication among attending directors, such directors shall be deemed as attending in person.</p>   |                                |

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| <b>Before Amendment</b>  | <b>After Amendment</b>  | <b>Basis for Amendment</b>  |
|--|---|---|
| <p><b>Chapter 11 Chief Executive Officer of the Company</b></p> <p><b>Article 136</b> The chief executive officer shall lay down his detailed working regulations, to be implemented after approval by the board of directors.</p> | <p><b>Chapter 12 Chief Executive Officer of the Company</b></p> <p><b>Article 167</b> The chief executive officer shall lay down his detailed working regulations, to be implemented after approval by the board of directors.</p> <p><b><u>The detailed work rules of the chief executive officer shall contain the following:</u></b></p> <ol style="list-style-type: none"> <li><b><u>(1) conditions, procedures and participants of the chief executive officer’s meeting;</u></b></li> <li><b><u>(2) specific duties and respective responsibilities of the chief executive officer and other senior management;</u></b></li> <li><b><u>(3) funds of the Company, use of funds, authority to enter into material contracts and systems for reporting to the board of directors and the supervisory committee;</u></b></li> <li><b><u>(4) such other matters as are deemed necessary by the board of directors.</u></b></li> </ol> <p><b>Article 168 <u>The chief executive officer may resign prior to the expiration of his/her term of office. The detailed procedures for the resignation of the chief executive officer and other senior management shall be set out in the labour contracts between the chief executive officer and other senior management and the Company, unless otherwise provided by the laws, administrative regulations and the rules of the place where the shares of the Company are listed.</u></b></p> <p><b>Article 169 <u>The chief executive officer and other senior management shall be liable for any losses caused to the Company by their breach of any laws, administrative regulations, departmental rules or the Articles of Association during performance of their duties to the Company.</u></b></p> | <p>Amendment according to articles 129 and 130 of the Guidelines for Articles</p> <p>Amendment according to article 131 of the Guidelines for Articles</p> <p>Amendment according to article 134 of the Guidelines for Articles</p> |

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| <b>Before Amendment</b>   | <b>After Amendment</b>  | <b>Basis for Amendment</b>  |
|---|---|---|
| <p><b>Chapter 12 Supervisory Committee</b></p> <p><b>Article 139</b> The supervisory committee shall comprise six (6) supervisors, of which two (2) are external supervisors, two (2) are staff representative supervisors and two (2) are independent supervisors. A supervisor’s term of appointment is three (3) years. They can be reappointed for consecutive terms.</p> <p>The supervisory committee shall have one chairman. The chairman of the supervisory committee is appointed and removed on election by more than two-thirds (including two-thirds) of supervisors.</p> | <p><b>Chapter 13 Supervisory Committee</b></p> <p><b>Article 172</b> The supervisory committee shall comprise six (6) supervisors, of which two (2) are external supervisors, two (2) are staff representative supervisors and two (2) are independent supervisors. A supervisor’s term of appointment is three (3) years. They can be reappointed for consecutive terms.</p> <p><b><u>If, upon the expiry of a supervisor’s term of office, a new supervisor cannot be elected on a timely basis, or if any supervisor resigns before the expiry of his/her term of office so that the number of the members of the supervisory committee is below the quorum, before the re-elected supervisor starts his/her term of office, such supervisor shall continue to perform his/her duties in accordance with provisions of the laws, administrative regulations and the Articles of Association.</u></b></p> <p>The supervisory committee shall have one chairman. The chairman of the supervisory committee is appointed and removed on election by more than two-thirds (including two-thirds) of supervisors.</p> | <p>Amendment according to articles 137 and 138 of the Guidelines for Articles</p> |

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---

| <b>Before Amendment</b>  | <b>After Amendment</b>  | <b>Basis for Amendment</b>  |
|--|---|---|
| <p><b>Article 144</b> In justified cases, supervisors have the right to request the chairman of the supervisory committee to convene an interim meeting of supervisory committee. A notice which including date, location, meeting agenda and date of notice issued shall be sent by telephone or facsimile ten (10) days in advance to all the supervisors every time when supervisor committee meeting is to be held.</p> <p>A meeting of the supervisory committee shall require more than two-thirds (including 2/3) of supervisors to be present in order to be convened. Supervisory committee meeting is voting by poll, each supervisor has one vote. The supervisory committee meeting should be attended by the supervisor himself. For supervisors for any reason unable to attend, other supervisors may be delegated in writing to attend the meeting of supervisory committee which the letter of proxy shall set forth the authorized range.</p> <p>Resolutions of regular meeting or interim meeting of the supervisory committee are resolutions of the supervisory committee and shall be passed by more than two-thirds (including 2/3) of supervisors.</p> | <p><b>Article 177</b> <u>At least ten days' notice by telephone or facsimile shall be given to all supervisors for regular meetings of the supervisory committee.</u> In justified cases, supervisors have the right to request the chairman of the supervisory committee to convene an interim meeting of supervisory committee. <u>At least two days' notice by telephone or facsimile shall be given to all supervisors for interim meetings of the supervisory committee. The aforesaid limit does not apply to any emergent meetings.</u> A notice of meeting shall include the date, location, meeting agenda and date of notice issued.</p> <p>A meeting of the supervisory committee shall require more than two-thirds (including 2/3) of supervisors to be present in order to be convened. Supervisory committee meeting is voting by poll, each supervisor has one vote. The supervisory committee meeting should be attended by the supervisor himself. For supervisors for any reason unable to attend, other supervisors may be delegated in writing to attend the meeting of supervisory committee which the letter of proxy shall set forth the authorized range.</p> <p>Resolutions of regular meeting or interim meeting of the supervisory committee are resolutions of the supervisory committee and shall be passed by more than two-thirds (including 2/3) of supervisors.</p> | <p>Amendment according to article 109 of the Prerequisite Clauses</p> |

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---

| <b>Before Amendment</b>  | <b>After Amendment</b>   | <b>Basis for Amendment</b>  |
|--|--|---|
| <p><b>Chapter 13 Qualifications and Obligations of Directors, Supervisors, Chief Executive Officer and Other Senior Management</b></p> <p><b>Article 149</b> A person may not hold the position of director, supervisor, chief executive officer or other senior management in any of the following circumstances:</p> <p>(1) the person has no civil capacity or has restricted civil capacity;</p> <p>(2) persons who have committed the offences of corruption, bribery, trespass of property, misappropriation of property or damaging the social economic order, and have been penalized due to the above offences, where less than five years have elapsed since the date of the completion of implementation of the penalty or persons who have committed crimes and have been deprived of their political rights due to such crimes, where less than five years have elapsed since the date of the completion of the implementation of such deprivation;</p> | <p><b>Chapter 14 Qualifications and Obligations of Directors, Supervisors, Chief Executive Officer and Other Senior Management</b></p> <p><b>Article 182</b> A person may not hold the position of director, supervisor, chief executive officer or other senior management in any of the following circumstances:</p> <p>(1) the person has no civil capacity or has restricted civil capacity;</p> <p>(2) persons who have committed the offences of corruption, bribery, trespass of property, misappropriation of property or damaging the social economic order, and have been penalized due to the above offences, where less than five years have elapsed since the date of the completion of implementation of the penalty or persons who have committed crimes and have been deprived of their political rights due to such crimes, where less than five years have elapsed since the date of the completion of the implementation of such deprivation;</p> | <p>Amendment according to article 95 of the Guidelines for Articles</p> |

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---

| <b>Before Amendment</b>   | <b>After Amendment</b>  | <b>Basis for Amendment</b> |
|---|---|----------------------------|
| (3) persons who were former directors, factory chiefs or managers of a company or enterprise which has become insolvent and has been liquidated and were personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise; | (3) persons who were former directors, factory chiefs or managers of a company or enterprise which has become insolvent and has been liquidated and were personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise; |                            |
| (4) persons who were legal representatives of a company or enterprise which had its business license revoked due to a violation of the law and were ordered to close down, where less than three years have elapsed since the date of the Company or enterprise, since the date of the business license was revoked;  | (4) persons who were legal representatives of a company or enterprise which had its business license revoked due to a violation of the law and were ordered to close down, where less than three years have elapsed since the date of the Company or enterprise, since the date of the business license was revoked;  |                            |
| (5) persons, who have failed to pay a relatively large debt when due and outstanding on time;   | (5) persons, who have failed to pay a relatively large debt when due and outstanding on time;   |                            |
| (6) the person has been involved in illegal activities which are subject to investigation by the judicial authorities and the case has yet to be settled;   | (6) <b><u>persons banned by the China Securities Regulatory Commission from access to the securities market for a term which has not expired;</u></b>   |                            |
| (7) provisions of laws and administrative regulations stipulate that the person is not permitted to assume the position of leader of an enterprise;   | (7) the person has been involved in illegal activities which are subject to investigation by the judicial authorities and the case has yet to be settled;   |                            |
| (8) the person is not a natural person;   | (8) provisions of laws and administrative regulations stipulate that the person is not permitted to assume the position of leader of an enterprise;   |                            |
| (9) a person of less than five years has elapsed since the date the person was found to be in violation of the provisions of relevant securities regulations and was involved in deceitful or dishonest activities as ruled by the competent authority;   | (9) the person is not a natural person;   |                            |
| (10) other circumstances stipulated in provisions of laws and administrative regulations of the place where the Company's shares are listing.   | (10) a person of less than five years has elapsed since the date the person was found to be in violation of the provisions of relevant securities regulations and was involved in deceitful or dishonest activities as ruled by the competent authority;  |                            |
|   | (11) other circumstances stipulated in provisions of laws and administrative regulations of the place where the Company's shares are listing.   |                            |

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| <b>Before Amendment</b>   | <b>After Amendment</b>   | <b>Basis for Amendment</b>                            |
|---|--|---|
| <p><b>Article 157</b> When a Company director, supervisor, chief executive officer or other senior management personnel has significant direct or indirect interests in a contract, deal or arrangement concluded by or intended to be conducted by the Company (apart from engagement contracts concluded between the Company and director, supervisor, chief executive officer or other senior management), regardless of whether the matter is required to be approved by the board of directors under normal circumstances, the nature and degree of interest shall be promptly disclosed to the board of directors.</p> <p>A director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his associates (as defined under the <b>Securities</b> Listing Rules as effective from time to time) has a material interest nor shall he be counted in the quorum present at the meeting.</p> <p>Unless the interested director, supervisor, chief executive officer or other senior management has disclosed his/her interest to the board of directors according to provisions of the preceding paragraph of this Article, and the board of directors has approved the matter in a vote in which that director, supervisor, chief executive officer and other senior management has not been included, the Company shall have the right to cancel that contract, deal or arrangement. However, exception shall be made if the other party is a bona fide party which did not know that the actions of the director, supervisor, chief executive officer and other senior management were in violation of his/her obligations.</p> <p>If a party related to a director, supervisor, chief executive officer and other senior management has an interest in a contract, deal or arrangement, that director, supervisor, chief executive officer and other senior management shall also be regarded as an interested party.</p> | <p><b>Article 190</b> When a Company director, supervisor, chief executive officer or other senior management personnel has significant direct or indirect interests in a contract, deal or arrangement concluded by or intended to be conducted by the Company (apart from engagement contracts concluded between the Company and director, supervisor, chief executive officer or other senior management), regardless of whether the matter is required to be approved by the board of directors under normal circumstances, the nature and degree of interest shall be promptly disclosed to the board of directors.</p> <p>A director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his associates (as defined under the <b>Hong Kong</b> Listing Rules as effective from time to time) has a material interest nor shall he be counted in the quorum present at the meeting.</p> <p>Unless the interested director, supervisor, chief executive officer or other senior management has disclosed his/her interest to the board of directors according to provisions of the preceding paragraph of this Article, and the board of directors has approved the matter in a vote in which that director, supervisor, chief executive officer and other senior management has not been included, the Company shall have the right to cancel that contract, deal or arrangement. However, exception shall be made if the other party is a bona fide party which did not know that the actions of the director, supervisor, chief executive officer and other senior management were in violation of his/her obligations.</p> <p>If a party related to a director, supervisor, chief executive officer and other senior management has an interest in a contract, deal or arrangement, that director, supervisor, chief executive officer and other senior management shall also be regarded as an interested party.</p> | <p>Perfective amendment based on these amendments</p> |

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| Before Amendment   | After Amendment  | Basis for Amendment  |
|--|--|--|
| <p><b>Chapter 14 Financial and Accounting System and Distribution of Profits</b></p> <p><b>Article 174</b> <u>The Company shall publish its financial reports twice in every financial year, i.e. an interim report shall be published within sixty (60) days of the end of six (6) months of that financial year and an annual financial report shall be published within one hundred and twenty (120) days after the end of the financial year.</u></p>  | <p><b>Chapter 15 Financial and Accounting System and Distribution of Profits</b></p> <p><b>Article 207</b> <u>The Company shall submit its annual financial reports to the securities regulatory authority of the State Council and the stock exchange within four months of the end of each financial year, submit its interim financial reports to local office of the securities regulatory authority of the State Council within two months of the end of the first six months of each financial year, and submit its quarterly financial reports to the securities regulatory authority of the State Council and the stock exchange within one month of the end of the first three and nine months of each financial year.</u></p> <p><u>These financial reports shall be prepared in accordance with the provisions of relevant laws, regulations and departmental rules and published in accordance with the relevant rules of the securities regulation authority of the place of where the shares of the Company are listed,</u></p> <p><u>unless otherwise required by the securities regulation authority of the place where the shares of the Company are listed.</u></p>                          | <p>Amendment according to article 150 of the Guidelines for Articles</p> |
| <p><b>Article 179</b> The Company may use the following for distribution of dividends either way (or simultaneously):</p> <p>(1) cash;</p> <p>(2) share certificates.</p> <p>The dividends and other payments paid by the Company to its domestic shareholders shall be valued and declared in Renminbi, and paid in Renminbi within <b>three</b> months after the date of the declaration of dividends. The dividends and other payments paid by the Company to its overseas listed foreign invested shareholders shall be valued and declared in Renminbi, and paid in foreign currency within <b>three</b> months after the date of the declaration of dividends. The exchange rate from related foreign currency to Renminbi shall be the average closing rate posted by the People’s Bank of China five days before the date of distribution of dividend or other distribution, the transaction of foreign currency the Company needs to pay its foreign invested shareholders is subject to the regulations of the State Administration of Foreign Exchange. The board of directors shall decide the distribution of the Company’s dividend authorised by the general meeting as an ordinary resolution.</p> | <p><b>Article 212</b> The Company may use the following for distribution of dividends either way (or simultaneously):</p> <p>(1) cash;</p> <p>(2) share certificates.</p> <p>The dividends and other payments paid by the Company to its domestic shareholders shall be valued and declared in Renminbi, and paid in Renminbi within <b>two</b> months after the date of the declaration of dividends. The dividends and other payments paid by the Company to its overseas listed foreign invested shareholders shall be valued and declared in Renminbi, and paid in foreign currency within <b>two</b> months after the date of the declaration of dividends. The exchange rate from related foreign currency to Renminbi shall be the average closing rate posted by the People’s Bank of China five days before the date of distribution of dividend or other distribution, the transaction of foreign currency the Company needs to pay its foreign invested shareholders is subject to the regulations of the State Administration of Foreign Exchange. The board of directors shall decide the distribution of the Company’s dividend authorised by the general meeting as an ordinary resolution.</p> | <p>Amendment according to article 154 of the Guidelines for Articles</p> |



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| <b>Before Amendment</b> | <b>After Amendment</b>   | <b>Basis for Amendment</b>  |
|-------------------------|--|---|
|                         | <p><b>Article 213 <u>Basic principles for the profit distribution policy of the Company:</u></b></p> <p><b>(1) <u>The Company shall take into full account of the returns for investors;</u></b></p> <p><b>(2) <u>The profit distribution policy of the Company shall be consistent and stable, while taking into account the long-term interests of the Company, the entire interests of shareholders as a whole, and the sustainable development of the Company.</u></b></p> <p><b>(3) <u>The Company shall give priority to the method of profit distribution in cash dividends.</u></b></p>  | <p>Amendment according to articles 152 and 155 of the Guidelines for Articles</p> |
|                         | <p><b>Article 214 <u>The details of the profit distribution policy of the Company are as follows:</u></b></p> <p><b>(i) <u>The Company may distribute profit in cash, in shares or in a combination of both cash and shares or other methods permitted under the laws, regulations and regulatory documents, and shall give priority to the method of profit distribution in cash dividends.</u></b></p> <p><b>(ii) <u>Dividends may be distributed in cash if the distributable profit realised by the Company (i.e. the profit after taxation after offsetting loss and setting aside reserves) for the year is a positive value and the auditor has issued a standard auditor's report without qualifying opinions on the Company's financial report for the year. The total profit distributed in cash by the Company each year shall not be less than 15% of the profit attributable to Shareholders for the year. The distributable profit that has not been distributed for the year can be carried forward for distribution in subsequent years. The profit distribution by the Company shall not exceed the total distributable profit or affect the Company's sustainable operation ability.</u></b></p> | <p>Amendment according to articles 152 and 155 of the Guidelines for Articles</p> |

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| Before Amendment | After Amendment   | Basis for Amendment |
|------------------|---|---------------------|
|                  | <p><u>(iii) The board of directors shall propose differentiated cash dividend policies, after taking into full consideration the characteristics of the industry in which the Company operates, its stage of development, its business model, profitability and whether there are any arrangements for significant capital expenses:</u></p> <p><u>(1) If the Company is at mature stage and there are no arrangements for significant capital expenses, in making profit distribution, cash dividends shall account for at least 80% of the total profit to be distributed;</u></p> <p><u>(2) If the Company is at mature stage and there are arrangements for significant capital expenses, in making profit distribution, cash dividends shall account for at least 40% of the total profit to be distributed;</u></p> <p><u>(3) If the Company is at growth stage and there are arrangements for significant capital expenses, in making profit distribution, cash dividends shall account for at least 20% of the total profit to be distributed;</u></p> <p><u>(4) If the stage of development of the Company is difficult to identify and there are arrangements for significant capital expenses, in making profit distribution, cash dividends shall account for at least 20% of the total profit to be distributed.</u></p> |                     |
|                  | <p><u>The “arrangements for significant capital expenses” above means that the proposed total expenses of the Company in investments, acquisition of assets or purchase of equipment and buildings for the next 12 months reach or exceed 20% of the latest audited net assets of the Company and are more than RMB50 million in absolute value.</u></p>  |                     |

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---

| Before Amendment | After Amendment   | Basis for<br>Amendment |
|------------------|---|------------------------|
|                  | <p>(iv) <u>If the conditions for cash dividends set out in the Articles of Association are met, the Company shall actively distribute dividends in cash and shall distribute dividends in cash once each year in principle. The board of directors may propose the distribution of interim dividends in view of the profitability and capital needs of the Company;</u></p> |                        |
|                  | <p>(v) <u>In order to maintain the expansion of share capital in line with business growth, the Company may distribute profits through dividends in view of its total distributable profit, capital reserve and cash flow position while meeting the minimum cash dividend percentage and the aforesaid conditions for cash dividends.</u></p>                              |                        |

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| <b>Before Amendment</b> | <b>After Amendment</b>   | <b>Basis for Amendment</b>  |
|-------------------------|--|---|
|                         | <p><b>Article 215 Procedures for reviewing the profit distribution proposal of the Company:</b></p> <p><b>(1) <u>The annual profit distribution proposal of the Company shall be raised and prepared by the Board of Directors in accordance with the requirements of the Articles of Association and in view of the profitability and capital supply and needs. Independent directors shall issue their independent opinions on the profit distribution proposal, which is subject to the consideration and approval by the board of directors before submission to the shareholders' meeting for consideration and approval by the Shareholders. Independent directors may seek opinions of minority shareholders, prepare a distribution proposal and submit it directly to the board of directors for consideration.</u></b></p> <p><b>(2) <u>In considering the profit distribution proposal at the shareholders' meeting, the Company shall provide shareholders with the channel for online voting, or the board of directors, independent directors and shareholders meeting the relevant conditions may solicit voting rights from shareholders, in particular the minority shareholders, in respect of the voting on the profit distribution proposal during the period from the date of registration of shareholding of the shareholders' meeting to the date of the shareholders' meeting.</u></b></p> | <p>Amendment according to articles 152 and 155 of the Guidelines for Articles</p> |

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| Before Amendment | After Amendment   | Basis for<br>Amendment |
|------------------|---|------------------------|
|                  | <p>(3) <u>Subject to the conditions for cash dividends set out in the Articles of Association, if the Company is under special circumstances such as material investment opportunity, great prospects for investment and significant capital needs, and the Company intends not to implement the cash dividend proposal in the immediate future, the board of directors shall explain the specific reason for no cash dividends, the actual and planned uses of proceeds not distributed as dividends and disclose the same in regular reports, which shall be proposed at the shareholders' meeting for consideration after the independent directors have expressed their opinions and shall be disclosed on the media designated by the Company.</u></p> |                        |
|                  | <p>(4) <u>If any adjustment or change to the policy for cash dividends of the Company is indeed necessary, they shall be made in order to protect the interests of the shareholders. The board of directors shall thoroughly discuss the reasonableness of the adjustment or change to the profit distribution proposal and pass it as a resolution before submission to the shareholders' meeting for consideration. When being considered at the shareholders' meeting, it shall be passed by shareholders holding more than 2/3 voting rights of all shareholders attending the shareholders' meeting.</u></p>   |                        |

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| Before Amendment | After Amendment   | Basis for Amendment   |
|------------------|---|---|
|                  | <p><b>Article 216 <u>The Company may adjust its profit distribution policy in the following cases:</u></b></p> <p><b>(1) <u>occurrence of force majeure such as war and natural disasters;</u></b></p> <p><b>(2) <u>the Company suffers loss as a result of material adverse effect on the production and operation of the Company due to significant changes in the national laws, regulations and industry policies;</u></b></p> <p><b>(3) <u>the percentage of net cash flows from operating activities to net profit of the Company for each of three consecutive financial years is lower than 20% due to material changes in the external operating environment or the own operation of the Company;</u></b></p> <p><b>(4) <u>there are material changes in the own operation of the Company which require the adjustment to the profit distribution policy;</u></b></p> <p><b>(5) <u>the adjustment to the profit distribution policy is required in order to protect the interests of the shareholders or maintain the normal and sustainable development of the Company.</u></b></p> | <p>Amendment according to articles 152 and 155 of the Guidelines for Articles</p> |
|                  | <p><b>Article 217 <u>The reserves of the Company may be utilised to make up for the losses of the Company, expand its production and operation or increase its capital. However, capital reserve may not be utilised to make up for the losses of the Company.</u></b></p> <p><b><u>When capitalising the statutory reserve, the remaining balance of such reserve shall not be less than 25% of the registered capital of the Company prior to the capitalisation.</u></b></p>   | <p>Amendment according to article 153 of the Guidelines for Articles</p>          |
|                  | <p><b>Article 220 <u>The Company implements an internal audit system and is equipped with full-time auditors. The Company's financial revenues and expenditures and economic activities are under internal auditing supervision.</u></b></p>  | <p>Amendment according to article 156 of the Guidelines for Articles</p>          |
|                  | <p><b>Article 221 <u>The internal audit system and the responsibilities of the auditors of the Company shall be implemented upon the approval by the board of directors. Audit director shall be responsible and report on his/her work to the board of directors.</u></b></p>  | <p>Amendment according to article 157 of the Guidelines for Articles</p>          |

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| <b>Before Amendment</b>  | <b>After Amendment</b>  | <b>Basis for Amendment</b>  |
|--|---|---|
| <p><b>Chapter 15 Appointment of an Accounting Firm</b></p> <p><b>Article 182</b> The Company shall appoint a State qualified independent accounting firm to audit the Company’s annual financial reports and to examine and verify other financial reports. <u>The Company’s first accounting firm may be appointed by the founding meeting before the first general meeting of shareholders. The term of appointment of the first accounting firm shall be terminated at the conclusion of the first general meeting.</u></p> <p><u>Where the founding meeting does not exercise the powers of office stipulated in the preceding paragraph, the board of directors shall exercise the said powers of office.</u></p> | <p><b>Chapter 16 Appointment of an Accounting Firm</b></p> <p><b>Article 222</b> The Company shall appoint a State qualified independent accounting firm to audit the Company’s annual financial reports and to examine and verify other financial reports.</p>   | <p>Amendment according to article 158 of the Guidelines for Articles</p>  |
| <p><b>Article 204</b> The liquidation committee shall, within 10 days of its establishment, notify creditors and make a public announcement in the press within 60 days. The creditors shall, within 30 days of receipt of the notice or within 45 days of the date of the first public announcement if the notice has not been received, report their creditors’ right to the liquidation committee. The liquidation committee shall register the creditors’ right in accordance with the law. During the period of creditors’ declaration, the liquidation committee is not permitted to pay debts to creditors.</p>   | <p><b>Article 225</b> <u>The Company warrants that the Company will provide the engaged accounting firm with true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information, and the Company shall not refuse to provide or conceal or falsify such documents.</u></p> <p><b>Article 245</b> The liquidation committee shall, within 10 days of its establishment, notify creditors and make a public announcement in the press within 60 days. The creditors shall, within 30 days of receipt of the notice or within 45 days of the date of the first public announcement if the notice has not been received, report their creditors’ right to the liquidation committee. <u>When reporting creditors’ right, the matters regarding the creditors’ right shall be explained and the supporting documents shall be provided.</u> The liquidation committee shall register the creditors’ right in accordance with the law. During the period of creditors’ declaration, the liquidation committee is not permitted to pay debts to creditors.</p> | <p>Amendment according to article 160 of the Guidelines for Articles</p> <p>Amendment according to article 182 of the Guidelines for Articles</p> |
|  | <p><b>Article 250</b> <u>Members of the liquidation committee shall be devoted to their duties and perform their liquidation obligations in accordance with the law. They shall not take advantage of their functions and powers to accept bribes or other illegal income, or to take illegal possession of the property of the Company. Where a member of the liquidation committee causes losses to the Company or its creditors intentionally or through gross negligence, he or she shall be liable for compensation.</u></p>   | <p>Amendment according to article 186 of the Guidelines for Articles</p>  |

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| <b>Before Amendment</b>   | <b>After Amendment</b>   | <b>Basis for Amendment</b>  |
|---|--|---|
|   | <u>Article 251 Where the Company is declared bankrupt according to the laws, bankruptcy liquidation shall be conducted in accordance with the law on enterprise bankruptcy.</u>  | Amendment according to article 187 of the Guidelines for Articles |
| <b>Chapter 16 Procedures for Amendment of the Articles of Association</b>   | <b>Chapter 17 Procedures for Amendment of the Articles of Association</b>  |   |
| <u>Article 209 The Company may amend its Articles of Association in accordance with laws, administrative regulations and its Articles of Association.</u> | <u>Article 252 The Company shall amend the Articles of Association in any of the following cases:</u><br><br>(1) <u>the provisions of the Articles of Association are in conflict with those of the Company Law or the relevant laws or administrative regulations following their amendment;</u><br><br>(2) <u>any change in the position of the Company, resulting in inconsistency with the records in the Articles of Association;</u><br><br>(3) <u>it is decided at the shareholders' meeting to amend the Articles of Association.</u>  | Amendment according to article 188 of the Guidelines for Articles |
| <b>Chapter 17 Additional Rules</b>  | <b>Chapter 18 Additional Rules</b>   |   |
| <u>Article 217 The term "accounting firm" as used in the Articles of Association shall have the same meaning as "auditor".</u>                            | <u>Article 260 The term "accounting firm", as used in the Articles of Association shall have the same meaning as "auditor".</u><br><br><u>As the context may require and pursuant to the regulatory requirements in the jurisdictions in which the Shares of the Company are listed, the terms "related" and "related party" used in the Articles of Association shall have the same meaning as (1) "connected" and "connected person" as defined under the Hong Kong Listing Rules, or (2) "related" and "related party" as defined under the SSE Listing Rules respectively.</u><br><br><u>The term "actual controller" as used the Articles of Association mean the person which is not a shareholder of the Company but is able to control the Company through investment, agreement or other arrangement.</u> | Perfective amendment based on these amendments                    |



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*Notes:*

1. If resolution no. 16 (in relation to the amendments to the Articles of Association of the Company) is approved by the Shareholders at the EGM, the revised provisions will be incorporated into the Articles of Association (Draft) or the Articles of Association (Draft) are deemed to have made the corresponding changes.
2. The Articles of Association and the Articles of Association (Draft) are prepared in Chinese and are translated into English. Should there be any discrepancies between the Chinese and English versions, the Chinese version shall prevail.

**CHINA SUNTIEN GREEN ENERGY CORPORATION LIMITED\*****THE USE OF PROCEEDS PREVIOUSLY RAISED AND  
THE SPECIAL ASSURANCE REPORT****30 JUNE 2017****The Assurance Report on the Use of Proceeds Previously Raised**

Ernst &amp; Young Hua Ming (2017) Zhuan Zi No.60809266\_A05

To the Board of Directors of China Suntien Green Energy Corporate Limited,

We have been engaged by China Suntien Green Energy Corporation Limited (hereinafter referred to as the “Company”) to provide assurance on the attached Report on the Use of Proceeds Previously Raised as of 30 June 2017. It is the responsibility of the Board of Directors of the Company to prepare the Report on the Use of Proceeds Previously Raised in accordance with the Rules Governing the Report on the Use of Proceeds from Previous Fund Raising Activity (Zheng Jian Fa Xing Zi [2007] No.500) issued by the China Securities Regulatory Commission, and to ensure its truthfulness, accuracy and completeness as well as the absence of false statements, misleading representations or material omissions. Our responsibility is to express our assurance opinion on the Report on the Use of Proceeds Previously Raised based on the assurance work we have performed.

We have conducted our assurance work in accordance with the requirements as set out in Chinese CPAs’ Standard on Other Assurance Engagements No.3101 – Assurance Engagements other than Audits or Reviews of Historical Financial Information. This standard requires us to plan and conduct our assurance work in order to obtain a reasonable assurance on whether the Report on the Use of Proceeds Previously Raised as aforementioned is free from material misstatements. In the process of performing our assurance work, we have carried out various procedures, including inquiries, random inspections and examinations as well as other procedures we deemed necessary. We are of the opinion that our assurance work has provided a reasonable basis for our opinion.

In our opinion, the Company’s Report on the Use of Proceeds Previously Raised as mentioned above has been prepared in accordance with the Rules Governing the Report on the Use of Proceeds from Previous Fund Raising Activity (Zheng Jian Fa Xing Zi [2007] No.500) issued by the China Securities Regulatory Commission, and has, in all material aspects, reflected the Company’s use of proceeds previously raised as of 30 June 2017.

\* For identification purposes only

This Report is provided solely for the application by the Company to the China Securities Regulatory Commission in connection with its initial public offering of A shares and should not be used for any other purpose without our prior written consent.

Ernst & Young Hua Ming LLP

CPA of China

Chen Jing

Beijing, China

CPA of China

Kong Ling

25 September 2017

**China Suntien Green Energy Corporation Limited\*****Report on the Use of Proceeds Previously Raised****1. About the previous fund raising**

Upon the approval by the China Securities Regulatory Commission via Zheng Jian Xu Ke [2014] No.100, China Suntien Green Energy Corporation Limited (hereinafter referred to as the “Company”) has conducted private placing of H shares outside the PRC. On 28 January 2014, the Company issued 476,725,396 H shares at the nominal value of RMB1 per share through the Hong Kong Stock Exchange; the Offer Price was HKD3.35 per share, and the money received due to subscriptions from shareholders amounted to HKD1,597,030,077.00 (equivalent to RMB1,255,585,046.54); the actual net amount of proceeds from the H share offering (after deducting the securities firm’s underwriting commission and other costs incurred as a result of the offering) was HKD1,564,044,356.00 (equivalent to RMB1,229,651,672.69).

Upon the verification by the Lianda Yan Zi (2014) No.W004 Verification Report issued by the Hebei branch of the Lianda Certified Public Accountants LLP, the actual proceeds drawn from the H share issuance by the Company (after deducting the securities firm’s underwriting commission), which amounted to HKD1,564,044,356.00, were deposited into the specific deposit account (account no.: 012-875-1-154149-1) of the Company at Bank of China (Hong Kong) Limited on 28 January 2014.

As of 30 June 2017, the total balance of the specific account for proceeds from the H share offering was HKD280,835,261.65 (equivalent to RMB243,795,811.15), in which the balance of the specific account outside the PRC was HKD4,936,395.75 (equivalent to RMB4,345,368.64), and the balance of the specific account inside the PRC was HKD275,898,865.90 (equivalent to RMB239,450,442.51).

**2. Changes to the actual investment projects and the total investment amount in relation to proceeds from the previous fund raising**

Net proceeds from the placing were intended to be used for the following purposes: (1) approximately 70% to be invested in wind power generation projects in the PRC; (2) approximately 20% to be used for developing the Company’s natural gas businesses in the PRC, including but not limited to natural gas pipelines, city gas projects, liquefied natural gas projects and compressed natural gas stations; (3) approximately 10% to be used for replenishing the Company’s working capital. As of 30 June 2017, the net proceeds from the placing of H shares of the Company in January 2014 amounted to RMB1,230 million, in which approximately RMB701 million was utilised by the Company in the investment in wind power generation projects in the PRC; approximately RMB208 million was utilised in the development of natural gas businesses of the Group in the PRC; and approximately RMB138 million was utilised to replenish the working capital of the Company.

\* For identification purposes only

As of 30 June 2017, no changes were made in relation to the purpose of the proceeds from the previous fund raising of the Company.

### 3. Actual utilisation of proceeds from the previous fund raising

Pursuant to the plan for the use of proceeds from the placing of H shares as disclosed in the prospectus of the private placing of H shares, after deducting the issue cost, approximately 70% of the total net proceeds from H share issuance was used for the capital requirement for the wind power generation projects in the PRC; approximately 20% of the total net proceeds was used for the development of natural gas businesses in the PRC, including but not limited to the required capital for natural gas pipelines, city gas projects, liquefied natural gas projects and the projects on compressed natural gas filling stations; and approximately 10% of the total net proceeds was used to replenish the working capital for general business purposes.

As of 30 June 2017, the actual utilisation of proceeds from the previous fund raising is set out on “Checklist on the use of proceeds from previously raised proceeds” and “Checklist on the benefits realised from the projects invested with proceeds from the previous fund raising” as below.

| Checklist on the use of proceeds from previously raised proceeds   |     |  |  |
|--|-----|--|--|
| Unit: RMB  |     |  |  |
| Net proceeds (after deducting securities firm’s underwriting commission and other costs as a result of the offering): 1,229,651,672.69 |     | Cumulative total amount of proceeds used: 1,047,813,490.24   | Interest income and exchange gain: 61,957,628.70 |
| Total amount of proceeds used for a changed purpose:   | N/A | Total amount of proceeds used in each year:  |  |
| Percentage of the total amount of proceeds used for a changed purpose:   | N/A | 2014: 595,749,435.11<br>2015: 178,859,027.67<br>2016: 272,162,381.08<br>January to June 2017: 1,042,646.38 |  |

**APPENDIX VII**

**REPORT ON THE USE OF  
PROCEEDS PREVIOUSLY RAISED**

| Investment projects |  |                                  | Total amount of proceeds invested              |   |                          | Cumulative amount of proceeds invested as of 30 June 2017 |   |                          |   | Date for project being ready for its intended use |
|---------------------|--|----------------------------------|--|---|--------------------------|---|---|--------------------------|---|---|
| S/N                 | Promised investment projects                   | Actual investment projects       | Promised investment amount before fund-raising | Promised investment amount after fund-raising | Actual investment amount | Promised investment amount before fund-raising            | Promised investment amount after fund-raising | Actual investment amount | Difference between the actual investment amount and the promised investment amount after fund-raising |   |
| 1                   | Wind power segment                             | Wind power segment               | 70% of the Proceeds                            | 860,756,170.88                                | 701,246,608.52           | 70% of the Proceeds                                       | 860,756,170.88                                | 701,246,608.52           | 159,509,562.36  | N/A   |
| 2                   | Natural gas segment                            | Natural gas segment              | 20% of the Proceeds                            | 245,930,334.54                                | 208,200,000.00           | 20% of the Proceeds                                       | 245,930,334.54                                | 208,200,000.00           | 37,730,334.54   | N/A   |
| 3                   | Replenishment of working capital <i>(Note)</i> | Replenishment of working capital | 10% of the Proceeds                            | 122,965,167.27                                | 138,366,881.72           | 10% of the Proceeds                                       | 122,965,167.27                                | 138,366,881.72           | (15,401,714.45)   | N/A   |
|                     | Total  |                                  |  | 1,229,651,672.69                              | 1,047,813,490.24         |   | 1,229,651,672.69                              | 1,047,813,490.24         | 181,838,182.45  | N/A   |

| Checklist on the benefits realised from the projects invested with proceeds from the previous fund raising |                                  |  |                   |   |                |                 |                      |   |  |
|--|----------------------------------|--|-------------------|---|----------------|-----------------|----------------------|---|--|
|  |                                  |  |                   |   |                |                 |                      |   | Unit: RMB                                  |
| Actual investment projects   |                                  | Cumulative production capacity utilisation of the investment projects as of 30 June 2017 | Promised benefits | Actual benefits for 2014, 2015, 2016 and January to June 2017 |                |                 |                      | Cumulative benefits realised as of 30 June 2017 | Whether the expected benefits are achieved |
| S/N  | Project name                     |  |                   | 2014  | 2015           | 2016            | January to June 2017 |   |  |
| 1  | Wind power segment               | N/A  | N/A               | -   | 9,976,704.50   | 65,745,177.90   | 184,908,248.86       | 260,630,131.26                                  | N/A  |
| 2  | Natural gas segment              | N/A  | N/A               | -   | (8,807,313.98) | (28,783,078.71) | (12,913,683.52)      | (50,504,076.21)                                 | N/A  |
| 3  | Replenishment of working capital | N/A  | N/A               | N/A   | N/A            | N/A             | N/A                  | N/A   | N/A  |

*Note: The Company replenished its working capital with part of the interest income and exchange gains generated from the proceeds.*

#### 4. Comparisons between the actual utilisation of proceeds from the previous fund raising and the relevant contents disclosed in the regular reports of the Company

The comparisons between the actual utilisation of proceeds from the previous fund raising as aforementioned and the actual utilisation of proceeds from the previous fund raising as disclosed in the annual reports of 2014, 2015 and 2016 and the interim report of 2017 of the Company are set out as below:

Unit: RMB million

| S/N | Actual investment projects       | Actual amount of proceeds utilised as of the end of the reporting period |        |        |              | Investment amount with proceeds as disclosed in the annual reports of the Company |        |        |              | Differences |      |      |              |
|-----|----------------------------------|--|--------|--------|--------------|---|--------|--------|--------------|-------------|------|------|--------------|
|     |                                  | 2014   | 2015   | 2016   | 30 June 2017 | 2014  | 2015   | 2016   | 30 June 2017 | 2014        | 2015 | 2016 | 30 June 2017 |
| 1   | Wind power segment               | 343.30   | 126.99 | 230.96 | -            | 343.30  | 126.99 | 230.96 | -            |             |      |      |              |
| 2   | Natural gas segment              | 208.20   | -      | -      | -            | 208.20  | -      | -      | -            |             |      |      |              |
| 3   | Replenishment of working capital | 44.25  | 51.87  | 41.20  | 1.04         | 44.25   | 51.87  | 41.20  | 1.04         |             |      |      |              |
|     | Total                            | 595.75   | 178.86 | 272.16 | 1.04         | 595.75  | 178.86 | 272.16 | 1.04         |             |      |      |              |

No differences were found between the actual utilisation of proceeds from the previous fund raising and the relevant contents on the actual utilisation of proceeds from the previous fund raising as disclosed in the annual reports of 2014, 2015 and 2016 and the interim report of 2017 of the Company.

#### 5. Conclusion

The Board of Directors is of the view that the Company has utilised the proceeds from the previous fund raising in accordance with the plan for the use of proceeds from the H share issuance as disclosed in the prospectus of the previous H share issuance. The Company has fulfilled its obligation of disclosure in relation to its investment and progress of proceeds from the previous fund raising in accordance with the Rules Governing the Report on the Use of Proceeds from Previous Fund Raising Activity (Zheng Jian Fa Xing Zi [2007] No.500) issued by the China Securities Regulatory Commission.

The Directors of the Company undertake that this Report does not contain any false statements, misleading representations or material omissions, and jointly and severally accept legal liability for the truthfulness, accuracy and completeness hereof.

**China Suntien Green Energy Corporation Limited**  
*Board of Directors*  
25 September 2017

**China Suntien Green Energy Corporation Ltd  
Rules of Procedure of General Meetings****Chapter 1 General Principles**

**Article 1** In order to safeguard the lawful rights of all shareholders, regulate the behavior of China Suntien Green Energy Corporation Ltd (hereinafter referred to as the “Company”), guarantee the regulated and efficient operation of general meetings of the Company, and ensure the equality its shareholders and the exercise of their rights effectively, these Rules are stipulated in accordance with laws, regulations, and regulatory documents, such as the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China, the Rules of General Meetings of Listed Companies (2016 Revision) (《上市公司股東大會規則(2016年修訂)》), the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles of Association of China Suntien Green Energy Corporation Ltd (hereinafter referred to as the “Articles of Association”).

**Article 2** The Company shall convene a general meeting in strict compliance with the relevant requirements of laws, administrative regulations, the Articles of Association and these Rules to ensure that its shareholders can exercise their rights in accordance with laws.

The board of directors of the Company shall faithfully perform its duties, and shall organize general meetings in a serious and timely manner. All the directors of the Company shall be diligent and responsible to ensure the normal convening of general meetings and the lawful exercise of their functions and powers.

**Article 3** The general meeting is the body exercising the authority of the Company and shall exercise the following functions and powers in accordance with laws:

- (I) determining the Company’s business policies and investment plans;
- (II) election and replacement of directors who are not staff representatives and determining matters concerning the remuneration of those directors;
- (III) election and replacement of supervisors who are not staff representatives and determining matters concerning the remuneration of those supervisors;
- (IV) considering and approving reports complied by the board of directors;
- (V) considering and approving reports complied by the board of supervisors;
- (VI) considering and approving the Company’s annual budget and final accounting plans;
- (VII) considering and approving the Company’s profit distribution and loss recovery plans;



- (VIII) passing resolutions on the increase or reduction of the Company's registered capital;
- (IX) passing resolutions on the issue of corporate bonds, other securities and programs of listing;
- (X) passing resolutions on such matters as the merger, demerger, dissolution, liquidation or changing the form of the Company;
- (XI) passing resolutions on the engagement, dismissal or non-reappointment of the accounting firm;
- (XII) amending the Articles of Association;
- (XIII) considering and approving any guarantees that shall be reviewed by general meetings as required by laws, administrative regulations and the Articles of Association;
- (XIV) considering and approving matters relating to the acquisition or disposal of material assets that exceed 30% of the latest audited total assets of the Company within one (1) year;
- (XV) considering and approving share incentive plans;
- (XVI) considering proposals raised by the shareholders who individually or collectively hold 3% or more of the Company's shares with voting rights;
- (XVII) considering and approving matters relating to the changes in the use of proceeds;
- (XVIII) considering the acts of external guarantee as specified in Article 62 of the Article of Association;
- (XIX) considering any other matters that shall be resolved by general meetings as required by laws, administrative regulations, and the Articles of Association.

**Article 4** Matters that shall be decided by general meetings as required by laws, regulations and regulatory documents, the listing rules of the place where the Company's shares are listed, and the Articles of Association must be reviewed by general meetings so as to protect the decision-making power of shareholders of the Company with respect to such matters.

Under necessary and reasonable circumstances and without violating the mandatory requirements of laws, regulations and regulatory documents, and the listing rules of the place where the Company's shares are listed, the general meeting may authorize or entrust

the board of directors to determine, within the scope of authorization or entrustment granted by such general meeting, specific issues relating to matters which shall be resolved but cannot be decided upon immediately at such general meeting.

Except in the special circumstances, for example, where the Company is in a crisis, without the advance approval of a general meeting, the Company shall not enter into a contract with any person other than its director, supervisor, president or other senior management, which would hand over the management of all or major business operations of the Company to such person.

**Article 5** General meetings shall be divided into annual and extraordinary general meetings. A general meeting shall be convened by the board of directors. An annual general meeting shall be convened once a year and held within six (6) months after the end of the previous accounting year.

The board of directors shall convene an extraordinary general meeting within two (2) months in any of the following circumstances:

- (I) where the number of directors does not meet the number stipulated in the Company Law or is less than two-thirds of the number required in the Articles of Association;
- (II) where the Company's losses which have not yet been offset account for one-third of the total number of share capital;
- (III) where shareholders individually or collectively holding 10% or more of shares of the Company make written request for the convening of an extraordinary general meeting;
- (IV) where the board of directors believes it is necessary or the board of supervisors proposes that an extraordinary general meeting be convened;
- (V) where one-half or more of independent directors request to convene an extraordinary general meeting; or
- (VI) any other circumstances required by laws, administrative regulations, departmental regulations or the Articles of Association.

The calculation of the proportion of shares described in paragraph (III) above shall adopt the date on which the shareholders submit a written request as the base date for calculation.

Where the Company fails to convene the general meeting within the time mentioned above, it shall report such failure to a dispatched institution of the securities regulatory commission of the State Council and a stock exchange, and give the reasons and make an announcement with respect to the failure.

Shareholders holding different classes of shares shall be regarded as class shareholders. Apart from shareholders with other classes of shares, holders of domestic shares and holders of H Shares shall be regarded as different classes of shareholders. Any plan of the Company to change or abolish the rights of a class shareholder shall be approved at the general meeting by way of a special resolution and also approved through the convening of a class meeting pursuant to the Articles of Association. Only class shareholders can participate in class meetings.

**Article 6** When convening a general meeting, the Company shall engage lawyers to give legal advices on the following issues with announcements made thereon:

- (I) whether the convening of the general meeting and its procedures are in compliance with laws, administrative regulations, these Rules and the Articles of Association;
- (II) whether the eligibility of the personnel attending the meeting or the convener is lawful and valid;
- (III) whether the procedures of voting and the voting result of the meeting are lawful and valid;
- (IV) legal opinions issued with regard to other related matters at the request of the Company.

## **Chapter 2 Convening of General Meetings**

**Article 7** The Board shall convene general meetings within the time frame as required by Article 5 of these Rules on time.

**Article 8** Two or more shareholders holding in aggregate 10% or more of the shares carrying the right to vote at the meeting sought to be held shall sign one (1) or more copies of written request in the same form and substance, requesting the board of directors to convene an extraordinary general meeting or a class meeting and clearly stating the topics for discussion thereat. The aforesaid shareholdings shall be determined as of the date on which the written request is submitted by the shareholders.

**Article 9** The board of directors shall, in accordance with the provision of laws, regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of the extraordinary general meeting or class meeting within ten (10) days after receiving the written request required by Article 8. In the event that the board of directors agrees to convene the extraordinary general meeting or class meeting, the notice of the meeting shall be issued within five (5) days after the passing of the relevant resolution of the board of directors. Any change to the original request made in the notice shall be subject to the approval of the shareholders concerned.

In the event that the board of directors does not agree to convene the extraordinary general meeting or class meeting or does not furnish any reply within ten (10) days after receiving such request, shareholders individually or collectively holding 10% or more of the shares carrying the right to vote at the meeting sought to be held shall be entitled to propose to the board of supervisors to convene an extraordinary general meeting or class meeting, and shall make a request to the board of supervisors in writing.

In the event that the board of supervisors agrees to convene the extraordinary general meeting or class meeting, the notice of such meeting shall be issued within five (5) days after receiving such request. Any changes to the original proposal made in the notice shall be subject to the approval of the shareholders concerned. If the board of supervisors fails to issue the notice of meeting within the stipulated period, it shall be deemed not convene and preside over the general meeting, and shareholders individually or collectively holding 10% or more of the Company's shares for more than ninety (90) consecutive days may convene and preside over the general meeting on their own.

Where shareholders or the board of supervisors convene and hold a meeting due to the failure of the board of directors to hold such meeting at the above request, the reasonable expenses incurred by such shareholders or the board of supervisors shall be borne by the Company and deducted from the sums owed by the Company to the directors with dereliction of duty.

**Article 10** Independent directors shall be entitled to propose to the board of directors to convene an extraordinary general meeting. Regarding the proposal of the independent directors to convene an extraordinary general meeting, the board of directors shall, pursuant to laws, administrative regulations and the Articles of Association, give a written reply as to its agreement or disagreement to the convening of the extraordinary general meeting within ten (10) days after receiving the proposal.

If the board of directors agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five (5) days after the resolution is made by the board of directors. If the board of directors does not agree to convene the extraordinary general meeting, it shall give the reasons and make an announcement with regard to such disagreement.

**Article 11** The board of supervisors shall be entitled to propose to the board of directors to convene an extraordinary general meeting or class meeting, and shall put forward its proposal to the board of directors in writing. The board of directors shall, pursuant to provision of laws, administrative regulations and the Articles of Association, give a written reply as to its agreement or disagreement to convene the extraordinary general meeting or class meeting within ten (10) days after receiving the proposal.

If the board of directors agrees to convene the extraordinary general meeting or class meeting, it shall serve a notice of such meeting within five (5) days after the resolution is made by the board of directors. Any change to the original request made in the notice shall be approved by the board of supervisors.

If the board of directors does not agree to hold the extraordinary general meeting or class meeting or fails to give a reply within ten (10) days after receiving the proposal, it shall be deemed to be unable to perform or not to perform the duty of convening the extraordinary general meeting or class meeting, and the board of supervisors may convene and preside over the meeting by itself.

**Article 12** Where the board of supervisors or shareholders decide(s) to convene a general meeting on its/their own, it/they shall notify the board of directors in writing and file the same with a dispatched institution of the securities regulatory commission of the State Council and a stock exchange of the place where the Company is located.

Before publicly announcing any resolutions of the general meeting, the shareholding percentage of convening ordinary shareholders shall be no less than 10%.

The board of supervisors and the convening shareholders shall submit relevant evidence to the dispatched institution of the securities regulatory commission of the State Council and a stock exchange upon the issue of the notice of the general meeting and the announcement of the resolutions of the general meeting.

**Article 13** The board of directors and the secretary to the board of directors shall offer cooperation in respect of any general meeting convened by the board of supervisors or the shareholders on its/their own. The board of directors shall provide a register of shareholders as at the date of registration of shareholding. If the board of directors fails to provide the register of shareholders, the conveners may apply to the securities registration and clearing institution for the register of shareholders upon presentation of the announcement regarding the notice convening the general meeting. The register of shareholders offered to the conveners shall not be used for any purposes other than the convening of the general meeting.

### **Chapter 3 Proposals and Notice of General Meetings**

**Article 14** The contents of the proposal shall be within the scope of business of the Company and the scope of authority of the general meeting, shall have definite topics for consideration and specific items to be decided by resolution, and shall be in compliance with the relevant provision of laws, administrative regulations and the Articles of Association.

**Article 15** When the Company convenes general meetings, the board of directors, the board of supervisors and shareholders individually or collectively holding 3% or more of the Company's shares shall be entitled to submit their proposals to the Company in writing.

Shareholders individually or collectively holding 3% or more of the Company's shares may submit provisional proposals to the convener in writing twenty (20) days prior to the date of the general meeting. The convener shall issue a supplementary notice of general meeting with the content of such provisional proposals within two (2) days after receipt thereof.

Except as provided in the preceding paragraph, the conveners shall not amend any proposal that has been set out in the notice of general meeting nor add new proposals to it after issuing such notice of general meeting.

Any proposals not set out in the notice of general meeting or not in compliance with Article 14 shall not be put forward for voting and adopted as resolutions at a general meeting.

**Article 16** While submitting proposals in connection with investment, asset disposal, and merger and acquisition and so on, the details of such matters, including the amount, the price (or price calculation methods), the book value of assets, the influence on the Company, the approval details and whether they involve any related transactions, etc. should be fully explained.

**Article 17** When raising the proposals regarding the changes to the usage of raised funds, the board of directors shall state the reasons of the changes to the usage of raised funds, the overview of new projects and the future influence on the Company.

**Article 18** Matters involving the public share offering, etc. that require submitting to the securities regulatory authority of the State Council or other regulatory authority shall be proposed as special proposals.

**Article 19** After the annual report has been approved by the board of directors, the board of directors shall make a resolution on the profit distribution plan of the Company as a proposal to be submitted to the annual general meeting. The proposal of converting capital reserve to share capital increases submitted by the board of directors shall explain in detail the reasons for the increase.

**Article 20** The candidates of directors who are not staff representatives and supervisors who are not staff representatives shall be proposed to the general meeting for approval by way of proposal. Directors who are staff representatives and supervisors who are staff representatives shall be democratically elected by the employees of the Company.

**Article 21** Save as otherwise provided by the relevant provisions of the listing rules of the place where the Company's shares are listed, written notice of a general meeting shall be given forty-five (45) days before the date of the meeting to notify all shareholders in the register of the matters to be considered at the meeting and the date and place of the meeting. A shareholder who intends to attend the general meeting shall deliver a written reply concerning the attendance at the meeting to the Company twenty (20) days before the date of the meeting.

The date of the meeting and the date when the notice is dispatched shall not be included in the calculation of the period for issuing such notice.

The Company shall, based on the written replies received twenty (20) days before the date of the general meeting, calculate the number of shares with voting right represented by the shareholders who intend to attend the meeting. If the number of shares with voting rights represented by the shareholders who intend to attend the meeting reaches one-half or more of the Company's total shares with voting rights, the Company may hold the general meeting. Otherwise, the Company shall, within five (5) days, notify the shareholders again by way of announcement of the matters to be considered at, and the date and place for, the meeting. After issuing the notice by way of announcement, the Company may then proceed to hold the meeting.

An extraordinary general meeting shall not transact matters not stated in the notice of meeting.

**Article 22** Notice of a general meeting shall be served on the shareholders (whether or not entitled to vote at the meeting) by personal delivery or prepaid mail to the address of the shareholders as shown in the register of shareholders. For holders of domestic shares, notices of general meeting can be given by way of announcement.

The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authority of the State Council within the interval between forty-five (45) days and fifty (50) days before the date of the meeting; after the publication of announcement, all holders of domestic shares shall be deemed to have received the notice of the relevant general meeting.

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

**Article 23** Notice of a general meeting shall:

- (I) be in writing;
- (II) specify the place, date and time of the meeting;
- (III) set out the matters to be considered at the meeting;
- (IV) set out the record date for shareholders who are entitled to attend the general meeting;
- (V) provide shareholders with such information and explanation as necessary for them to make informed decisions on the matters to be considered. This principle includes (but is not limited to), where a proposal is made to amalgamate the Company with another, to repurchase shares, to reorganize the share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed contract (if any), and the cause and effect of such proposal shall be properly described;

- (VI) disclose the nature and extent of the material conflict of interest, if any, of any director, supervisor, president and other senior management in the matters to be considered; and provide an explanation of the differences, if any, between the way in which the matter to be considered would affect such director, supervisor, president or other senior management in his capacity as a shareholder and the way in which such matter would affect other shareholders of the same class;
- (VII) set out the full text of any special resolution proposed to be passed at the meeting;
- (VIII) contain an express statement that a shareholder entitled to attend and vote have the right to appoint one (1) or more proxies to attend and vote on his behalf and that such proxy need not be a shareholder;
- (IX) specify the time and place for lodging proxy forms for the meeting;
- (X) specify the name and telephone number of the contact person fixed for routine activities.

**Article 24** Any notice and supplementary notice of general meetings shall sufficiently and completely disclose all specific contents of all proposals and all the information and explanations necessary for the shareholders to make reasonable judgment on the matters to be discussed. If any matter to be discussed at the general meetings requires opinions of the independent directors, the opinions and reasons of the independent directors shall be disclosed together with the issuance of such notice.

**Article 25** Where the election of directors and supervisors is proposed to be discussed at the general meeting, the notice of the meeting shall fully disclose the detailed information of the candidates for directors and supervisors, which should at least include the following:

- (I) personal matters such as educational background, work experience and part-time jobs;
- (II) whether there is any related relationship between them and the Company or its controlling shareholder(s) and de facto controller;
- (III) disclosure of their shareholdings in the Company;
- (IV) whether or not they have been subject to any punishment by the securities regulatory authority of the State Council and other related authorities or any disciplinary action by the stock exchange of the place of listing;
- (V) other matters required to be disclosed by the listing rules of the place where the shares of the Company are listed.



In addition to the adoption of the accumulative voting system to elect directors and supervisors, each of the candidates for directors or supervisors shall be proposed in a separate proposal.

**Article 26** Where the Company convenes a general meeting, the board of directors shall determine a date for ascertainment of the shareholding (the record date). Upon the close of such date (the record date), the shareholders who remain on the register shall be deemed as the shareholders of the Company.

No share transfer shall be entered in the register of shareholders within thirty (30) days prior to the date of a general meeting or within five (5) days before the base date set by the Company for the purpose of distributing dividends.

**Article 27** After the issuance of the notice convening the general meeting, the meeting shall not be postponed or cancelled without reasonable grounds and the proposal(s) specified in the notice of the general meeting shall not be cancelled. In cases where the meeting has to be postponed or cancelled, the convener shall notify each shareholder and explain the reason at least two (2) working days before the original convening date in accordance with the requirement of the Articles of Association. For general meetings postponed, the postponed convening date shall also be included in the notice.

#### **Chapter 4 Attendance and Registration of General Meetings**

**Article 28** The Company shall convene the general meeting at the domicile of the Company or such other specific place as notified by the convener of the general meeting.

A general meeting shall have a venue where it shall be convened in the form of a physical meeting. Subject to the holding of the general meeting in a lawful and effective manner, the Company may also provide safe, economic and efficient telephone, online transmission or other ways according to its needs for the convenience of shareholders' attendance at the meeting. Shareholders who attend the meeting in the aforesaid manners shall be deemed as present.

**Article 29** In the event that the general meeting of the Company adopts online transmission or other ways, the time and procedures for voting via internet or by other ways shall be specifically stated in the notice of the general meeting.

The beginning time for voting via internet or other ways for the general meeting shall not be earlier than 3:00 p.m. on the day prior to date when the on-site general meeting is convened, and shall not be later than 9:30 a.m. on the date when the on-site general meeting is convened. Its closing time shall not be earlier than 3:00 p.m. on the date when the on-site general meeting is concluded.

**Article 30** The board of directors of the Company and other conveners shall take necessary measures to ensure the normal order of the general meeting. For any disturbance to the normal order of the general meeting and acts causing troubles and infringing on the lawful interests of the shareholders, the Company shall take measures to prevent them and report to the relevant authority to pursue the matter.

**Article 31** All shareholders or their proxies appearing on the register of shareholders on the date of registration of shareholding shall be entitled to attend the general meeting. They shall also be entitled to exercise voting rights in accordance with the relevant laws, regulations and regulatory documents, the Articles of Association and the listing rules of the place where the share of the Company are listed, and the Company and conveners shall not reject it for any reason.

**Article 32** A shareholder can attend the general meeting in person or appoint a proxy to attend and vote on his behalf. Shareholders shall entrust their proxies by written instruments that shall be signed by the entrusting parties or the proxies entrusted by them in writing. Where the entrusting party is a legal person, the instrument shall be sealed by the legal person or signed by its director(s) or duly authorized proxies. Such authorization letters should contain the following contents:

- (I) name of the entrusting party and name of the proxy;
- (II) the number of shares represented by the proxy (in the case where more than one proxy is appointed, the instrument shall state the number of shares represented by each proxy);
- (III) whether the proxy has voting rights;
- (IV) the instruction for voting for, against or abstaining from voting for each item as stated in the agenda of general meeting;
- (V) whether the proxy has the right to vote for any extraordinary proposals which may be included in the agenda of the general meeting, if so, specific instruction for the way of voting;
- (VI) Date of signing of the instrument of appointment and the validity period.

**Article 33** Individual shareholders attending a meeting in person shall present their personal identification documents or other valid documents or proofs of their identities as well as the evidence of their shareholdings. Proxies attending a general meeting on behalf of shareholders shall present their personal identification documents and written instruments of appointment signed by the entrusting party or a proxy entrusted by the entrusting party in writing, and the instruments of appointment shall specify the date of signature.

A corporate shareholder shall be represented by its legal representative or a proxy entrusted by such legal representative in attending a meeting. In case of attendance by legal representatives, they shall present their personal identification documents and valid proofs of their capacities as legal representatives and, in the case of attendance by proxies of such legal representatives, such proxies shall present their personal identification documents and the written instruments of appointment sealed by the legal person or signed by their duly entrusted proxy, and the instruments of appointment shall specify the date of signature.

Any blank form issued by the board of directors to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast an affirmative or negative vote and enable the shareholders to give separate instructions on each matter to be voted during discussions at the meeting. The instrument of appointment shall specify that in the absence of instructions from the shareholder, the proxy may vote as he thinks fit.

**Article 34** The instrument appointing a voting proxy shall be placed at the domicile of the Company or at such other place as specified in the notice of the meeting within twenty-four (24) hours prior to the relevant meeting or within twenty-four (24) hours prior to the specified time of the vote. Where the instrument of appointment is signed by another person authorized by the entrusting party, the power of attorney or other document authorizing the signature shall be notarized. The notarized power of attorney or other authorizing document shall be placed together with the instrument appointing the voting proxy at the domicile of the Company or at such other place as specified in the notice of the meeting.

**Article 35** Where the entrusting party has died, lost capacity, revoke the proxy, revoke the signed instrument of appointment or the relevant shares have been transferred prior to the voting, a vote given by a proxy in accordance with the instrument of appointment shall remain valid as long as the Company did not receive a written notice of the event before the commencement of the relevant meeting.

**Article 36** A person attending a meeting shall be disqualified from attending the meeting in any of the following cases in relation to the certificates he presents:

- (I) the personal identification document presented by the entrusting party or the person attending the meeting is fake, invalid or altered;
- (II) the identity information presented by the entrusting party or the person attending the meeting is illegible;
- (III) the instrument of appointment presented by two (2) or more proxies appointed by the same shareholder contain significantly different signatures;
- (IV) the authorization letter bears no signature or seal of the entrusting party;

- (V) an instrument appointing a voting proxy required to be notarized has not been notarized;
- (VI) the relevant certificates presented by the entrusting party or the person attending the meeting are otherwise in clear violation of the provisions of laws, regulations and regulatory documents and the Articles of Association.

**Article 37** An entrusting party or its proxy shall be responsible for any legal consequences arising out of disqualification of such entrusting party or its proxy from attending the meeting caused by any ambiguity in the entrusting party's authorization or that the certificates presented by the proxy certifying the eligibility of the entrusting party or the principal-agent relation or other certificates are not in compliance with laws, regulations and regulatory documents or the Articles of Association.

#### **Chapter 5 Attendance of Meetings**

**Article 38** A shareholder, shareholder's representative and proxy attending a general meeting shall register with the registrar of general meeting in accordance with the time and requirements as stated in the notice of the general meeting.

**Article 39** A registration record for attendants at the meeting shall be compiled by the Company. The registration record shall contain items, including the names of attendants (or names of organizations), identity card numbers, residential addresses, the number of shares with voting rights held or representing and names of the proxies (or names of organizations).

**Article 40** Registered shareholders shall sign on the registration record with evidence as stated in Article 33.

Shareholders who have not registered shall not participate in the general meeting in principle, unless with special approval by the chairman of the meeting; such shareholders shall submit the documents as required by Article 33 of these Rules. Shareholders who comply with the requirements of the notice of the meeting after review can participate in the general meeting after signing on the registration record of the meeting.

**Article 41** Shareholders shall enter the venue before the commencement of the meeting. Persons who enter the meeting during the meeting shall be approved by the chairman of meeting.

**Article 42** When convening a general meeting, all directors, supervisors and the secretary to the board of directors of the Company shall attend the meeting and, unless there is reasonable ground, other senior management shall attend the meeting as non-voting participants.

**Article 43** The person presided over the meeting should, prior to the voting, announce the number of shareholders and proxies present at the venue of the meeting and the total shares with voting rights held by them, and the number of shareholders and proxies present at the venue of meeting and the shares with voting rights held by them shall be subject to the register of the meeting.

#### **Chapter 6 Discussion and Voting at General Meetings**

**Article 44** The chairman of the board of directors shall act as the chairman of the general meeting convened by the board of directors. If the chairman of the board of directors is unable attend the meeting, the vice chairman of the board of directors (if there are two (2) or more vice chairmen of the board of directors, the vice chairman jointly elected by the majority of directors) shall convene the meeting and act as the chairman of the meeting. Where the chairman and vice chairman of the board of directors are unable attending the meeting, a director of the Company elected by the majority of directors shall convene the meeting and act as the chairman of the meeting. If there is no selected chairman of the meeting, shareholders attending the meeting can elect a person to act as the chairman. Where the shareholders fail to elect a chairman of the meeting for any reasons, the shareholder (including his proxy) who holds the largest number of voting shares shall be the chairman of the meeting.

The chairman of the board of supervisors shall preside over the general meeting convened by the board of supervisors on its own. If the chairman of the board of supervisors fails to or does not fulfill his duties, a supervisor jointly elected by the majority of supervisors shall preside over the meeting.

A representative elected by the convener shall preside over the general meeting convened by the shareholders on their own.

Where a general meeting is held and the chairman of the meeting violates these Rules which makes it impossible for the general meeting to continue, a person may be elected at the general meeting to act as chairman of the meeting and continue the meeting, subject to the approval of the majority of the attending shareholders with voting rights.

**Article 45** The chairman of meeting shall announce the commencement of meeting at the pre-determined time. Under special circumstances, he may also announce the commencement of meeting at a time later than the pre-determined time.

**Article 46** The chairman of the meeting shall, after the announcement of commencement of the meeting, announce the number of shareholders and proxies present at the venue of the meeting and the total shares with voting rights held by them, and the number of shareholders and proxies present at the venue of meeting and the total shares with voting rights held by them shall be subject to the register of the meeting.

**Article 47** Issues and proposals set out in the agenda shall be resolved item-by-item under the presiding of the chairman. The chairman can, according to the actual situation, adopt the procedure of “reporting – collective discussion – collective voting” or, for relatively complicated issues, the procedure of “separate reporting – separate discussion and voting”. Reasonable discussion time shall be given for each issue at the general meeting.

**Article 48** At the annual general meeting, the board of directors shall report to the general meeting on their work over the previous year, and each of the independent directors shall also submit his work report.

**Article 49** At the annual general meeting, the board of supervisors shall read out their special supervision report of the Company for the last year which shall include:

- (I) the examination of the financial situation of the Company;
- (II) the duty performance and the execution of the relevant laws, regulations, the Articles of Association and resolutions of general meeting by directors and the senior management in discharging the duties of the Company;
- (III) other major events which the board of supervisors considers shall be reported to the general meeting.

If the board of supervisors considers necessary, it may give opinion on the proposal considered at general meetings and delivers independent reports.

**Article 50** When a shareholder or a proxy considers the issue, he shall demonstrate his opinions briefly and explicitly, propose the inquiry on any problem affecting his judgment and voting but not stated by the reporter, and request the reporter to make explanation and statement.

**Article 51** The directors, supervisors and senior management shall make explanation and statement on the inquiry and suggestions of shareholders at a general meeting, except for those involving trade secrets which shall not be disclosed at a general meeting.

**Article 52** When the general meeting considers matters concerning related transactions, the shareholder related to such related transactions can attend the general meeting, but shall disclose such connected relationship to the general meeting on their own initiative. The related shareholder can explain his view to the shareholder attending the meeting in accordance with the procedures of the meeting, but shall avoid participating in the voting, and the shares with voting rights he represented shall not be counted into the total number of valid votes. The voting of non-related shareholders shall be fully explained in the resolution of the general meeting.

**Article 53** When the general meeting considers matters concerning related transactions, the chairman shall announce the list of the relevant related shareholders, and make a brief on the related matters. The chairman shall announce the total number of voting

shares held by the non-related party shareholders or their proxies present at the meeting, and the percentage of such voting shares in the total number of shares of the Company, and then proceed to consideration and voting of such matters.

**Article 54** Where material issues affecting the interests of small and medium investors are being considered in the general meeting, the votes by small and medium investors shall be counted individually. The individual counting results shall be publicly disclosed in a timely manner.

**Article 55** Matters included into the agenda shall all be passed by way of voting in the general meeting. Shareholders (including their proxies) may exercise their voting rights in accordance with the number of their voting shares. Each share shall have one vote. The way of voting shall be open ballot.

Shares in the Company which are held by the Company do not carry any voting rights, and shall not be counted in the total number of voting shares represented by shareholders or proxies present at a general meeting.

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

**Article 56** When voting by poll, a shareholder (including a proxy) entitled to two (2) or more votes need not cast all his votes in the same way.

**Article 57** The list of candidates for election of directors and supervisors shall be submitted to the general meeting in the form of proposal for voting.

For voting at a general meeting in relation to the election of directors and supervisors, the accumulative voting system may be adopted.

The accumulative voting system referred to in the preceding paragraph shall mean a system used in the election of directors or supervisors at a general meeting where the holder of each share shall have such number of votes as is equivalent to the number of directors or supervisors to be elected, which votes may be casted for a single candidate. The board of directors shall make an announcement to shareholders concerning the biographies and basic information of the candidates for election as directors and supervisors.

The specific procedures of the accumulative voting system are as follows:

- (I) Non-independent directors, independent directors and supervisors of the Company shall be elected separately through separate voting.

- (II) The number of vote represented by each share shall be equivalent to the number of the candidates for non-independent directors, independent directors and supervisors elected. Shareholders may freely cast the votes on various candidates of non-independent directors, independent directors and supervisors or cast all votes on one (1) candidate.
- (III) The sum of votes cast by shareholders on the candidates of non-independent directors, independent directors and supervisors shall not exceed the total voting rights granted for the election of non-independent directors, independent directors and supervisors, otherwise their votes will become invalid.
- (IV) Based on the number of votes casted on each of the candidates of non-independent directors, independent directors and supervisors and the number of candidates of non-independent directors, independent directors and supervisors proposed to be elected, candidates who get the most votes shall be elected, and the votes of the non-independent directors, independent directors and supervisors elected shall exceed the votes representing more than half of voting rights held by shareholders (including proxies thereof) present at the general meeting.
- (V) If the number of the elected non-independent directors, independent directors and supervisors is less than the number of non-independent directors, independent directors and supervisors that shall be elected in the general meeting, but the number of elected directors and supervisors represents two-thirds or more of the number of member of board of directors and board of supervisors as stipulated in the Articles of Association, the vacancies of directors and supervisors shall be elected in the next general meeting.
- (VI) If the number of the elected non-independent directors, independent directors and supervisors is less than the number of non-independent directors, independent directors and supervisors that shall be elected in the general meeting, and does not reach two-thirds of the number of member of board of directors and board of supervisors as stipulated in the Articles of Association, a general meeting shall be convened again within two (2) months after the closing of the general meeting to elect the vacancies of non-independent directors, independent directors and supervisors.

**Article 58** When there are two (2) or more candidates having the same number of votes and both of them, if elected, will make the number of the elected directors or supervisors larger than the number of candidates that shall be elected, a second election shall be conducted among such candidates. If the second election still cannot determine the winners, another election shall be conducted in the next general meeting. If the number of elected directors or supervisors is less than two-thirds of the number of the members of the board of directors or board of supervisors prescribed in the Articles of Association as a result thereof, a general meeting shall be convened again within two (2) months after the closing of this general meeting for the election of non-independent directors, independent directors or supervisors to fill up the vacancies. Save for those under the accumulative



voting system, the general meeting shall vote on all proposals one by one. When different proposals are put forward for a single matter, such proposals shall be voted in the same sequence in which they were raised. Unless a general meeting is suspended or no resolution can be made due to force majeure or other special reasons, no proposal shall be set aside or excluded from voting at the general meeting.

**Article 59** When a proposal is put forward for consideration at a general meeting, no modification shall be made to the proposal. Otherwise, the relevant change shall be deemed as a new proposal, which shall not be voted on at that general meeting.

**Article 60** Shareholders present at the general meeting should express their opinions on the proposal put forward for voting in one of the following options: “For”, “Against”, or “Abstention”, except for the securities registration and settlement institutions which, being the nominal holders of shares subject to the interconnection mechanism of the Mainland and Hong Kong stock market transactions, shall make declaration according to the intentions of actual holders.

In the situations of any incomplete, incorrectly completed or illegible or unused ballots, the voters concerned shall be deemed to have waived their rights to vote, and thus the voting results in respect of the shares they hold shall be counted as “Abstention”.

Any abstention from or waiver of voting shall not be regarded as a valid vote when the Company counts the number of votes in respect of the relevant matter.

**Article 61** The same voting right shall only be exercised either on-site, online or by other means of voting. The first vote cast shall prevail if repeated voting occurs in relation to the same voting right.

**Article 62** In case of equal affirmative and dissenting votes, whether on a show of hands or by poll, the chairman of the meeting shall be entitled to one (1) casting vote.

**Article 63** Before a proposal is voted on at a general meeting, two (2) shareholder representatives shall be legally elected as vote counters and scrutinizers. Any shareholder who is interested in the matter to be considered and his proxies shall not participate in vote counting or scrutinizing. When a proposal is voted on at a general meeting, the votes shall be counted and scrutinized jointly by lawyers, shareholder representatives, supervisor representatives, as well as H share registrars or external accountants qualified as auditors, and the voting results shall be announced in a timely manner. Voting results on the resolutions shall be recorded in the minutes of the meeting.

Upon completion of voting at a general meeting, the vote counters and scrutinizers shall count the votes for each of the resolutions. The chairman of the meeting shall announce the voting and results of each of the proposals in a timely manner. Prior to the formal announcement of voting results, the companies, vote counters, scrutinizers, substantial shareholders and other relevant parties involved in the voting at the general meeting shall be obliged to keep the status of voting confidential.

The on-site general meeting shall not conclude earlier than that online or by other means. Shareholders of the Company or their proxies who cast their votes online or by other means shall have the right to check the results of their votes through the pertinent voting system.

**Article 64** The resolutions of the general meeting shall be announced in a timely manner. The announcement shall set out the number of shareholders and their proxies present at the meeting, the total number of voting shares held and the proportion to the total number of voting shares of the Company, the voting method, the voting results of each proposal and the details of each of the resolutions passed.

**Article 65** The shareholder's rights (including but not limited to the voting votes) exercised in this meeting by personnel who has no legal and valid qualification of attending the meeting are invalid. The invalid votes generated hereby will not be reckoned into the total number of effective voting shares of this meeting.

**Article 66** The general meeting shall form resolutions of the meeting for the matters voted and passed.

Resolutions shall be divided into ordinary resolutions and special resolutions. The ordinary resolutions adopted at a general meeting shall be approved by the shareholders (or their proxies) present at the general meeting with one-half or more of the voting rights; the special resolutions adopted at a general meeting shall be approved by the shareholders (or their proxies) present at the general meeting with two-thirds or more of the voting rights.

**Article 67** The contents of all resolutions made at the general meeting shall comply with the provision of laws, the listing rules of the place where the Company's shares are listed and the Articles of Association. The contents of a resolution of general meeting of the Company which violate laws, administrative regulations and the listing rules of the place where the Company's shares are listed shall be invalid.

The controlling shareholder and de facto controllers of the Company shall not restrict or hinder medium and small investors to exercise voting rights according to law and shall not harm the legitimate rights of the Company and medium and small investors.

If the convening procedures and voting methods of the general meeting violate laws, administrative regulations or the Articles of Association, or the contents of a resolution violate the Articles of Association, shareholders can request the People's Court to cancel the resolution within sixty (60) days from the date when the resolution is adopted.

The shareholders attending the meeting shall faithfully perform their duties, guarantee the authenticity, accuracy and completeness of resolution's contents, and shall not use any statement easily causing ambiguity.

**Article 68** The following matters shall be approved by the general meeting with ordinary resolutions:

- (I) the work report of each of the board of directors and the board of supervisors;
- (II) the profit distribution and loss recovery plans prepared by the board of directors;
- (III) the election and dismissal of directors in the board of directors and supervisors in the board of supervisors (excluding the directors who are staff representatives and the supervisors who are staff representatives), and their remunerations and payment methods;
- (IV) the Company's annual budget, final accounting plans, balance sheet, income statement and other financial statements;
- (V) the Company's annual report;
- (VI) any matters other than those required to be approved with special resolutions as provided by laws, administrative regulations, the listing rules of the place where the shares of the Company are listed or the Articles of Association.

**Article 69** The following matters shall be approved by the general meeting with special resolutions:

- (I) the increase or reduction of share capital, repurchase of the Company's shares and issuance of any stocks, warrants and other similar securities;
- (II) the issuance of corporate bonds;
- (III) the merger, division, dissolution, liquidation or changing the form of the Company;
- (IV) amendments to the Articles of Association;
- (V) the acquisition or disposal of material assets or guarantee with an amount exceeding 30% of the latest audited total assets of the Company within one (1) year;
- (VI) the share incentive plans;
- (VII) any other matters required to be approved with special resolutions as provided by laws, administrative regulations, the listing rules of the place where the shares of the Company are listed or the Articles of Association and those that would have substantial influence on the Company if approved by the general meeting with ordinary resolutions and thus shall be approved with special resolutions.

**Article 70** If the chairman of meeting questions the results of any resolution put to the vote, he may check the number of votes casted; if the chairman of meeting fails to check the votes, shareholders or their proxies present at the meeting shall have the right to immediately require a vote-count if they have objections against the voting results, in which case the chairman of meeting shall tally the count immediately.

A poll demanded shall be taken in such manner (including the use of ballot box or voting or ballot papers) and at such time and place as the chairman directs. According to the listing rules of the place where the shares of the Company are listed, the Company shall issue a notice for the demanded poll in a timely manner. The result of the poll demanded will be considered a resolution of the meeting for the demanded poll.

**Article 71** If votes are counted at a general meeting, the counting result shall be recorded in the minutes of the meeting.

The minutes of meeting, together with the attendance register of the attending shareholders and the instruments of appointment of proxies, shall be kept at the domicile of the Company. The aforesaid minutes of meeting, attendance register and instruments of appointment shall not be destroyed within ten (10) years.

**Article 72** Where a resolution is voted on by a show of hands as permitted under the listing rules, the chairman of the meeting shall declare that the resolution has been passed by a show of hands, or adopted unanimously, or passed by a particular majority, or has not been approved, and an entry to that effect in the minutes of meeting of the Company shall be conclusive evidence of that fact without the need to prove the number or proportion of the votes in favour of or against such resolution.

**Article 73** The convener shall ensure that the general meeting continues to proceed until the final resolutions are made. If the general meeting is terminated or no resolution can be made due to special reasons such as force majeure, necessary action shall be taken to resume the general meeting as soon as possible, or directly terminate that general meeting and make a timely announcement. Meanwhile, the convener shall report the same to a dispatched institution of the securities regulatory commission of the State Council and a stock exchange at the place where the Company is located.

#### **Chapter 7 Disciplines of General Meetings**

**Article 74** Registered shareholders of the Company or their entrusted proxies, directors, supervisors, presidents, secretary to the board of directors and other senior management, notaries, and the guests and journalists invited by the board of directors can attend general meetings. Other persons shall not enter the venue of the meetings.

**Article 75** The chairman of general meeting can require the following personnel exiting from the venue:

- (I) persons without qualification to attend the meeting;

- (II) persons disturbing the order of meeting venue;
- (III) persons who wear untidy clothes and offend against decency;
- (IV) persons who carry dangerous goods;
- (V) other persons who need to exit from the venue.

If the abovementioned persons disobey the order of exit, the chairman of the meeting shall adopt necessary measures to procure them to exit from the venue.

**Article 76** When proposals are considered, only shareholders or their proxies shall have the right of speech. The speaking shareholders shall firstly raise their hands to give indication and make a speech on their seat or at the place designated for giving speech upon approval of the chairman.

When several shareholders raise hands for giving speech, the chairman shall assign the speaker.

The chairman shall specify the time and frequency of speech made by each shareholder according to specific situations. The speech of shareholder shall not be interrupted within the specified time period for speech so that the shareholders can enjoy sufficient right of speech.

If any shareholder's speech violates the provisions of the previous three (3) paragraphs, the chairman of the meeting can reject or stop the speech.

The attending directors, supervisors, presidents and other senior management as well as those approved by the chairman of the meeting can deliver a speech.

**Article 77** The speaking shareholders or their proxies shall firstly introduce their identification as shareholder, the units represented by them and the number of shares held before presenting their points of view.

**Article 78** The Company shall insist on the principle of simplicity to convene general meetings, and shall not offer additional economic benefits to shareholders (or proxies) attending the meeting.

### **Chapter 8 Minutes of General Meetings**

**Article 79** There shall be minutes of meeting for general meetings, which shall be taken charge of by the secretary to the board of directors. The minutes of meeting shall record the following contents:

- (I) the time, place, agenda, and the name of the convener of the meeting;

- (II) the name of the chairman of meeting and the directors, supervisors, secretary to the board, presidents and other senior management who attend the meeting as voting or non-voting participants;
- (III) the number of shareholders and proxies attending the meeting, the total number of voting shares held by such shareholders and the proportion of such shares in the Company's total shares;
- (IV) the consideration process, key points of speeches and voting results of each proposal;
- (V) inquiries, opinions or suggestions of shareholders and the corresponding answers or explanations;
- (VI) the name of lawyers, vote counters and scrutinizers;
- (VII) any other contents that shall be included in the minutes of meeting as required by the Articles of Association.

**Article 80** The convener shall guarantee the authenticity, accuracy and completeness of minutes of meeting. Minutes of meeting shall be signed by the directors, supervisors, secretary to the board, convener or their representatives attending the meeting and the chairman of meeting, and shall be kept together with the attendance register of shareholders attending the meeting and the instruments of appointment of proxies present thereat, as well as the valid information of voting online or by other means, for a term of ten (10) years.

**Article 81** Shareholders may examine photocopies of the minutes of meeting during the Company's office hours free of charge. If any shareholder requests for a photocopy of the relevant minutes of meeting, the Company shall send such photocopies within seven (7) days upon receipt of the payment for reasonable charges.

### **Chapter 9 Adjournment and Closing of Meetings**

**Article 82** The chairman of a general meeting shall have the right to announce the adjournment of the meeting for the time being according to the progress and time arrangement of the meeting. The chairman of general meeting may also announce the adjournment of the meeting when he thinks necessary.

**Article 83** After the chairman announces the voting results of all proposals at the general meeting and shareholders do not raise any objection, the chairman shall announce the closing of the meeting.

**Chapter 10 Implementation of Resolutions Passed at General Meetings**

**Article 84** Any resolution made at a general meeting with respect to a proposal of shareholders shall list the name of proposing shareholders, their shareholding proportion and the contents of such proposal.

**Article 85** If the proposals of meeting are not passed, or the resolutions at the former general meeting are changed by this general meeting, the board of directors shall make special hints in the resolutions of this general meeting.

**Article 86** The resolutions formed by the general meeting shall be implemented by the board of directors, and submitted to the presidents of the Company who shall organize relevant personnel to implement and undertake specifically according to the contents of resolutions. The matters to be handled by the board of supervisors as required by the resolutions of general meeting shall be organized and implemented directly by the board of supervisors.

**Article 87** If the proposal with respect to the election of directors or supervisors is approved at the general meeting, the term of office of a new director or supervisor shall commence in accordance with the provisions of the Articles of Association.

**Article 88** If the proposals in connection with the distribution of cash dividends, bonus issue, or conversion of capital common reserve fund into share capital are passed at the general meeting, the Company shall implement detailed plans thereof within two (2) months after the conclusion of such general meeting.

**Chapter 11 Special Procedures for Voting by Class Shareholders**

**Article 89** Shareholders holding different class of shares shall be class shareholders. Class shareholders shall enjoy the rights and assume the obligations in accordance with the provision of laws, administrative regulations and the Articles of Association.

**Article 90** Where the share capital of the Company includes shares which do not carry voting rights, the designation of such shares shall bear the wording “non-voting”.

**Article 91** Where the share capital of the Company includes shares with different voting rights, the designation of each class of shares (except shares with the most privileged voting rights) shall bear the wording “restricted voting” or “limited voting”.

**Article 92** No rights conferred to class shareholders shall be varied or abrogated unless approved by way of special resolution at a general meeting and by the affected class shareholders at a separate general meeting convened in accordance with Articles 94 to 96 of these Rules.

**Article 93** The following circumstances shall be taken to be a variation or abrogation of the rights of shareholders of a particular class:

- (I) to increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having a voting right or a right to dividends or other privileges equal or superior to the shares of such class;
- (II) to effect an exchange of all or part of the shares of such class into those of another class or to effect an exchange of or grant a right of exchange of all or part of the shares of another class into those of such class;
- (III) to remove or reduce the rights to acquire accrued dividends or cumulative dividends attached to the shares of such class;
- (IV) to reduce or remove the rights with a priority to acquire dividends or property distribution during the liquidation of the Company attached to the shares of such class;
- (V) to add, remove or reduce the conversion, options, voting, transfer or pre-emptive rights or the rights to acquire securities of the Company attached to the shares of such class;
- (VI) to remove or reduce the rights to receive payables from the Company in a particular currency attached to the shares of such class;
- (VII) to create a new class of shares with voting right, right to dividends or other privileges equal or superior to those of the shares of such class;
- (VIII) to restrict the transfer or ownership of the shares of such class or to impose additional restrictions thereon;
- (IX) to grant the right to subscribe for, or convert into, the shares of such or another class;
- (X) to increase the rights or privileges of the shares of another class;
- (XI) to cause the holders of different classes of shares to bear a disproportionate burden of obligations in the restructuring as a result of the restructuring scheme of the Company;
- (XII) to amend or abrogate any provision of this Chapter.

**Article 94** Shareholders of the affected class, whether or not entitled to vote at general meetings, shall nevertheless be entitled to vote at class meetings in respect of matters concerning sub-paragraphs (II) to (VIII), (XI) and (XII) of Article 93, but interested shareholders shall not be entitled to vote at class meetings.

**Article 95** “Interested shareholder(s)” as mentioned in the preceding paragraph represents:



- (I) in case of the Company's offer for share repurchase on a pro rata basis to all shareholders or a share buyback through public dealings on a stock exchange in compliance with Article 31 of the Articles of Association, a controlling shareholder within the meaning of Article 59 of the Articles of Association;
- (II) in case of the Company's share buyback by way of an off-market agreement in compliance with Article 31 of the Articles of Association, a shareholder who is involved in the entering into of such agreement;
- (III) in case of the Company's reorganization scheme, a shareholder of one class who bears less than a proportionate burden imposed on other shareholders of that class or who has an interest different from those of other shareholders of that class.

**Article 96** Resolutions at a class meeting shall be passed by shareholders present at the class meeting representing two-thirds or more of the shares with voting rights according to Article 94.

**Article 97** In the event that the Company convenes a class meeting, a written notice specifying the matters to be considered at, and the date and location for, the meeting shall be issued to the shareholders whose names appear on the register of shareholders of such class forty-five (45) days before the time for holding such meeting. Shareholders who intend to attend the meeting shall serve a written reply to the Company twenty (20) days prior to the date of the meeting.

Where the number of shares carrying the rights to vote at the meeting held by the shareholders intending to attend the meeting reaches one-half or more of the total number of shares of such class carrying the rights to vote at the meeting, the Company may convene the class meeting based thereon, failing which the Company shall, within five (5) days, notify the shareholders again by way of announcement of the matters to be considered at, and the date and location for, the meeting before it proceeds to convene the class meeting.

**Article 98** Notice of a class meeting shall be given only to shareholders entitled to vote at the meeting.

A class meeting shall be conducted as similar in terms of procedures to a general meeting as possible. The provisions concerning the procedures of a general meeting set out in the Articles of Association shall also apply to class meetings.

**Article 99** Apart from the holders of other classes of shares, the holders of domestic shares and overseas listed foreign shares shall be taken to be shareholders of different classes.

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

- (I) where the Company issues, upon approval by way of a special resolution at a general meeting, either separately or concurrently once every twelve (12) months, domestic shares and overseas listed foreign shares, to the extent that the number of the shares to be issued does not exceed 20% of the outstanding shares of their respective class;
- (II) where the Company's plan to issue domestic shares and overseas listed foreign shares upon its incorporation is completed within fifteen (15) months from the date of approval by the competent securities authorities of the State Council;
- (III) where the domestic shares of the Company are transferred by their holders to overseas investors and are subsequently listed and traded on overseas stock exchanges with the approval by the competent securities authorities of the State Council.

### **Chapter 12 Supplementary Provisions**

**Article 100** If there are any matters not covered by these Rules or in any event that these Rules are inconsistent with, contravene or contradict any relevant laws, regulations, the Articles of Association or the listing rules of the place where the shares of the Company are listed, the laws, regulations, regulatory documents, the listing rules of the place where the shares of the Company are listed and the Articles of Association shall prevail.

Unless otherwise specified, the terms used in these Rules shall have the same meaning as those terms used in the Articles of Association.

**Article 101** In these Rules, the terms “or more” and “within” are inclusive terms, while the terms “exceed” or “exceeding” are exclusive terms. In these Rules, the terms “related” and “related party” shall have the same meaning as the terms “connected” and “connected party” described in the relevant provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited.

**Article 102** The power of interpretation of these Rules shall be vested in the board of directors.

**Article 103** These Rules have been considered and approved by the general meeting of the Company, and shall be effective and implemented from the date of the initial public offering and listing of Renminbi-denominated ordinary shares (A shares) of the Company.

*Note:* The “Rules of Procedure of the General Meetings (Effective upon the listing of A Shares)” were prepared in Chinese and are translated into English. Should there be any discrepancies between the Chinese and English versions, the Chinese version shall prevail.

**Rules of Procedure of the Board of Directors of  
China Suntien Green Energy Corporation Limited****Chapter 1 General Principles**

**Article 1** In order to further regulate the discussion methods and decision-making procedures of the board of directors of China Suntien Green Energy Corporation Limited (hereinafter referred to as the “Company”), procure directors and the Board to effectively fulfill their obligations and improve the regulated operation and scientific decision-making levels of the Board, these Rules are formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Securities Law of the People’s Republic of China, the Code of Corporate Governance for Listed Companies, the Mandatory Provisions for the Articles of Association of the Companies to be Listed Overseas, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Model Rules of Procedures for the Board of Directors of Listed Companies on the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended from time to time) (hereinafter referred to as the “Hong Kong Listing Rules”) and other regulations, as well as the Articles of Association of China Suntien Green Energy Corporation Limited (hereinafter referred to as the “Articles of Association”).

**Article 2** These Rules are applicable to the board of directors, special committees under the board of directors, directors, the secretary to the board of directors and other related departments and personnel referred to herein.

**Chapter 2 Directors**

**Article 3** The board of directors shall consist of eleven (11) directors, of which four (4) shall be independent directors. The board of directors shall have one (1) chairman and two (2) vice chairmen.

**Article 4** Directors shall be elected and replaced by a general meeting. Their term of office shall be three (3) years. If the term of office of a director expires, he/she may be reappointed for consecutive terms. The term of office of independent directors shall not exceed six (6) years.

**Article 5** The term of office of directors shall start from the date when they take the offices until the expiry of the term of this session of the Board. If a new director has not been elected in a timely manner before the expiry of a director’s term of office or the number of members in the board of directors falls below the legally prescribed minimum number due to the resignation of a director, the original director shall perform his/her duties as directors in accordance with laws, administrative regulations, departmental rules and the Articles of Association before such new director takes his/her office. The date on which a director assumes office shall be the date on which the resolution concerning the election of the director is passed at a shareholders’ general meeting or the commencement date determined by the resolution passed at the shareholders’ general meeting.

Where the date on which an employee representative director in a new session of the board of directors is elected in a democratic way is earlier than the date of establishment of the new session of the board of directors, the date on which the employee representative director assumes office shall be the date of establishment of the new session of the board of directors; otherwise, the date on which an employee representative director assumes office shall be the date on which he is elected in a democratic way.

**Article 6** Non-employee representative directors of the board of directors shall be nominated by the previous session of the board of directors or the board of supervisors or nominated by shareholders holding 3% or more of the total voting shares of the Company and shall be elected at a shareholders' general meeting of the Company. Employee representative directors shall be elected and removed by employees of the Company democratically.

**Article 7** A director may concurrently serve as the president or other senior management member of the Company, but the number of directors concurrently serving as the president or other senior management members and directors who are also employee representatives shall not exceed one-half of the total number of directors of the Company.

**Article 8** Where a shareholders' general meeting is considering a proposal for the election of directors, each director candidate shall be voted one by one. Where a proposal for the election of new directors is passed, the newly elected director shall assume office immediately after the conclusion of the meeting or at the time determined by a resolution of the shareholders' general meeting.

**Article 9** Any written notice concerning the intention to nominate a candidate as director and such candidate's consent to accept the nomination shall be sent to the Company not earlier than the day after the dispatch of the notice of the general meeting and not later than seven (7) days prior to the date of such meeting. The period for the nomination and acceptance of such nomination shall be no less than seven (7) days.

**Article 10** A person may not hold the position of director in any of the following circumstances:

- (1) a person who has no civil capacity or has restricted civil capacity;
- (2) a person who committed the offences of corruption, bribery, trespass of property, misappropriation of property or damaging the social economic order, and was penalized due to the above offences, where less than five (5) years have elapsed since the date of the completion of implementation of the penalty, or who committed crimes and was deprived of his/her political rights due to such crimes, where less than five (5) years have elapsed since the date of the completion of the implementation of such deprivation;

- (3) a person who was a director or the factory chief or manager of a company or enterprise that became insolvent and was liquidated as a result of mismanagement and was personally liable for the insolvency of such company or enterprise, where less than three (3) years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;
- (4) a person who was the legal representative of a company or enterprise that had its business license revoked due to a violation of laws and was personally liable therefor, where less than three (3) years have elapsed since the date of the revocation of the business license;
- (5) a person who has failed to pay a relatively large debt when due and outstanding;
- (6) a person who has been subject to the investigations by judicial authorities due to a violation of criminal laws and the case has yet to be settled;
- (7) a person who was ruled by the competent authority that he/she had violated the provisions of the relevant securities regulations and had been involved in deceitful or dishonest acts, where less than five (5) years have elapsed since the date of the ruling.
- (8) a person who was punished by the securities regulatory authority of the State Council for prohibition from entering into the securities market, where the period of such prohibition has not expired;
- (9) any other circumstances specified by laws, administrative regulations or the listing rules of the place where the shares of the Company are listed.

When a director is elected or appointed in violation of this article, such election, appointment or employment shall be invalid. The Company shall discharge the duties of the director if he/she has the circumstances described in this articles during his/her term of office.

### **Chapter 3 Chairman of the Board of Directors**

**Article 11** The chairman of the board of directors shall exercise the following functions and powers:

- (1) to preside over general meetings, and convene and preside over meetings of the board of directors;
- (2) to check and supervise the implementation of board resolutions, and receive the relevant reports;

- (3) to supervise, develop and formulate various rules and regulations regarding the operation of the board of directors, and coordinate the operation of the board of directors;
- (4) to sign any securities issued by the Company;
- (5) to sign important documents of the board of directors;
- (6) to sign important documents with legal binding force with external parties on behalf of the Company;
- (7) any other functions and powers specified by laws and regulations or granted by the board of directors.

**Article 12** The vice chairman of the Company shall assist the chairman in his/her work. When the chairman is unable to or does not perform his/her duties, such duties shall be performed by the vice chairman (if the Company has two or more vice chairmen, then such duties shall be performed by the vice chairman jointly elected by the majority of directors). If the vice chairman is unable to or does not perform his/her duties, such duties shall be performed by a director jointly elected by the majority of directors.

#### **Chapter 4 Secretary to the Board of Directors**

**Article 13** The board of directors shall have a secretary. The secretary to the board of directors shall be a senior officer of the Company, who will be accountable to the board of directors.

**Article 14** The main duties of the secretary to the board of directors are:

- (1) to take charge of the communication and liaison between the Company and its related parties (as a party) and the stock exchanges and other securities regulatory authorities (as the other party), and ensure that the Company prepares and submits any reports and documents required by the competent authorities according to law;
- (2) to deal with issues relating to the information disclosure of the Company, push forward the Company to formulate and implement an information disclosure management system and an internal reporting system of material information, procure the Company and its related parties to perform their obligation of information disclosure according to the law, and complete the disclosure of regular and interim reports with stock exchanges pursuant to the relevant requirements;
- (3) to coordinate the relationship between the Company and investors, receive investors, answer their enquiries, and provide them with the information disclosed by the Company;

- (4) to arrange for general meetings and meetings of the board of directors in accordance with statutory procedures, prepare and submit the documents and information in relation to such meetings;
- (5) to attend meetings of the board of directors, prepare and sign the minutes of the meetings;
- (6) to be in charge of the confidentiality work in relation to the information disclosure of the Company, devise confidentiality measures to procure directors, supervisors, presidents and other senior management, as well as the personnel with relevant knowledge, to keep information confidential before the information disclosure and to take remedial measures in a timely manner when inside information is leaked, and report the same to stock exchanges;
- (7) to be responsible for the custody of the register of members, register of directors, information relating to the shareholdings of the Company held by substantial shareholders, directors, supervisors, presidents and other senior management, and documents and minutes of general meetings and meetings of the board of directors and its committees of the Company, etc., ensure that the Company has a complete set of constitution documents and records, and that any person who is entitled to such records and documents receives the same in a timely manner;
- (8) to assist directors, supervisors, presidents and other senior management in understanding any laws, administrative regulations, departmental rules, the listing rules of the place where the shares of the Company are listed and other requirements in relation to information disclosure, the Articles of Association, as well as the provisions of the listing agreement with respect to their legal liabilities;
- (9) to procure the board of directors to exercise its function and powers according to law; when the proposed resolution of the board of directors violates laws, administrative regulations, departmental rules, the listing rules of the place where the shares of the Company are listed and other requirements or the Articles of Association, the secretary shall remind the directors attending the board meeting and ask the supervisors attending the meeting as non-voting members to give their opinions in this regard; if the board of directors insists on making such resolutions, the secretary to the board of directors shall record the opinions of the relevant supervisors and his/her opinions in the minutes and report the same to stock exchanges;
- (10) any other duties stipulated by laws, administrative regulations, departmental rules, the listing rules of the place where the shares of the Company are listed and other requirements, and the Articles of Association.

**Chapter 5 Functions and Powers of the Board of Directors**

**Article 15** The board of directors is the permanent establishment for operation and decision making of the Company, which shall be accountable to general meetings. The board of directors shall perform its duties in compliance with the Company Law, the Articles of Association, the Hong Kong Listing Rules and other relevant legal provisions, and shall be accountable to general meetings and report its work to such meetings.

**Article 16** Each director shall ensure that he/she can devote sufficient time and efforts to handle the affairs of the Company. The board of directors shall regularly review the contributions required to be made by a director in performing his/her duties to the Company.

**Article 17** The board of directors shall exercise the following functions and powers:

- (1) to convene general meetings and report its work to such meetings;
- (2) to implement the resolutions passed by a general meeting;
- (3) to formulate the Company's development strategies and plans;
- (4) to formulate the Company's business policies and investment plans;
- (5) to determine Company's business plans and investment schemes;
- (6) to formulate the Company's annual budget and financial accounting plans;
- (7) to formulate the Company's profit distribution and loss recovery plans;
- (8) to formulate the plan for the increase or decrease of the registered capital of the Company;
- (9) to formulate the plan for the issuance and listing of bond or other securities of the Company;
- (10) to determine the capital expenditure of the Company that exceed RMB300,000 or more of the annual budget and are less than 5% of its net assets;
- (11) to determine, within the authority of the board of directors, the expenses and non-operating expenditure that exceed RMB100,000 or more of the annual budget of the Company;
- (12) to determine any matters relating to donations within the authority of the board of directors;



- (13) to determine the loss, retirement, written-off of assets and the provision for asset impairment or loss of asset not exceeding 1% of the net asset of the Company;
- (14) to consider matters relating to the acquisition or disposal of material assets or the guarantees with an amount of not exceeding 30% of the total assets of the Company within one (1) year;
- (15) to formulate the plan for the merger, demerger, dissolution or changing the form of the Company;
- (16) to determine the establishment of internal management organizations of the Company, and determine the establishment or cancellation of the Company' branches;
- (17) to elect the chairman and vice chairmen of the board of directors, appoint or dismiss the presidents of the Company and determine their remuneration;
- (18) to appoint or dismiss the secretary to the board of directors, appoint or dismiss the chairmen of special committees under the board of directors, and determine their remuneration;
- (19) to appoint or dismiss the vice presidents, chief accountant and chief engineer of the Company based on the nomination made by the president, and determine their remuneration, rewards and punishments;
- (20) to formulate the Company's basic management system;
- (21) to formulate the plan for the amendment to the Articles of Association;
- (22) to formulate the Company's share incentive plans;
- (23) to determine the establishment of the special committees under the board of directors;
- (24) to manage the information disclosure of the Company;
- (25) to propose to the general meeting for the engagement or removal of an accounting firm that conducts audits for the Company;
- (26) to receive regular or irregular working reports from the president of the Company or the senior management of the Company entrusted by the president, and approve the working reports of the president;

- (27) to approve the Company's external guarantees that shall not be considered by the general meeting as required by the listing rules of the place where the shares of the Company are listed and the Articles of Association;
- (28) to consider any notifiable transactions specified by the Hong Kong Listing Rules, other than major transactions, very substantial disposals, very substantial acquisitions and reverse takeovers;
- (29) within the scope of authorization of the general meeting, to decide matters such as the Company's external investment, acquisition and sale of assets, assets mortgage, entrusted wealth management and connected transactions;
- (30) any other functions and powers stipulated by laws, administrative regulations, departmental rules and the listing rules of the place where the shares of the Company are listed, and granted by the general meeting and the Articles of Association.

When the board of directors makes a resolution on the aforesaid matters, save for the resolutions on matters in items (8), (9), (15) and (21) which must be approved by a vote of two-thirds or more of all directors, the resolution on other matters shall be approved by a vote of the majority of all directors.

**Article 18** The management shall be under an obligation to provide the board of directors and its committees with adequate information in a timely manner so as to enable the board of directors to make decisions in the circumstance where it possesses the relevant information. The information supplied by the management must be complete and reliable. To fulfill his/her director's duties properly, a director may not in all circumstances rely solely on the information provided by the management on its own initiative and shall sometimes make further enquiries by himself/herself. Where the board of directors or any director requires other additional information from the management, it/he/she shall have a separate and independent access to the Company's senior management.

**Article 19** All directors shall have the right to inspect documents of the board of directors and its related information. Such documents and related information shall be prepared in such form and quality as would enable the board of directors to make an informed decision. Where queries are raised by directors, the Company shall respond to them as quickly and fully as possible.

**Article 20** The board of directors of the Company shall give an explanation at the general meeting with respect to the non-standard audit opinions given by the certified public accountant on the financial statements of the Company.

#### **Chapter 6 Working Body of the Board of Directors**

**Article 21** The board of directors shall set up a board office as a permanent working body of the board of directors. The secretary to the board of directors or securities affair representative may serve concurrently as the responsible person of the board office, who shall keep the seal of each of the board of directors and the board office.

**Article 22** The board of directors shall have the audit committee, the remuneration and appraisal committee, the nomination committee, the strategic and investment committee, and shall elect members and chairman of the respective committees.

The special committees of the board of directors shall be the special working bodies under the board of directors, which will provide consultation and advice for the board of directors on important decisions. The special committees do not have the decision-making power and shall not make any resolution in the name of the board of directors.

The board of directors may establish other committees and adjust the existing committees based on its needs. The board of directors shall formulate separate rules of procedure for the special committees of the board of directors with respect to the duties and rules of procedures of the special committees, and such rules of procedures shall be effective after being approved by the board of directors.

**Article 23** The special committees shall consist of directors, who may be nominated by the chairman of the board of directors and approved by the board of directors, and shall be accountable to the board of directors. The chairman of the special committees shall be nominated by the chairman of the board of directors and approved by the board of directors.

**Article 24** The main duties of the strategic and investment committee of the board of directors are:

- (1) to study and make recommendations on the development strategy and major investment decisions of the Company;
- (2) to organize and formulate the long-term development plan of the Company, direct and examine the strategic development plans of major subsidiaries;
- (3) to review the annual business plans and investment proposals of the Company;
- (4) to study and make recommendations on significant investments, financing and capital operation proposals that require the approval by the board of directors;
- (5) to study and make recommendations on company reform, adjustment to organizational structure and other major matters that may have an influence on the development of the Company;
- (6) any other functions and powers conferred by the board of directors.

**Article 25** All members of the audit committee of the board of directors shall be non-executive directors, and independent non-executive directors shall be the majority of the committee. At least one (1) of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise. The chairman of the audit committee shall be an independent director.

Its main duties are:

- (1) to review major financial objectives, supervise the implementation of financial and accounting rules and regulations, and direct the financial and accounting work of the Company;
- (2) to review the rules and regulations, and major objectives with respect to finance, internal control and risk control, monitor the soundness, reasonableness and effectiveness of execution of the Company's financial, internal control and risk control systems, direct the Company's risk management, and study on its own initiative or as delegated by the board of directors the major investigations findings on internal control matters and the management's response to these findings;
- (3) to prepare a policy on guarantee management, and review the guarantee business;
- (4) to review the annual budget and final accounts, and supervise the implementation thereof;
- (5) to review the financial analysis and monitor the implementation result of major investment projects, and organize the review of the post-evaluation of these major investment and financing projects;
- (6) to review the proposals on profit distribution and loss recovery, and make recommendations;
- (7) to review the Company's annual internal audit working plan;
- (8) to monitor the internal audit system of the Company and its implementation, and make recommendations on the establishment of internal audit system and the appointment and removal of the person-in-charge of audit institutions;
- (9) to make recommendations on the appointment or change of the external audit institutions to the board of directors, and review their remuneration and terms of engagement, and deal with any issues in connection with the resignation or dismissal of auditors;
- (10) to be responsible for the communication and coordination between the internal audit department and external audit institutions, ensure that the internal audit department is adequately resourced for operation, review and monitor the effective operation of the internal audit department, and monitor the relationship between the Company and external auditors;

- (11) to review the financial information of the Company and its disclosure, conduct independent reviews of and make recommendations on the completeness of the financial statements, annual and half-year reports, and significant opinions contained therein;
- (12) to liaise with the board of directors and senior management of the Company and meet the auditors of the Company at least twice a year, and consider any significant or unusual matters reflected in the relevant reports and statements and give due consideration to any matters raised by the accounting and financial personnel, compliance and supervisory officers or auditors of the Company, for the purpose of performing the duties as mentioned in item (11) above;
- (13) to monitor the effective operation of internal control system of the Company. When any employee of the Company raises concerns about the improprieties in financial statements, internal control system or other matters, the audit committee shall ensure that proper arrangements are in place for the Company to make fair and independent investigations into these matters and take appropriate actions;
- (14) to study and monitor whether the external audit institutions are independent and objective and whether the audit procedures are effective according to applicable standards; the audit committee shall discuss the nature and scope of audit, as well as the reporting duty, with the auditors prior to the audit;
- (15) to formulate and implement the policy for non-audit services provided by the external audit institutions;
- (16) to report to the board of directors about the work within its scope of authority;
- (17) to examine the Explanatory Notes of the Audit provided by external auditors to the management, any material queries raised by the auditors to the management in respect of the accounting records, financial accounts or internal control system and the response from the management, and ensure that the board of directors will provide a timely response to the issues raised in the above Explanatory Notes of the Audit;
- (18) to report on the matters set out in the code provisions C.3.3 and C.3.7 in the Appendix 14 of the Hong Kong Listing Rules;
- (19) any other functions and powers conferred by the board of directors.

**Article 26** The nomination committee of the board of directors shall have a majority of independent directors, with the chairman of the board of directors or an independent director as the chairman of the committee.

The main duties of the nomination committee are:

- (1) to study and prepare the standards, procedures and methods for selecting directors, presidents and other senior management of the Company, and to give recommendations to the board of directors;
- (2) to inspect the candidates for directors, presidents and other senior management, and present its inspection opinions on the appointment, re-appointment of directors and the succession of directors (especially the chairman of the board of directors and presidents) to the board of directors;
- (3) to widely search for the qualified candidates for directors, presidents and other senior management, and nominate directors, or make recommendations to the board of directors;
- (4) to assess the independence of independent directors;
- (5) to review the structure, size and composition (including skills, knowledge and experience) of the board of directors and the senior management regularly, and make recommendations on any proposed changes to the board of directors;
- (6) any other functions and powers conferred by the board of directors.

**Article 27** The remuneration and appraisal committee shall be a majority of independent directors, with an independent director as the chairman of the committee.

The main duties of the remuneration and appraisal committee are:

- (1) to study and prepare the appraisal standards of directors and senior management, organize the appraisal and make recommendations under the delegation of duties by the board of directors;
- (2) to study and formulate a formal and transparent remuneration policy, remuneration and performance assessment proposals, reward and punishment proposals for directors and senior management;
- (3) to review and approve the performance-based remuneration by reference to the objectives of the Company as approved by the board of directors from time to time;
- (4) to study the Company's incentive plan, remuneration system and share option scheme, monitor and evaluate the implementation result, and make recommendations on reform and improvement;

- (5) to review and approve the compensation payable to executive directors and senior management for any loss or termination of office or appointment or dismissal or removal of directors for misconducts;
- (6) to ensure that no director or any of his/her associates shall decide the remuneration on his/her own;
- (7) any other functions and powers conferred by the board of directors.

### **Chapter 7 Convening of Meetings of the Board of Directors**

**Article 28** Meetings of the board of directors shall be divided into regular meetings and extraordinary meetings. The board of directors shall hold at least four regular meetings every year, usually once every quarter. A regular meeting of the board of directors shall not include the practice of obtaining consent from the board of directors through circulating written resolutions.

Before giving the notice on convening a regular meeting, the board office shall fully consult all directors to form an initial proposal and then submit it to the chairman of the board of directors for preparation of the proposal.

**Article 29** The agenda of the regular general meeting and relevant meeting documents shall be delivered to all directors as soon as possible but in no event later than three (3) days before the convening of the meeting.

**Article 30** The chairman of the board of directors shall, if necessary, seek opinions from the presidents or other senior management before preparing the proposal.

**Article 31** An extraordinary meeting of the board of directors shall be convened in any of the following circumstances:

- (I) when one-third or more of directors proposes;
- (II) when the board of supervisors proposes;
- (III) when one-half or more of independent directors proposes;
- (IV) when the chairman of the board of directors deems necessary;
- (V) when shareholders representing 10% or more of voting rights proposes;
- (VI) when two (2) or more of directors or presidents propose a meeting in case of an emergency.

**Article 32** Where an extraordinary meeting of the board of directors is proposed as required by the preceding article, a written proposal signed (and sealed) by the proposer shall be presented to the chairman of the board of directors directly or through the board office. The written proposal shall contain the following items:

- (I) name(s) of the proposer(s);
- (II) reason for the proposal or objective cause on which the proposal is based;
- (III) time or duration, venue and method of the proposed meeting;
- (IV) clear and specific proposal;
- (V) contact method of the proposer(s), date of the proposal, etc.

The content of the proposal shall be relevant to the matters within the functions and powers of the board of directors as specified in the Articles of Association of the Company. The materials relevant to the proposal shall be submitted together.

Upon receiving the above written proposal and relevant materials, the board office shall present them to the chairman on the same day. If the chairman believes that the proposal is not clear or specific, or the relevant materials are inadequate, the proposer may be requested to make modification or supplementation.

The chairman of the board of directors shall convene and preside over the meeting within ten (10) days after receiving the proposal or the request of the securities regulatory authorities.

**Article 33** The meeting of the board of directors shall be convened and presided over by the chairman. When the chairman is unable to or does not perform his/her duties, the meeting shall be convened and presided over by vice chairman. If the chairman and vice chairman are unable to or do not perform their duties, a director jointly nominated by the majority of directors shall convene and preside over the meeting.

**Article 34** The form of a notice of meetings of the board of directors shall be as follows: telephone, fax or electronic mail; the time limit for notification shall be: fourteen days before the convening of regular meeting, and there is no time limit for notification of the extraordinary meeting, but it shall be as reasonable as possible.

**Article 35** When an extraordinary meeting needs to be held as soon as possible in case of an emergency, the notice of the meeting can be given by telephone or in other verbal forms at any time, provided that the convener makes necessary explanations at the meeting.

**Article 36** The written notice of meeting of the board of directors shall at least include the following items:



- (I) meeting date and venue;
- (II) convening method of the meeting;
- (III) meeting duration;
- (IV) subject matter or topics for discussion;
- (V) the date of the notice;
- (VI) the convener and chairman of the meeting, and the proposer of the extraordinary meeting and its written proposal;
- (VII) documents required for directors to cast their votes;
- (VIII) requirements for the directors to attend the meeting in person or by proxy;
- (IX) contact person and contact information.

The verbal notice of the meeting shall at least include the contents mentioned in (I) and (II) above and an explanation that the extraordinary meeting of the board of directors needs to be held as soon as possible due to emergency.

**Article 37** After the written notice of the regular meeting of the board of directors is issued, if the date, venue or any other items of the meeting needs to be changed, or the meeting proposal needs to be supplemented, modified or cancelled, a change notice shall be given in writing three (3) days prior to the originally scheduled meeting date to specify the reasons and contents of the new proposal as well as the relevant materials. If the change notice is given less than three (3) days prior to the originally scheduled meeting date, the meeting shall be postponed accordingly or convened as originally scheduled upon the approval of all directors who will attend the meeting.

After the notice of the extraordinary meeting is issued, if the date, venue or any other items of the meeting needs to be changed, or the meeting proposal needs to be supplemented, modified or cancelled, a prior approval from all directors who will attend the meeting shall be obtained and the corresponding records shall be made.

**Article 38** The meeting of the board of directors shall be convened with a majority of the directors.

Supervisors shall attend meetings of the board of directors as non-voting members; the presidents and the secretary to the board of directors shall also attend meetings of the board of directors as non-voting members. The chairman of the meeting may, where he/she deems necessary, notify other relevant non-director persons to attend the meeting without voting rights.

**Article 39** In principle, directors shall attend meetings of the board of directors in person. Where a director is unable to attend a meeting for any reason, he/she shall review the meeting materials in advance to form clear opinions, and entrust, in writing, another director to attend the meeting on his/her behalf.

The power of attorney shall specify, among other things:

- (I) the name of the principal and the proxy;
- (II) the summarized opinions of the principal on each of the proposals;
- (III) the principal's scope of authority and valid term, and instructions on how to vote on his/her behalf in relation to each of the proposals;
- (IV) the signature of the principal and the proxy, date and other information.

Where the principal entrusts other directors to sign written confirmation for the regular reports on his/her behalf, he/she shall specify such authority in the power of attorney.

The entrusted director shall submit the written power of attorney to the chairman of the meeting, and explain his/her attendance under the entrustment in the attendance book.

**Article 40** The entrusted director shall exercise the right of the entrusting director within the designated scope of authority. If a director did not attend any particular meeting of the board of directors nor failed to entrust another director to attend the meeting on his/her behalf, he or she shall be regarded as a renunciation of his/her voting rights at that meeting.

**Article 41** Proxy attendance at general meetings shall follow the principles below:

- (I) Where connected transactions are considered, a non-connected director shall not appoint a connected director to attend the meeting on his/her behalf, and a connected director shall also not accept the entrustment of a non-connected director;
- (II) An independent director shall not appoint a non-independent director to attend the meeting on his/her behalf, and a non-independent director shall also not accept the entrustment of an independent director;
- (III) A director shall not fully entrust another director to attend the meeting on his /her behalf without giving his/her personal opinions and voting intentions on the proposal, while the relevant director shall not accept the entrustment with full power or the entrustment with unclear authorization;

(IV) One (1) director shall not accept the entrustment of more than two (2) directors, and a director shall also not entrust the director who has already accepted the entrustment of two (2) other directors to attend the meeting on his/her behalf.

**Article 42** Meetings of the board of directors shall generally be convened onsite, or where necessary, may be convened via video conference, conference call, fax or email voting provided that directors can adequately express their views and the convener (chairman) and proposer grant approval. Meetings of the board of directors may also be convened by a combination of onsite meeting and other means.

Where a meeting of the board of directors is held offsite, the number of attending directors shall be counted according to the directors shown at the video conference, the directors expressing their views at the conference call, valid votes such as faxes or emails received within the prescribed period, or written acknowledgements submitted after the meeting by the directors for attending the meeting.

**Article 43** Extraordinary meetings of the board of directors may be held and make resolutions by communication means without the need to convene the meeting of the board of directors only in emergency situations and under the premise of safeguarding full expression of opinions of the directors and with the approval by the chairman of the board of directors. However, the number of directors who execute the approval shall meet the number of directors required to make the decision as prescribed in the Articles of Association to form a valid resolution.

### **Chapter 8 Resolutions of the Board of Directors**

**Article 44** The chairman of the meeting of the board of directors shall request the attending directors to express clear opinions on each proposal.

Unless it is unanimously agreed by all attending directors, the meeting of the board of directors shall not vote on any proposal not included in the notice of the meeting. Where a director accepts the entrustment by any other director to attend the meeting on his/her behalf, he/she shall not vote on the proposal not included in the notice of the meeting on behalf of any other director.

For any proposal requiring prior acknowledgements of independent directors pursuant to the relevant requirements, the chairman of the meeting shall, before discussing the relevant proposal, appoint an independent director to read out the written acknowledgements of independent directors.

For any director who disturbed the normal order of the meeting or interfered with any other directors to express their opinions, the chairman of the meeting shall prevent the director to conduct such actions in a timely manner.

**Article 45** The directors shall carefully read the relevant meeting materials and independently and prudently express their opinions in a fully informed manner.

A director may inquire, prior to the meeting, the board office, the convener, the senior management, the special committees, the accounting firm, the law firm and other relevant persons and institutions to obtain necessary information for decision-making, and may also propose to the chairman of the meeting during the course of the meeting to request the aforesaid persons or representatives of the institutions to attend the meeting to give relevant explanations.

Where any director needs to obtain opinions from an independent and professional intermediary in order to correctly fulfil the said director's obligations to the Company, such director may submit the relevant reasonable request to the board of directors, and the board of directors may through a resolution provide such director with the opinions of the professional intermediary and the Company shall bear the relevant fees charged by the intermediary.

**Article 46** After adequate discussion of each proposal, the chairman of the meeting shall submit it to voting by the attending directors as and when appropriate.

On a poll, each attendant shall cast one (1) vote by open ballot. Where the number of votes for and against a resolution is the same, the chairman of the board of directors shall be entitled to cast an additional vote.

**Article 47** The voting intention of directors shall be divided into the following categories: affirmative, negative or abstaining from voting. Every attending director shall choose one out of the aforesaid intents. Where any director does not make any option or makes two (2) or more options, the chairman of the meeting shall require such director to make an option again, otherwise such director shall be deemed as having abstained from voting; any director who has left the meeting midway without coming back and has not made any option shall be deemed as having abstained from voting.

**Article 48** Where one-half or more of the attending directors or two (2) or more of independent directors think that they cannot make judgments on relevant issues because the relevant proposal is not clear or specific or the meeting materials are inadequate, the chairman of the meeting shall require the meeting to suspend voting on the proposal concerned.

The director proposing suspension of voting shall provide clear requirements for the conditions to be met for resubmitting the said proposal for deliberation.

**Article 49** After voting of the attending directors, the securities affairs representative and relevant staff in the board office shall collect votes cast by the directors in a timely manner, which votes shall be counted by the secretary to the board of directors under supervision of a supervisor or independent director. Where the meeting is held onsite, the chairman of the meeting shall announce the voting result onsite; in other circumstances, the chairman of the meeting shall require the secretary to the board of directors to announce the voting result prior to the working day following the conclusion of the specified period for voting.

**Article 50** Saved as otherwise specified in these Rules, the proposals considered and approved by the board of directors and the relevant resolutions formed thereby must have more than half of all the directors of the Company to cast affirmative votes in respect of such proposals. Where the relevant laws, administrative regulations and the listing rules of the place where the shares of the Company are listed as well as Articles of Association stipulate that any resolution formed by the board of directors shall be approved by more directors, such provisions shall apply.

If different resolutions conflict with each other in contents and meanings, the resolutions formed later in time shall prevail.

**Article 51** Where a meeting of the board of directors is held onsite, the secretary to the board of directors shall arrange staff in the board office to form draft resolutions onsite based on the voting results. In absence of special circumstances, draft resolutions of the meeting shall be examined by the attending directors and signed onsite before conclusion of the meeting. The minutes of the meeting shall record any failures of directors to sign the resolutions of the meeting.

Where the listing rules of the place where the shares of the Company are listed have special requirements for disclosure of meetings of the board of directors, such requirements shall apply.

**Article 52** In any of the following circumstances, directors shall abstain from voting on the relevant proposals:

- (I) Where the listing rules of the place where the shares of the Company are listed provide for abstention of the directors from voting;
- (II) Where the directors themselves think they should abstain from voting;
- (III) Where the Articles of Association provide that the directors shall abstain from voting as a result of their connected relationship with the enterprises involved in the proposals.

Where any directors are required to abstain from voting, the director shall not vote on the related resolution or vote on behalf of other director and shall not be included into the quorum for such meeting. The relevant meeting of the board of directors may be held when more than half of the non-connected directors attend the meeting, and the resolutions made shall be passed by more than half of the non-connected directors. If the number of non-connected directors attending the meeting is less than three (3), the relevant proposal shall not be voted on but shall be submitted to the general meeting for deliberation.

**Article 53** The board of directors shall act strictly in compliance with the authorization of the general meeting and the Articles of Association, and shall not make any resolution beyond its authority.

**Article 54** Where profit distributions need to be resolved at the meeting of the board of directors, the board of directors shall require the certified public accountants to produce a formal audit report, according to which the board of directors shall make decisions on such profit distribution and the other relevant issues in the regular report.

**Article 55** Where the listing rules of the place where the shares of the Company are listed have specific disclosure requirements for the meetings of the board of directors that require to make resolution on the profit distribution of the Company or any other meetings of the board of directors, such requirements shall apply.

**Article 56** Where any proposal is not passed, any meeting of the board of directors shall not deliberate any proposal with the same contents within one (1) month if the relevant conditions and factors have not changed significantly.

#### **Chapter 9 Administration of Minutes, Summaries and Documents of Meetings of the Board of Directors**

**Article 57** The secretary to the board of directors shall arrange staff in the board office to prepare the minutes of meetings of the board of directors. Minutes shall be signed by all attending directors, the secretary to the board of directors and the person taking the minutes.

Minutes of the meeting shall include the following contents:

- (I) the session number, time, venue and form of the meeting;
- (II) the delivery of the notice of meeting;
- (III) convener and chairman of the meeting;
- (IV) the agenda of the meeting;
- (V) the names of the attending directors and the directors (proxies) attending the meeting on behalf of others;
- (VI) the proposals considered at the meeting, key summaries and major opinions of directors on relevant issues, and voting intentions on the proposals;
- (VII) way of voting for each resolution and voting results (which shall set forth the number of votes for or against, or abstained and names of voters);
- (VIII) any other issues that the attending directors consider necessary.

**Article 58** Where a meeting of the board of directors is held onsite, the secretary to the board of directors shall organize the board office to serve the meeting minutes to the attending directors within three (3) days after conclusion of the meeting. Where a meeting of

the board of directors is held offsite, the secretary to the board of directors shall organize the board office to finish sorting out the meeting minutes as draft resolutions within three (3) days after conclusion of the meeting and send the minutes and draft resolutions to the attending directors. Where the directors have comments on the minutes and the draft resolutions, they shall notify the secretary to the board of directors within reasonable timeframe as soon as practicable. The secretary to the board of directors will finalize the minutes and resolutions after consolidating the comments from the directors.

The directors shall sign the minutes and finalized resolutions after receipt of the same and shall within three (3) days send the same to the secretary to the board of directors.

Where the listing rules of the place where the shares of the Company are listed have specific disclosure requirements for the meetings of the board of directors, such requirements shall apply.

**Article 59** The secretary to the board of directors may arrange the staff in the board office to prepare a brief meeting summary on the details of the meeting held as he/she sees fit.

**Article 60** The attending directors shall sign the minutes, resolutions and summary of the meeting in person or on behalf of the directors appointing them to attend the meeting. Where the directors disagree over the minutes, resolutions and summary of the meeting, they may make written remarks when signing the same.

**Article 61** Where any director neither signs as per the preceding paragraph nor provides his/her different opinions in writing, nor reports to the regulatory authority nor announces public statement, such director shall be deemed as agreeing with the minutes, resolutions and summary of the meeting.

**Article 62** The directors shall be responsible for the resolutions passed by the board of directors. If a resolution passed by the board of directors is in violation of laws, administrative regulations, the listing rules of the place where the shares of the Company are listed or the Articles of Association, and thus causes serious losses to the Company, the directors making such resolution shall be liable for making compensation to the Company. However, a director who has been proved as having expressed dissenting opinions on the resolution and such opinions are recorded in the minutes of the meeting may be exempt from liability. A director abstaining from voting does not exempt him/her from the liabilities he/she should have on the resolution of the board of directors.

If any director does not attend the meeting either in person or by proxy, or fails to lodge a written objection to the matters to be discussed on or before the day on which the meeting is convened, such director shall be deemed as having abstained from voting and shall not be exempt from liability.

**Article 63** Archives of the meetings of the board of directors, including notices of meeting, meeting materials, attendance book, powers of attorney for proxy directors, meeting recordings (if any), votes, meeting minutes signed and confirmed by the attending directors, meeting summaries, resolutions, announcements of the resolutions, etc. shall be kept by the secretary to the board of directors. In the event that a reasonable notice is issued by any director, the secretary to the board of directors shall make publicly available the relevant minutes within a reasonable time for inspection by such director.

Archives of the meetings of the board of directors shall be kept for at least ten (10) years.

#### **Chapter 10 Implementation of and Feedback on Resolutions of the Board of Directors**

**Article 64** The chairman of the board of directors shall procure the relevant personnel to carry out the resolutions of the board of directors, inspect the implementation of such resolutions, and order the relevant personnel to report at the meetings of the board of directors on how the resolutions are implemented.

Any resolution made by the board of directors that fall within the scope of authority of the president or is the matter authorized by the board of directors to be handled by the president shall be organized and implemented by the president, who shall make regular written report to the board of directors in respect of the implementation of the resolutions. The chairman of the board of directors may appoint other director to examine and supervise the implementation of the resolutions.

#### **Chapter 11 Information Disclosure of the Meetings of the Board of Directors**

**Article 65** Resolutions made by the Board shall be announced by the secretary to the board of directors pursuant to the listing rules of the place where the shares of the Company are listed. Prior to the announcement of the resolutions, the attending directors, other attendants, and the recording and service staff shall have the obligation to keep such resolutions confidential.

#### **Chapter 12 Supplementary Provisions**

**Article 66** If there are any matters not covered by these Rules or in the event that these Rules contradict with the requirements of the laws, regulations, the listing rules of the place where the shares of the Company are listed or the Articles of Association promulgated or amended after these Rules have taken effect, the laws, regulations, the listing rules of the place where the shares of the Company are listed or the Articles of Association shall prevail.

**Article 67** In these Rules, the terms “or more”, “or below” or “within” are inclusive terms, while the terms “exceed”, “less than”, “over” or “before” are exclusive terms.



Unless otherwise specified, the terms used in these Rules shall have the same meaning as those terms used in the Articles of Association and the listing rules of the place where the shares of the Company are listed.

**Article 68** These Rules have been considered and approved by the general meeting of the Company and shall be effective and implemented from the date of the initial public offering and listing of Renminbi-denominated ordinary shares (A shares) of the Company.

**Attachment: Calculation Standard of Percentage Ratios**

The percentage ratios are the figures, expressed as percentages resulting from each of the following calculations in accordance with the Hong Kong Listing Rules:

- (i) Assets ratio – The total assets which are the subject of the transaction divided by the total assets of the listed issuer;
- (ii) Profits ratio – The profits attributable to the assets which are the subject of the transaction divided by the profits of the listed issuer;
- (iii) Revenue ratio – The revenue attributable to the assets which are the subject of the transaction divided by the revenue of the listed issuer;
- (iv) Consideration ratio – The consideration divided by the average closing price of the listed issuer’s securities as stated in the Stock Exchange’s daily quotations sheets for the five business days immediately preceding the date of the transaction; and
- (v) Equity capital ratio – The nominal value of the share capital to be issued by the listed issuer as consideration divided by the nominal value of the listed issuer’s issued share capital immediately before the transaction. This ratio is not applicable to the disposal transaction.

*Note:* The “Rules of Procedure of the Board of Directors (Effective upon the Listing of A Shares)” were prepared in Chinese and are translated into English. Should there be any discrepancies between the Chinese and English versions, the Chinese version shall prevail.

**CHINA SUNTIEN GREEN ENERGY CORPORATION LIMITED  
THE RULES OF PROCEDURE OF THE BOARD OF SUPERVISORS****Chapter 1 General Provisions**

**Article 1** In order to further improve the corporate governance structure of China Suntien Green Energy Corporation Limited (hereinafter referred to as the “Company”), ensure the board of supervisors of the Company to exercise the right of supervision independently, and safeguard the interests of all shareholders and the development of the Company, these rules of procedure are formulated in accordance with the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange, the Model Rules and Procedures for Board of Supervisors of Listed Companies of Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the Articles of Association of China Suntien Green Energy Corporation Limited (hereinafter referred to as the “Articles of Association”) and other laws, regulations and regulatory documents.

**Article 2** The Company’s board of supervisors shall be established in accordance with laws, which shall exercise the right of supervision in accordance with related laws, regulations, the Articles of Association and these Rules to keep interests of shareholders, the Company and employees from infringement. The board of supervisors shall be responsible to and report its work to the shareholders’ general meeting.

**Chapter 2 Supervisors**

**Article 3** The board of supervisors shall comprise six supervisors, among which, two are external supervisors, two are employee representative supervisors and two are independent supervisors. The number of employee representative supervisors of the Company shall be no less than one-third of the number of all supervisors.

**Article 4** Supervisors’ each term of office is three years. Supervisors who are shareholder representatives shall be elected by more than half of the voting rights held by shareholders who present at the shareholders’ general meeting. Supervisors who are the Company’s employees shall be elected or replaced by the general meeting of employee representatives, general meeting of employees or other form of democratic election. Supervisors are eligible for re-election and re-appointment.

Candidates of non-employee representative supervisors shall be proposed to the shareholders’ general meeting for voting. For election of a new session of the board of supervisors or filling vacancy of the board of supervisors, the board of supervisors, or shareholders individually or jointly holding not less than 3% of the shares of the Company are entitled to nominate supervisor candidates to be elected at the shareholders’ general meetings after such candidates are approved by the board of supervisors.

**Article 5** Any supervisor shall meet the following general eligibility criteria:

- (1) ability to communicate extensively with shareholders, employees and others with related interest, and capable of protecting the interests of all shareholders;
- (2) upholds principles, with honesty, uprightness and impartiality;
- (3) has expertise or working experience, such as legal, finance, accounting and corporate management.

**Article 6** The following persons shall not serve as the supervisor of the Company:

- (1) the individual has no capacity or restricted capacity to undertake civil liabilities;
- (2) a period of five years has not yet elapsed since the penalisation on conviction of corruption, bribery, embezzlement, misappropriation of property or disrupting social and economic order; or a period of five years has not yet elapsed since being deprived of political rights for commission of offences;
- (3) a period of three years has not yet elapsed since the completion of the liquidation of any company or enterprise which was insolvent due to unsound business operation and management, where the person served as a director, factory manager or manager of such company or enterprise who was personally liable for such insolvency;
- (4) a period of three years has not yet elapsed since revocation of the business license of a company or enterprise due to illegal activities, where the person was the legal representative of such company or enterprise who was personally liable;
- (5) the person is personally liable for a substantial loan which is due for payment but remains unpaid;
- (6) the person is subject to a penalty of prohibition from engaging in stock market activities imposed by the China Securities Regulatory Commission, where the term of the penalty has not yet expired;
- (7) the person has been investigated for in a criminal offence by relevant judicial authorities, and the conclusion of which is pending;
- (8) the person is not eligible for acting in the leadership of a company or an enterprise according to the laws or administrative regulations;
- (9) non-individual;

- (10) a period of five years has not yet elapsed since the person was adjudged by the relevant regulatory authorities to be guilty of contravention of provisions of securities regulations involving fraud or dishonesty;
- (11) any other circumstances as prescribed by laws and regulations of the places where the Company's shares are listed.

Where a supervisor is elected in violation of this provision, the election shall be invalid. If any one of the above-mentioned circumstances happened during the term of office of a supervisor, the supervisor shall be removed from office.

**Article 7** Supervisors are entitled to the following rights and obligations:

- (1) to comply with the requirements of all applicable laws, administrative regulations, rules, listing rules of the places where the Company's shares are listed and the Articles of Association relating to the responsibilities, duties and obligations of supervisors from time to time in force (including all requirements relating to supervisors), perform obligations with honesty and diligence, and faithfully perform supervision duties;
- (2) to implement resolutions of the board of supervisors, and safeguard the interests of shareholders and the Company;
- (3) not to make use of the position of supervisor to seek gains for themselves or receive bribes or other illegal income, or embezzle properties of the Company;
- (4) to keep confidential the secrets of the Company and not to leak out any of such secrets unless required by law or with the written consent of the shareholders' general meeting;
- (5) to urge the Company and its directors to comply with the listing rules of the places where the Company's shares are listed and other applicable laws and regulations from time to time in force.

The supervisors shall attend meetings of the board of directors (the "Board") and make inquiries or suggestions in relation to the resolutions of such meetings.

**Article 8** If a supervisor failed to attend the meeting of the board of supervisors in person for two consecutive times within one year, and failed to authorise other supervisor to attend the meeting on his behalf, the supervisor shall be deemed as unable to perform his duties and may be replaced at the shareholders' general meeting or general meeting of employee representatives (or other democratic decision-making process).

**Article 9** The supervision right exercised by a supervisor in accordance with laws shall be protected by laws. The Company shall provide necessary office facilities and business activity funding for supervisors to perform their duties.

In performing their duties, supervisors are entitled to require any department of the Company to provide relevant information. Business departments shall provide relevant information as requested and provide other necessary assistance. Business departments should not refuse or obstruct such request.

**Article 10** A supervisor who fails to perform his supervision obligations during his tenure and results in material damage to the interests of the Company, its shareholders or employees shall be liable according to relevant laws and regulations depending on the extent of his negligence.

Supervisors shall not make use of their connected relationship to prejudice the Company's interests and shall be liable of compensating any loss caused to the Company.

A supervisor who violates any laws, administrative regulations or the Articles of Association during the course of performing his duties and causes losses to the Company shall be liable of compensating any loss caused to the Company.

**Article 11** The term of office of supervisors shall commence on the date of appointment and end on the expiry date of the current session of the board of supervisors. The date of appointment of supervisors shall be the date on which the shareholders' general meeting passed the resolution of election or the date of appointment confirmed by the resolution of the shareholders' general meeting.

Where the date on which a staff representative supervisor in a new session of the board of supervisors is elected is earlier than the date of establishment of the new session of the board of supervisors, the term of office for the staff representative supervisor shall take effect upon the date of establishment of the new session of the board of supervisors; otherwise, the term of office for the staff representative supervisor shall take effect upon the date on which he is elected.

**Article 12** A supervisor can resign before the expiry of his term of office. When a supervisor resigns, he should submit a written resignation report to the board of supervisors. The resignation report shall contain the reasons for resignation and make necessary explanation on matters which require attention of the board of supervisors. If proposed by the chairman of the board of supervisors and discussed and approved by the board of supervisors, adjustment may be made to the supervisors during their term of office. When the number of supervisors is less than the number as prescribed in these Rules, the board of supervisors may fill the vacancy in accordance with requirements of these Rules. The term of office of the vacancy-filling supervisor shall end when the term of office of such supervisor expires.

**Article 13** Where re-election is not made in time upon expiry of the term of office of a supervisor, or any supervisor's resignation results in the number of members of the board of supervisors falls below the statutory number, the original supervisor shall, prior to a new supervisor entering into office, continue to perform his duties as a supervisor in accordance with laws, administrative regulations and the Articles of Association.

**Article 14** Any supervisor, if withdraw from his office without authorization prior to the expiration of his term of office, shall be liable for compensation of any losses incurred to the Company resulting from such withdrawal.

**Article 15** Upon the submission of resignation or the expiry of the term of office of a supervisor, his obligations of confidentiality in respect of business secrets of the Company shall survive the termination of his term of office until such secret has become publicly available information.

**Article 16** Supervisors shall ensure the truthfulness, accuracy and completeness of the information as disclosed by the Company.

### **Chapter 3 Composition and Duties and Powers of the Board of Supervisors**

**Article 17** For members and composition of the board of supervisors, it shall be ensured that the board of supervisors has adequate experience, capability and professional background to oversee the discharge of duties by directors and the president and oversee and examine the finance of the Company in an independent and effective way. The directors, president and other senior management members of the Company shall not concurrently serve as supervisors of the Company.

**Article 18** The board of supervisors is responsible to all the shareholders, and monitors the Company's finance and the legitimacy and compliance of the performance of duties of directors, president and other senior management members to safeguard the legal interests of the Company and shareholders.

**Article 19** The board of supervisors shall have one chairman, whose appointment and removal shall be approved by more than two-thirds of the all supervisors.

**Article 20** The board of supervisors shall exercise the following duties and powers:

- (1) to inspect the Company's financial position;
- (2) to monitor the performance of duties of directors, president and other senior management members, and the proposing of dismissal of any directors and senior management members who have violated the laws, administrative regulations and the Articles of Association or resolutions of shareholders' general meeting;
- (3) to request rectification when any of the directors, president and other senior management members harm the interests of the Company;
- (4) to inspect financial data such as the financial reports, operation reports and profit distribution proposals prepared by the Board to be submitted to the shareholders' general meetings. In the case of any doubts, the board of supervisors may appoint a certified accountant or practicing auditor to assist with the review on behalf of the Company;

- (5) to propose the convening of an extraordinary general meeting, and convene and chair a shareholders' general meeting in the event of the Board having failed to perform such duties;
- (6) to propose resolutions to the shareholders' general meetings;
- (7) to propose the convening of an interim Board meeting;
- (8) to elect the chairman of the board of supervisors;
- (9) to institute proceedings against any of the directors and senior management members in accordance with the Company Law;
- (10) to perform other duties prescribed by laws, regulations and the Articles of Association.

**Article 21** All reasonable fees incurred for engaging professionals such as lawyers, certified public accountants or practicing auditors by the board of supervisors in the exercise of its duties and powers shall be borne by the Company.

**Article 22** The chairman of the board of supervisors shall exercise the following duties and powers:

- (1) to convene and preside over meetings of the board of supervisors, and to review the implementation of the resolutions of the board of supervisors;
- (2) to arrange for the performance of the duties of the board of supervisors;
- (3) to review and sign reports and other key documents of the board of supervisors;
- (4) to represent the board of supervisors in reporting to the shareholders' general meetings;
- (5) to perform other duties as stipulated by laws or the Articles of Association.

**Article 23** At the annual general meeting, the board of supervisors shall read out its special supervision report for the past year, covering:

- (1) the inspection of the Company's finance;
- (2) the diligence of directors and senior management members in performing their duties and their implementation of relevant laws, regulations, the Articles of Association and resolutions of the shareholders' general meeting;
- (3) other key events that the board of supervisors considers should be reported to the shareholders' general meeting.

Where necessary, the board of supervisors may also provide its opinion on the resolutions to be considered at the shareholders' general meeting and submit related independent report.

#### **Chapter 4 Convening Meeting of the Board of Supervisors**

**Article 24** The board of supervisors shall transact business by means of meeting of the board of supervisors. Meetings of the board of supervisors include regular meetings and interim meetings.

**Article 25** The board of supervisors shall hold meetings at least once every six months, which shall be convened by the chairman of the board of supervisors.

**Article 26** In any of the following circumstances, the board of supervisors shall hold an interim meeting within 10 days:

- (1) if the chairman of the board of supervisors considered it is necessary;
- (2) proposed by more than one-third of the supervisors;
- (3) if there has been or is significant loss of assets of the Company and the interests of the shareholders are harmed;
- (4) resolutions violating the laws, regulations, rules, requirements and orders of regulatory authorities, the Articles of Association, resolutions of the shareholders' general meeting and other relevant requirements being approved by the shareholders' general meeting and the Board meeting;
- (5) if any directors or senior management members of the Company violated laws, regulations or the Articles of Association and seriously harm the interests of the Company;
- (6) if the securities regulatory authority requires holding such a meeting;
- (7) if any other circumstance so specified in laws, regulations and other regulatory documents, the listing rules of the places where the Company's shares are listed, and the Articles of Association occurs.

Meetings of the board of supervisors shall be convened and presided by the chairman of the board of supervisors. If the chairman of the board of supervisors fails to fulfill duties or refuses to fulfill the duties, over half of supervisors shall jointly recommend one supervisor to convene and preside over the meeting.

If a meeting of the board of supervisors cannot be held on schedule, the supervisors shall state the reasons clearly.



**Article 27** Supervisors are entitled to propose resolution for consideration by the board of supervisors.

**Article 28** For an interim meeting proposed by a supervisor, the supervisor shall submit a signed written proposal to the chairman of the board of supervisors. The written proposal shall contain the following items:

- (1) Name of the supervisor who makes the proposal;
- (2) Reason for making the proposal or the objective facts or reason which the proposal is based on;
- (3) Time or duration, venue and way of the meeting;
- (4) Clear and specific proposal;
- (5) Contact of the proposing supervisor, date of the proposal, etc.

The chairman of the board of supervisors shall issue a notice for convening an interim meeting within three days after he received the written proposal from a supervisor.

**Article 29** For regular meetings and interim meetings of the board of supervisors, a notice shall be sent by telephone or facsimile 10 days and 2 days respectively in advance to all the supervisors. An urgent meeting will not be limited by the notification time in preceding clauses.

**Article 30** The meeting notice can be sent out by telex, telegraph, fax, express, registered mail, email or other e-form or information carrier, specially-assigned personnel, or methods approved by relevant regulatory institutions. In the event that the notice is sent out by specially assigned personnel, the delivery date will be the date that the receiver signed (or sealed) on the receipt; in the event that the notice is sent out by mail, the delivery date will be the date when the notice is delivered to the post office; in the event that the notice is sent out by fax or email, the sending date will be the delivery date.

The notice of meeting of the board of supervisors shall contain the following contents:

- (1) meeting date and place;
- (2) matters proposed to be considered (meeting proposal);
- (3) meeting convener and presider, the interim meeting proposer and his written proposal;
- (4) essential meeting materials for supervisors to vote;
- (5) the request for the supervisors to attend the meeting personally;

(6) contact person and contact information.

A verbal meeting notice shall at least include the contents as mentioned in (1) and (2) above and an explanation that the interim meeting of the board of supervisors needs to be held as soon as possible due to emergency.

In an emergency situation, the vote by communication can be adopted for the meeting provided that the meeting convener (presider) explains the specific emergency situation to the attending supervisors. In the communication vote, the supervisors shall sign and fax their written opinions and voting intentions on the relevant matters to the chairman of board of supervisors. Supervisors shall not just specify their vote options without giving written opinions or voting reasons.

**Article 31** The board of supervisors meeting shall be held with attendance of over two-thirds supervisors. Where the attendee number fails to meet the minimum requirement due to refusal or failure to attend the meeting on part of some supervisors, the remaining supervisors shall report it to the regulatory authorities timely.

The secretary to the Board and the securities affairs representative shall attend meetings of the board of supervisors.

The supervisors shall attend meetings of the board of supervisors in person. If a supervisor is unable to attend due to just reasons, he can entrust another supervisor to attend on his behalf.

The letter of attorney shall state the name of proxy, matters, authorization and validity period and signed by the principal.

The supervisor attending the meeting on behalf of another supervisor shall exercise rights of supervisors within the scope of authorization.

**Article 32** Any supervisor who does not attend a supervisors' meeting either in person or by proxy shall be deemed not performing his duties as a supervisor.

**Article 33** The board of supervisors may request the directors, president, other senior management members of the Company and internal and external auditing officers to attend a meeting of the board of supervisors and answer the questions raised. Those invited to attend the meeting of the board of supervisors should attend the meeting.

**Article 34** Matters discussed at the board of supervisors shall be recorded in the minutes of the meeting. Minutes of such meeting shall be signed by the attending supervisors and the person taking the minutes. The supervisors attended have the right to require making illustrative statement for their speeches in the meeting on the record. Minutes of the meetings of the board of supervisors shall be kept by the Board office as part of the Company's files for at least ten years.

**Chapter 5 Resolutions of the Board of Supervisors**

**Article 35** Any resolution of the board of supervisors shall be voted by signed writing votes. Meetings of the board of supervisors implement one-item one-vote, and one-person one-vote system. The voting contains approval, abstention and disapproval. The supervisor who fails to select, selects unclearly or selects two or more intentions shall select again; those who refuse to select will be deemed as a waiver. If a supervisor leaves the meeting midway, and does not return to vote, it shall be deemed as an abstention. For disapproval and abstention, the causes should be stated and put on record.

**Article 36** Any resolution of the board of supervisors is subject to approval by more than two-thirds of all supervisors.

**Article 37** Matters discussed at the board of supervisors shall be recorded in the minutes of the meeting. Minutes of such meeting shall be signed by the attending supervisors and the person taking the minutes. Minutes of the meetings of the board of supervisors shall be kept by the Board office as part of the company's files.

Minutes of the meetings of the board of supervisors shall contain the following contents:

- (1) The number and session of the meeting, and the time, place and manner of the meeting;
- (2) The situation of giving notice of the meeting;
- (3) Convener and presider of meeting;
- (4) Presence of supervisors in person or by proxy;
- (5) The proposals discussed at the meeting, the key points and comments made by each supervisor on relevant matters;
- (6) Result of voting on each proposal, including detailed number of votes of for, against, and abstain;
- (7) Others matters the supervisors present thereat deems to be necessary.

**Article 38** The supervisors attended have the right to require making illustrative statement for their speeches in the meeting on the record.

The minutes and resolutions of the meeting of the board of supervisors and annual work report of the board of supervisors will be kept as part of the Company's files. The minutes shall be kept for 10 years.

**Article 39** The meeting of board of supervisors shall make resolutions, and all supervisors attending the meeting shall sign on the resolutions.

Any supervisor who has different views on the minutes may make a written explanation when signing the minutes. If necessary, he shall report it to the regulatory authorities in a timely manner, and may also make a public statement.

If any supervisor fails to sign for confirmation as provided in the foregoing stipulation and make a written explanation on his different views, or fails to report it to the regulatory authorities or make a public statement, he shall be deemed to have fully agreed with the content of the minutes.

The supervisors shall undertake liabilities for the resolutions. In the event that the Company suffered losses because a resolution of the board of supervisors violates laws, administrative regulations or the Articles of Association, the supervisors participating in the resolution shall be liable for compensating the Company. However, the supervisors who expressed disapproval in voting and recorded it on the minute and voted against the resolution can be exempted from liability.

**Article 40** Announcement of the resolutions of the board of supervisors shall be dealt with by the secretary to the Board in accordance with relevant rules and regulations.

**Article 41** The board of supervisors shall supervise and inspect on the implementation of the resolutions of the board of supervisors.

**Article 42** Supervisors shall ensure that the disclosures of the resolutions of the board of supervisors are true, accurate and complete, and there is no false record, misleading statements or material omission.

### **Chapter 6 Supplementary Provisions**

**Article 43** In these Rules, the term “more than” and “less than” are inclusive while “exceed” is exclusive.

Matters not covered herein shall be executed in accordance with the relevant requirements of laws, regulations and the Articles of Association. If there is any contradiction between these rules and the Company Law, other laws, regulations, the listing rules of the places where the Company’s shares are listed and the Articles of Association, such laws, regulations, the listing rules of the places where the Company’s shares are listed and the Articles of Association shall prevail, and these Rules should be amended promptly.

**Article 44** These Rules shall be interpreted by the board of supervisors.

**Article 45** These Rules shall be considered and approved of at the shareholders' general meeting, and become effective from the date of the initial public offering and listing of RMB denominated ordinary shares (A shares) of the Company.

*Note:* The "Rules of Procedure of the Board of Supervisors (Effective upon the Listing of A Shares)" were prepared in Chinese and are translated into English. Should there be any discrepancies between the Chinese and English versions, the Chinese version shall prevail.

**CHINA SUNTIEN GREEN ENERGY CORPORATION LIMITED****RULES FOR THE ADMINISTRATION OF EXTERNAL GUARANTEES****Chapter 1 General Provisions**

**Article 1** These Rules are established according to the requirements of the Company Law of the People’s Republic of China, the Notice on Regulating the External Guarantees Provided by Listed Companies, the Notice Concerning Some Issues on Regulating the Funds between Listed Companies and Connected Parties and Listed Companies’ Provision of External Guarantees, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the aforementioned listing rules are collectively referred to as the “Listing Rules”) and other applicable laws, administrative regulations, departmental rules and other regulatory documents and the Articles of Association of China Suntien Green Energy Corporation Limited (the “Articles of Association”), taking into account of the actual situation of China Suntien Green Energy Corporation Limited (the “Company”), in order to facilitate the Company’s integrity, self-discipline and standardized operation, maintain the Company’s external image of integrity, fairness and transparency, enhance the Company’s administration of external guarantees, avoid and reduce risks of operation and finance, and safeguard the interest of investors.

**Article 2** These Rules are applicable to the Company, its wholly owned and non-wholly owned subsidiaries (“subsidiaries”).

**Article 3** External guarantees under these Rules represent the acts that the Company as a third party provides guarantee for the debt owned by a debtor to a creditor and the Company shall pay the debt or undertake liabilities in accordance with contract when the debtor fails to pay the debt. The forms of such guarantees include security, mortgage, pledge and other forms of guarantees recognized by laws, regulations and regulatory documents.

**Article 4** “Total amount of external guarantees provided by the Company or its subsidiaries” under these Rules represents the sum of the total amount of external guarantees provided by the Company (including the guarantees provided to subsidiaries by the Company) and the total amount of external guarantees provided by its subsidiaries (including the guarantees provided to a subsidiary by another subsidiary). “Total Assets” and “Net Assets” under these Rules shall be consistent with the figures set out in the Company’s consolidated financial statements.

**Article 5** The branches of the Company shall not provide external guarantees without approval and authorisation of the Company, and functional departments shall not provide external guarantees.

**Article 6** The internal control of the external guarantees of the Company shall comply with the principles of legitimacy, prudence, mutual benefit and safety, and strictly control the risk of guarantee. The Directors and senior management of the Company shall

carefully manage and strictly control the risk of debt that may be incurred by external guarantees, and be liable for compensating the losses incurred due to guarantees made in violation of requirements.

### **Chapter 2 Division of Responsibilities**

**Article 7** Specific business of external guarantee shall be proposed by the relevant subsidiaries or functional departments, reviewed according to these Rules by relevant departments such as the audit and regulation department and the Board Office co-ordinated by the financial management department, and submitted to the board of directors (the “Board”) or the shareholders’ general meeting for consideration.

**Article 8** The primary duties of the Company’s financial management department are:

- (1) to accept guarantee application report and relevant information of the guaranteed party;
- (2) prior to the due date of the guaranteed debts, actively supervise the guaranteed party to repay the debts timely;
- (3) to deal with other matters related to the guarantees.

**Article 9** The primary duties of the Company’s audit and regulation department are:

- (1) to check all relevant documents relating to external guarantees from a legal point of view;
- (2) to deal with legal disputes relating to external guarantee;
- (3) to deal with other legal matters relating to external guarantees.

**Article 10** The primary duties of the Board Office are: to summarize and report the external guarantee matters that shall be reported to the Board and shareholders’ general meeting for consideration; and to disclose information relating to external guarantees.

### **Chapter 3 Approval of External Guarantee Applications**

**Article 11** External guarantee applications shall be accepted by the financial management department on a unified basis. An applicant for external guarantee shall submit an application letter of external guarantee and relevant information to the financial management department. An application letter of external guarantee shall at least contain:

- (1) the basic information of the applicant for external guarantee;
- (2) the description of principal guaranteed debt;

- (3) the scheme of the applicant for external guarantee to repay or settle the principal debt, the description of capital source for repayment and risk control measures;
- (4) the basic information of the counter-guarantee provider, counter-guarantee plan and the principal terms of counter-guarantee contract (or letter of guarantee) (if applicable);
- (5) other material information.

**Article 12** An applicant for guarantee shall provide the information relating to the guarantee when submitting an application letter of guarantee, and such information shall at least include:

- (1) copies of the business license of each of the applicant for external guarantee and the counter-guarantee provider (if applicable);
- (2) copies of the latest audit report of each of the applicant for external guarantee and the counter-guarantee provider;
- (3) the principal debt contract to be entered into or entered into by the applicant for external guarantee;
- (4) the text of the guarantee contract (or letter of guarantee) and counter-guarantee contract (or letter of guarantee) to be entered into by the applicant for external guarantee;
- (5) the applicant for external guarantee or the counter-guarantee provider's ownership certificates of relevant properties.

**Article 13** The Company shall provide external guarantees in accordance with the Articles of Association, these Rules and the Listing Rules of the place where the Company's shares are listed.

**Article 14** External guarantees that shall be considered and approved at a shareholders' general meeting must be submitted to the shareholders' general meeting for approval after being considered and passed by the Board.

**Article 15** The following external guarantees provided by the Company shall be considered and approved by the Board before submission to the shareholders' general meeting for approval:

- (1) any guarantee provided after the total amount of external guarantees provided by the Company or its subsidiaries reach(es) or exceed(s) 50% of the latest audited net assets;



- (2) any guarantee provided after the total amount of external guarantees provided by the Company or its subsidiaries reach(es) or exceed(s) 30% of the latest audited total assets;
- (3) any guarantee provided to anyone whose gearing ratio exceeds 70%;
- (4) any single guarantee with a guarantee amount exceeding 10% of the latest audited net assets;
- (5) any guarantee provided to shareholders, actual controller and their related parties;
- (6) any other guarantees required by the securities regulatory authority of the place where the Company's shares are listed, the Listing Rules or the Articles of Association to be considered and approved by the shareholders at general meetings.

When the general meeting is considering the proposal (5) above, the said shareholder or the shareholders controlled by the de facto controller and its related parties (and related persons designated under the Listing Rules) shall abstain from voting on the proposal and shall not be counted in the quorum, and the proposal shall be subject to adoption by one-half or more of the voting rights of the other shareholders present at the general meeting.

**Article 16** The external guarantees which are subject to consideration by the Board must be considered and resolved by two-thirds or more of the Directors present at the Board meeting and subsequently passed as a resolution by majority of all Directors of the Company.

**Article 17** In the event that a Director has connected relationship in respect of the guarantee to be resolved at the Board meeting, such Director shall not exercise his/her voting rights on such resolution and shall not be counted in the quorum, nor shall he/she votes on behalf of other Directors. The Board meeting may be convened with a majority of Directors without connected relationship. Any resolutions made by the Board meeting shall be approved by a majority of Directors without connected relationship. When there are less than three Directors without connected relationship present at the Board meeting, such matter shall be submitted to the shareholders' general meeting for consideration.

**Article 18** All acts of the Company and its subsidiaries relating to external guarantees shall be centrally managed by the Company, and the Company and its subsidiaries shall not provide any external guarantees without the approval of the Board or the shareholders' general meeting.

**Chapter 4 Signing of External Guarantee Contract**

**Article 19** The Chairman of the Company or any other duly authorised person shall sign any guarantee contract on behalf of the Company according to the resolution of the Board or shareholders' general meeting. Without the resolution and authorisation of the shareholders' general meeting or the Board, no person shall enter into any external guarantee contract or other form of legal instrument on behalf of the Company without authorisation.

Any guarantee contract and counter-guarantee contract shall comply with the requirements of laws and regulations, such as the Guarantee Law of the People's Republic of China, the Property Law of the People's Republic of China and the Contract Law of the People's Republic of China.

**Article 20** The guarantee contracts shall at least include the followings:

- (1) creditors, debtors;
- (2) the category and amount of the debt to be guaranteed;
- (3) the term for the debtor to settle debts;
- (4) the form, amount, scope and term of guarantee;
- (5) rights, obligations and default liability of each party;
- (6) applicable laws and ways to settle disputes;
- (7) other matters deemed as necessary to be agreed upon by both parties.

If the contents, form or standard terms of guarantee contracts or letters of guarantee are clearly required by relevant laws and regulations or regulatory documents, such requirements shall be complied with.

**Article 21** When the Company provides external guarantees, it shall take necessary measures, such as providing a valid and effective counter-guarantee to the Company by the guaranteed party or a third party (the "counter-guarantee provider"), to prevent risks. Guarantees provided to subsidiaries may be exempt from the requirement for counter-guarantee. The Company shall determine the form of counter-guarantee based on the degree of risk and the financial status and performance of the guaranteed party. The counter-guarantee provider shall have the ability to actually pay the debt, and the amount of the counter-guarantee provided must be greater than or equal to the amount of guarantee provided by the Company. No guarantee shall be provided if the property against which the counter-guarantee is to be provided as determined by the counter-guarantee provider is prohibited by laws and regulations from circulation or otherwise non-transferable.

**Article 22** If a counter-guarantee is required after the Company determines to provide an external guarantee, the Company shall sign a counter-guarantee contract with the counter-guarantee provider at the same time when the guarantee contract is signed. The counter-guarantee contract shall at least include the followings:

- (1) the category and amount of the principal debt to be guaranteed;
- (2) the term for the principal debtor to settle debts;
- (3) the amount of the guarantee;
- (4) the rights and obligations of the counter-guarantee provider;
- (5) the default liability of the counter-guarantee provider;
- (6) the relationship between the counter-guarantee and the guarantee business;
- (7) other matters deemed as necessary to be agreed upon by the parties.

#### **Chapter 5 Daily Management of External Guarantees**

**Article 23** The Company shall comply with the following conditions when providing external guarantees:

- (1) The aggregate amount of guarantees shall not exceed the total assets of the Company;
- (2) The aggregate amount of guarantees provided for a single guaranteed party shall not exceed 40% of the total assets of the Company;
- (3) The amount of any single guarantee shall not exceed 20% of the total assets of the Company;
- (4) For the same debt to be guaranteed by two or more guarantors according to the agreed proportions of guarantee liability, the Company shall reject to undertake any guarantee liability that exceeds the agreed proportion to be borne by it.

**Article 24** The Company may provide guarantees to any entity that meets the following criteria:

- (1) it is an enterprise that is qualified as a legal person and can independently bear civil liabilities;
- (2) it has independent budget and profit and loss accounts, as well as a sound internal management system;

- (3) it is able to operate on a going concern basis and in good business conditions;
- (4) it has the ability to repay debts;
- (5) the project to be financed by loans is in line with national, provincial and municipal industrial policies and leading industries and development planning;
- (6) other conditions of guarantee as required by laws, regulations and the Articles of Association.

**Article 25** In principle, the Company shall not provide guarantee for investments with high risk, including but not limited to any form of entrusted wealth management, investment in stocks, futures and options, etc.

**Article 26** The Company shall not provide guarantees to any applicant for external guarantee if he/she/it has one of the following circumstances:

- (1) The subject qualification of applicant for external guarantee is illegal;
- (2) There are false or misleading statements or material omissions in the information provided by the applicant for external guarantee;
- (3) The principal debts, in respect of which an application is made to the Company for a guarantee, are in violation of laws and regulations;
- (4) The Company had provided a guarantee to the applicant for external guarantee, but the guaranteed debts were overdue or there were default in payment of principal and interests;
- (5) The business and financial condition of the applicant for external guarantee have deteriorated or will deteriorate, and the applicant may not be able to pay off the debt as scheduled;
- (6) The applicant for external guarantee has fraudulent conducts when applying for a guarantee, or malicious collusion circumstances existed among the applicant for external guarantee, counter-guarantee provider and creditor;
- (7) The counter-guarantee provided by the counter-guarantee provider is insufficient or the property used as counter-guarantee is either defected, prohibited or restricted for circulation or non-transferable in accordance with laws and regulations;
- (8) The applicant for external guarantee is involved in material litigation, arbitration or administrative penalties that are pending or foreseeable, which will affect its ability to repay debts;

- (9) Other circumstances which the Board considers being unable to provide guarantees.

### **Chapter 6 Supplementary Provisions**

**Article 27** Matters not covered herein shall be executed in accordance with laws, administrative regulations, departmental rules, regulatory documents, the Listing Rules of the place where the Company's shares are listed and the Articles of Association.

**Article 28** In these Rules, the term "or more" is inclusive while "exceed" or "exceeding" are exclusive. In these Rules, the terms "related" and "related party" have the same meaning as "connected" and "connected party" respectively.

**Article 29** These Rules have been considered and approved by the shareholders' general meeting, and shall be effective and implemented from the date of the initial public offering and listing of RMB-denominated ordinary shares (A shares) of the Company.

*Note:* The "Administrative Rules for Provision of Guarantee to External Parties (Effective upon the Listing of A Shares)" were prepared in Chinese and are translated into English. Should there be any discrepancies between the Chinese and English versions, the Chinese version shall prevail.

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**APPENDIX XII      WORKING RULES FOR INDEPENDENT DIRECTORS  
(EFFECTIVE UPON THE LISTING OF A SHARES)**

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**CHINA SUNTIEN GREEN ENERGY CORPORATION LIMITED**

**THE WORKING SYSTEM FOR INDEPENDENT DIRECTORS**

**Chapter 1    General Provisions**

**Article 1** This system is formulated in accordance with laws, administrative regulations, departmental rules and regulatory documents such as the Company Law of the People's Republic of China (hereinafter referred to as the "Company Law"), the Code of Corporate Governance for Listed Companies, the Rules Governing the Listing of Stocks on Shanghai Stock Exchange and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "Hong Kong Listing Rules") (the aforementioned listing rules are collectively referred to as the "Listing Rules of the Places where the Company's Shares are Listed") and the Articles of Association of China Suntien Green Energy Corporation Limited (hereinafter referred to as the "Articles of Association") after taking into consideration of the actual conditions of the Company, with an aim to regulate the activities of independent directors of China Suntien Green Energy Corporation Limited (hereinafter referred to as the "Company"), ensure the independent directors to exercise their functions and powers legally, faithfully perform their duties, work diligently and efficiently and give full play to independent director's role.

**Article 2** Independent directors of the Company refer to directors who hold no other positions at the Company other than as directors and have no relationship with the Company, its substantial shareholders and other related parties that may affect their independent and objective judgment. Independent directors' qualifications shall be subject to the requirements of the Listing Rules of the Places where the Company's Shares are Listed and shall be approved by the relevant regulatory authority.

**Article 3** Independent directors shall comply with the requirements of relevant laws and regulations, the Articles of Association and this system, perform his official duties faithfully, exercise the rights conferred by the Company cautiously, honestly and diligently, protect the Company's interests, offer positive contributions to the formulation of the strategy and policies of the Company by providing independent, constructive and substantiated opinions, in particulars to ensure that the legal rights of the minority shareholders are not harmed. Independent directors shall carry out their duties independently without being influenced by the Company's controlling shareholder, de facto controller or any entity or individual having interests in the Company and its substantial shareholders or de facto controller.

**Article 4** In principle, independent directors can serve as independent directors in up to 5 listed companies with the Company included, and ensure that they have enough time and energy to effectively perform their duties of independent directors.

**Article 5** Independent directors and persons to be appointed as independent directors shall participate in training organized by the securities regulatory authorities of the State Council and its authorized organization as required by the securities regulatory authorities of the State Council.

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## APPENDIX XII      WORKING RULES FOR INDEPENDENT DIRECTORS (EFFECTIVE UPON THE LISTING OF A SHARES)

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**Article 6** More than one-third of the members of the board of directors (hereinafter referred to as the “Board”) (and at least 3) shall be independent directors, and the independent directors should form the majority of the Audit Committee, Remuneration and Appraisal Committee and Nomination Committee under the Board.

**Article 7** If any independent director fails to comply with the requirement of independence or other requirements for performing the independent director’s duties, resulting in the number of independent directors less than the minimum number required by the Listing Rules of the Places where the Company’s Shares are Listed, the Company shall make up the number of independent directors as required.

### Chapter 2 Qualifications

**Article 8** An independent director shall attain a high professional level with good reputation and shall meet the following criteria:

- (1) being qualified to serve as a director of a listed company pursuant to the laws, regulations, regulatory documents and requirements of the securities regulatory authorities of the places where the Company’s shares are listed;
- (2) having a degree of bachelor’s level or above, or a senior title or higher title of a relevant profession;
- (3) being capable of carrying out his duties independently without being influenced by the Company’s substantial shareholder, de facto controller or other entity or individual having interests in the Company;
- (4) having the basic knowledge in respect of the operation of a listed company and being familiar with the relevant laws, regulations, regulatory documents and rules;
- (5) having more than 5 years of working experience in the areas of legal practice, economics, finance or other experiences related to the Company’s industry or conducive for discharging the duties of an independent director;
- (6) being familiar with the laws and regulations governing the operation and management of the Company;
- (7) being able to read, understand and analyze the financial statements of the Company;
- (8) ensuring to have enough time and energy to effectively perform the duties and undertaking to duly perform the duty in good faith with diligence.

In addition to the above criteria, among the independent directors, at least 1 independent director shall have the proper professional qualification, or the accounting or financial management expertise that satisfies the regulatory requirements (specifically, he shall have relatively rich accounting expertise and experience, and to be qualified for

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**APPENDIX XII      WORKING RULES FOR INDEPENDENT DIRECTORS  
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internal control, preparing or auditing financial report similar to the one of the Company, or making an analysis of audited financial report of listed companies by serving as a practicing accountant, auditor, chief financial officer or chief accounting officer of listed companies, or performing similar duties).

In addition to the above conditions, among the independent directors, at least 1 independent director shall ordinarily reside in Hong Kong.

**Article 9** The independent directors shall have their own independence. In order to ensure their independence, the following persons may not serve as independent directors:

- (1) The person who holds a position in the Company or its subsidiaries, their immediate relatives and major social relations (immediate relatives refer to their spouse, parents, children etc.; major social relations refer to brother and sisters, father-in-law, mother-in-law, daughter-in-law, son-in-law, brother-in-law, sister-in-law etc.);
- (2) The person who holds more than 1% of the issued shares of the Company directly or indirectly, or the natural person shareholders of one of the top ten shareholders of the Company, and such shareholder's immediate relative;
- (3) The person who holds a position in a unit which holds more than 5% of the issued shares of the Company directly or indirectly, or of the unit which is one of the top five shareholders of the Company, and such employee's immediate relative;
- (4) The person that has any of the three factors as listed above during the past one year;
- (5) The person who provides financial, legal and consulting services to the Company or its subsidiaries;
- (6) Other persons who are not permitted to serve as independent directors of the Company as stipulated by the Articles of Association;
- (7) Other persons who are not permitted to serve as independent directors of a company as required by relevant securities regulations of the places where the shares are listed and the Listing Rules of the Places where the Company's Shares are Listed;
- (8) Other persons who are not permitted to serve as independent directors of a company regarded by the securities regulatory authorities of the State Council.



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**APPENDIX XII      WORKING RULES FOR INDEPENDENT DIRECTORS  
(EFFECTIVE UPON THE LISTING OF A SHARES)**

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**Article 10** In addition to the requirements in article 9 of this System, in assessing independence, the Company shall avoid selecting the following persons:

- (1) The person who legally or beneficially holds more than 1% of the total issued share capital of the Company;
- (2) Such person who once obtained any interest in securities from the Company or its core connected person in the form of gifts or other means of financial assistance (save as allowed under the Hong Kong Listing Rules);
- (3) Such person is the director, partner or principal of professional consultants who is providing services to the following company/persons or did so within one year before being appointed, or is an employee of the professional consultants who provide or provided the relevant services:
  1. The Company, its holding company or any of their respective subsidiaries or core connected persons;
  2. The person who once held any position or title at the controlling shareholder of the Company within one year prior to being appointed as an independent director, or if the Company has no controlling shareholder, such person was once the president officer or director of the Company (other than an independent director) or any of his close associates;
- (4) Such person has substantial interests in any main business activities of the Company, its holding company or any of their respective subsidiaries, or is involved in major commercial transactions between the Company, its holding company or any of their respective subsidiaries, or between any core connected person of the Company;
- (5) Such person serves as a director in order to protect a certain entity whose interest is different from the interests of shareholders as a whole;
- (6) Within 2 years prior to being proposed to be an independent director, such person was connected with the director, president officer or substantial shareholders of the Company;
- (7) Such person is (or once was within 2 years prior to being proposed director) an executive or a director (save for an independent director) of the Company, its holding company or any of their respective subsidiaries or any core connected persons of the Company; and
- (8) Such person is financially dependent on the Company, its controlling shareholder or any of their respective subsidiaries or the core connected persons of the Company.

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## **APPENDIX XII      WORKING RULES FOR INDEPENDENT DIRECTORS (EFFECTIVE UPON THE LISTING OF A SHARES)**

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**Article 11** Upon commencement of an independent director's term of office, if any change could affect his independence, such independent director shall inform the Company and the stock exchanges of the places where the Company are listed as soon as possible, and confirm his independence to the Company each year. The Company shall disclose that it has received the independent director's confirmation in the annual report, and state whether it still regards such independent director as an independent person.

**Article 12** The Company must inform any condition violating Article 6 of this system to Hong Kong Stock Exchange promptly and publish an announcement, which announcing relevant details and explaining reasons, and appoint corresponding independent directors within 3 months after violating Article 6 of this system, according to this system in order to satisfy the requirements of this system.

### **Chapter 3 Nomination, Election and Removal**

**Article 13** The Board, the Board of Supervisors, or shareholders individually or jointly holding not less than 3% of the issued shares of the Company are entitled to nominate candidates for independent directors to be elected at the shareholders' general meetings. The term of office of an independent director shall be identical to that of the other directors of the Company. Upon expiration of the term of office, an independent director is eligible to offer himself for re-election and re-appointment.

If the Board wishes to propose a resolution at a shareholders' general meeting to elect a person to be an independent director, the reasons for the election of such person and the reason for the independence of such person shall be stated in the shareholders' circular and explanatory statement enclosed in the notice of the shareholders' general meeting.

**Article 14** The person nominating a candidate for independent director shall obtain the consent of the person being nominated before the nomination. The person nominating such candidate shall fully understand the occupation, education, position, detailed working experience and all part-time jobs of the person being nominated, and shall provide the Company with written information in relation to the above matters. The person nominating a candidate for independent director shall express opinion on his qualifications of acting as an independent director and his independence. The person being nominated shall make a public declaration stating that there is no relationship between him and the Company which may hinder his independent and objective judgment. Before convening the shareholders' general meeting for election of independent directors, the Board shall publish an announcement incorporating the above in accordance with the relevant provisions.

**Article 15** Before convening the shareholders' general meeting for election of independent directors, the Company shall submit the materials relating to all the persons being nominated (including but not limited to the representations of the nominator and the candidates and the biographical details of independent directors) to the securities regulatory authorities of the State Council and its local office for the Company's domicile and the stock exchange on which the Company's shares are listed. If the Board has any disagreement on the relevant circumstances in which the person is nominated, written opinions of the Board shall be submitted at the same time.

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## APPENDIX XII WORKING RULES FOR INDEPENDENT DIRECTORS (EFFECTIVE UPON THE LISTING OF A SHARES)

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Upon reviewing the qualifications and independence of independent directors by the securities regulatory authorities of the State Council, nominees of independent directors objected by the securities regulatory authorities of the State Council may then become candidates for the directors of the Company but cannot be proposed as candidates for independent directors of the Company.

**Article 16** At the shareholders' general meetings for the election of independent directors, the Board shall give details as to whether the candidates for independent directors have been objected by the securities regulatory authorities of the State Council.

**Article 17** The term of office of an independent director shall be identical to that of the other directors of the Company. Upon expiration of the term of office, an independent director is eligible to offer himself for re-election and re-appointment for successive terms, which may not exceed six years.

**Article 18** An independent director shall, upon the election at the shareholders' general meeting, submit the "Directors' Declaration and Undertaking Form H" to the Hong Kong Stock Exchange as soon as practicable in accordance with the relevant provisions of the Hong Kong Listing Rules and submit written confirmation on the following matters:

- (1) whether he is independent within the meaning of this system and relevant provisions of the Hong Kong Listing Rules;
- (2) whether he has past or present financial or other interest in the business of the Company or its subsidiaries or any connection with any close connected persons of the Company.
- (3) whether there are other factors that may affect his independence at the time of the submission of the "Directors' Declaration and Undertaking Form H".

**Article 19** An independent director may resign before the expiry of his tenure. An independent director who resigns shall submit a written resignation to the Board to explain the situation related to his resignation or any other matters which in his opinion shall be brought to the notice of the shareholders and creditors of the Company.

If the resignation of the independent director results in the occurrence of situations which do not comply with Article 6 of this system, the written resignation of such independent director shall become effective only after a new director is elected to take up his office.

**Article 20** The Board shall propose at a shareholders' general meeting to dismiss an independent director in any of the following circumstances:

- (1) material breach of duty;
- (2) failure to attend the Board meetings in person for three consecutive times;

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## APPENDIX XII WORKING RULES FOR INDEPENDENT DIRECTORS (EFFECTIVE UPON THE LISTING OF A SHARES)

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- (3) other circumstances provided by laws, regulations and regulatory documents where an independent director is no longer suitable for holding such a position.

Except for circumstances described above and the circumstances as provided for in laws, regulations and regulatory documents that a person is unqualified to act as a director, an independent director shall not be removed without reason from his office before the expiration of his term of office. Where an independent director is removed from office prior to the expiration of his term of office, the Company shall make special disclosure in relation thereto. The removed independent director may make a public statement if he believes that he has been improperly removed from his office.

**Article 21** Under the following circumstances, an independent director shall be deemed as a material breach of his duties:

- (1) disclose the trade secrets of the Company, and undermine the legal interests of the Company;
- (2) accept improper benefits in the course of performing duties, or use the position of independent director for personal gain;
- (3) other material breach of duty identified by the relevant regulatory authority.

If an independent director is disqualified by the relevant regulatory authority due to material breach of duty, he shall be removed from office from the date he was disqualified.

**Article 22** Upon the expiry of the term of office, the submission of a resignation or the removal of an independent director, his obligations of confidentiality in respect of trade secrets of the Company shall survive the end of his term of office until the same has become publicly available information.

### Chapter 4 Power, Duties and Obligations

**Article 23** As members of the Board, independent directors are of equal status with other directors.

**Article 24** The Company shall provide the working conditions necessary for independent directors to perform their duties and ensure that they have the same right to information as other directors. While the independent directors are exercising their powers, the secretary to the Board and other relevant personnel shall actively cooperate. For independent opinions, proposals and written statements issued by independent directors are required to be published, the Company shall promptly publish announcements at the stock exchanges where the Company is listed.

**Article 25** Where a matter is subject to the decision of the Board, the Company shall inform the independent directors in advance according to the statutory time limit and provide sufficient information at the same time. The independent directors may require supplemental information if he considers that the information provided is insufficient. Where

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## APPENDIX XII      WORKING RULES FOR INDEPENDENT DIRECTORS (EFFECTIVE UPON THE LISTING OF A SHARES)

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two or more independent directors conclude that the information provided is insufficient or the reasoning is unclear, they may jointly request the Board in writing to postpone the Board meeting or postpone considering such resolution, which shall be accepted by the Board.

The information provided to the independent directors of the Company shall be kept for at least five years by the Company and the independent directors themselves.

**Article 26** Independent directors shall carry out their duties independently without being influenced by the Company's substantial shareholder, de facto controller or associates having interests in the Company and its substantial shareholders or de facto controller.

**Article 27** Independent directors, upon discovering that the Board, the directors, the senior management, and the departments and employees of the Company are in violation of the provisions of laws, regulations, rules or the Articles of Association during the course of performing their duties, shall promptly demand for rectification.

**Article 28** Independent directors should attend shareholders' general meetings to have a fair understanding of the opinion of the shareholders.

**Article 29** Independent directors shall regularly and timely attend meetings of the Board and Board committees for which he is a member, actively participate in the affairs of the meetings, carefully review documents relating to the meetings, proactively investigate and obtain conditions and information required for making decisions. They shall adopt a normal, reasonable and prudent manner and act diligently when expressing their precise opinion on matters under consideration contribute to the Company with their expertise, skills and background.

If a substantial shareholder or a director has a conflict of interest in a matter to be considered by the Board which the Board has determined to be material, the matter should be resolved by holding a physical Board meeting. The independent directors who, themselves and their connected persons, do not have material interest in the transaction should attend such Board meetings.

**Article 30** An independent director may carefully appoint, in writing, another independent director to vote on his behalf if he is unable to attend a Board meeting in person. Such person being appointed shall independently assume legal liability. Unless there is any special reason, an independent director shall attend at least two-thirds of the Board meetings in person each year.

**Article 31** Every independent director should ensure that he can give sufficient time and attention to the affairs of the Company, otherwise he shall not accept the appointment.

**Article 32** Independent directors should seriously review all operational and financial reports as well as all reports on the Company made by the media, timely keep abreast with the Company's operation management status and any material event of the Company occurred or likely to occur and its impact on a continuous basis, report to the Board any

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problem in the operating activities of the Company in a timely manner, and not evading any liability on the basis that he did not participate in the operation management directly or was not aware of those issues and situations.

**Article 33** The independent directors shall have the following special powers in addition to the rights entitled as the Company's director:

- (1) material connected transactions (determined according to the standards promulgated by competent regulatory authorities from time to time) shall be acknowledged by independent directors before they are submitted to the Board for discussion; and before making a judgment, independent directors may appoint an intermediary institution to issue an independent financial adviser's report to be used as the basis of their judgment;
- (2) to put forward the proposal to the Board relating to the appointment or removal of the accounting firm;
- (3) to propose to the Board to convene an extraordinary general meeting;
- (4) to propose to convene Board meetings;
- (5) to independently engage external auditor and consulting firm to carry out audit and consulting in respect of specific matters of the Company, and the expenses incurred shall be borne by the Company;
- (6) to collect voting rights from the shareholders before the shareholders' general meeting is convened;
- (7) to exercise any other powers specified in the relevant laws, regulations, regulatory documents, the Listing Rules of the Places where the Company's Shares are Listed and the Articles of Association.

**Article 34** Consent from no less than 1/2 of all the independent directors shall be obtained if an independent director desires to exercise the special powers as mentioned in Article 33 of this system. If the proposals made by an independent director pursuant to Article 33 of this system are not adopted or the above powers cannot be exercised normally, the Company should disclose such circumstances.

**Article 35** Independent directors shall express objective and impartial independent opinions on matters discussed at the shareholders' general meeting or Board meeting, in particular on the following matters to the Board or the shareholders' general meeting:

- (1) nomination, appointment and removal of directors;
- (2) appointment or dismissal of the president and senior management;

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- (3) the remuneration of the directors, the president and the senior management of the Company;
- (4) material connected transactions (determined according to the standards promulgated by competent regulatory authorities from time to time);
- (5) matters that independent directors consider may be detrimental to the interests of medium and small shareholders;
- (6) matters that independent directors consider may result in heavy losses of the Company;
- (7) other matters as required by laws, regulations, regulatory documents, the securities regulatory authorities of the places where the Company's shares are listed and the Articles of Association.

Independent directors shall express opinion on the above mentioned matters in one of the following manner:

- (1) agree;
- (2) qualified opinions and the reasons thereof;
- (3) disagree and the reasons thereof;
- (4) unable to express opinion and the obstacles thereof.

The opinions expressed by independent directors to the Board shall be recorded in the minutes of the Board meetings.

**Article 36** For matters mentioned in Article 35 of this system that require to be disclosed, opinion of independent directors shall be announced by the Company. Where consensus cannot be reached among the independent directors, the opinion of each independent director shall be separately disclosed by the Board.

**Chapter 5 Working System**

**Article 37** Where the independent director independently engages an external audit or advisory institution, the independent director shall submit to the Board in writing matters such as the intermediary to be engaged and works to be performed, and the reasonable expenses incurred shall be borne by the Company.

**Article 38** The Company shall pay emoluments and allowances to the independent directors, the level of such payments which shall be formulated by the Remuneration and Appraisal Committee under the Board and approved at the shareholders' general meeting. In

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addition to the above emoluments and allowances, no extra or undisclosed benefits shall be accepted by the independent directors from the Company, its controlling shareholder, de facto controller or other institutions and persons connected with the Company.

**Chapter 6    Supplementary Provisions**

**Article 39** Matters not covered herein or contradicting relevant laws, regulations, rules, regulatory documents, the Articles of Association and the Rules of Procedure of the Board shall be executed in accordance with the requirements of laws, regulations, rules, regulatory documents, the Articles of Association and the Rules of Procedure of the Board.

**Article 40** In this system, the terms “related” and “related party” have the same meaning as “connected” and “connected person” as referred to in the Hong Kong Listing Rules respectively. The terms “core connected person”, “substantial shareholder”, “associate” and “close associate” are as defined in Hong Kong Listing Rules.

**Article 41** This system shall be formulated and interpreted by the Board.

**Article 42** This system shall be considered and approved at the shareholders’ general meeting, and become effective from the date of the initial public offering and listing of RMB denominated ordinary shares (A shares) of the Company.

*Note:* The “Working Rules for Independent Directors (Effective upon the Listing of A Shares)” were prepared in Chinese and are translated into English. Should there be any discrepancies between the Chinese and English versions, the Chinese version shall prevail.