

1. *The original version of the Articles of Association of the Company is in Chinese, and the English version of the Articles of Association is the translation from the Chinese original. Should there be any discrepancy between the Chinese and English versions of the Articles of Association, the Chinese version shall prevail.*
2. *The statements of the numbers and corresponding proportions of the issued shares in Article 21 and the registered capital in Article 24 of the Articles of Association of the Company are subject to adjustment due to any exercise of the over-allotment option pursuant to the initial public offering.*

Poly Culture Group Corporation Limited

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

Articles of Association

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Chapter 1 General Provisions

Article 1 To maintain the lawful rights and interests of Poly Culture Group Corporation Limited (hereinafter shortly referred to as “the Company”), Shareholders and creditors thereof and to regulate the Company’s organization and activities, and to adhere to and enhance the overall guidance of the Communist Party of China on the Company, the Company formulates the Articles of Association in accordance with the *Company Law of the PRC* (hereinafter shortly referred to as “*PRC Company Law*”), *Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies* (hereinafter shortly referred to as “*Special Regulations*”), *Mandatory Provisions for Articles of Association of Companies to be Listed Overseas* (hereinafter shortly referred to as “*Mandatory Provisions*”), the *Letter of Opinions on Supplementary Amendments to Articles of Association of Companies to be Listed in Hong Kong* (hereinafter shortly referred to as “*Letter of Opinions on Amendments*”), *Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited* (hereinafter shortly referred to as “*Listing Rules of the Stock Exchange*”) and other relevant laws and administrative regulations of the State.

Article 2 The Company is a joint stock limited company incorporated in accordance with the *PRC Company Law*, *Special Regulations* and other relevant laws and administrative regulations.

Upon approval by the State-owned Assets Supervision and Administration Commission of the State Council as shown in *Reply on Establishment of Poly Culture Group Corporation Limited* (Guo Zi Gai Ge [2010] No. 1406), the Company was registered with State Administration for Industry & Commerce and obtained the business license of the Company on December 14, 2010 with the Business License number of 100000000032928.

The promoters of the Company are:

- (I) China Poly Group Corporation
Registered in: PRC
Registration No.: 100000000012881
Residence: 28/F, 1 North Street of Chaoyangmen, Dongcheng District, Beijing City
Legal representative: Zhang Zhengao
Nationality of the legal representative: PRC
- (II) Poly Technologies Inc.
Registered in: PRC
Registration No.: 100000000001523
Residence: 27/F, New Poly Plaza, 1 North Street of Chaoyangmen, Dongcheng District, Beijing City
Legal representative: Wang Lin
Nationality of the legal representative: PRC

Article 3 Registered name of the Company in Chinese: 保利文化集團股份有限公司

Name of the Company in English: Poly Culture Group Co., Ltd.

Article 4 Residence of the Company: Districts A, B and C, 9/F, New Poly Plaza, 1 North Street of Chaoyangmen, Dongcheng District, Beijing City

Postal code: 100010

Tel.: 010-64082666

Fax: 010-64082662

Article 5 The legal representative of the Company is the general manager of the Company.

Article 6 The Company is an independent corporate legal person and is governed and protected by PRC laws.

The Company is a joint stock limited company which has perpetual existence.

Article 7 The assets of the Company are divided into equal shares. Shareholders shall bear liability for the Company to the extent of the shares they hold, and the Company shall bear liability for the debts of the Company with all its assets.

Article 8 The original Articles of Association has become effective as from the date of incorporation of the Company.

The Articles of Association shall take effect after adoption at the Shareholders' general meeting of the Company and as from the date on which the Overseas Listed Foreign Shares issued by the Company are listed on the Stock Exchange of Hong Kong Limited (hereinafter shortly referred to as "the Stock Exchange"). The Articles of Association shall, upon entry into effect, replace the original Articles of Association.

The Articles of Association of the Company shall be a legally binding document that regulates the Company's organization and activities, the rights and obligations between the Company and its Shareholders as well as among the Shareholders once it goes into effect.

Article 9 The Articles of Association are binding on the Company and its Shareholders, Party members, Directors, Supervisors, general manager and other senior management personnel, all of whom may, according to the Articles of Association, assert rights in respect of the affairs of the Company.

Shareholders may take action against the Company pursuant to the Articles of Association, and the Company may take action against Shareholders, Directors, Supervisors, general manager and other senior management personnel pursuant to the Articles of Association. A Shareholder may also take action against another Shareholder, the Directors, Supervisors, general manager and other senior management personnel of the Company pursuant to the Articles of Association.

The “take action” appears above include submitting a lawsuit to court or applying to the arbitration bodies for arbitration.

Article 10 Other senior management personnel mentioned herein refer to deputy general manager, chief accountant and secretary to the Board of the Company.

Article 11 In accordance with the relevant provisions under the Constitution of the Communist Party of China, the Company shall establish a Communist Party of China organisation to carry out the activities of the Party, set up a working organ for the Party, allocate sufficient staff to deal with Party affairs and guarantee sufficient funds to operate the Party organisation.

Chapter 2 Objective and Scope of Business

Article 12 The business objective of the Company is to operate honestly amid innovation, carry forward the Chinese traditional culture, prosper the domestic cultural market, promote international cultural exchange and provide quality cultural products and services to the society, in order to maximize wealth for Shareholders.

Article 13 The business scope of the Company shall be as approved by the companies’ registration authority.

Operational performance and brokerage (including businesses from foreign countries, Hong Kong, Macao and Taiwan), organization of cultural art activities, performance ticket agency, calligraphic works and paintings and artistic handicrafts (excluding golden accessories), sale of tour souvenirs, sale and lease of performance equipment, artistic decoration, artwork exhibition, design and production of stage art, artistic handicrafts and package decoration, and technical consulting and services relating to the above businesses.

Chapter 3 Shares and Registered Capital

Article 14 The stock of the Company shall take the form of shares.

Article 15 The Company shall have ordinary shares at all times; with the approval of the approval department authorized by the State Council, the Company may have other forms of shares when needed.

Article 16 The Company shall issue shares in a fair and just manner, and each share of the same category shall have the same right.

All shares of the same category issued at the same time shall be issued under the same conditions and at the same price; any entity or individual shall pay the same price for each share.

Article 17 All shares issued by the Company shall have par values, with each share having a par value of RMB1.00.

RMB aforementioned refers to the legal tender of the PRC.

Article 18 Subject to the approval of the securities regulatory authorities of the State Council, the Company may issue shares to Domestic Investors and Foreign Investors.

“Foreign Investors” mean those investors who subscribe for the Company’s shares and who are located in foreign countries and Hong Kong Special Administrative Region (hereinafter shortly referred to as “Hong Kong”), Macao Special Administrative Region (hereinafter shortly referred to as “Macao”) and Taiwan. “Domestic Investors” mean those investors who subscribe for the Company’s shares and who are located within the territory of the PRC (except for the areas referred to above).

Article 19 Shares which the Company issues to Domestic Investors for subscription in RMB are called “Domestic Shares”; shares which the Company issues to Foreign Investors for subscription in foreign currencies are called “Foreign Shares”. Foreign shares which are listed overseas are called “Overseas Listed Foreign Shares”.

Shareholders may list overseas the unlisted shares of the Company they hold upon approval by the securities regulatory authorities under the State Council. Listing of the aforesaid shares on an overseas stock exchange shall also comply with the regulatory procedure, regulations and requirements of the overseas securities market. Listing of the aforesaid shares on an overseas stock exchange does not need resolution through voting at a class Shareholders’ meeting.

Foreign shares issued by the Company to be listed in the Stock Exchange shall be called “H Shares”. H Shares are shares which have been admitted for listing on the Stock Exchange, the par value of which is denominated in Renminbi and which are subscribed for and traded in Hong Kong dollars.

With the approval of the State Council or agency authorized by the State Council and consent by the Stock Exchange, Domestic Shares may be converted into H Shares.

Foreign currency aforementioned refers to the legal tender, other than RMB, of another country or region, which is recognized by the foreign exchange authority of the State and can be used to pay the Company for the shares.

Article 20 With the approval of the authorized approval department, the total number of ordinary shares issued at the time of incorporation of the Company is 120,000,000. The Company, at the time of incorporation, issued 120,000,000 ordinary shares to the promoters, including 81,600,000 Domestic Shares to the Promoter China Poly Group Corporation and 38,400,000 Domestic Shares to the Promoter Poly Technologies Inc.

On March 16, 2011, with resolution at the annual Shareholders’ general meeting of the Company and approval of the authorized approval department, the registered capital of the Company increased to RMB165,000,000, including RMB24,000,000 converted from capital common reserve fund and RMB21,000,000 converted from undistributed profits.

Article 21 With the approval of the securities regulatory authorities of the State Council, the Company issued 70,710,000 H Shares in its initial public offering. As approved by State-owned Assets Supervision and Administration Commission of the State Council of the PRC and National Council for Social Security Fund of the PRC, State-owned Shareholders of the Company will, at the time of issuing H Shares, sell the 7,071,000 State-owned shares they hold to National Council for Social Security Fund of the PRC in accordance of *Interim Measures on the Management of Reducing Held State-owned Shares and Raising Social Security Funds* and other relevant regulations of the State Council. The above mentioned 77,781,000 H shares were listed and commenced dealing on the Main Board of Stock Exchange on 6 March 2014.

As authorized by the 2013 Second Extraordinary General Meeting and approved by the securities regulatory authorities of the State Council, over-allotment option was exercised in full by the Sole Global Coordinator. The Over-allotment Shares comprise 10,606,000 H Shares to be issued by the Company and 1,060,600 H Shares to be sold by the State-owned Shareholders of the Company and transferred to National Council for Social Security Fund of the PRC in accordance with relevant regulations regarding the reduction of State-owned Shares. The above mentioned 11,666,600 H shares were listed and commenced dealing on the Main Board of Stock Exchange on 14 March 2014.

After the aforesaid offering (the exercises of the over-allotment option included), the equity structure of the Company will be: 106,670,500 Domestic Shares held by China Poly Group Corporation, accounting for about 43.3%, 50,197,900 Domestic Shares held by Poly Southern Group Co., Ltd., accounting for about 20.4%, and 89,447,600 H Shares held by holders of H Shares, accounting for about 36.3%.

Article 22 The Board of Directors of the Company can make the implementation arrangement of separate issuance for the plan of the Company for issuing Overseas Listed Foreign Shares and Domestic Shares that has been approved by the securities regulatory agency under the State Council.

According to the aforesaid plan for separate issuance of Domestic Shares and Overseas Listed Foreign Shares, the Company may issue the shares within 15 months after approval of the securities regulatory authorities of the State Council.

Article 23 If the Company separately issues Overseas Listed Foreign Shares and Domestic Shares within the total number specified in the plan for issuance, the said shares shall be issued respectively at one time; if it is impossible for the shares to be issued at one time for special reasons, the shares may be issued by several times upon approval by the securities regulatory authorities of the State Council.

Article 24 The registered capital of the Company is RMB246,316,000.

Article 25 The Company may, based on its operation and development needs, authorize the increase of its capital pursuant to the Articles of Association.

The Company may increase its capital in the following ways:

- (I) by offering new shares for subscription by unspecified investors;
- (II) by placing new shares to its existing Shareholders;
- (III) by allotting bonus shares to its existing Shareholders;
- (IV) by issuing new shares to specific investors;
- (V) by converting the capital common reserve fund into its share capital;
- (VI) by other means stipulated by laws, administrative regulations and approved by the securities authorities of the State Council.

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

Article 26 In compliance with relevant laws and regulations of the People's Republic of China as well as requirements of the Stock Exchange, the Company may exercise the power to confiscate the unclaimed dividends, but such power is non-exercisable until expiration of related applicable validity.

As for cease of exercise of the power of those Shareholders un-contactable, dividend warrants shall be sent by post; in case such dividends are not withdrawn, such power is non-exercisable unless such dividend warrants are not withdrawn for twice consecutively. The Company may also, however, exercise such power where such dividend warrants are sent back due to the initial failure of service to the address.

As for exercise of the power of issuing warrants to the holders, the Company shall not issue any replacement warrants unless it does believe the original warrants are truly destroyed.

The Company is entitled to sell the share certificates of those Shareholders un-contactable in a manner the Board of Directors deems fit, subject to the following terms:

- (I) dividends of relative shares have been declared for at least three (3) times within a 12-year period and the dividends have not been claimed by anyone during such period; and
- (II) upon expiry of the 12-year period, the Company publishes an announcement on one (1) newspaper or more newspapers, stating its intention to dispose of the shares, and notifies the stock exchange where such shares were listed.

Chapter 4 Capital Decrease and Share Repurchase

Article 27 The Company may decrease its registered capital in accordance with the Articles of Association.

Article 28 The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company shall notify its creditors within ten (10) days of the date of the Company's resolution for reduction of capital and shall publish an announcement in the newspapers within thirty (30) days of the date of such resolution. A creditor has the right within thirty (30) days of receipt of the notice from the Company or, in the case of a creditor who does not receive such notice, within forty-five (45) days of the date of the first announcement, to require the Company to repay its debts or provide a corresponding guarantee for such debt.

The Company's registered capital may not, after the reduction in capital, be less than the minimum amount prescribed by law.

Article 29 The Company may, in accordance with the procedures set out in the Articles of Association, and subject to relevant laws, administrative regulations and the Listing Rules of the Stock Exchange and with the approval of the relevant governing authority of the State, repurchase its outstanding shares under the following circumstances:

- (I) cancellation of shares for the purpose of reducing its capital;
- (II) merging with another company that holds shares in the Company;
- (III) awarding of shares to its employees;
- (IV) objection of its Shareholders against the resolution in relation to the Company's merger and division made at the general meeting and their request of acquisition of its shares; and
- (V) other circumstances permitted by laws and administrative regulations.

Other than the above circumstances, the Company shall not trade its shares.

Article 30 The Company's acquisition of its own shares due to the causes in clauses (I) to (III) of Article 29 of the Articles of Association shall be subject to resolution of the general meeting. The shares acquired by the Company according to the above provisions shall: if due to the cause of clause (I) of the preceding paragraph, be cancelled within ten (10) days upon acquisition; if due to the causes of clauses (II), (IV) of the preceding paragraph, be assigned or cancelled within six (6) months.

The shares acquired by the Company according to clause (III) of the preceding paragraph shall not exceed 5% of its total issued shares; the money used to acquire the shares shall be paid from its profit after tax; and its acquired shares shall be assigned to its employees within one (1) year.

Article 31 The Company may repurchase shares in one of the following ways, with the approval of the relevant governing authority of the State:

- (I) by making an offer for the repurchase of shares to all its Shareholders on a pro rata basis;
- (II) by repurchasing shares through public dealing on a stock exchange;
- (III) by repurchasing shares outside of the stock exchange by means of an off-market agreement; or
- (IV) other methods approved by the securities regulatory authorities of the State Council.

Article 32 The Company must obtain the prior approval of the Shareholders in a general meeting in the manner stipulated in the Articles of Association before it can repurchase shares outside the stock exchange by means of an off-market agreement. The Company may, by obtaining the prior approval of the Shareholders in a general meeting (in the same manner), rescind or vary any contract which has been so entered into or waive any right thereof.

A contract for the repurchase of shares referred to in the preceding paragraph includes (but is not limited to) an agreement to become liable to repurchase shares or an agreement to have the right to repurchase shares.

The Company shall not assign any contract for the repurchase of its shares or any right contained in such agreement.

As far as the Company's right to repurchase the redeemable shares is concerned, the price shall not exceed certain upper limit if such shares are not repurchased in the market or by bidding; whereas in the event of repurchase by bidding, relative bids must be equally issued to all its Shareholders.

Article 33 Upon repurchase of shares, the Company shall cancel those shares and apply to register the change of the registered capital with original companies' registration authorities.

The aggregate par value of the cancelled shares shall be deducted from the Company's registered share capital. Shares acquired by the Company according to clause (III) of Article 29 are excluded.

Article 34 Unless the Company is in the course of liquidation, it must comply with the following provisions in relation to repurchase of its outstanding shares:

- (I) where the Company repurchases shares at par value, payment shall be made out of the book surplus of distributable profits of the Company or out of the proceeds of a new issue of shares made for that purpose;
- (II) Where the Company repurchases shares of the Company at a premium to its par value, payment up to the par value may be made out of the book surplus of distributable profits of the Company or out of the proceeds of a new issue of shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:
 - (1) if the shares being repurchased were issued at par value, payment shall be made out of the book surplus of distributable profits of the Company;
 - (2) if the shares being repurchased were issued at a premium to its par value, payment shall be made out of the book surplus of distributable profits of the Company or out of the proceeds of a new issue of shares made for that purpose, provided that the amount paid out of the proceeds of the new issue shall not exceed the aggregate amount of premiums received by the Company on the issue of the shares repurchased nor shall it exceed the book value of the Company's capital common reserve fund account (including the premiums on the new issue) at the time of the repurchase;
- (III) The Company shall make the following payments out of the Company's distributable profits:
 - (1) payment for the acquisition of the right to repurchase its own shares;
 - (2) payment for variation of any contract for the repurchase of its shares;
 - (3) payment for the release of its obligations under any contract for the repurchase;
- (IV) After the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value of shares which have been repurchased shall be transferred to the Company's premium accounts or capital common reserve fund account.

Chapter 5 Financial Assistance to Acquire Shares of the Company

Article 35 The Company and its subsidiaries shall not, at any time, provide any form of financial assistance to a person who is acquiring or is proposing to acquire shares in the Company. This includes any person who directly or indirectly incurs any obligations as a result of the acquisition of shares in the Company.

The Company and its subsidiaries shall not, at any time, provide any form of financial assistance to the Obligor for the purpose of reducing or discharging the obligations assumed by such person.

The provisions herein do not apply to the circumstances set out in Article 37.

Article 36 Financial assistance referred to in this Chapter includes (but is not limited to) the following:

- (I) gift;
- (II) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations of the Obligor), compensation (other than compensation in respect of the Company's own default), release or waiver of any rights;
- (III) provision of loan or the making of any other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, or the change in parties to, or the assignment of rights under, such loan or contract;
- (IV) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

For the purpose of this Chapter, "assumption of obligations" includes the assumption of obligations by means of contract or arrangement (irrespective of whether such contract or arrangement is enforceable or not and irrespective of whether such obligation is to be borne solely by the Obligor or jointly with other persons) or by any other means which results in a change in his financial position.

Article 37 The following acts shall not be deemed to be acts prohibited under Article 35:

- (I) the provision of financial assistance by the Company where the financial assistance is given in good faith in the interests of the Company, and the principal purpose of which is not for the acquisition of shares in the Company, or the giving of the financial assistance is an incidental part of a master plan of the Company;

- (II) the lawful distribution of the Company's assets as divided;
- (III) the distribution of dividends in the form of shares;
- (IV) a reduction of registered capital, a repurchase of shares of the Company or a reorganization of the shareholding structure of the Company effected in accordance with the Articles of Association;
- (V) the provision of loans by the Company within its scope of business for the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits);
- (VI) contributions made by the Company to the employee share ownership scheme (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits).

Chapter 6 Transfer of Shares

Article 38 Save otherwise provided in laws and administrative regulations and by the Stock Exchange, fully paid up shares can be freely transferred and don't enclose any liens.

Domestic Shares and overseas-listed H Shares shall be purchased, sold, donated, inherited and charged on in accordance with the PRC laws, local laws where the Company's shares are listed, Listing Rules of the Stock Exchange and the Articles of Association. The transfer and transmission of the shares shall be registered in accordance with the relevant regulations.

Article 39 Once the Company's shares are transferred, the names (titles) of the transferees will be recorded in the register of Shareholders.

Issuance or transfer of all H Shares listed on the Stock Exchange shall be registered in the register of Shareholders of H Shares of the Company kept in Hong Kong in accordance with the Articles of Association.

Article 40 The Company shall not accept its own shares as the items for a pledge.

Article 41 The Company's shares held by the promoters, since the establishment of the Company, shall not be transferred within one year. Shares issued prior to the public issue by the Company shall not be transferred within one year from the date on which the shares of the Company are listed and traded at stock exchanges.

Directors, Supervisors, general manager and other senior management personnel of the Company shall report to the Company about their status of the Company shares held by them, and during their tenure the annual transfer of shares shall not exceed 25% of the total number of shares of

the Company; in addition to that, the Company shares held by them shall not be transferred within one year from the date on which the shares of the Company are listed and traded at stock exchanges. Even after they resigned, they may not transfer their shares of the Company within half a year. However, changes of the shares such as judicial enforcement, inheritance, bequest, properties division according to laws are excluded.

If Directors, Supervisors, general manager and other senior management personnel of the Company hold shares less than 1,000 shares, they can transfer their shares all at once, free from the preceding proportional limit.

If the shareholding status of Directors, Supervisors, general manager and other senior management personnel of the Company fit in the following cases, their shares therefore can't be transferred:

- (I) within one year from the date on which the shares of the Company are listed and traded at stock exchanges;
- (II) Directors, Supervisors, general manager and other senior management of the Company resigned from their jobs within half a year;
- (III) Directors, Supervisors, general manager and other senior management made promise not to transfer their shares within a certain period and in that period of time;
- (IV) in other cases required by laws and regulations of the State Council Securities Regulatory agencies and stock exchanges.

Article 42 For Directors, Supervisors, senior management and Shareholders of the Company holding more than 5% of Domestic Shares, if they sold the Company's shares within six (6) months after buying, or bought it within six (6) months after they selling, the benefit from the exchange will go to the Company, and the Board of the Company shall forfeit his gains and timely disclose the relevant circumstance. However, if the securities company holds more than 5% of the Company shares due to their role as the sole underwriter purchasing all the unsold stock, it can sell its stock freely and without six (6) months' limit.

If the Board of the Company does not perform in accordance with the above provisions, the Shareholders have the right to request the Board to execute it within 30 days. If the Board doesn't execute it at that time limit, the Shareholders are entitled to directly file a suit in the people's court for the benefit of the Company in their own names.

If the Board of the Company does not perform in accordance with the above provisions, the responsible Director shall bear joint liabilities according to laws.

Chapter 7 Shares and Register of Shareholders

Article 43 The share certificates of the Company shall be in registered forms.

The Company's shares shall specify:

- (I) name of the Company;
- (II) date of incorporation of the Company;
- (III) type of stock, par value and number of shares represented;
- (IV) stock code;
- (V) other matters to be specified pursuant to the *PRC Company Law* and *Special Regulations*;
- (VI) other matters to be specified as required by the stock exchange on which the Company's shares are listed.

During the period when H Shares are listed on the Stock Exchange, the Company shall ensure that all ownership documents of all securities listed on the Stock Exchange (including H Shares) cover the following statements, and shall instruct and urge its share transfer registry to refuse any registration of subscription for and purchase or transfer of its shares in the name of an individual holder unless and until the said individual holder has submitted to the said share transfer registry the signed form relating to the said shares, which form shall include the following statements:

- (I) The purchaser of shares agrees with the Company and each of its Shareholders, and the Company agrees with each Shareholder to observe and comply with the *PRC Company Law*, *Special Regulations*, other relevant laws and administrative regulations, and the Articles of Association.
- (II) The purchaser of shares agrees with the Company, and each Shareholder, Director, Supervisor, general manager and other senior management personnel of the Company, and the Company acting on its behalf and for each Director, Supervisor, general manager and other senior management personnel also agrees with each Shareholder, to refer all disputes and claims arising from the Articles of Association or from any right and obligation specified in the *PRC Company Law* and other relevant PRC laws and administrative regulations with respect to the affairs of the Company, to arbitration in accordance with the Articles of Association, and that any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct a public hearing in open session and to publish its ruling, and the arbitration award shall be final and conclusive;
- (III) The purchaser of shares agrees with the Company and each of its Shareholders that the shares of the Company can be transferred freely by the holders.

- (IV) The purchaser of shares authorizes the Company to conclude contracts on his behalf with each Director, general manager and other senior management personnel, who shall undertake to fulfill their due duties for Shareholders as specified in the Articles of Association.

Article 44 The share certificates shall be signed by the chairman. Other related senior management personnel of the Company shall sign also once required by such stock exchanges where the Company's shares are listed. The share certificates can be valid only with company chop or digitally printed chop stamped. Company chop or digitally printed chop stamped on shares should be authorized by the Board of Directors. Signatures of chairman of the Board of Directors of the Company and other related senior management personnel can be printed on the shares as well.

Article 45 The Company shall keep a register of Shareholders which shall contain the following items:

- (I) the name (title) and address (residence), the occupation or nature of each Shareholder;
- (II) the class and quantity of shares held by each Shareholder;
- (III) the amount paid-up on or agreed to be paid-up on the shares held by each Shareholder;
- (IV) the share certificate numbers of the shares held by each Shareholder;
- (V) the date on which each person was registered as a Shareholder;
- (VI) the date on which any Shareholder ceased to be a Shareholder.

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

Two (2) or more persons who are registered as the joint Shareholders of any shares shall be deemed as the joint holders of related shares, subject to the following terms:

- (I) the Company does not need to register more than four (4) persons as the joint Shareholders of any shares;
- (II) all the joint Shareholders of any shares shall jointly and individually assume the responsibility of paying for all amounts payable arising from relative shares;
- (III) for the joint Shareholders, if one of the joint Shareholders has passed away, the surviving Shareholders shall be deemed by the Company to have the ownership of the related shares, but the Board of Directors is entitled to ask for the provision of the suitable death certificate for the purpose of revision of the register of Shareholders; and

(IV) for joint Shareholders, only the Shareholder named first in the register of Shareholders has the right to receive the share certificates of the related shares, receive the notice of the Company, attend the Shareholders' general meeting and exercise his voting right; while, any notice delivered to the said Shareholder shall be deemed as if the notice has been delivered to all of the joint Shareholders of the related shares.

Article 46 The Company may, in accordance with the mutual understanding and agreements made between the securities regulatory authorities of the State Council and overseas securities regulatory organizations maintain the register of Shareholders of Overseas Listed Foreign Shares overseas and appoint overseas agents to manage such register of Shareholders. Such original register of Shareholders of Overseas Listed Foreign Shares listed in Hong Kong shall be kept in Hong Kong.

A duplicate register of Shareholders for the holders of Overseas Listed Foreign Shares shall be maintained at the Company's residence. The appointed overseas agents shall ensure consistency between the original and the duplicate register of Shareholders at all times.

If there is any inconsistency between the original and the duplicate register of Shareholders for the holders of Overseas Listed Foreign Shares, the original register of Shareholders shall prevail.

Article 47 The Company shall keep a complete register of Shareholders.

The register of Shareholders shall include the following parts:

- (I) Register of Shareholders kept at the Company's residence, save as specified in (II) and (III) herein;
- (II) The register of Shareholders for the holders of Overseas Listed Foreign Shares that is maintained in the same place as the overseas stock exchange on which the shares are listed; and
- (III) The registers of Shareholders that are maintained in such other places as the Board of Directors may consider necessary for the purpose of listing the Company's shares.

Article 48 Different parts of the register of Shareholders shall not overlap. No transfer of any shares registered in any part of the register shall, during the continuance of that registration, be registered in any other part of the register.

Amendments or rectification of the register of Shareholders shall be made in accordance with the laws of the place where the register of Shareholders is maintained.

Article 49 Transfer of all H shares shall be executed with a written transfer instrument with a common format (including but not limited to the standard transfer form prepared by the Stock Exchange) or any other format accepted by the Board of Directors, which instrument may be signed by hand only, or affixed with the company's seal (if the transferor or transferee is a company). If the

Shareholder is a recognized clearing house (hereinafter shortly referred to as “Recognized Clearing House”) as defined in relevant Hong Kong ordinances which take effect from time to time or agent thereof, the said transfer form may be signed by hand or in printed form.

All transfer instruments shall be kept at the legal address of the Company or other place designated by the Board of Directors on occasion.

All paid-up H Shares listed on the Stock Exchange can be freely transferable in accordance with the Articles of Association (however, limitations provided by the Stock Exchange are exceptional); but unless it fits in the following conditions, the Board otherwise may refuse to confirm any transfer certificate, without giving any reason:

- (I) any transfer documents and files related to stock ownership or may affect stock ownership are required registration, and one shall pay the Company registration fee of HK\$2.5 for each transfer document, or the higher cost determined by the Board, but such fees shall not exceed the maximum fees prescribed in Listing Rules of the Stock Exchange on occasion;
- (II) the instrument of transfer relates only to Overseas Listed Foreign Shares listed in Hong Kong;
- (III) payment in full of any stamp duty due on the instrument of transfer;
- (IV) provision of the relevant share certificates and any other evidence reasonably required by the Board of Directors to prove the transferor’s right to make the transfer;
- (V) if the shares are to be transferred to joint holders, the number of joint holders shall not exceed four;
- (VI) the relevant shares of the Company are free from all liens.

If the Company refuses to register a transfer of any share, it shall, within two months after the date on which the formal application for transfer was lodged with the Company, send to the transferor and the transferee a notice of refusal to register the transfer of such share.

Article 50 Changes from shares transfer may not be entered in the register of Shareholders thirty (30) days prior to the date of a Shareholders’ general meeting or five (5) days ahead the record date set for the purpose of distribution of dividends.

Article 51 When the Company needs to convene a Shareholders’ general meeting, distribute dividends, liquidate or carry out activities which need to determine shareholdings, the Board of Directors shall determine a record date for the determination of Shareholdings. The Shareholders of the Company shall be such persons who appear in the register of Shareholders at the close of such record date.

Article 52 Any person who disputes the register of Shareholders and asks for inclusion of his name in or removal of his name from the register of Shareholders may apply to a court of competent jurisdiction for rectification of the register.

Article 53 A person who is a registered Shareholder or who claims to be entitled to have his name (title) entered in the register of Shareholders in respect of shares in the Company may, if his share certificate (the “original certificate”) relating to the shares is lost, he may apply to the Company for a replacement share certificate in respect of such shares (the “Relevant Shares”). Application by a holder of Domestic Shares, who has lost his share certificate, for a replacement share certificate shall be dealt with in accordance with relevant provisions of the *Company Law*.

Application by a holder of Overseas Listed Foreign Shares, who has lost his share certificate, for a replacement share certificate may be dealt with in accordance with the law of the place where the original register of Shareholders of holders of Overseas Listed Foreign Shares is maintained, the rules of the stock exchange or other relevant regulations.

The issue of a replacement share certificate to a holder of Overseas Listed Foreign Shares listed in Hong Kong, who has lost his share certificate, shall comply with the following requirements:

- (I) the applicant shall submit an application to the Company in the prescribed form accompanied by a notarial certificate or a statutory declaration, of which the contents shall include the grounds upon which the application is made and the circumstances and evidence of the loss, and the declaration showing that no other person is entitled to have his name entered in the register of Shareholders in respect of the Relevant Shares.
- (II) the Company has not received any declaration made by any person other than the applicant declaring that his name shall be entered in the register of Shareholders in respect of such shares before it decides to issue a replacement share certificate to the applicant.
- (III) the Company shall, if it intends to issue a replacement share certificate, publish a notice of its intention to do so at least once every thirty (30) days within a period of ninety (90) consecutive days in such newspapers as may be prescribed by the Board of Directors.
- (IV) the Company shall, prior to publication of its intention to issue a replacement share certificate, deliver to the stock exchange on which its shares are listed, a copy of the notice to be published and may publish the notice upon receipt of confirmation from such stock exchange that the notice has been exhibited in the premises of the stock exchange. Such notice shall be exhibited in the premises of the stock exchange for a period of ninety (90) days.

In the case of an application which is made without the consent of the registered holder of the Relevant Shares, the Company shall deliver by mail to such registered Shareholder a copy of the notice to be published.

- (V) if, by the expiration of the 90-day period referred to in paragraphs (III) and (IV) of this Article, the Company has not received any objection from any person in respect of the issuance of the replacement share certificate, it may issue a replacement share certificate to the applicant pursuant to his application.
- (VI) where the Company issues a replacement share certificate pursuant to this Article, it shall forthwith cancel the original share certificate and record the cancellation of the original share certificate and issuance of a replacement share certificate in the register of Shareholders accordingly.
- (VII) all expenses relating to the cancellation of an original share certificate and the issuance of a replacement share certificate shall be borne by the applicant and the Company is entitled to refuse to take any action until reasonable guarantee is provided by the applicant therefor.

Article 54 After the Company issues a replacement share certificate in accordance with the Articles of Association, the name of the goodwill buyer of the above-mentioned replacement share certificate or the Shareholder (as a goodwill buyer) later registered as owner of the said share certificate shall not be cancelled from the register of Shareholders.

Article 55 The Company has no obligation to compensate any person for any loss arising from cancellation of the original share certificate or issuance of a replacement share certificate, unless the said person can prove that the Company has committed any fraud.

Chapter 8 Rights and Obligations of Shareholders

Article 56 A Shareholder of the Company is a person who lawfully holds shares in the Company and whose name (title) is entered in the register of Shareholders.

A Shareholder shall enjoy rights and assume obligations according to the class and amount of shares held by him. Shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations.

The Company's Shareholders of each class enjoy equal rights in any distribution in form of dividend or otherwise.

Article 57 The Shareholders of ordinary shares of the Company shall enjoy the following rights:

- (I) the right to receive dividends and other distributions in proportion to their shareholdings;
- (II) the right to request, convene, chair, attend or appoint a proxy to attend Shareholders' general meetings and to exercise voting rights in proportion to their shareholdings;

- (III) the right to supervise the Company's business operations, the right to present proposals or raise queries;
- (IV) the right to assign, donate, inherit or pledge all the shares held by it in accordance with laws, administrative regulations, departmental rules, regulatory documents, relevant provisions of the securities regulatory authorities of the place of the listing of the Company and the provisions of the Articles of Association;
- (V) the right to obtain relevant information in accordance with the Articles of Association, including:
 - 1. the right to obtain a copy of the Articles of Association, subject to payment of costs;
 - 2. the right to inspect and copy, subject to payment of a reasonable fee:
 - (1) all parts of the register of Shareholders;
 - (2) personal particulars of each of the Company's Directors, Supervisors, general manager and other senior management personnel, including:
 - (A) present and former name and alias;
 - (B) principal address (place of residence);
 - (C) nationality;
 - (D) primary and all other part-time occupations and duties;
 - (E) identification documents and the numbers thereof.
 - (3) Company's equity position;
 - (4) Since the prior financial year, the par value of each class of shares repurchased by the Company, its quantity, the highest price and lowest price, and the report of all cost paid by the Company;
 - (5) counterfoils of the Company's bonds;
 - (6) minutes of the Shareholders' general meeting;
 - (7) resolutions of the Board of Directors;
 - (8) resolutions of the Board of Supervisors;

(9) the Company's financial/accounting statements/reports.

The Company shall deposit the above clauses (1) to (9) documents (other than clause (2)) at its Hong Kong address (residence) as required by the *Listing Rules of the Stock Exchange* available for free inspection of the public and H Shareholders (of which clause (6) is for the Shareholders' inspection only).

(VI) in the event of the termination or liquidation of the Company, the right to participate in the distribution of remaining assets of the Company in accordance with the number of shares held;

(VII) the right (for those Shareholders who hold objection against the resolutions in relation to the Company's merger and division made by the general meeting) to require the Company to acquire their shares;

(VIII) the Company shall not exercise any right to freeze or otherwise damage the rights attached to any shares held by any persons who directly or indirectly own interests in it which are not disclosed to the Company;

(IX) other rights conferred by laws, administrative regulations and the Articles of Association.

Article 58 A Shareholder intending to inspect relative information or request information shall provide to the Company the written supporting documents in relation to the types and numbers of its shares he/she hold, and the Company will provide information as per such Shareholder's requirements upon authentication of his/her identity as its Shareholder.

Article 59 If the resolutions of Shareholders' general meeting and the Board of Directors are in violation of laws and administrative regulations, Shareholders are entitled to request the People's Court to identify them invalid.

The procedures for convening and voting of Shareholders' general meeting and the Board of Directors are in violation of laws, administrative regulations or the Articles of Association, or the resolutions violate the Articles of Association, Shareholders are entitled to request the People's Court to revoke such resolutions within 60 days.

Article 60 If Directors and senior management personnel cause losses to the Company for violation of the requirements of laws, administrative regulations or the Articles of Association during performance of their duties, Shareholders who hold more than 1%, individually or jointly, of the Company's shares for more than 180 days continuously, have the right to request the Board of Supervisors to bring a suit to the People's Court; if the Board of Supervisors causes losses to the Company for violation of the requirements of laws, administrative regulations or the Articles of Association during performance of their duties, Shareholders can request the Board of Directors in written form to file a suit in the People's Court.

If the Board of Supervisors or the Board of Directors causes irreparable losses to the Company's interests as it refuses to file a suit after receiving the written request from Shareholders as set out in the preceding paragraph, or fails to file a suit within 30 days since the date of receiving the request, or does not file a suit immediately in case of emergency, the Shareholders as mentioned in the preceding paragraph have the right to bring a suit directly to the People's Court in their own name for the interests of the Company.

If others encroach on the legitimate rights and interests of the Company and cause losses to it, the Shareholders as specified in paragraph 1 of this Article can bring a suit to the People's Court as per the regulations as set out in the two preceding paragraphs.

Article 61 If Directors and senior management personnel cause damage to the Shareholders' interests for violation of the requirements of laws, administrative regulations or the Articles of Association, Shareholders can bring a suit to the People's Court.

Article 62 The Shareholders of ordinary shares of the Company shall undertake the following obligations:

- (I) to observe laws, administrative regulations and the Articles of Association;
- (II) to pay subscription funds as per the shares subscribed and the method of subscription;
- (III) not to exit shares unless in the circumstances stipulated by laws and regulations; and
- (IV) not to use his Shareholder's right inappropriately to harm the interests of the Company or of other Shareholders, or to misuse the independent legal person status of the Company or limited liability of a Shareholder to harm the interests of creditors of the Company;

If any Shareholder of the Company misuse the Shareholder's right, thereby causing any loss to the Company or other Shareholders, the said Shareholder shall be liable for compensation according to law.

If any Shareholder evades the payment of debts by misusing the independent legal person status of the Company or limited liability of a Shareholder, thereby seriously harming the interests of any creditor of the Company, the said Shareholder shall bear joint liability for such debts of the Company.

- (V) to fulfill other obligations stipulated by laws, administrative regulations and the Articles of Association.

Shareholders do not have the obligation to increase any share capital unless under the conditions accepted by the subscribers at the time of subscription.

Article 63 The Shareholders holding more than 5% of the Company's voting rights shall, in the event of a pledge of the shares held by them, report to the Company in writing from the date of occurrence of such fact. Pledge of H Shares shall be subject to the Hong Kong laws, the stock exchange rules and other related provisions.

Article 64 The Controlling Shareholders and actual controllers of the Company shall not use the connected relations to damage the interests of the Company, otherwise, they shall make compensation for the loss incurred to the Company.

The Controlling Shareholders and actual controllers of the Company shall be honest to the Company and other Shareholders of the Company. The Controlling Shareholders shall duly exercise contributors' rights according to law, shall not damage the legitimate rights and interests of the Company and other Shareholders of the Company by such means as profit distribution, asset reorganization, external investment, fund appropriation and loan guarantee and shall not abuse its controlling status to damage the interests of the Company and other Shareholders of the Company.

Article 65 In addition to the obligations imposed by laws and administrative regulations or required by the listing rules of the stock exchange on which the Company's shares are listed, a Controlling Shareholder shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of all or part of the Shareholders of the Company:

- (I) to remove the responsibilities of a Director or Supervisor to act honestly in the best interests of the Company;
- (II) to approve the expropriation by a Director or Supervisor (for his own benefit or for the benefit of another person) of the Company's assets in any way, including (but not limited to) opportunities which are beneficial to the Company;
- (III) to approve the expropriation by a Director or Supervisor (for his own benefit or for the benefit of another person) of the individual interest of other Shareholders, including (but not limited to) rights to distributions and voting rights (excluding a restructuring which has been submitted for approval by the Shareholders in a general meeting in accordance with the Articles of Association).

Article 66 A Controlling Shareholder, as referred to in the preceding article, is a person who has any of the following conditions:

- (I) he alone, or acting in concert with others, has the power to elect more than half of the members of the Board of Directors;
- (II) he alone, or acting in concert with others, has the power to exercise or to control the exercise of 30% or more of the voting rights in the Company;

- (III) he alone, or acting in concert with others, holds 30% or more of the issued and outstanding shares of the Company;
- (IV) he alone, or acting in concert with others, in any other manner controls the Company in fact.

Chapter 9 Shareholders' General Meeting

Article 67 The Shareholders' general meeting is the organ of authority of the Company, which exercises the following functions and powers:

- (I) to decide on operational policies and investment plans of the Company;
- (II) to elect or remove the Directors and Supervisors who are not representatives of the employees, and to decide on matters relevant to remuneration of Directors and Supervisors;
- (III) to review and approve reports of the Board of Directors;
- (IV) to review and approve reports of the Board of Supervisors;
- (V) to review and approve the annual financial budgets and final accounts proposed by the Company;
- (VI) to review and approve proposals for profit distribution and for recovery of losses of the Company;
- (VII) to resolve on increase and reduction of the registered capital of the Company;
- (VIII) to resolve on plans for issuance of the Company's bonds or other securities and listing;
- (IX) to resolve on such matters as merger, division, dissolution and liquidation of the Company and the change in the form of the Company;
- (X) to amend the Articles of Association;
- (XI) to resolve on the appointment, removal or non-reappointment of an accounting firm of the Company;
- (XII) to review and approve guarantees specified in Article 68 of the Articles of Association;
- (XIII) to review significant assets purchased or sold by the Company within one year exceeds 30% of the Company's audited total assets of the latest period;

(XIV) to review and approve the change of the purpose for raising funds;

(XVI) to review equity incentive plans;

(XVI) to review and approve proposals made by Shareholders individually or jointly holding more than 30% of the Company's voting rights;

(XVII) to review other matters which, in accordance with laws, administrative regulations, departmental rules, regulatory documents, relevant provisions of the securities regulatory authorities of the place of the listing of the Company or the provisions of the Articles of Association, shall be approved at a Shareholders' general meeting.

The above matters within the terms of reference of the Shareholders' general meeting shall be subject to the review and approval of the Shareholders' general meeting. But under necessary, reasonable and lawful circumstances, the Shareholders' general meeting may authorize the Board of Directors to decide specific issues relating to matters to be resolved at the Shareholders' general meeting which cannot or need not be decided immediately at the Shareholders' general meeting. The contents of the authorization shall be specific and detailed. With regard to authorization granted by the Shareholders' general meeting to the Board of Directors, if the issue is required to be resolved through an ordinary resolution at a Shareholders' general meeting under the Articles of Association, it shall be passed by an affirmative vote of more than half of the Company's total voting shares being held by the Shareholders who are present at the meeting (including proxies); and if it is required to be resolved through a special resolution at a Shareholders' general meeting under the Articles of Association, it shall be passed by an affirmative vote of more than two-thirds of the Company's total voting shares being held by the Shareholders who are present at the meeting (including proxies).

Article 68 The following external guarantees made by the Company shall be approved by the Shareholders' general meeting:

(I) the guarantee with single amount exceeds 10% of the Company's latest audited net assets;

(II) any guarantee provided after such external guarantees made by the Company and its subsidiaries with a total amount exceeding 50% of the Company's latest audited net assets;

(III) the guarantee provided in favor of such object with an asset-liability ratio over 70%;

(IV) guarantee amount exceeds 30% of the Company's latest audited net assets for 12 consecutive months;

(V) guarantee amount exceeds 50% of the Company's latest audited net assets for 12 consecutive months and the absolute amount exceeds RMB50 million;

(VI) guarantee provided to the Shareholders, actual controller and connected persons thereof.

Article 69 In addition to the situation that the Company is in crisis or other special circumstances, the Company shall not enter into any contract with any person other than a Director, Supervisor, general manager or other senior management personnel of the Company whereby the management and administration of the whole or any substantial part of any business of the Company is to be handed over to such a person without the prior approval of Shareholders in a general meeting.

Article 70 Shareholders' general meetings can be divided to annual general meetings or extraordinary general meetings. Shareholders' general meetings shall be convened by the Board of Directors. The annual Shareholders' general meeting shall be convened once a year, and shall take place within six (6) months of the end of the previous accounting year.

Article 71 The Board of Directors shall convene an extraordinary general meeting within two (2) months after the occurrence of any one of the following circumstances:

- (I) where the number of Directors is less than the number stipulated in the *Company Law* or is no more than two-thirds of the number required by the Articles of Association;
- (II) where the accrued losses of the Company amount to one-third of its total share capital;
- (III) where Shareholders holding ten (10) per cent. or more of the Company's issued shares make a request in writing to convene an extraordinary general meeting;
- (IV) where the Board of Directors considers it necessary;
- (V) where the Board of Supervisors proposes to call for such a meeting;
- (VI) other circumstances stipulated by laws, administrative regulations, departmental rules and regulations, local listing rules of securities exchanges where the Company's shares are listed or the Articles of Association.

The number of shares held by the Shareholders referred in the preceding (III) is calculated from the date which the Shareholders put forward written request.

Article 72 The venue of Shareholders' general meeting of the Company is: domicile of the Company or other places approved by the Board of Directors of the Company.

Shareholders' general meeting shall be held onsite. Identities of the attending Shareholders shall be authenticated by the convener of the meeting. The Company may also provide other effective means for its Shareholders to conveniently participate in Shareholders' general meetings. Shareholders participating in the Shareholders' general meetings by any aforesaid means shall be deemed as having attended the meetings.

Article 73 Independent Directors have the right to request to the Board of Directors to convene an extraordinary general meeting. For the proposal of Independent Directors seeking to convene a general meeting, the Board of Directors shall give its written feedback on agreeing or disagreeing to convene an extraordinary general meeting within 10 days after receiving the proposal in accordance with the provisions of laws, administrative regulations and the Articles of Association.

If the Board of Directors agrees to convene an extraordinary general meeting, a notice of general meeting shall be issued within 5 days after the resolution of the Board meeting was made. For the changes to the original proposals in the notice, unanimous consent of Independent Directors who propose to convene an extraordinary general meeting shall be acquired; if the Board of Directors disagrees to convene an extraordinary general meeting, explanation shall be made.

Article 74 The Board of Supervisors has the right to request the Board of Directors in writing to convene an extraordinary general meeting. The Board of Directors shall provide its written feedback on agreeing or disagreeing to convene an extraordinary general meeting within 10 days after receiving the proposal in accordance with the provisions of laws, administrative regulations and the Articles of Association.

If the Board of Directors agrees to convene an extraordinary general meeting, a notice of general meeting shall be issued within 5 days after the resolution of the Board meeting was made. For the changes to the original proposals in the notice, prior consent of the Board of Supervisors shall be acquired.

If the Board of Directors disagrees to convene an extraordinary general meeting, or fails to make feedback 10 days after receiving the proposals, it will be deemed that the Board of Directors cannot or do not fulfill its duty of convening a Shareholders' general meeting, and the Board of Supervisors will convene and hold a meeting on its own.

Article 75 Shareholders holding more than 10% of the Company's shares, individually or jointly, have the right to request the Board of Directors to convene an extraordinary general meeting or class Shareholders' meeting, which shall be made in writing to the Board of Directors. The Board of Directors shall provide its written feedback on agreeing or disagreeing to convene an extraordinary general meeting or class Shareholders' meeting within 10 days after receiving the proposal in accordance with the provisions of laws, administrative regulations and the Articles of Association.

If the Board of Directors agrees to convene an extraordinary general meeting or class Shareholders' meeting, a notice of general meeting shall be issued within 5 days after the resolution of the Board meeting was made. For changes in the original proposal, prior consent of the Shareholders who make related proposals shall be acquired.

If the Board of Directors disagrees to convene an extraordinary general meeting or class Shareholders' meeting, or does not provide feedback within 10 days after receiving the proposals, Shareholders holding more than 10% of the Company's shares, individually or jointly, have the right to request the Board of Supervisors in writing to convene an extraordinary general meeting or class Shareholders' meeting.

If the Board of Supervisors agrees to convene an extraordinary general meeting or class Shareholders' meeting, a notice of general meeting shall be issued within 5 days after receiving the proposals. The changes to the original proposals in the notice shall acquire prior consent of the Shareholders who make related proposals.

If the Board of Supervisors does not issue a notice of Extraordinary General Meeting within the prescribed period, it will be deemed to not to convene and preside over the general meeting, and Shareholders who hold more than 10% of the shares of the Company, in separate or aggregate way, for more than 90 consecutive days can convene and preside over an general meeting by themselves. If Shareholders convene and hold a meeting on their own, reasonable expenses incurred therein shall be borne by the Company, and deducted from the funds which would have been paid to delinquent Directors or Supervisors.

Article 76 If the Board of Supervisors or Shareholders decide to convene a Shareholders' general meeting, they shall give a written notice to the Board of Directors, and file to the detached office of the securities regulatory agency under the State Council and the securities exchange where the Company is located.

The convening Shareholders shall submit relevant evidentiary documents to the detached office of the securities regulatory agency under the State Council and the securities exchange where the Company is located when issuing a notice of general meeting and announcement of resolutions of general meeting.

Prior to the announcement of resolutions of general meeting, the shareholding ratio of the convening Shareholders must not be lower than 10%.

Article 77 With regard to the Shareholders' general meeting convened by the Board of Supervisors or Shareholders on its/their own initiative, the Board of Directors and its secretary shall offer cooperation. The Board of Directors shall provide a register of Shareholders as of the equity registration date.

Article 78 If the Board of Supervisors or Shareholders convene a Shareholders' general meeting on its/their own initiative, the expenses for the meeting shall be borne by the Company, and deducted from the funds which would have been paid to delinquent Directors or Supervisors.

Article 79 The content of a proposal shall be determined by the Shareholders' general meeting, have definite topics and specific issues for resolution, and shall comply with the relevant provisions of the laws, administrative regulations and the Articles of Association.

Article 80 Where the Company convenes an annual Shareholders' general meeting, the Board of Directors, the Board of Supervisors, and Shareholder(s) severally or jointly holding more than 3% of the Company's shares may make proposals to the Company.

Shareholder(s) individually or jointly holding more than 3% of the Company's shares may submit written provisional proposal to the convener 10 days before a Shareholders' general meeting is convened. The convener shall serve a supplementary notice of Shareholders' general meeting to other Shareholders within two days after receipt of a proposal, and place the proposal on the agenda for the said meeting if the said proposal falls within the functions and powers of Shareholders' general meetings.

Save as specified in the preceding paragraph, the convener shall not change the proposals set out in the notice of Shareholders' general meeting or add any new proposal after the said notice is served.

Proposals not set out in the notice of Shareholders' general meeting or not complying with the preceding article in the Articles of Association shall not be voted on or resolved at the Shareholders' general meeting.

Article 81 Forty-five (45) days' notice of general meetings shall be given to each Shareholder as recorded in the register of Shareholders by written and electronic communication (including but not limited to publishing an announcement at websites of the Company and the Stock Exchange, the same hereinafter). The notice should include the motions to be considered, the date and place of the meeting to be held. Shareholders who intend to attend the Shareholders' meetings should give a written notice to the Company twenty (20) days before the date of the Shareholders' meetings.

Based on the written replies received twenty (20) days before a Shareholders' general meeting, the Company shall calculate the number of shares represented by the Shareholders who have intention to attend the general meeting. Where the number of voting shares represented by those Shareholders reaches half of the Company's total number of such shares, the Company may convene the Shareholders' general meeting. Otherwise, the Company shall, within five (5) days, inform the Shareholders again of the motions to be considered, the date and place of the meeting by means of public announcement. After making the announcement, the Shareholders' general meeting may be convened.

An extraordinary general meeting shall not decide to announce matters not specified.

The duration of the aforesaid 45 days shall not include the day on which the meeting is convened.

If permitted by relevant laws, administrative regulations, departmental rules, regulatory documents and relevant provisions of the securities regulatory authorities of the place of the listing of the Company and approved by all the Shareholders as recorded in the register of Shareholders in writing, the convening of the Shareholders' general meeting is not subject to the time limit herein.

Article 82 The notice of a Shareholders' general meeting shall meet the following requirements:

- (I) Being in written and electronic form;
- (II) Specifying the place, duration, date and time of the meeting;
- (III) Stating matters to be discussed at the meeting;
- (IV) Providing the Shareholders with such information and explanation as necessary for them to make informed decisions in connection with the matters to be discussed; this principle includes (but is not limited to) where a proposal is made to merge the Company, to repurchase shares of the Company, to reorganize its share capital or to make any other reorganization of the Company, and detailed conditions of the proposed transaction shall be provided together with contracts (if any) and the cause and effect of any such proposal shall also be properly explained;
- (V) Containing a disclosure of the nature and extent of the material interests of any Director, Supervisor, general manager or other senior management personnel in the proposed transaction and the effect which the proposed transaction will have on them in their capacity as Shareholders insofar as it is different from the effect on interests of Shareholders of the same class;
- (VI) Containing the full text of any special resolution to be proposed at the meeting;
- (VII) Containing a clear statement that all the Shareholders are entitled to attend Shareholders' general meetings, a Shareholder entitled to attend and vote at such meetings is entitled to appoint one or more proxies to attend and vote at such meetings on his behalf and that such proxy need not be a Shareholder;
- (VIII) Specifying the time and venue for delivering the power of attorney for the voting proxy for the meeting;
- (XV) Specifying the equity registration date of Shareholders entitled to attend the Shareholders' general meeting;
- (X) Specifying the name and telephone number of the coordinator of the meeting.

The notice and supplementary notice of Shareholders' general meetings shall fully disclose particulars of all the proposals. Where the opinions of an Independent Director are required on the matters to be discussed, such opinions and reasons thereof shall be disclosed when the notice or supplementary notice of Shareholders' general meeting is served.

Article 83 Notice of Shareholders' general meetings shall be served to each Shareholder (whether or not such Shareholder is entitled to vote at the meeting), by personal delivery or prepaid airmail to the address of the Shareholder as shown in the register of Shareholders. For the holders of Domestic Invested Shares, notice of the meetings may also be issued by way of public announcement.

The public announcement referred to in the preceding paragraph shall be published in one (1) or more national newspapers designated by the State Council Securities Policy Committee within the interval of forty five (45) days to fifty (50) days before the date of the meeting; after the publication of such announcement, the holders of Domestic Invested Shares shall be deemed to have received the notice of the relevant Shareholders' general meeting.

Article 84 The accidental omission to give notice of a meeting to, or the failure to receive the notice of a meeting by any person entitled to receive such notice, shall not invalidate the meeting or the resolutions adopted thereat.

Article 85 If the election of Directors or Supervisors is proposed to be discussed at a Shareholders' general meeting, the notice of such meeting shall adequately disclose the detailed information of the candidates for Directors or Supervisors pursuant to laws, administrative regulations, departmental rules, regulatory documents, relevant provisions of the securities regulatory authorities of the place of the listing of the Company and the provisions of the Articles of Association, which information shall at least include:

- (I) Personal particulars, including educational background, work experiences, and concurrent positions;
- (II) Whether one has any connected relations with the Company, its Controlling Shareholders and actual controllers;
- (III) The amount of shares of the Company one holds;
- (IV) Whether one has been punished or reprimanded by relevant department; and
- (V) Information about the newly appointed or transferred Directors or Supervisors that needs to be disclosed according to the *Listing Rules of the Stock Exchange*.

Unless a Director or Supervisor is elected via the cumulative voting system, each candidate for Director or Supervisor shall be proposed via a single proposal.

Article 86 After issuing a notice of general meeting, the general meeting shall not be delayed or canceled without justified reasons, and proposals listed in the notice shall not be called off. Once delay or cancellation occurs, the convener shall make announcement and explanation at least two working days before the original convening date.

Article 87 The Board of Directors or any other convener shall take necessary measures to ensure the proper order of the Shareholders' general meeting. The Board of Directors or any other convener shall take measures to stop any act disturbing the Shareholders' general meeting, seeking trouble or infringing upon the legitimate rights and interests of Shareholders, and shall report such act to the relevant authority for investigation and treatment.

Article 88 Any Shareholder entitled to attend and vote at a Shareholders' general meeting of the Company shall be entitled to appoint one or more persons (who need not be a Shareholder or Shareholders) as his proxies to attend and vote instead of him. A proxy so appointed shall enjoy the following rights pursuant to authorization by that Shareholder:

- (I) the Shareholders' right to speak at the general meeting;
- (II) the right to demand or join in demanding a poll;
- (III) the right to vote by hand or on a poll, but a proxy of a Shareholder who has appointed more than one proxy may only vote on a poll.

Article 89 All Shareholders or their proxies whose names are entered in the register on the date of record are entitled to attend the general meetings and exercise their voting rights according to relative laws, regulations and Articles of Association. The Shareholders may either attend the general meetings in person or appoint their proxies to attend and vote instead of them. The appointment of a proxy by a Shareholder shall be in writing and signed by the appointer or his attorney duly authorized in writing, or in the case of a legal person, shall be either affixed with its legal person seal or signed by a Director or a duly authorized attorney. In such instruments appointing a proxy, the number of the shares represented by the Shareholder's proxy shall be set out. In case of several proxies to a Shareholder, the number of shares represented by each proxy of such Shareholder shall be set out.

Article 90 The instrument appointing a proxy shall be deposited at the residence of the Company or at some other place specified for that purpose in the notice of meeting no later than twenty-four (24) hours prior to the meeting at which the proxy is authorized to vote or twenty-four (24) hours before the time specified for the voting. Where such an instrument is signed by a person under power of attorney on behalf of the appointor, that power of attorney or other authorization documents shall be notarially certified. The notarially certified power of attorney and other authorization documents shall, together with the instrument appointing the proxy, be deposited at the Company's residence or at some other place specified for that purpose in the notice of meeting.

If the appointor is a legal person, its legal representative or a person appointed by its Board of Directors or other decision-making body shall be entitled to attend a Shareholders' general meeting of the Company on behalf of the appointor as its proxy.

Article 91 Any form issued to a Shareholder by the Board for use by him for appointing a proxy to attend and vote at a Shareholders' general meeting of the Company shall be such as to enable the Shareholder, according to his intention, to instruct the proxy to vote in favor of or against each resolution dealing with business to be transacted at the meeting. Such a form shall contain a statement that in default of instructions, the proxy may vote as he thinks fit.

Article 92 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or loss of capacity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no notice in writing of such death, loss of capacity, revocation or transfer has been received by the Company before the commencement of the meeting.

Article 93 An instrument appointing a proxy to attend the general meeting prescribed by a Shareholder shall include the following items:

- (I) proxy's name;
- (II) with voting rights or not;
- (III) the instructions to vote in favor of, vote against each deliberation contained in the general meeting agenda or abstain from voting respectively;
- (IV) date of issue and date of expiry of such instrument;
- (V) appointer's signature (or chop). In case of a legal person Shareholder, its legal person seal shall be affixed.

Article 94 The Shareholders' general meeting shall be presided over by the chairman of the Board of Directors. Where the chairman cannot or fails to fulfill the duty thereof, the vice chairman shall preside; where even the vice chairman cannot or fails to fulfill the duty thereof, the majority of the Directors shall jointly elect a Director to preside.

A Shareholders' general meeting convened by the Board of Supervisors itself shall be presided over by the chairman of the Board of Supervisors. In case a chairman of the Board of Supervisors is unable to or does not fulfill his/her duties, more than half (1/2) of the Supervisors shall jointly elect a Supervisor to preside.

A Shareholders' general meeting convened by the Shareholders themselves shall be presided over by a representative elected by the convener.

When a Shareholders' general meeting is held and the presider violates the provisions which makes it difficult for the Shareholders' general meeting to continue, a person may be elected at the Shareholders' general meeting to act as the presider, subject to the approval of more than half of the

attending Shareholders having the voting rights. If for any reason the Shareholders cannot elect a person to preside over the meeting, the Shareholder (including proxy thereof) holding the most voting shares among the attending Shareholders shall preside over the meeting.

Article 95 The Company shall formulate rules of procedure for Shareholders' general meetings defining the convening and voting procedure of Shareholders' general meetings, covering notification, registration, consideration of proposal, voting, counting of ballots, announcement of voting result, formation of resolution, meeting minutes and signing thereof and announcement, and the principle and contents of authorization of the Board of Directors on Shareholders' general meetings. The rules of procedure for Shareholders' general meetings shall be formulated by the Board of Directors and approved on the Shareholders' general meetings.

Article 96 The Board of Directors and the Board of Supervisors shall report their work in the preceding year at the annual Shareholders' general meeting. Every Independent Director shall also make his work reports.

Article 97 Shareholders' general meetings shall have minutes, which shall be recorded by the secretary to the Board of Directors. The minutes of the meeting shall specify:

- (I) the date, venue and agenda of the meeting, and the name of the convener;
- (II) the names of the presider, and the Directors, Supervisors, general manager and other senior management personnel attending or present at the meeting;
- (III) the number of Shareholders and proxies attending the meeting, the total number of voting shares they represent and the proportion of these shares to the total number of shares of the Company;
- (IV) the process of discussion in respect of each proposal, highlights of speeches and the voting result;
- (V) details of the inquiries or suggestions of the Shareholders, and the corresponding response or explanations;
- (VI) the names of the counting officer and monitoring officer;
- (VII) other contents that shall be recorded in the minutes in accordance with the Articles of Association.

Article 98 The convener shall ensure the meeting minutes are true, accurate and complete. The attending Directors, Supervisors, secretary to the Board of Directors, convener or representative thereof, and presider shall sign the minutes of the meeting. The minutes of the meeting shall be kept for at least 10 years together with the book of signatures of the Shareholders present, the power of attorney of the attending proxies, votes and other valid information.

Article 99 The convener shall ensure the Shareholders' general meeting is held continuously until final resolutions are arrived at. If the Shareholders' general meeting is terminated or fails to reach any resolution due to force majeure or for other special reasons, immediate action shall be taken to resume the Shareholders' general meeting as soon as possible or directly terminate the Shareholders' general meeting.

Article 100 Resolutions of a Shareholders' general meeting can be divided into ordinary resolutions or special resolutions.

An ordinary resolution of a Shareholders' general meeting shall be passed by an affirmative vote of more than half of the Company's total voting shares held by the Shareholders who are present at the meeting (including proxies).

A special resolution of a Shareholders' general meeting shall be passed by an affirmative vote of more than two-thirds of the Company's total voting shares held by the Shareholders who are present at the meeting (including proxies).

Article 101 Shareholders (including their proxies) who vote at a Shareholders' general meeting shall exercise voting power with the number of voting shares represented by them, and each share has one vote. The company shares held by the Company do not have voting power, and such shares are not counted in the total number of shares that have voting power upon attendance at a general meeting.

The Board of Directors, Independent Directors and Shareholders conforming to relevant prescribed conditions can call for Shareholders' voting rights.

In accordance with applicable laws, administrative regulations, departmental rules, normative documents and the listing rules of the exchange on which the Company's shares are listed, if any Shareholder is required to abstain from voting, or is restricted to only vote for (or against) a decision item, and if there is any breach of such regulations or restriction, the votes casted by these such Shareholders or their representatives will not be counted in.

Article 102 When a general meeting considers matters related to connected transactions, if required by the listing rules of the exchange where the Company's shares are listed, the connected Shareholders shall not participate in voting, and the number of voting shares represented by them will not be counted in the total number of valid votes; the announcement decided at a general meeting shall fully disclose the voting conditions of non-connected Shareholders.

Article 103 Except that proposals in relation to procedural and administrative matters of a general meeting can be conducted by a show of hand as decided by the chairman of the meeting (i.e. the presider), a general meeting adopts vote by ballot.

Article 104 If the matter required to be voted by ballot is to elect chairman of a general meeting or adjourn meeting, voting by ballot shall be conducted immediately; for other matters required to be voted by ballot, the chairman will decide when to vote, the meeting can proceed to other matters, and the voting results will still be deemed as resolution adopted at the meeting.

Article 105 In voting, Shareholders (including proxies thereof) entitled to two or more votes need not cast all his votes in the same way of pros or cons.

Article 106 When a general meeting considers matters related to connected transactions, the connected Shareholders shall not participate in voting, and the number of voting shares represented by them will not be counted in the total number of valid votes; the announcement decided at a general meeting shall fully disclose the voting conditions of non-connected Shareholders. Where the connected Shareholders cannot avoid voting in special circumstances, the Company may, upon approval of the relevant authority, conduct voting following the normal procedure and provide detailed explanations in the announcement of the resolutions of the Shareholders' general meeting.

Article 107 According to the *Listing Rules of the Stock Exchange*, where any Shareholder is 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.

Article 108 The following issues shall be approved by ordinary resolutions at a Shareholders' general meeting:

- (I) working reports of the Board and the Board of Supervisors;
- (II) profit distribution proposals and proposals for making up losses formulated by the Board;
- (III) appointment and removal of the members of the Board and the Board of Supervisors, their remunerations and the method of payment thereof;
- (IV) annual budget plan, final accounts plan, balance sheets, income statements, and other financial statements of the Company;
- (V) annual reports of the Company; and
- (VI) other issues than those that should be passed by special resolutions pursuant to relevant laws, administrative regulations or the Articles of Association.

Article 109 The following issues shall be approved by special resolutions at a Shareholders' general meeting:

- (I) increase or reduction in the registered capital of the Company and the issue of shares of any class, warrants and other similar securities;

- (II) division, merger, dissolution and liquidation of the Company;
- (III) amendment to the Articles of Association;
- (IV) the Company's acquisition or disposal of major assets within one year with the transaction amount exceeding 30% of the latest audited total assets of the Company;
- (V) equity incentive plans;
- (VI) issue of bonds of the Company; and
- (VII) any other issue specified in the laws, administrative regulations or the Articles of Association and confirmed by an ordinary resolution at the Shareholders' general meeting of Shareholders that it may have material impact on the Company and accordingly shall be approved by special resolutions.

Article 110 The list of candidates for Directors and Supervisors will be submitted to a Shareholders' general meeting for voting in the form of a motion.

The first session of Director candidates are nominated by promoters; the next session of Director candidates will be nominated by the last session of Board of Directors and Shareholders who hold more than 3%, individually or jointly, of the Company's shares. The nomination method and procedures for Independent Directors will be subject to relevant provisions of laws, administrative regulations and departmental rules.

The first session of Supervisor candidates assumed by Shareholders' representatives are nominated by promoters, and the first session of Supervisor candidates assumed by employees' representatives are democratically elected by employees; the next session of Supervisor candidates assumed by Shareholders' representatives are nominated by the last session of Board of Supervisors, and Shareholders who hold more than 3%, individually or jointly, of the Company's shares, and the next session of Supervisor candidates assumed by employees' representatives are democratically elected by employees.

A Shareholders' general meeting uses cumulative voting to elect two or more Directors or Supervisors.

The cumulative voting as set out in the preceding paragraph refers to that when a Shareholders' general meeting elects two or more Directors or Supervisors, each share held by Shareholders has the same voting power as the number of Director or Supervisor candidates does, and the Shareholders' voting power can be used in a concentrated way to elect one people, or used in decentralized voting to elect several people. The Company decides the selection and engagement of Directors or Supervisors in accordance with the number of votes received by the Director or Supervisor candidates until all seats for Directors or Supervisors are taken. The Board shall provide Shareholders with resumes and basic information of Director and Supervisor candidates.

Article 111 Except cumulative voting, a Shareholders' general meeting will vote on all proposals one by one, and for an issue with different proposals, voting will be made according to the time sequence of the proposals presented. Except when a Shareholders' general meeting is adjourned or can't make a resolution due to force majeure and other special causes, the Shareholders' general meeting will not lay aside the proposals or vote on them.

Article 112 No amendment shall be made to a proposal when it is considered at a Shareholders' general meeting, otherwise, the relevant amendment shall be deemed as a new proposal and shall not be voted on at the Shareholders' general meeting.

Article 113 Two Shareholders' representatives shall be elected to participate in counting and scrutinizing ballots before a Shareholders' general meeting puts a proposal to vote. Deliberations those who have an interest with Shareholders, relevant Shareholders and their proxies must not participate in counting and scrutinizing ballots.

When the Shareholders' general meeting puts a proposal to vote, the auditors, H-share registry or external accountants qualified as auditors shall serve as the counting overseer, the presider of the general meeting will announce the voting results on the spot, which will be put down in minutes.

Article 114 A Shareholder attending a Shareholders' general meeting shall express one of the following opinions on any proposal to be voted on: pro, con or abstention.

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

Article 115 The chairman of a Shareholders' general meeting shall, prior to voting, declare the number of attending Shareholders and their proxies as well as the total number of their voting shares, and the number of attending Shareholders and their proxies and the total number of their voting shares shall be as recorded in the meeting's register.

Article 116 The chairman of a Shareholders' general meeting shall be responsible for deciding whether or not a resolution has been carried. His decision shall be final and shall be announced at the meeting and recorded in the meeting minutes

Article 117 Where the chairman of a Shareholders' general meeting has doubt about the results of the resolution tabled for voting, he may count the number of votes cast. If no counting is made by the chairman of the meeting, any Shareholder or his proxy present in the meeting who queries the results as announced by the chairman shall have the right to immediately demand accounting of the votes. The chairman shall forthwith conduct a counting of the votes as demanded.

Article 118 If votes are counted at a Shareholders' general meeting, the counting result shall be recorded in the meeting minutes.

Meeting minutes, together with the signature register of attending Shareholders and power of attorney of attending proxies, shall be kept at the domicile of the Company.

Article 119 The Shareholders may have free-of-charge access to copies of the meeting minutes during the office hours of the Company. If any Shareholder asks for copies of relevant meeting minutes, the Company shall send out the said copies within seven days after receipt of reasonable expenses.

Article 120 Resolutions of the Shareholders' general meeting shall be announced in due time. The announcement shall specify the number of attending Shareholders and their proxies, the total number of voting shares they represent and the proportion of these shares to the total number of the voting shares of the Company, the voting method, the voting results for every proposal and the details of each of the resolutions passed.

Article 121 Where a proposal has not been passed or the resolutions of the preceding Shareholders' general meeting have been changed at the current Shareholders' general meeting, special mention shall be made in the announcement of the resolutions of the Shareholders' general meeting.

Article 122 Where a proposal on election of Directors or Supervisors is passed at the Shareholders' general meeting, the Directors elect or Supervisors elect shall take office after the meeting.

Article 123 Where a proposal on cash dividends, bonus shares or increase of share capital by way of transfer from capital reserves, the Company shall implement the specific scheme within two months after conclusion of the Shareholders' general meeting.

Chapter 10 Special Voting Procedures for Class Shareholders

Article 124 Holders of different classes of shares are class Shareholders. Apart from holders of other classes of shares, holders of Domestic Shares and Overseas Listed Foreign Shares are deemed as Shareholders of different classes.

Class Shareholders shall enjoy rights and fulfill obligations pursuant to the laws, administrative regulations and the Articles of Association.

Article 125 Any proposed change or cancellation by the Company of the rights of class Shareholders shall not come into effect unless approved by special resolutions at a Shareholders' general meeting and a separate Shareholders' general meeting convened by the class Shareholders so affected in accordance with Articles 127 to 131.

Article 126 The rights of class Shareholders are deemed to be varied or abrogated in the following circumstances:

- (I) the increase or decrease of the number of shares of such class, or the increase or decrease of the number of shares of a class having voting or equity rights or privileges equal or superior to the shares of such class;
- (II) the exchange of all or part of the shares of such class into shares of another class, or the exchange of all or part of the shares of another class into the shares of such class or conferring such rights of exchange;
- (III) the removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;
- (IV) the reduction or removal of a dividend preference or a liquidation preference attached to shares of such class;
- (V) the increase, removal or reduction of conversion privileges, options, voting rights, transfer or pre-emptive rights or rights to acquire securities of the Company attached to shares of such class;
- (VI) the removal or reduction of rights to receive amounts payable by the Company in particular currencies attached to shares of such class;
- (VII) the creation of a new class of shares having voting or equity rights or other privileges equal or superior to the shares of such class;
- (VIII) the imposition of restrictions or additional restrictions on the transfer of ownership of the shares of such class;
- (IX) the issue of rights to subscribe for, or convert into, shares of such class or another class;
- (X) the increase in rights or privileges of shares of another class;
- (XI) the restructuring of the Company which will result in Shareholders of different classes bearing a disproportionate burden of such proposed restructuring;
- (XII) the variation or abrogation of the provisions of this Chapter.

Article 127 Shareholders of the affected class, whether or not otherwise having the right to vote at Shareholders' general meetings, shall nevertheless have the right to vote at class Shareholders' meeting in respect of matters concerning the above clauses (II) to (VIII) and (XI) to (XII) of Article 126, but Interested Shareholders shall not be entitled to vote at class Shareholders' meetings.

“Interested Shareholder” mentioned above has the following meaning:

- (I) in the case of a repurchase by a general offer made to all Shareholders in equal proportions or through open transactions on a stock exchange under Article 31 of the Articles of Association, a Controlling Shareholder within the meaning of Article 66 is an Interested Shareholder;
- (II) in the case of a repurchase of shares by contract made outside the stock exchange under Article 31 of the Articles of Association, a holder of the shares to which the contract relates is an Interested Shareholder;
- (III) in the case of a restructuring of the Company, a Shareholder within a class who bears less than a proportionate burden imposed on that class under the proposed restructuring or who has an interest in the proposed restructuring different from the interest of Shareholders of that class is an Interested Shareholder.

Article 128 Resolution of any class Shareholders’ meeting shall be passed by votes of not less than two-thirds of the voting rights of Shareholders are entitled to vote at class Shareholders’ meeting.

Article 129 Written notice of a class Shareholders’ meeting shall be given to all Shareholders who are registered as holders of that class in the register of Shareholders forty-five (45) days before the date of the meeting. Such notice shall give such Shareholders notice of the matters to be considered at such meeting and the date and place of the class meeting. A Shareholder who intends to attend the class meeting shall deliver his written reply in respect thereof to the Company twenty days before the date of the class meeting.

If the Shareholders who intend to attend such class Shareholders’ meeting represent more than half of the total number of shares of that class which have the right to vote at such meeting, the Company may hold the meeting; otherwise, the Company shall within five days give the Shareholders further notice of the matters to be considered and the date and place of the class Shareholders’ meeting by way of public announcement. The Company may then hold the meeting after such public announcement has been made.

Article 130 Notices of class Shareholders’ meeting need only be served on Shareholders entitled to vote thereat.

Any class Shareholders’ meeting shall be conducted as nearly as possible as Shareholders’ general meetings. Provisions in the Articles of Association which relate to any Shareholders’ general meeting shall apply to any class Shareholders’ meeting.

Article 131 The special procedure for approval by class Shareholders shall not apply:

- (I) where the Company issues, either separately or concurrently, Domestic Shares and Overseas Listed Foreign Shares in numbers not exceeding 20% of the number of Domestic Shares and Overseas Listed Foreign Shares then in issue respectively in any twelve month period as approved by a special resolution of a Shareholders' general meeting;
- (II) where the Company's plan for issuing Domestic Shares and Overseas Listed Foreign Shares upon its establishment is implemented within fifteen months from the date of approval by the CSSCC.

Chapter 11 Board of Directors

Article 132 Directors shall be elected and re-elected by Shareholders at the general meeting. Directors serve a term of three years. The Directors may, after the expiry of their term of office, hold a consecutive term upon re-election. Before expiry of the term, Shareholders can't remove the Director without cause. Subject to the relevant laws, administrative regulations and the *Listing Rules of the Stock Exchange*, the Shareholders' general meeting may remove any Director by special resolution prior to the expiration of such Directors' term, but without prejudice to any claim for damages which such Director may have under any contract.

The term of a Director shall start from the date on which the said Director assumes office to the expiry of the current Board. If the term of a Director expires but re-election is not made responsively, the said Director shall continue fulfilling the duties as Director pursuant to relevant laws, administrative regulations, departmental regulations and the Articles of Association until a new Director is elected.

Any person appointed as Director by the Board to fill a temporary vacancy or add the quota of Directors of the Board shall serve until the next annual Shareholders' general meeting, at which time the said person may seek re-election.

The term of (1) a notice submitted to the Company by a Shareholder on his intention to nominate a person for election as a Director; and (2) a notice submitted to the Company by that person indicating his acceptance of such nomination shall not start earlier than one day after the designated date of issuing the notice of holding the relevant election meeting, and shall not expire later than seven days before the date of holding the said meeting. The shortest term of issuing the said notices shall be seven days at least.

The chairman and deputy chairman of the Board are elected and removed by a majority of all the Directors. The chairman and deputy chairman of the Board shall be appointed for a term of three years, and may serve consecutive terms if re-elected.

Directors need not hold shares of the Company.

Article 133 Directors shall observe laws, administrative regulations and the Articles of Association, and fulfill the following obligations of honesty:

- (I) not to abuse their official powers to accept bribes or other unlawful income, and not to expropriate the Company's property;
- (II) not to embezzle monies of the Company;
- (III) not to open in their own names or in others' names any bank account for the purpose of depositing any of the Company's assets or monies;
- (IV) not to lend monies of the Company to others or provide guarantee for others with the property of the Company counter to the Articles of Association or without the consent of the general meeting or the Board;
- (V) not to conclude any contract or conduct any transaction with the Company counter to the Articles of Association or without the consent of the Shareholders' general meeting;
- (VI) without the consent of the Shareholders' general meeting, not to take advantage of their positions to seek for themselves or others any business opportunities that are due to the Company, or conduct for themselves or others any businesses similar to those of the Company;
- (VII) not to take as their own any commission for any transaction with the Company;
- (VIII) not to disclose any secret of the Company;
- (IX) not to use their connected relations to damage the interests of the Company;
- (X) to fulfill other honesty obligations stipulated by laws, administrative regulations, departmental rules, regulatory documents and the Articles of Association.

Earnings obtained by Directors counter to the provisions herein shall belong to the Company, and shall be liable for compensation for any loss incurred to the Company.

Article 134 Directors shall observe laws, administrative regulations and the Articles of Association, and fulfill the following obligations of diligence:

- (I) to exercise the rights conferred by the Company with due discretion, care and diligence to ensure the business operations of the Company comply with state laws, administrative regulations and economic policies, not beyond the business scope specified in the business license of the Company;
- (II) to treat all Shareholders impartially;

- (III) to keep informed of the business operations and management of the Company;
- (IV) to sign written opinions on the regular reports of the Company, and to ensure the information disclosed by the Company is true, accurate and complete.
- (V) to honestly provide the Board of Supervisors with relevant information, and not to prevent the Board of Supervisors or Supervisors from exercising their functions and powers; and
- (VI) to fulfill other obligations of diligence stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

Article 135 In case a Director fails to attend the meetings in person twice consecutively while doesn't trust another Director to attend the meetings instead of him/her, it shall be deemed that such Director is unable to fulfill his/her duties, and the Board shall suggest the Shareholders' general meeting to have such Director replaced.

Article 136 A Director may resign before his term of office expires. In resigning his duties, a Director shall tender a resignation to the Board in writing.

If any Director resigns so that the membership of the Board falls short of the quorum, the said Director shall continue fulfilling the duties as Director pursuant to relevant laws, administrative regulations, departmental rules and the Articles of Association until a new Director is elected.

Save as provided in the preceding paragraph, a Director's resignation shall be effective when his resignation is served to the Board.

Article 137 If resignation of a Director takes effect or if his term of office expires, the said Director shall go through all handover formalities with the Board. His honesty obligation to the Company and Shareholders thereof shall not terminate automatically at the end of his term of office but shall still be valid within two years after his resignation takes effect or his term of office expires; his obligation to keep in confidence the business secrets of the Company is not limited to two years until such business secrets become public knowledge.

Article 138 Save as specified in the Articles of Association or properly authorized by the Board, no Director shall act on behalf of the Company or the Board in his own name. If a Director acts in his own name but a third party may reasonably think the said Director is acting on behalf of the Company or the Board, the said Director shall make a prior statement of his standpoint and capacity.

Article 139 If any Director violates the laws, administrative regulations, departmental rules or the Articles of Association in fulfilling his duties, thereby causing losses to the Company, the said Director shall be liable for compensation.

Article 140 Independent Directors shall act in accordance with relevant laws, administrative regulations and relevant departmental rules.

Article 141 The Company shall have the Board of Directors, which shall be accountable to the Shareholders' general meeting.

Article 142 The Board of Directors consist of 9 Directors, i.e. 1 chairman, 1 vice chairman and 7 Directors.

If the Board of Directors change the term of office, the Company shall keep more than half of the Directors be outside directors (Directors who do not hold a post in the Company) and keep at least three Independent Directors (directors who are independent of the Company and do no hold a post in the Company), among whom there shall be at least one Independent Director who meets the requirements of the listing rules at the exchange on which the Company's shares are listed, and has appropriate professional qualifications and/or accounting or finance-related experience.

Independent Directors generally do not continue in office for more than nine years, unless otherwise stipulated by relevant laws, administrative regulations and the listing rules of the exchange on which the Company's shares are listed.

The Board of the Company shall be independent from the Controlling Shareholders.

Article 143 The Board shall exercise the following functions and powers:

- (I) to be responsible for convening Shareholders' general meetings and to report on its work to the Shareholders' general meeting;
- (II) to implement resolutions of the Shareholders' general meeting;
- (III) to decide on the Company's business plans and investment proposals;
- (IV) to formulate the Company's annual financial budget and final accounts;
- (V) to formulate the Company's profit distribution proposals and proposals for making up losses;
- (VI) to formulate proposals for the increase or reduction of the registered capital of the Company, proposals for the issuance of debentures or other securities of the Company, and proposals for the listing;
- (VII) to prepare the programs in relation to the Company's material acquisitions, acquisitions of the Company's share certificates or merger, division, dissolution and organizational changes;

- (VIII) to decide to the extent authorized by the Shareholders' general meeting the Company's foreign investments, acquisitions and sales of assets, assets pledge, foreign security, entrusted financial management, connected transactions and other matters;
- (IX) to decide on the establishment of the Company's internal management organization;
- (X) to appoint or remove the Company's general manager and secretary to the Board, and to appoint or remove the deputy general manager (or deputy general managers), chief accountant and other senior management personnel based on the recommendations of the general manager, and to decide on their emolument and rewards & punishments;
- (XI) to formulate the Company's basic management system;
- (XII) to formulate proposals for any amendment of the Articles of Association;
- (XIII) to control the Company's information disclosure;
- (XIV) to propose to the Shareholders' general meeting to appoint or change the accounting firm in charge of the Company's audit;
- (XV) to debrief the work report of the Company's general manager and to check the general manager's work; and
- (XVI) other functions and powers conferred by laws, administrative regulations, departmental rules, regulatory documents or the Articles of Association.

Unless otherwise stated in laws, administrative regulations and the Articles of Association, in making the above resolutions by the Board, formulation of the programs in relation to the Company's capital increase or reduction and the programs of issuing the Company's bonds, and preparation of the programs in relation to the Company's merger, division, dissolution, as well as formulation of the programs of amendments and rectification of the Articles of Association of the Company must be approved by two third (2/3) of all the Directors, and the remaining resolutions shall be approved by more than half (1/2) of all the Directors. Prior to making decisions on material issues of the Company, the Board shall first seek advice from the Party Committee of the Company.

Article 144 During the disposition of fixed assets, the Board shall not, without the prior approval of Shareholders in a Shareholders' general meeting, dispose or agree to dispose of any fixed assets of the Company where the sum of estimated value of fixed assets to be disposed of and the value of such fixed assets disposed of within 4 months immediately preceding the proposed disposition exceeds 33% of the value of fixed assets shown in the latest balance sheet considered by a Shareholders' general meeting.

For the purposes of this Article, "disposition" on fixed assets shall include an act involving the transfer of interests in assets, but excluding the provision of guarantee by fixed assets.

The validity of a disposition on fixed assets made by the Company shall not be affected by any breach of the provisions herein.

Article 145 The Board of the Company shall provide an explanation to the Shareholders at the Shareholders' general meeting with respect to an audit report with non-standard opinions provided by a certified public accountant regarding the Company's financial statements.

Article 146 The Board shall formulate rules of procedure for Board meetings to ensure execution of resolutions of the Shareholders' general meeting, enhance the work efficiency, and ensure scientific decision making of the Board. The rules of procedure for Board meetings are appendix to the Articles of Association and shall be formulated by the Board and approved on the Shareholders' general meeting. Certain committees such as Audit Committee, Remuneration & Appraisal Committee, Nomination Committee and other special committees are established to the Board. Such committees, under the leadership of the Board, shall assist the Board to implement its functions and powers or provide it with recommendations or advices, and their manning and rules of procedure shall be otherwise agreed by the Board.

Article 147 The Board shall determine the right relating to foreign investment, acquisitions and sales of assets, asset mortgage, assets pledge, foreign security, entrusted financial management, connected transactions, and shall establish strict examination and decision making procedure; and organize relevant experts and professionals to make assessments on material investment projects and report to the Shareholders' general meeting for approval.

The approval rights of the Board and the Shareholders' general meeting shall be divided as follows:

- (I) if the total amount of the assets involved in the transaction exceeds 10% of the Company's latest audited total assets, such transaction should be submitted to the Board for approval; if the total amount of the assets involved in the transaction exceeds 50% of the Company's latest audited total assets, such transaction shall be submitted to the Shareholders' general meeting for approval; in case total assets involved in the transaction simultaneously carry value and appraised value, whichever is higher will be as calculation;
- (II) if the main business income of the transaction subject (such as equity) in the most recent fiscal year accounted for more than 10% of the audited main business income of that company in its most recent fiscal year, and the absolute amount exceeds RMB10 million, such transaction shall be submitted to the Board for approval; if the main business income of the transaction subject (such as equity) in the most recent fiscal year accounted for more than 50% of audited main business income of that company in its most recent fiscal year, and the absolute amount exceeds RMB50 million, such transaction shall be submitted to the Shareholders' meeting for approval;

- (III) if the net profit of the transaction subject (such as equity) in the most recent fiscal year accounted for more than 10% of the audited net profit of the Company in its most recent fiscal year, and the absolute amount exceeds RMB1 million, such transaction shall be submitted to the Board for approval; if the net profit of the transaction subject (such as equity) in the most recent fiscal year accounted for more than 50% of audited net profit of the Company in its most recent fiscal year, and the absolute amount exceeds RMB5 million, such transaction shall be submitted to the Shareholders' meeting for approval;
- (IV) if the transaction turnover (including the assumption of debt and cost) accounted for more than 10% of the Company's latest audited net assets, and the absolute amount exceeds RMB10 million, such transaction should be submitted to the Board for approval; if the transaction turnover (including the assumption of debt and cost) accounted for more than 50% of the Company's latest audited net assets, and the absolute amount exceeds RMB50 million, such transaction should be submitted to the Shareholders' general meeting for approval;
- (V) if the profit arising from transaction accounted for more than 10% of the Company's audited net profit in its most recent fiscal year, and the absolute amount exceeds RMB1 million, such transaction should be submitted to the Board for approval; if the profit arising from transaction accounted for more than 50% of the Company's audited net profit in its most recent fiscal year, and the absolute amount exceeds RMB5 million, such transaction should be submitted to the Shareholders' general meeting for approval.
- (VI) The connected transactions between the connected person and the Company shall be conducted according to relevant procedures specified in the *Regulations on Connected Transactions*.

In case the data involved in the above calculations is negative, the absolute value will be used in calculation.

The above transactions mean: purchase or sale of assets; foreign investment (including trust management, entrusted loans, venture capital, etc.); provision of financial assistance; leasing assets in or out; signed management contracts (including commissioned operation, entrusted operation, etc.); donating or receiving assets; debt or debt restructuring; transfer of research & development projects; signing license agreements and other transactions. Such assets purchased or sold above exclude the purchase of raw materials, fuel and power as well as the sale of products, commodities and other assets related to daily operations, but the purchase and sale of such assets involved in connected transactions and assets replacement are still included.

Article 148 The chairman of the Board shall exercise the following functions and powers:

- (I) to preside over Shareholder's general meetings and to convene and preside over Board meetings;

- (II) to supervise and inspect the implementation of resolutions passed by the Board;
- (III) to sign the securities certificates issued by the Company;
- (IV) to exercise other functions and powers conferred by the Board.

Article 149 The vice chairman shall assist the chairman in performing his duties. If the chairman is unable or fails to perform his duties, such duties shall be performed by the vice chairman. If the vice chairman is unable or fails to perform his duties, a Director shall be elected jointly by more than half of the Directors to perform such duties.

Article 150 The Board of Directors convenes at least four (4) meetings each year which shall be convened by the chairman of the Board of Directors by written notice to all Directors and all Supervisors fourteen (14) days earlier before the meeting.

Article 151 The Shareholders representing more than one tenth (1/10) of the voting rights, more than one third (1/3) Directors, the Board of Supervisors or the Company's general manager may propose to convene an extraordinary meeting of the Board of Directors. The chairman of the Board of Directors shall convene and preside such extraordinary meetings of the Board of Directors within ten (10) days upon receipt of such proposal.

Article 152 Notice of meetings and extraordinary meetings of the Board of Directors shall be delivered by the means and at the times as follows:

- (I) No notice is required if the timing and venue of the meetings have been decided by the Board of Directors in advance.
- (II) If the Board of Directors has not decided on the timing and venue of the meetings, the chairman of the Board of Directors shall, through the secretary to the Board of Directors, send the notice of the meetings specifying the time and venue of the meetings to all Directors and chairman of the Board of Supervisors by telex, cable, facsimile, express delivery service, registered mail or by hand. Such notice shall be delivered at least ten days before the meeting. As for the extraordinary meetings of the Board of Directors, the chairman of the Board of Directors shall notify at least three (3) days earlier each Director and the chairman of the Board of Supervisors through the secretary to the Board of Directors the meeting time and place by telex, telegraph, facsimile, express delivery service or registered mail or by hand.

The notice shall be served in Chinese, or in English if necessary, and shall include agenda of the meeting.

In respect of any important issue to be decided by the Board, a notice and adequate information shall be sent to all the executive Directors and outside Directors before the deadline specified in this Article, in strict accordance with the specified procedure. Directors may require providing supplementary information.

Article 153 The notice of Board meeting shall specify:

- (I) date and venue of the meeting;
- (II) duration of the meeting;
- (III) reasons and topics for discussion; and
- (IV) date on which the notice is served.

Article 154 Notice of meeting shall be deemed to have been served to any Director who attends the meeting without raising any objection before or during the meeting that he has not received the notice of meeting.

Article 155 Regular or interim Board meetings convened in the form of teleconference or with the help of communications equipment shall ensure that the attending Directors are able to hear clearly the Directors who speak at the meetings and communicate amongst themselves. All the participating Directors shall be deemed as having attended the meeting in person.

A valid resolution may be formed on the matters subject to resolutions of extraordinary Board meeting without convening a Board meeting if the Board has distributed the proposed resolution to all Directors in writing and get sign-off from Directors of the number needed for making the resolution as specified in Article 156 of the Articles of Association.

Article 156 Meetings of the Board of Directors may be held only if more than half of the Directors attend. Resolutions of the Board of Directors must be approved by more than half (1/2) of all the Directors. A foreign security which shall be approved by the Board of Directors shall be subject to the approval of more than two third (2/3) of the Directors present at a meeting. A resolution on connected transactions of the Board of Directors can become effective only upon signature of the Independent Directors.

If one-quarter or more of the Directors or two or more of the external Directors believe that there is insufficient information or that the arguments are inconclusive, they may jointly propose that the Board meeting be postponed or that some of the matters to be discussed at the Board meeting be discussed at a later time. In such circumstances the Board of Directors shall accept the proposal.

In voting of a resolution of the Board of Directors, one vote per person is implemented. Where the number of the votes in favor of a resolution is equal to the number of the votes against such resolution, the chairman of the Board of Directors is entitled to one (1) more vote.

Article 157 A Director who is connected to the enterprises involved in a resolution of the meeting of the Board of Directors shall neither exercise his/her voting rights nor exercise another Director's voting rights as a proxy. In such event, the meeting of the Board of Directors can be held only where more than half (1/2) of the Directors unconnected, and the resolution of the meeting of the Board of Directors shall be approved by more than half (1/2) of such unconnected Directors. In case of less than three (3) unconnected Directors present at the meeting, such matter shall be submitted to the general meeting for deliberation.

Article 158 Voting on Board meetings may be conducted by written ballot by a show of hands.

Article 159 The Directors shall attend the meetings of the Board of Directors in person; a Director may, in case he/she is unable to attend a meeting, trust another Director in writing to attend instead of him/her, and the instrument appointing a proxy shall indicate the proxy's name, trusted matters, scope and validity of authorization and be signed or affixed with chop by the appointer. The Director who attends the meeting instead of him/her shall exercise the right as a Director within the scope of authorization.

Article 160 If a Director fails to attend a Board meeting and does not appoint a proxy to act on his behalf, the said Director shall be deemed as having waived his right to vote at the meeting.

Article 161 The Board shall file resolutions as minutes, which shall be signed by the attending Directors and recorder. The Independent Directors' opinions shall be set out in the resolutions of the Board meetings. The Directors shall be responsible for the resolutions passed at Board meetings. Any Director who votes for a resolution which runs counter to the relevant laws, administrative regulations or Articles of Association, thereby causing serious losses to the Company, shall be liable for compensation. 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 who waives his right of voting or who fails to attend the meeting and fails to appoint a proxy to act on his behalf shall not be exempt from liability. A Director who explicitly expresses his objection in the course of discussion but fails to cast an objection vote in the voting cannot be exempted from liability.

The minutes of Board meetings shall be kept as archives of the Company for at least 10 years.

Article 162 The minutes of a Board meeting shall specify:

- (I) the date, venue and name of the convener of the meeting;
- (II) the names of the attending Directors and the Directors (proxies) attending the meeting on behalf of others;
- (III) the agenda of the meeting;

(IV) summaries of the speeches of Directors;

(V) the voting method and result for each resolution (the voting result shall set out the numbers of pros, cons and abstentions).

Article 163 Unless otherwise specified by the Board, the general manager and Supervisors who do not act concurrently as Directors may attend Board meetings and shall have the right to receive notice and relevant documents of such meetings.

Article 164 The reasonable expenses of the Directors for attending Board meetings shall be borne by the Company. Such expenses include travelling expenses incurred between the address of the Director and the venue for the meeting (if they are different), board and lodging expenses during the meeting, rent of the venue for the meeting, and local travelling expenses.

Chapter 12 Party Committee

Article 165 In accordance with the relevant provisions under the Constitution of the Communist Party of China and with approval of higher-level Party organizations, the Company has established the Committee of the Communist Party of Poly Culture Group Corporation Limited. Meanwhile, the Company has also established the Commission for Discipline Inspection of the Communist Party in accordance with the relevant provisions.

Article 166 The Party Committee of the Company shall be elected from the Party member congress or the Party representative congress; each term of office is generally five (5) years. Regular re-election shall be conducted upon the expiration of its term of office. Each term of office of Commission for Discipline Inspection of the Party shall be the same as the Party Committee.

The Party Committee of the Company generally consists of 5 to 9 members. There should be 1 party secretary, and 1- 2 deputy party secretaries.

Article 167 The Party Committee of the Company shall perform the core leadership functions, controlling the directions, managing the overall situation and ensuring the implementation, discuss and make decisions on significant matters of the Company in accordance with the regulations. Significant operating management matters shall go through investigation and discussion by the Party Committee before decisions are made by the Board of Directors or management. The main responsibilities are:

(I) Strengthen the Party's political construction, improve the political awareness, enhance political leading role, improve political ability and guard against political risk of the Company, as well as educate and guide all Party members to resolutely safeguard the position of the Party Central Committee and the whole Party with Comrade Xi Jinping as the core, resolutely upheld the authority and unified leadership of the Party Central Committee;

- (II) Study and implement Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, carry out the principles and policies of the Party and ensure that the major decisions and deployment of the Party Central Committee and the resolutions of higher-level Party organizations are implemented in the Company, as well as promote the Company to undertake its responsibility and mission, focus on the main responsibilities and principal businesses and serve the material strategies of the country to fully fulfill economic, political and social responsibilities;
- (III) Consider and discuss the major operational and management issues of the Company, and support the shareholders' general meeting, the Board, the Supervisory Committee and the management in performing their duties in accordance with laws;
- (IV) Strengthen the leadership and gate keeping role in the selection and appointment of personnel of the Company and enhance the building of the leading team and talents team of management;
- (V) Assume the primary responsibility of the Company to govern the Party comprehensively with strict discipline, lead and support the discipline inspection institutions to fulfil its supervisory responsibility and promote Party self-governance exercised fully and with rigor into the grassroots level;
- (VI) Strengthen the construction of working style of the Party in the Company, strictly implement the spirit of the eight-point frugality code issued by the Party Central Committee and resolutely combat formalism, bureaucracy, hedonism and extravagance, especially the formalism and bureaucracy;
- (VII) Strengthen the building of grassroots Party organisation and Party member team, and unite and lead officials and employees to devote themselves into the reform and development of the Company;
- (VIII) Lead the ideological and political work, the spirit and civilization construction and the united front work of the Company, as well as lead mass organisations such as the Labour Union and Communist Youth League of the Company.

Article 168 By insisting on and improving the leadership mechanism of “Dual Entry and Cross Appointment”, eligible members of the Party Committee may take seats in the Board of Directors, the Supervisory Committee and the management through statutory procedures, while eligible members of the Board of Directors, the Supervisory Committee and the management who are also Party members may take seats in the Party Committee in accordance with related regulations and procedures.

Secretary of the Party Committee and chairman of the Board of Directors are held by one (1) person in general. A deputy secretary shall be designated to be solely responsible for the Party building works for the Party Committee. The designated deputy secretary shall serve as a member of the Board of Directors, rather than a management member.

Chapter 13 Secretary to the Board

Article 169 The Company shall have secretary to the Board of Directors. The secretary shall be the senior management personnel of the Company.

Article 170 The secretary to the Board of Directors shall be a natural person with the necessary professional knowledge and experience. He shall be appointed by the Board of Directors. A secretary to the Board of Directors is appointed for a term of three (3) years and can be re-appointed. His principal duties are:

- (I) to ensure the Company has complete organization documents and records;
- (II) to ensure the Company legally prepare and submit reports and documents as required by the regulatory authorities;
- (III) to ensure that the register of Shareholders of the Company is established appropriately and that the persons who have the right of access to the relevant documents and records of the Company obtain the same in due time;
- (IV) other functions and powers granted by laws, administrative regulations, departmental rules, regulatory documents or the Board and those required by the overseas listing place.

Article 171 A Director or other senior management personnel of the Company may serve concurrently as secretary to the Board. Any accountant of the accounting firm engaged by the Company shall not act in the capacity of the secretary to the Board.

In the event a director also acts in the capacity of the secretary to the Board, where any act requires to be made by the Director and the secretary to the Board separately, such Director who also acts in the capacity of the secretary to the Board shall not make such actions in both capacities.

Chapter 14 General Manager and Other Senior Management Personnel

Article 172 The Company shall have one general manager who shall be appointed or dismissed by the Board of Directors.

The Company shall have several deputy general managers who shall be appointed or dismissed by the Board of Directors. The deputy general managers shall assist the work of and be accountable to the general manager.

The Company's general manager, deputy general managers, chief accountant and the secretary to the Board are the Company's senior management personnel.

Article 173 The provisions on Directors' duty of fidelity under Article 133 of the Articles of Association and the provisions on Directors' duty of diligence under (IV) ~ (VI) of Article 134 shall also apply to the senior management personnel.

Article 174 Members of staff of the Controlling Shareholders and actual controllers of the Company who serve positions other than Directors shall not serve as senior management personnel of the Company.

Article 175 General manager is appointed for a term of three (3) years and may be re-appointed.

Article 176 The Company's general manager shall be accountable to the Board of Directors and shall exercise the following duties and powers:

- (I) to be in charge of the Company's production, operation and management, to co-ordinate the implementation of the resolutions of the Board of Directors and report the work to the Board of Directors;
- (II) to organize the implementation of the Company's annual business plan and investment proposal;
- (III) to draft plans for the establishment of the Company's internal management structure;
- (IV) to draft the Company's basic management system;
- (V) to draft the Company's specific regulations;
- (VI) to request the Board's approval on the appointment or dismissal of the Company's deputy general manager and chief accountant;
- (VII) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;
- (VIII) other duties and powers conferred by the Articles of Association and the Board of Directors.

The general manager shall attend Board meetings, but such general manager who is not a Director is not entitled to vote at Board meetings.

Article 177 The general manager shall formulate relevant working rules, which shall come into effect upon approval by the Board.

Article 178 The working rules of the general manager shall specify:

- (I) the conditions and procedures for holding general manager's meetings, and attendants of the meetings;
- (II) detailed duties and division of labour of the general manager and other senior management personnel;
- (III) use of funds and assets of the Company, permission to conclude important contracts, and the system to report to the Board and the Board of Supervisors;
- (IV) other matters deemed necessary by the Board.

Article 179 The general manager may resign before his term of office expires. The procedures and rules for resignation of the general manager shall be specified in the labour contract between the general manager and the Company.

Article 180 Deputy general managers shall assist the general manager in fulfilling relevant duties. The Company may, in the working rules of the general manager, specify procedures for appointing and dismissing deputy general managers, the relation between deputy general managers and the general manager, and functions and powers of deputy general managers.

Article 181 If any senior management personnel violates laws, administrative regulations or the Articles of Association in fulfilling his duties, thereby incurring any loss to the Company, the said senior management personnel shall be liable for compensation.

Chapter 15 Board of Supervisors

Article 182 Directors, general manager and other senior management personnel may not act concurrently as Supervisors.

Article 183 The Supervisors shall observe laws, administrative regulations and the Articles of Association, shall fulfil the duty of fidelity and diligence to the Company, and shall not abuse their official powers to take any bribe or other illegal gains or misappropriate the Company's assets for personal use.

Article 184 A Supervisor has a term of three (3) years for each period of office and can be re-appointed upon expiration of his/her tenure upon re-election.

Article 185 If the term of office of a Supervisor expires but re-election is not made responsively or if any Supervisor resigns during his term of office so that the membership of the Board of Supervisors falls below the quorum, the said Supervisor shall continue fulfilling the duties as Supervisor pursuant to relevant laws, administrative regulations and the Articles of Association until a new Supervisor is elected.

Article 186 The Supervisors may be present at the meetings of the Board of Directors and raise queries or present proposals in relation to the resolutions of the Board of Directors.

Article 187 The Supervisors shall not abuse their connection relations to damage the interests of the Company, and shall compensate for any losses caused to the Company.

Article 188 If any Supervisor violates laws, administrative regulations, departmental rules, regulatory documents or the Articles of Association in fulfilling his duties, thereby incurring any loss to the Company, the said Supervisor shall be liable for compensation.

Article 189 The Company has a Board of Supervisors. The Board of Supervisors consists of three (3) Supervisors. The Board of Supervisors shall have one (1) chairman. The appointment and dismissal of the chairman of the Board of Supervisors shall be approved by more than two thirds (2/3) of the members of the Board of Supervisors. The chairman of the Board of Supervisors shall convene and preside the meetings of the Board of Supervisors; in case a chairman of the Board of Supervisors is unable to or not fulfil his/her duties, more than half (1/2) of the Supervisors shall jointly elect a Supervisor to convene and preside the meetings of the Board of Supervisors.

The Board of Supervisors shall include Shareholder representatives and an appropriate proportion of representatives of the Company's employees (not less than one third (1/3) of the total representatives). The Shareholder representatives of the Board of Directors shall be elected and removed by the general meeting, while the representatives of the Company's employees shall be elected by employee representatives meeting, employees congress or by other democratic means.

Article 190 The Board of Supervisors shall be accountable to the Shareholder's general meeting and exercise the following functions and powers:

- (I) to check and inspect the Company's periodic report prepared by the Board of Directors and provide recommendations in written form, to check and inspect the financial information such as the financial report, business report and plans for profits distribution to be submitted by the Board of Directors to the general meetings, and to authorize, in the name of the Company, publicly certified and practicing accountants to assist in reviewing such information where any doubt arise in respect thereof;
- (II) to review the Company's financial position;
- (III) to supervise the Directors and senior management personnel during their performance of duties, and put forward removal proposals to those who act in contravention of any laws, administrative regulations, the Articles of Association or resolutions of Shareholders' general meetings;
- (IV) to demand the Directors and senior management personnel to rectify their error if they have acted in a harmful manner to the Company's interest;

- (V) to propose to convene an extraordinary general meeting, to convene and preside a general meeting where the Board of Directors does not fulfil its duties of convening and presiding a general meeting as required by the *Company Law*;
- (VI) to make proposals to the general meeting;
- (VII) to take an action against the Directors or senior management personnel pursuant to Article 152 of the *Company Law*;
- (VIII) may conduct an investigation where abnormality of the Company's operation is discovered; when necessary, may appoint accountants firms, law firms and other professional organizations to assist its work, and the costs shall be at the Company's expense.

Article 191 Meetings of the Board of Supervisors shall be held at least every six (6) months, and called by the chairman of the Board of Supervisors. A Supervisor may propose to convene an extraordinary meeting of the Board of Supervisors.

A resolution of the Board of Supervisors shall be approved by more than two thirds (2/3) of the members of the Board of Supervisors.

Article 192 The Board of Supervisors shall formulate rules of procedure for meetings of the Board of Supervisors and shall clarify methods for business discussions and voting procedures to ensure the work efficiency and scientific decision making of the Board of Supervisors. The rules of procedure for meetings of the Board of Supervisors shall be appendix to the Articles of Association and shall be formulated by the Board of Supervisors and approved by the general meeting.

Article 193 The Board of Supervisors shall file resolutions as meeting minutes, which shall be signed by the attending Supervisors.

Any Supervisor shall have the right to have an explanatory note made in the minutes regarding his speech at the meeting. The minutes of meetings of the Board of Supervisors shall be kept as archives of the Company for at least 10 years.

Article 194 The notice of meetings of the Board of Supervisors shall specify:

- (I) time, venue and duration of the meeting;
- (II) reasons and topics for discussion; and
- (III) date on which the notice is sent.

Chapter 16 Qualifications and Obligations of Directors, Supervisors, General Manager, and Other Senior Management Personnel

Article 195 A person may not serve as a Director, Supervisor, general manager or other senior management personnel of the Company if any of the following circumstances apply:

- (I) any person who does not have or who has limited capacity for civil conduct;
- (II) any person who has been convicted of any criminal offence in the nature of corruption, bribery, conversion, misappropriation or disrupting the economic order of the socialist market and 5 years have not elapsed since any penalty imposed has been completed, or any person who has ever been deprived of his political rights due to any crime and 5 years have not elapsed since the penalty imposed was completed;
- (III) any former director, factory director or manager of a company or enterprise which has been declared bankrupt and liquidated in circumstances where he was personally responsible for the bankruptcy of the company or enterprise, and three years have not elapsed since the bankruptcy and liquidation of the company or enterprise was completed;
- (IV) any former legal representative of a company or enterprise which has had its business license revoked and has been ordered to close its business operations due to any violation of law in circumstances where the former legal representative was personally liable for the revocation of the business license and three years have not elapsed since the date of revocation;
- (V) Any person who has significant unpaid debts;
- (VI) any person who is currently under investigation by the judicial authorities for violation of criminal law;
- (VII) any person who, pursuant to laws and administrative regulations, cannot act as a leader of an enterprise;
- (VIII) any person other than a natural person;
- (IX) any person who has been adjudged by the competent authority for violation of relevant securities regulations and such conviction involves fraudulent or dishonest acts and five (5) years have not elapsed since the date of such conviction.

Any election, appointment or engagement of Directors, Supervisors, general managers or other senior management personnel in violation of this Article is invalid. Any existing director, supervisor or senior manager the appointment of whom would violate the provisions of this Article shall be removed from his post.

Article 196 The effectiveness of the behaviour of Directors, general managers and other senior management personnel on behalf of the Company to the bona fide third party will not be affected by any non-compliance in appointment, election or qualification.

Article 197 In exercising the functions and powers conferred by the Company, Directors, Supervisor, the general manager and other senior management personnel shall fulfil the following obligations to the Shareholders in addition to the obligations under relevant laws, regulations or the listing rules of the stock exchange on which shares of the Company are listed:

- (I) not to let the Company operate beyond the business scope specified in its business license;
- (II) to act bona fide in the best interests of the Company;
- (III) not to expropriate the Company's assets in any way, including (but not limited to) opportunities which are beneficial to the Company;
- (IV) not to expropriate the individual interest of other Shareholders, including (but not limited to) rights to distributions and voting rights (excluding a restructuring which has been submitted for approval by the Shareholders in a general meeting in accordance with the Articles of Association).

Article 198 In exercising rights or fulfilling obligations, the Directors, Supervisors, general manager and other senior management personnel shall act with due prudence, diligence and skills as a reasonable prudent person should do in similar circumstances.

Article 199 Each of the Company's Directors, Supervisors, general manager and other senior management personnel shall exercise his powers or perform his duties in accordance with the fiduciary principle, and shall not put himself in a position where his duty and his interest may conflict. This principle includes (but not limited to) performance of the following obligations:

- (I) to act bona fide in the best interests of the Company;
- (II) to act within the scope of his powers and not to exceed such powers;
- (III) to exercise his discretion power in person without manipulation by others; without permitted by laws and administrative regulations or approved by informed Shareholders in a general meeting, the discretion power shall not be transferred or reauthorized to others to exercise;
- (IV) to treat Shareholders of the same class equally and to treat Shareholders of different classes fairly;

- (V) unless otherwise provided in the Articles of Association or except with the informed approval of the Shareholders given in a general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (VI) not to use the Company's property for his own benefit without the informed consent of the Shareholders given in a general meeting;
- (VII) not to abuse his position to take bribes or other illegal income or misappropriate the Company's property in any way, including (but not limited to) opportunities beneficial to the Company;
- (VIII) not to accept commissions in connection with the Company's transactions without the informed consent of the Shareholders given in a general meeting;
- (IX) to comply with the Articles of Association, to perform his official duties faithfully, to protect the Company's interests and not to exploit his position and power in the Company to advance his own interests;
- (X) not to compete with the Company in any way, save with the informed consent of the Shareholders given in a general meeting;
- (XI) not to misappropriate the Company's funds or to lend such funds to any other person, not to use the Company's assets to set up deposit accounts in his own name or in the name of any others' or to use such assets to guarantee the debts of a Shareholder of the Company or any other personal liabilities;
- (XII) not to divulge any confidential information obtained during his term of office without the informed consent of the Shareholders in a general meeting; nor shall he use such information otherwise than for the Company's benefit; however, disclosure of such information to the court or other governmental authorities is permitted under the following circumstances:
 - (1) required by law;
 - (2) demanded by the public interest;
 - (3) demanded by the interests of the relevant Director, Supervisor, general manager or other senior management personnel.

Article 200 Each Director, Supervisor, general manager and other senior management personnel of the Company shall not direct the following persons or institutions (herein refers to “associates”) to act in a manner which a Director, Supervisor, general manager and other senior management personnel is prohibited from so acting:

- (I) the spouse or minor children of the Director, Supervisor, general manager and other senior management personnel of the Company;
- (II) the trustee of the Director, Supervisor, general manager and other senior management personnel or of any person described in sub-paragraph (I) of this Article;
- (III) partners of Directors, Supervisors, general manager and other senior management personnel or of any person described in sub-paragraphs (I) and (II) of this Article;
- (IV) a company which is *de facto* controlled by a Director, Supervisor, general manager and other senior management personnel, whether alone or jointly with persons referred to in sub-paragraphs (I), (II) and (III) of this Article or other Directors, Supervisors, general manager and other senior management personnel;
- (V) the Directors, Supervisors, general manager and other senior management personnel of a company which is being controlled in the manner set out in sub-paragraph (IV) of this Article.

Article 201 The duty of a Director, Supervisor, general manager and other senior management personnel to act in good faith does not necessarily terminate on the expiration of their term of office. His duty of confidentiality in respect of trade secrets of the Company survives after the termination of his tenure. Duty of confidentiality of other duties may be determined under the principle of fairness, depending on the length of time which has lapsed between the termination and the act concerned and on the circumstances and terms under which the relationship between the relevant Director, Supervisor, general manager and the senior management personnel and the was terminated.

Article 202 A Director, Supervisor, general manager and other senior management personnel of the Company may be relieved of liability for specific breaches of his duty with the informed consent of the Shareholders given at a general meeting, saved under the circumstances of Article 65 in the Articles of Association.

Article 203 Where a Director, Supervisor, general manager and other senior management personnel of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than his contract of service with the Company), he shall declare the nature and extent of his interests to the Board of Directors at the earliest opportunity, disregarding whether such contract, transaction or arrangement or proposal shall be subject to the approval of the Board of Directors under usual circumstances.

Directors shall not vote on contracts, transactions or arrangements or any other relevant advice as approved by any resolution of the Board meeting that they or their associates (as defined in the applicable rules governing the listing of securities coming into force from time to time) have substantial interests in, and relevant Directors shall not be counted in when determining the quorum at the meeting.

Unless the interested Director, Supervisor, general manager and other senior management personnel discloses his interests in accordance with the preceding subparagraph of this Article and the contract, transaction or arrangement is approved by the Board of Directors at a meeting in which the Director, Supervisor, or senior management personnel is not counted as part of the quorum and refrains from voting, the Company has the right to rescind the contract, transaction or arrangement, except as against a bona fide party thereto who does not have notice of the breach of duty by the interested Director, Supervisor, general manager and other senior management personnel.

A Director, Supervisor, general manager and other senior management personnel of the Company is deemed to be interested in a contract, transaction or arrangement in which his associate is interested.

Article 204 Where a Director, Supervisor, general manager and other senior management personnel of the Company give to the Board of Directors a written notice before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration by the Company, stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements which may subsequently be made by the Company, that notice shall be deemed for the purposes of the preceding article as a sufficient disclosure of his interests within the scope stated by such notice.

Article 205 The Company shall not pay taxes for its Directors, Supervisors, general manager, and other senior management personnel in any way.

Article 206 The Company shall not directly or indirectly make a loan or provide loan guarantee to a Director, Supervisor, general manager and other senior management personnel of the Company or its holding company or any of their respective associates.

The foregoing prohibition shall not apply to the following circumstances:

- (I) providing a loan or guarantee for a loan by the Company to its subsidiaries;
- (II) in accordance with the terms of a service contract approved by the Shareholders in a general meeting, providing a loan or a guarantee or other funds to its Directors, Supervisors, general manager and other senior management personnel to meet expenditure incurred or to be incurred for the purposes of the Company or for the purpose of enabling him to perform his duties properly;

- (III) if the normal business scope of the Company includes providing loans and loan guarantees, the Company may make a loan to or provide a guarantee to a Director, Supervisor, general manager and other senior management personnel or his associates on normal commercial terms.

Article 207 Any person who receives funds from a loan which has been made by the Company acting in breach of the preceding article shall, irrespective of the terms of the loan, forthwith repay such funds.

Article 208 A guarantee in connection with a loan which has been provided by the Company acting in breach of Paragraph 1, Article 206, shall not be enforceable against the Company, saved in the following circumstances:

- (I) the guarantee provider was uninformed when such guarantee was made to an associate of a Director, Supervisor, general manager and other senior management personnel of the Company or the Company's holding company;
- (II) the collateral provided by the Company has already been lawfully disposed by the lender to a bona fide purchaser.

Article 209 The guarantee as referred to in the preceding articles includes the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the Obligor.

Article 210 In addition to any rights and remedies provided by laws and administrative regulations, where a Director, Supervisor, general manager and other senior management personnel of the Company breaches the duties which he owes to the Company, the Company has a right:

- (I) to demand such a Director, Supervisor, general manager or other senior management personnel to compensate for losses sustained by the Company as a result of such breach;
- (II) to rescind any contract or transaction which has been entered into between the Company and such a Director, Supervisor, general manager and other senior management personnel or between the Company and a third party (where such third party knows or should have known that such a Director, Supervisor, general manager and other senior management personnel representing the Company has breached his duties owed to the Company);
- (III) to demand such a Director, Supervisor, general manager and other senior management personnel to surrender the gains made as result of the breach of his obligations;
- (IV) to recover any payments which should have been received by such a Director, Supervisor, general manager and other senior management personnel on behalf of the Company, including (but not limited to) commissions;

- (V) to demand repayment of interest earned or which may have been earned by a Director, Supervisor, general manager and other senior management personnel on payments that should have been paid to the Company.

Article 211 The Company shall conclude written contract with a Director or Supervisor in relation to emoluments. The emoluments shall be approved in advance by general meeting. The aforesaid emoluments include:

- (I) emoluments in respect of his service as Director, Supervisor, or senior management personnel of the Company;
- (II) emoluments in respect of his acting as a Director, Supervisor or senior management personnel of any subsidiary of the Company;
- (III) emoluments in respect of the provision of other services in connection with the management affairs of the Company and any of its subsidiaries;
- (IV) payment by means of compensation for loss of employment, or as consideration for or in connection with his retirement from office.

Except the preceding contracts, no proceedings may be brought by a Director or Supervisor against the Company for any due benefit in respect of the matters mentioned in this Article except pursuant to the preceding contract.

Article 212 The contract concerning the emoluments between the Company and its Directors or Supervisors should provide that in the event that the Company is acquired, the Company's Directors and Supervisors shall, subject to the prior approval of Shareholders in a general meeting, have the right to receive compensation or other payment in respect of his loss of employment or retirement.

The acquisition of the Company referred in the previous article includes any of the following:

- (I) an offer made by any person to the general body of Shareholders;
- (II) an offer made by any person aimed at making the offeror become a "Controlling Shareholder" within the meaning of Article 66 of the Articles of Association.

If the relevant Director or Supervisor does not comply with the above provisions, any sum so received by him shall belong to those persons who have sold their shares as a result of such offer. The expenses incurred in distributing such sum on a pro rata basis amongst such persons shall be borne by the relevant Director or Supervisor and shall not be paid out of such sum.

Chapter 17 Financial and Accounting System, Profit Distribution and Audit

Article 213 The Company shall establish its financial and accounting systems in accordance with laws, administrative regulations and other requirements of relevant state departments.

Article 214 The Company shall produce annual financial accounting reports within four months from the end of each fiscal year and produce semi-annual financial accounting reports within two months from the end of the first six months of each fiscal year.

The aforesaid financial accounting reports shall be prepared in accordance with relevant laws, administrative regulations and departmental rules and regulations.

The fiscal year of the Company is Gregorian calendar year, namely, from January 1 to December 31 every year.

Article 215 The Board of Directors of the Company shall, at every annual general meeting, submit to the Shareholders such financial reports required by the relevant laws, administrative regulations and directives promulgated by competent regional and central governmental authorities.

Article 216 The Company's financial reports shall be made available for Shareholders' inspection at the Company twenty (20) days before the date of Shareholders' annual general meeting. Each Shareholder shall be entitled to have a copy of the financial reports referred to in this Chapter.

The Company shall deliver or send the said reports to each Shareholder of H Shares by prepaid mail at the address registered in the register of Shareholders not later than twenty one (21) days before the date of every annual general meeting of the Shareholders.

Article 217 The financial statements of the Company shall be prepared in accordance with laws, administrative regulations, the PRC accounting standards and legal requirements. Besides, the Company shall also adopt the international accounting standards or the local accounting standards of the place overseas where the Company is listed to prepare its financial statements. Any significant discrepancies between the financial statements prepared in accordance with the two sets of accounting standards shall be explicitly stated in the notes to the financial statements. Profit distribution of the Company for a particular financial year shall be based on the lesser of the profit after taxation stated in the two sets of financial statements.

Article 218 Any interim results or financial information published or disclosed by the Company must also be prepared and presented in accordance with PRC enterprise accounting standards and legal requirements, and also in accordance with either international accounting standards or that of the place overseas where the Company's shares are listed.

The Company shall publish financial reports twice every fiscal year, i.e. publishing interim financial reports within 60 days at the end of the first six months of a fiscal year, and publishing annual financial report within 120 days after the end of a fiscal year.

Article 219 The Company shall not keep accounts other than those required by law. The Company's assets are not deposited in an account opened in the name of any individuals.

Article 220 Where a company distributes its after-tax profits for the current financial year, it shall draw 10 per cent of its profits as the company's statutory common reserve, provided that a company with an aggregate common reserve of more than 50 percent of the company's registered capital may elect not to draw any of its current year profits as a statutory common reserve.

Where the aggregate balance of the company's statutory common reserve does not cover any loss the company made in the previous financial year, the current financial year's profits shall first be used to cover the loss before any statutory common reserve is drawn therefrom in accordance with the provisions of the preceding paragraph.

Where any company has drawn a statutory common reserve from its after-tax profits, it may, subject to a resolution of the shareholders' assembly, draw a discretionary common reserve from its after-tax profits.

Where losses have been covered and the statutory and discretionary common reserves have been drawn, any remaining profits shall be distributed to shareholders on a pro rata except provided otherwise in the Articles of Association.

Article 221 Where a shareholders' meeting, shareholders' assembly or board of directors distributes profits in violation of the provisions of the preceding paragraph before losses are covered and the statutory common reserve is drawn, the profits distributed must be returned to the company.

No company may distribute any profits to itself by way of a distribution of profits to shares the company owns.

Article 222 A company's common reserves shall be used to cover losses made in past years, to enhance the company's productivity and expand its business or to increase its registered capital; however a company's capitalized common reserves shall not be used to cover the company's losses.

Where the statutory common reserve is converted into capital, the value of the remaining common reserve shall be no less than 25 % of the company's registered capital prior to the conversion.

Article 223 The capital common reserve fund includes the following:

- (I) Any premium received from the issuance of stock at a premium to par;
- (II) Any other income credited to the capital common reserve fund as required by the finance department of the State Council.

Article 224 After the profit distribution plan is adopted at the Shareholders' general meeting, the Board of Directors of the Company shall finish distributing dividends (or shares) within two months after conclusion of the Shareholders' general meeting.

Article 225 According to the Company's profit distribution policies, the dividends shall be distributed in cash or share certificate.

The Shareholders are entitled to interest on the monies paid for any shares before share capital is called for, simply their advances on subscription of shares are not entitled to participate in the dividends subsequently declared.

Article 226 Dividends and other accounts paid by the Company to the Domestic Shares Shareholders shall be denominated, declared and paid in RMB. Dividends and other accounts paid by the Company to holders of H Shares shall be denominated, declared in RMB and paid in HKD.

Article 227 The Company shall pay dividends and other accounts to holders of H Shares according to the provisions of relevant foreign exchange regulations of the People's Republic of China, in default of such regulations, applicable exchange rates shall be the closing prices of relative foreign currencies published by the People's Bank of China on the preceding day of declaration of dividends and other accounts.

Article 228 The Company shall appoint recipient agents for holders of H Shares to collect the dividends distributed and other funds payable in respect of H Shares by the Company on behalf of the relevant Shareholders.

Article 229 The receiving agents appointed by the Company shall meet the requirements of the laws of the place of listing or relevant rules of the securities exchanges. The receiving agent appointed by the Company on behalf of holders of H Shares listed in the Stock Exchange shall be a company registered as a trust company under the *Trustee Ordinance* of Hong Kong.

Chapter 18 Appointment of Accounting Firms

Article 230 The Company shall conduct internal audit and assign full-time auditors to conduct internal audit and supervision on the revenues and expenditures and economic activities of the Company.

Article 231 The internal audit system and the duties of such auditing personnel shall be implemented upon approval from the Board of Directors. The chief auditing officer shall be held accountable and report to the Board of Directors.

Article 232 The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the State to audit the Company's annual financial report and review other financial reports of the Company.

The Company's first accounting firm can be appointed at the inauguration assembly before the first annual general meeting, and the term of service of the firm shall terminate at the end of the first annual general meeting.

When the inauguration assembly does not exercise the functions and powers as prescribed in the preceding paragraph, the Board of Directors shall exercise such functions and powers.

Article 233 The accounting firm appointed by the Company shall hold office for 1 year from the conclusion of the annual general meeting of Shareholders at which they were appointed until the conclusion of the next annual general meeting of Shareholders. The accounting firm is eligible to be re-appointed.

Article 234 The accounting firm appointed by the Company shall have the following rights:

- (I) To access the accounting books, records or vouchers of the Company at any time, and to request Directors, general manager or other senior management personnel to provide relevant documents and explanations;
- (II) To require the Company to take all reasonable measures to obtain from its subsidiaries any information and explanations necessary for the performance of its duties;
- (III) To be present at Shareholders' general meetings, get notice of general meeting or other information relating to general meetings as entitled by any shareholder, and deliver speeches at Shareholders' general meetings in relation to the matters concerning the accounting firm.

Article 235 If there is a vacancy in the position of the accounting firm, the Board of Directors may appoint an accounting firm to fill such vacancy before the convening of the general meeting. Any other accounting firm which has been appointed by the Company may continue to act during the period a vacancy arises.

Article 236 The Shareholders in a general meeting may by ordinary resolution remove the accounting firm before the expiration of its term of office, irrespective of the provisions in the contract between the Company and the accounting firm. However, the right of the accounting firm in claiming for damages which arise from its removal shall not be affected thereby.

Article 237 The emolument of an accounting firm or the manner in which such firm is to be remunerated shall be determined by the Shareholders in a general meeting.

Article 238 The Company's appointment, removal or non-reappointment of an accounting firm shall be resolved by the Shareholders in a general meeting. Such resolution shall be filed with China Securities Regulatory Commission.

The Shareholders' general meeting shall comply with the following provisions in passing a resolution to appoint a non-incumbent accounting firm to fill any vacancy, or to continue to appoint an accounting firm appointed by the Board of Directors to fill the vacancy, or to dismiss an incumbent accounting firm:

- (I) The proposal for appointment or dismissal shall, before the notice of a Shareholders' general meeting is sent, be delivered to the accounting firm to be appointed or whose service is to be terminated, or who has terminated its service in the relevant fiscal year.

Termination of service includes dismissal, discharge or resignation;

- (II) If the accounting firm about to terminate service makes a written statement and requests the Company to notify its Shareholders of the said statement, the Company shall take the following actions unless the statement is received too late:

- (1) State in the notice issued for the resolution that the accounting firm about to terminate service has made a statement; and
- (2) Send the Shareholders who are entitled to receive the notice of the general meeting a copy of the statement as an appendix to the notice in the form specified in the Articles of Association.

- (III) In the event that the Company fails to send the accounting firm's statements in the manner set out in (II) herein, such accounting firm may (in addition to his right to be heard) require that the representations be read out at the Shareholders' general meeting, and make further appeals.

- (IV) An accounting firm having terminated its service has the right to attend the following Shareholders' general meeting;

- (1) The Shareholders' general meeting at which its term of appointment expires; and
- (2) The Shareholders' general meeting for filling the vacancy due to the dismissal thereof; and
- (3) The Shareholders' general meeting held due to resignation thereof.

The accounting firm having terminated service shall have the right to receive all notices of the aforesaid meetings or other information relating to the meetings, and to deliver speeches at the aforesaid meetings in relation to the matters concerning it acting as the former accounting firm of the Company.

Article 239 The appointment of an accounting firm by the Company must be decided at a Shareholders' general meeting, and the Board of Directors must not appoint an accounting firm before such decision, unless otherwise stipulated by the Articles of Association or authorized by a Shareholders' general meeting.

Article 240 The Company shall undertake to provide the accounting firm with true and complete accounting vouchers, accounting books, financial reports and other accounting information, and shall not reject, conceal or misstate any information.

Article 241 Prior notice should be given to the accounting firm 15 days in advance if the Company decides to remove or not to renew appointment of such accounting firm. Such accounting firm shall be entitled to make representations at the general meeting at which the Shareholders vote on the removing of such accounting firm.

Where the accounting firm resigns from its position, it shall clarify to the Shareholders in a general meeting whether there has been any impropriety on the part of the Company.

An accounting firm may resign its office by depositing at the Company's domicile a resignation notice. Such resignation notice shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the following:

1. A statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the Shareholders or creditors of the Company;
2. A statement of any such circumstances.

Where a notice is deposited under the foregoing provisions of this Article, the Company shall within fourteen (14) days send a copy of the notice to relevant competent authority. If the notice contained a statement mentioned in (1) and (2) herein, the Company shall deposit a copy of such statement in the Company for examination by the Shareholders. The Company shall also send a copy of such statement by postage pre-paid mail to each of the holders of H Shares at its registered address contained in the register of Shareholders.

Where the accounting firm's notice of resignation contains a statement that any information is to be disclosed, it may require the Board of Directors to convene a Shareholders' extraordinary general meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.

Chapter 19 Notice

Article 242 The notice of the Company may be served as follows:

- (I) by personal delivery;

- (II) by mail;
- (III) by fax;
- (IV) by announcement in newspapers and other designated media;
- (V) by announcement on the website designated by the Company and the Stock Exchange in accordance with laws, administrative regulations, departmental rules, and relevant provisions of the securities regulatory authorities of the place of the listing of the Company;
- (VI) by other means agreed before between the Company and the recipient or approved by the recipient; and
- (VII) by other means approved by the securities regulatory authorities of the place of the listing of the Company or stipulated in the Articles of Association.

Save as otherwise specified in the Articles of Association, any notice sent by the Company to the holders of H Shares, if sent by bulletin, shall be submitted on the same date according to local listing rules in electronic form to the Stock Exchange for real-time publication through the electronic publication system of the Stock Exchange, so as to be published on the websites of the Stock Exchange and the Company.

The holders of H Shares of the Company may obtain in written form (by email or by post) the information about the Company that the Company shall send to the Shareholders, and may choose to receive either or both the Chinese and English versions. The holders of H Shares may, in a reasonable period, also notify the Company in written form in advance to revise the means of receiving the aforesaid information and the relevant version thereof according to proper procedures.

Although the Company is required to provide and/or distribute written information to Shareholders according to the preceding paragraph, in terms of the means to provide and/or distribute the information about the Company to Shareholders required by *Listing Rules of the Stock Exchange*, if the Company has obtained the Shareholders' prior written consent or implied consent according to relevant laws and regulations and the *Listing Rules of the Stock Exchange* amended from time to time, it may send information to Shareholders by e-mail or via publication on the website of the Company. The information about the Company includes but is not limited to: circulars, annual reports, semi-annual reports, quarterly reports, notices of Shareholders' general meeting and other types of the Company's communication as set out in the *Listing Rules of the Stock Exchange*.

Article 243 Where a notice of the Company is issued by announcement, the said notice shall be deemed as received by the relevant persons once the said notice is announced.

Article 244 If the notice of the Company is issued by way of facsimile, the date of service shall be the issuing date; if the notice of the Company is sent by email, the sending date of email or announcement on the Internet shall be the issuing date; if the notice of the Company is issued by hand, the date when the recipient signed (or stamped) the receipt shall be regarded as the date of service of notice; if the notice is sent by post, the date of service shall be the third working day since the mail is sent to the post office; if the notice of the Company is sent by announcement, the date of first announcement shall be the date of service.

Article 245 The accidental omission to give notice of a meeting to, or the failure to receive the notice of a meeting by any person entitled to receive such notice, shall not invalidate the meeting or the resolutions adopted thereat.

Chapter 20 Merger, Division, Capital Increase and Reduction, Dissolution and Liquidation

Article 246 Merger of the Company may be exercised by way of merger or consolidation.

In the case of a merger, one company absorbs another company and the company that has been absorbed is dissolved; in the case of a consolidation, two or more companies combine to establish a new company, and the existing companies are dissolved.

Article 247 In respect of the merger or division of the Company, the Board of the Company shall propose a plan and have it adopted following the procedure specified in the Articles of Association, and go through relevant examination and approval procedures pursuant to laws. Any Shareholder objecting to the merger or division of the Company shall have the right to require the Company or the Shareholders approving the merger or division of the Company to purchase his shares at a fair price. Resolution on merger or division of the Company shall be archived as document for reference by the Shareholders.

The aforesaid document shall also be served by mail to holders of H Shares.

Article 248 In the event of merger of the Company, the parties concerned shall conclude a merger agreement and prepare balance sheets and property inventories. The Company shall notify its creditors within ten days after the adoption of the merger resolution and shall publish announcements in newspapers within 30 days. The creditors may require the Company to repay debts or provide corresponding guarantees within 30 days after receipt of the notice or within 45 days after the announcement if the creditors haven't received the notice.

Article 249 The credits and debts of the Company after merger shall be inherited by the company subsisting after merger or by the newly established company.

Article 250 Where the Company is divided, its properties shall be divided accordingly.

Where the Company is divided, a balance sheet and a property inventory shall be prepared. The Company shall notify its creditors within ten days after the adoption of the merger resolution and shall publish announcements in newspapers within 30 days.

Article 251 The companies after division shall bear joint liability for the debts of the Company before division, save as otherwise specified in the written agreement on debt repayment reached between the Company and its creditors before division.

Article 252 Where the Company finds it necessary to reduce its registered capital, it must formulate its balance sheet and schedule of assets.

The Company shall, within ten days of the date on which it decides to reduce its registered capital, notify its creditors and make a public announcement about the proposed reduction in capital in a newspaper within 30 days of the date on which it decides to reduce its registered capital. Any creditor shall, within 30 days of receipt of such a notice or, where it does not receive a notice, within 45 days of the date of the public announcement, be entitled to require the Company to repay its debt in full or to provide a corresponding guaranty.

The registered capital of any company that reduces its registered capital shall not be any lower than the minimum prescribed by law.

Article 253 Where, as a result of any corporate merger or demerger to which the Company is a party, any of the company's registered details change, the company shall amend its registered details with the company registration authority. In the event that any company that is a party to a merger or demerger is dissolved, it shall be deregistered in accordance with the law. In the event that any new company results from any merger or demerger, it shall comply with the procedures for establishment of a company as provided by law.

Increase or reduction of the registered capital of the Company shall be registered with the companies registration authority according to law.

Article 254 The Company shall be dissolved and liquidated upon the occurrence of any of the following events:

- (I) The term of business operation stated in the Articles of Association expires or the Company is dissolved due to other causes stated in the Articles of Association;
- (II) A resolution regarding the dissolution is passed by Shareholders at a general meeting;
- (III) Dissolution is necessary due to a merger or division of the Company;
- (IV) The Company is legally declared insolvent due to its failure to repay due debts;

- (V) The business license is revoked or it is ordered to close down or be dissolved in accordance with the law;
- (VI) when serious difficulties occur to the Company's operation and management and significant losses will be incurred to the Shareholders by its continuance, and such difficulties cannot be solved by other means, the Shareholders holding more than 10% of the total voting rights of all the Shareholders may request the People's Court to dissolve the Company.

Article 255 In the circumstance specified in paragraph (I) of the preceding article, the Company may continue to subsist by amending the Articles of Association.

Amendment to the Articles of Association pursuant to the preceding paragraph shall be subject to approval by 2/3 of the voting rights held by the Shareholders attending the Shareholders' general meeting.

Article 256 Shall the Company be dissolved due to provisions mentioned in Article 254 (I), (II) and (VI) of the Articles of Association, the Company shall establish a liquidation committee within fifteen (15) days of occurrence of such event and commence to carry out the liquidation. The liquidation committee is composed of the persons determined by the Directors or the general meeting. The liquidation committee is not established within the time limit, the creditors may apply to the People's Court to designate relevant professionals to establish a liquidation committee to carry out the liquidation.

Shall the Company be dissolved due to provisions mentioned in Article 254 (IV), the People's Court will, subject to related laws, organise Shareholders, related organizations and professionals to establish a liquidation committee so as to conduct the liquidation.

Shall the Company be dissolved due to the provisions of Article 254 (V), relative governing authorities shall organise Shareholders, related organizations and professionals to establish a liquidation committee so as to conduct the liquidation.

Article 257 In the event that the Board of Directors proposes to liquidate the Company(except for liquidation as a result of the declaration of insolvency by the Company), the Board shall specify in the notice convening the shareholders' general meeting for such purpose that the Board of Directors has made a full inquiry of the affairs of the Company and is of the opinion that the Company will be able to pay all its debts within 12 months upon commencement of liquidation.

Upon the passing of the resolution by the Shareholders in a general meeting in relation to the liquidation of the Company, all functions and powers of the Board of Directors shall immediately cease.

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

Article 258 During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (I) to liquidate the company's assets and produce a balance sheet and schedule of assets;
- (II) to notify the creditors by way of notice or public announcement;
- (III) to manage and wind down the remaining business of the company;
- (IV) to pay all outstanding taxes and any taxes occurred in the course of the liquidation;
- (V) to pay the company's accounts payable and recover its accounts receivable;
- (VI) to dispose of the company's residual assets;
- (VII) to represent the Company in any civil proceedings to which it is a party.

Article 259 The liquidation committee shall, within ten (10) days of its establishment, send notices to creditors and shall, within sixty (60) days of its establishment, publish an announcement at least three times in the newspapers. A creditor shall, within thirty (30) days of receipt of the notice, or for creditors who have not personally received such notice, within forty-five (45) days of the date of the first announcement, claim its rights to the liquidation committee.

In claiming its rights, the creditor shall provide details about its creditor's rights and supporting documents. The liquidation committee shall register the creditor's rights.

During the period of claiming creditor's rights, the liquidation committee shall not pay off the creditors.

Article 260 After categorizing the Company's assets and preparing the balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to a general meeting or to the People's Court for confirmation.

The remaining property of the Company shall, after the liquidation costs, the employees' salaries, the social insurance expenses, the statutory compensations, the taxes owed and corporate debts, be distributed to its Shareholders of the Company according to the class and proportion of their shareholding.

During the liquidation period, the Company continues to exist but can't carry out operating activities irrelevant to the liquidation. The Company's property will not be distributed to the Shareholders before pay-off according to the preceding provision.

Article 261 Upon completion of the liquidation of the Company's assets and preparation a balance sheet and an inventory of assets in connection with the liquidation of the Company, if the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, the liquidation committee shall immediately apply to the People's Court in accordance with laws for a declaration of insolvency.

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

Article 262 Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report, a statement of income and expenses received and made during the liquidation period as well as a financial report, which shall be verified by a Chinese registered accountant and submitted to the general meeting or relevant authorities for confirmation. The liquidation committee shall, within thirty (30) days after the confirmation of general meeting or relevant authorities, submit the documents referred to in the preceding paragraph to the company registration authorities and apply for cancellation of registration of the Company, and publish an announcement relating to the termination of the Company.

Article 263 The members of a liquidation committee shall, during the course of liquidation, carry out their duties and perform their obligations in accordance with the law.

No member of a liquidation committee may take advantage of his position by taking any bribe or any other unlawful payment, nor may he misappropriate any company asset.

Any member of a liquidation committee who causes any loss to the company or to any of its creditors either intentionally or due to his gross negligence shall be liable to compensate the affected party.

Article 264 Any company adjudicated bankrupt in accordance with the law shall be liquidated in bankruptcy in accordance with the relevant legal provisions.

Chapter 21 Amendment to the Articles of Association

Article 265 The Company may amend its Articles of Association pursuant to the requirements of laws, administrative regulations and the Articles of Association.

Article 266 The Company shall amend the Articles of Association in any of the following circumstances:

- (I) After amendments are made to *Company Law* or other relevant laws and administrative regulations, the Articles of Association becomes contradict to the said amendments;

(II) The conditions of the Company have changed, and such change is not covered in the Articles of Association; and

(III) The Shareholder's general meeting has resolved to amend the Articles of Association.

Article 267 The particulars of amendment adopted by way of resolutions at a general meeting that shall be reviewed and approved by the competent authority are required to be reported to the competent authority for approval.

Article 268 The Board of Directors shall amend the Articles of Association in accordance with resolutions of the general meeting on amendment and the approval opinions of relevant competent authorities.

Article 269 Amendment of the Articles of Association involving the contents of the *Mandatory Provisions* shall become effective upon receipt of approval from the companies approving authorities authorized by the State Council and the China Securities Regulatory Commission. If there is any change relating to the registered particulars of the Company, application shall be made for change in registration in accordance with laws.

Chapter 22 Resolution of Disputes

Article 270 The Company shall comply with the following principles for dispute resolution:

(I) Whenever any disputes or claims arise between: holders of H Shares and the Company; holders of H Shares and the Company's Directors, Supervisors, general manager or other senior management personnel; or holders of H Shares and holders of Domestic Shares, in relation to the affairs of the Company arising as a result of any rights or obligations arising from the Articles of Association, the *Company Law* or other relevant laws and administrative regulations, such disputes or claims shall be referred by the relevant parties to arbitration.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall, where such person is the Company or the Company's Shareholders, Directors, Supervisors, general manager or other senior management personnel, comply with the decisions made in the arbitration.

Disputes in respect of the identification of Shareholders and disputes in relation to the register of Shareholders need not be resolved by arbitration.

- (II) A claimant may elect for arbitration to be carried out at either at the China International Economic and Trade Arbitration Commission in accordance with its Rules or at the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules.

Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

If a claimant elects for arbitration to be carried out at the Hong Kong International Arbitration Centre, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.

- (III) If any disputes or claims of rights are settled by means of arbitration in accordance with sub-paragraph (I) of this Article, the laws of the PRC (excluding Hong Kong SAR, Macao SAR and Taiwan) shall apply, unless otherwise provided in the laws and administrative regulations.
- (IV) The judgment of an arbitral body shall be final and conclusive and binding on parties thereto.

Chapter 23 Supplementary Provisions

Article 271 The “accounting firm” as referred to in the Articles of Association has the meaning the same as “auditor”, and “Independent Director” has the meaning the same as “independent non-executive director”.

The “actual controller” as referred to in the Articles of Association refers to a person who is not a Shareholder of the Company but can effectively control the Company through investment, agreement or other arrangement.

The phrases “more than”, “within” and “below” as mentioned in the Articles of Association are inclusive while “exceeding” and “less than” are exclusive.

Article 272 The Articles of Association shall be executed in Chinese. Where the Articles of Association in any other language disagree with the Articles of Association, the Chinese version of Articles of Association latest approved and registered by the company registration administrative organs.

Article 273 The Articles of Association shall be subject to interpretation of the Board of Directors, and matters not covered herein shall be submitted by the Board of Directors for consideration at a Shareholders’ general meeting.

Article 274 The Articles of Association shall be executed in Chinese. Where the Articles of Association in any other language is discrepant with the Articles of Association in Chinese, the latter shall prevail.