

*Please note that the English version of this document is a translation of the Chinese version and for reference only. In case of any discrepancies or inconsistency between the English version and Chinese version, the Chinese version prevails.*

## **ARTICLES OF ASSOCIATION**

**OF**

**ANGANG STEEL COMPANY LIMITED**

**Approved at the 2022  
Annual General Meeting**

## Table of Contents

|  |    |
|--|----|
| 1. General Provisions .....  | 2  |
| 2. Objects and Scope of Business .....   | 4  |
| 3. Shares and Registered Capital.....  | 4  |
| 4. Reduction of Capital and Repurchases of Shares .....  | 9  |
| 5. Financial Assistance for Acquisition of the Company’s Shares .....  | 13 |
| 6. Share Certificates and Register of Shareholders.....  | 15 |
| 7. Shareholders’ Rights and Obligations .....  | 20 |
| 8. Shareholders’ General Meetings.....   | 25 |
| 9. Special Procedures for Voting by Class Shareholders.....  | 44 |
| 10. Party Committee of the Company.....  | 46 |
| 11. Board of Directors.....  | 47 |
| 12. Secretary of the Board of Directors .....  | 60 |
| 13. General Manager of the Company .....   | 60 |
| 14. Supervisory Committee .....  | 62 |
| 15. Qualifications and Obligations of Directors, Supervisors, Managers and Other<br>Senior Officers of the Company ..... | 65 |
| 16. Financial Accounting System, Profit Distribution and Internal Auditing .....   | 75 |
| 17. Appointment of Auditor.....  | 79 |
| 18. Merger and Division of the Company.....  | 82 |
| 19. Dissolution and Liquidation of the Company .....   | 83 |
| 20. Procedures for Making Amendments to the Articles.....  | 86 |
| 21. Special Provisions .....   | 87 |
| 22. Resolution of Disputes .....   | 88 |
| 23. Miscellaneous .....  | 89 |

## CHAPTER 1: GENERAL PROVISIONS

Article 1 The Company is a joint-stock limited company established under “The Company Law of the People’s Republic of China” (the “Company Law”), “State Council’s Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies” (the “Regulations”), and other relevant laws and regulations of the People’s Republic of China (“PRC”).

The Company, having been approved by the State Commission for Restructuring the Economic System of the PRC (Ti Gai Sheng [1997] No. 62) and established by way of the promoter method on 7 May 1997, was registered with the State Administration for Industry and commerce on 8 May 1997 with a business license obtained. The business license number of the Company is 912100002426694799.

The promoter of the Company is Anshan Iron & Steel Group Co. Ltd.

Article 2 The Company’s registered name is 鞍钢股份有限公司 in Chinese, and ANGANG STEEL COMPANY LIMITED in English.

Article 3 The Company’s domicile is Anshan Iron and Steel Plant Area, Tiexi District, Anshan City, Liaoning Province, the People’s Republic of China.

Telephone: 0412-8416578

Facsimile: 0412-6722093

Post Code: 114021

Article 4 The chairman of the board of directors is the legal representative of the Company.

Article 5 The Company is a joint-stock limited company enjoying perpetuity.

Article 6 All the capital of the Company are divided into equal shares. The shareholders’ liability toward the Company shall be limited to the extent of their subscribed shares. The Company is liable to the debts to the extent of all of its assets.

Article 7 The Articles of Association (the “Articles”) are formulated and amended by the Company in accordance with the Company Law, the Securities Law, the Special Regulations, the Mandatory Provisions for Articles of Association of Companies to be listed Overseas (the “Mandatory Provisions”) and other relevant regulations and the resolutions of the shareholders’ general meeting of the Company.

Since the effective date of the Articles, the Articles shall immediately become a legally binding document to govern the organization and acts of the Company, the rights and obligations between the Company and the shareholders, and among shareholders.

Article 8 The Articles shall be binding on the Company and its shareholders, directors, supervisors, general manager and other senior officers. These persons may, pursuant to the Articles, make claims relating to the affairs of the Company.

Pursuant to the Articles, shareholders may file a suit against other shareholders, shareholders may file a suit against the Company, and shareholders may file a suit against the directors, supervisors, general manager and other senior officers of the Company, and the Company may file a suit against the shareholders, directors, supervisors, general manager and other senior officers. In this Article, “file a suit” includes commencement of legal proceedings in court or commencement of arbitration proceedings.

For the purpose of these Articles, the expression “other senior officers” shall refer to the deputy managers, the secretary to the board of directors and the person in charge of financial affairs of the Company.

Article 9 The Company may invest in other limited liability companies or joint-stock limited companies and shall be liable for all companies to the extent of the investment amount.

Article 10 The Company’s employees may, in accordance with the Trade Union Law of the People’s Republic of China, organize a trade union to carry out the trade union activities and protect the lawful rights and interests of the employees. The Company shall provide the trade union with the conditions necessary for the trade union to carry out its activities.

Article 11 The Company shall comply with national laws and administrative regulations regarding labor protection and production safety, and implement relevant policies promulgated by the State to protect the legitimate rights and interests of the employees. The Company shall develop labor, personnel and salary system in accordance with the laws, administrative regulations and policies of the State regarding labor and personnel and based on the needs of production and operation. The Company shall establish a market-competitive salary allocation system for key core employees and flexibly carry out medium and long-term incentive plans through various means.

Article 12 In accordance with the relevant provisions under the Constitution of the Communist Party of China, the Company shall establish an organization of the Communist Party of China. The Party committee shall perform the leading functions, control the directions, manage the situation and promote the implementation. The Company shall set up a working agency for the Party, allocate sufficient personnel to handle Party affairs and guarantee working funds for the Party organization.

## Chapter 2: OBJECTS AND SCOPE OF BUSINESS

Article 13 The aim of operation of the Company is to take the major business of steel production as principal, excellent business performance as basis and capital operation as means. By reasonably utilizing capital in the domestic and foreign capital markets, to promote the level of technical equipment and product competitiveness of the enterprise, and improve its independent innovation capabilities, thereby constantly adding value of capital, increasing the revenue of the enterprise year by year and taking excellent business performance as satisfactory return for the shareholders of the Company.

Article 14 As registered in accordance with the laws, the business scope of the Company is as follows: Primary business: ferrous metal metallurgy and steel rolling and processing. Secondary business: coking and production and sales of coked products and by-products, production and sales of by-products of steel-rolling, the sales of coal, iron ore, waste steel, production and sales of pellet, electricity supply and distribution, production and sales of water for domestic and industrial use; production and sales of chemical fertilizer, industrial gas, medical oxygen (liquid) and commonly used spare parts, measuring appliances, meter examination, deep processing of steel products, metallurgical raw and fuel materials, ferroalloy processing, wholesale and retail (excluding licensed products) and commission agent (excluding auctioned products) of metallic materials, warehousing, technical consultancy, development, transfer and other services, standard materials and small machinery research and development, physical and chemical performance testing, inspection sample processing, maintenance of equipment for chemical inspection, freight forwarding agency services and loading and unloading services, lease of self-owned properties; sales of manganese iron ore, ilmenite, pig iron, ferroalloy and non-ferrous metal; manufacturing of metal wire ropes and products thereof; importing of solid wastes that can be used as raw materials.

## Chapter 3: SHARES AND REGISTERED CAPITAL

Article 15 The stock shall represent the share of the Company.

Article 16 Shares issued by the Company shall be public, fair and justice. Each share with the same type enjoys equal rights.

For the shares with equal type issued in the same batch, the issued conditions and price of each share shall be the same. Any unit or individual shall purchase each share with the same price.

Article 17 The Company shall have ordinary shares at all times. Upon obtaining approval from the examination and approval authorities for companies authorized by the State Council, the Company may issue other types of shares as it requires.

Article 18 Shares issued by the Company shall have a par value of RMB1 each.

Article 19 The Company may, upon obtaining approval from the State Council securities regulatory authorities, issue shares to domestic investors and overseas investors.

In this Article, “overseas investors” means investors in foreign countries and in Hong Kong, Macau and Taiwan who subscribe for shares issued by the Company, and “domestic investors” means investors in the PRC, other than the regions mentioned above who subscribe for shares issued by the Company.

Article 20 Shares issued by the Company to domestic investors for subscription in Renminbi are referred to as “domestic invested shares”. Shares issued by the Company to overseas investors for subscription in foreign currencies are referred to as “foreign invested shares”. Foreign invested shares which are listed outside the mainland are referred to as “overseas listed foreign invested shares” (or if listed on the Hong Kong Stock Exchange as “H Shares”). Holders of domestic invested shares and foreign invested shares are holders of ordinary shares of the Company and have the same obligations and rights, except as otherwise provided in these Articles.

Article 21 Upon approval by the regulatory authority for the examination and approval of companies authorized by the State Council, the Company may issue up to a total amount of 9,399,442,527 shares (not including the shares that may be issued pursuant to the exercise of an over-allotment option).

Article 22 At the time of the Company’s establishment, the promoter was issued 1,319,000,000 shares and representing 100% of the share capital of the Company.

The Company shall make an increase of capital after its establishment by issuing 890,000,000 (not including the shares that may be additionally issued pursuant to the exercise of an over-allotment option) overseas listed foreign invested shares in the form of H shares and 300,000,000 domestic invested shares in the form of A Shares. Upon the increase of capital by issuing overseas listed foreign invested shares and domestic invested shares as referred to in the preceding paragraph, the share structure of the Company shall be as follows: a total of 2,509,000,000 shares, of which 1,319,000,000 shares are held by Anshan Iron & Steel Group Complex in the form of state legal person shares, representing 52.6% of the total share capital of the Company; 890,000,000 shares are held by holders of overseas listed foreign invested shares in the form of H shares, representing 35.4% of the total share capital of the Company and 300,000,000 shares are held by holders of domestic invested shares representing 12% of the total share capital of the Company.

After the conversion of stock A of the Company to the bond, the share structure of the Company shall be as follows: a total of 2,962,985,697 shares, of which 1,319,000,000 shares are held by Anshan Iron & Steel Group Complex in the form of State shares, representing 44.5% of the total share capital of the Company; 890,000,000 shares are held by holders of overseas listed foreign invested shares in the form of H shares, representing 30.0% of the total share capital of the Company and 753,985,697 shares are held by holders of domestic invested shares, representing 25.5% of the total share capital of the Company.

Following the completion of the non-tradable shares reform, the share structure of the Company shall be as follows: a total of 2,962,985,697 ordinary shares, of which 1,130,503,576 domestic invested shares are held by Anshan Iron & Steel Group Complex in the form of State shares, representing 38.2% of the total share capital of the Company; 942,482,121 shares are held by other holders of domestic invested shares, representing 31.8% of the total share capital of the Company and 890,000,000 shares are held by holders of overseas invested shares in the form of H shares, representing 30.0% of the total share capital of the Company.

Following the completion of the issue of new shares in 2006, the share structure of the Company shall be as follows: a total of 5,932,985,697 ordinary shares, of which 4,100,503,576 domestic invested shares are held by Anshan Iron & Steel Group Complex in the form of State shares, representing 69.1% of the share capital of the Company; 942,482,121 shares are held by other holders of domestic invested shares, representing 15.9% of the total share capital of the Company and 890,000,000 shares are held by holders of overseas invested shares in the form of H shares, representing 15.0% of the share capital of the Company.

Upon the exercise of the warrant granted by Angang Holding to the Domestic Shareholders under the non-tradable share reforms, the shareholding structure of the Company shall be as follows: a total of 5,932,985,697 shares, of which 3,989,901,910 domestic invested shares are held by Anshan Iron & Steel Group Complex in the form of State shares, representing 67.25% of the total share capital of the Company; 1,053,083,787 shares are held by other holders of domestic invested shares, representing 17.75% of the total share capital of the Company and 890,000,000 shares are held by holders of overseas invested shares in the form of H shares, representing 15.0% of the total share capital of the Company.

In 2007, upon the completion of the pro rata issue of Rights Shares to all of the Shareholders, the shareholding structure of the Company shall be as follows: a total of 7,234,807,847 shares, of which 4,868,547,330 domestic invested shares are held by Anshan Iron & Steel Group Complex in the form of State shares, representing 67.29% of the share capital of the Company; 1,280,460,517 shares are held by other holders of domestic invested shares, representing 17.7% of the total share capital of the Company and 1,085,800,000 shares are held by holders of overseas invested shares in the form of H shares, representing 15.01% of the total share capital of the Company.

In 2017, as approved by the SASAC of the State Council, Anshan Iron & Steel Group Co. Ltd. gratuitously transfer 650,000,000 A shares of the Company held by it to China National Petroleum Corporation. After the Gratuitous Transfer, the shareholding structure of the Company shall be as follows: a total of 7,234,807,847 ordinary shares, of which 4,218,547,330 tradable A shares not subject to trading moratorium are held by Anshan Iron & Steel Group Co. Ltd., representing 58.31% of the total share capital of the Company; 650,000,000 tradable A shares not subject to trading moratorium are held by China National Petroleum Corporation, representing 8.98% of the total share capital of the Company; 1,280,460,517 shares are held by other holders of domestic invested shares, representing 17.7% of the total share capital of the Company and 1,085,800,000 shares are held by holders of overseas invested shares in the form of H shares, representing 15.01% of the total share capital of the Company.

In 2018, as approved by the SASAC of the State Council, Anshan Iron & Steel Group Co. Ltd. gratuitously transfer 360,000,000 A shares of the Company held by it to Power Construction Corporation of China. After the Gratuitous Transfer, the shareholding structure of the Company shall be as follows: a total of 7,234,807,847 ordinary shares, of which 3,858,547,330 tradable A shares not subject to trading moratorium are held by Anshan Iron & Steel Group Co. Ltd., representing 53.33% of the total share capital of the Company; 650,000,000 tradable A shares not subject to trading moratorium are held by China National Petroleum Corporation, representing 8.98% of the total share capital of the Company; 1,640,460,517 shares are held by other holders of domestic invested shares, representing 22.68% of the total share capital of the Company and 1,085,800,000 shares are held by holders of overseas invested shares in the form of H shares, representing 15.01% of the total share capital of the Company.

In 2019, upon capitalisation of the capital reserve, the shareholding structure of the Company shall be as follows: a total of 9,405,250,201 ordinary shares, of which 5,016,111,529 tradable A shares not subject to trading moratorium are held by Anshan Iron & Steel Group Co. Ltd., representing 53.33% of the total share capital of the Company; 845,000,000 tradable A shares not subject to trading moratorium are held by China National Petroleum Corporation, representing 8.98% of the total share capital of the Company; 2,132,598,672 shares are held by other holders of domestic invested shares, representing 22.68% of the total share capital of the Company and 1,411,540,000 shares are held by holders of overseas invested shares in the form of H shares, representing 15.01% of the total share capital of the Company.

In 2022, upon repurchase and cancellation of certain restricted shares, the shareholding structure of the Company shall be as follows: a total of 9,403,020,451 ordinary shares, of which 5,016,111,529 tradable A shares not subject to trading moratorium are held by Anshan Iron & Steel Group Co. Ltd., representing 53.35% of the total share capital of the Company; 845,000,000 tradable A shares not subject to trading moratorium are held by China National Petroleum Corporation, representing 8.99% of the total share capital of the Company; 2,130,368,922 shares are held by other holders of domestic invested shares, representing 22.65% of the total share capital of the Company and 1,411,540,000 shares are held by holders of overseas invested shares in the form of H shares, representing 15.01% of the total share capital of the Company.



In 2023, upon repurchase and cancellation of certain restricted shares, the shareholding structure of the Company shall be as follows: a total of 9,400,979,520 ordinary shares, of which 5,016,111,529 tradable A shares not subject to trading moratorium are held by Anshan Iron & Steel Group Co. Ltd., representing 53.36% of the total share capital of the Company; 845,000,000 tradable A shares not subject to trading moratorium are held by China National Petroleum Corporation, representing 8.99% of the total share capital of the Company; 2,128,327,991 shares are held by other holders of domestic invested shares, representing 22.64% of the total share capital of the Company and 1,411,540,000 shares are held by holders of overseas invested shares in the form of H shares, representing 15.01% of the total share capital of the Company.

In 2023, upon the repurchase and cancellation of part of the restricted shares and the repurchase of treasury shares in the Company's designated security account, the shareholding structure of the Company shall be as follows: a total of 9,399,442,527 ordinary shares, of which 5,016,111,529 tradable A shares not subject to trading moratorium are held by Anshan Iron & Steel Group Co. Ltd., representing 53.36% of the total share capital of the Company; 845,000,000 tradable A shares not subject to trading moratorium are held by China National Petroleum Corporation, representing 8.99% of the total share capital of the Company; 2,126,790,998 shares are held by other holders of domestic invested shares, representing 22.63% of the total share capital of the Company and 1,411,540,000 shares are held by holders of overseas invested shares in the form of H shares, representing 15.02% of the total share capital of the Company.

Article 23 Where the Company's resolution for issuing overseas listed foreign invested shares or domestic invested shares has been approved by the securities regulatory authorities under the State Council, the board of directors may arrange for the shares to be issued separately.

The Company's plans for the separate issues of overseas listed foreign invested shares and domestic invested shares as prescribed in the preceding paragraph may be respectively implemented within 15 months from the date of the approval by the State Council Securities Committee.

Article 24 For the separate issues of overseas listed foreign invested shares and domestic invested shares by the Company within the total number of shares under the issue plan, the respective number of shares shall be fully subscribed at one time respectively in their offering; under special circumstances where such shares fail to be fully subscribed at one time, upon the approval of the State Council Securities Committee, the shares may be issued by tranches.

Article 25 The registered capital of the Company shall be RMB9,399,442,527.

Article 26 The Company may, in light of its business and development and subject to the shareholders' approval, increase its capital in accordance with the laws and regulations by way of:

- (1) Public offer of shares;
- (2) Non-public offer of shares;
- (3) Issue of bonus shares to existing shareholders;
- (4) Conversion of statutory reserve fund into share capital; and
- (5) Other methods provided for by the laws and administrative regulations and approved by China Securities Regulatory Commission (the "CSRC").

Where the Company proposes to increase its capital by issuing new shares, it shall seek approval under the provisions of the Articles, and then follow the procedures according to the relevant administrative rules and regulations of the PRC.

Article 27 The Company may sell the shares of a shareholder who is untraceable and retain the net proceeds if:

- (1) During a period of 12 years, at least three dividends in respect of the shares concerned have become payable and no such dividend has been claimed; and
- (2) On expiration of the 12 years, the Company gives notice of its intention to sell the shares by way of an announcement published in newspapers in accordance with these Articles, and notifies the securities regulatory authorities under the State Council and the relevant overseas securities regulatory authorities.

Article 28 Except it is otherwise provided for in any laws and administrative regulations, the shares of the Company may be transferred freely, clear of any lien.

#### Chapter 4: REDUCTION OF CAPITAL AND REPURCHASES OF SHARES

Article 29 The Company may reduce its registered capital. When the Company proposes to reduce its registered capital, it shall complete the formalities according to the Company Law, other relevant regulations and the provisions of these Articles.

Article 30 When the Company proposes to reduce its registered capital, it shall compile a balance sheet and an inventory of assets.

The Company shall notify its creditors within 10 days from the date of the resolution authorizing the reduction of registered capital, and publish an announcement in newspapers at least three times within 30 days from such date. Creditors shall, within 30 days of receiving the notice or 90 days for the first publication of the announcement (for those who have not received a notification), have a right to require the Company to settle its debts or to offer corresponding guarantees for their settlement.

The registered share capital of the Company following the reduction of capital shall not fall below the minimum statutory requirement.

Article 31 In the following circumstances, the Company may repurchase its own outstanding shares subject to a resolution passed in accordance with the provisions of the Articles and with the approval of the relevant competent authorities of the State:

- (1) To reduce the registered capital of the Company;
- (2) To merge with another company which holds the shares of the Company;
- (3) Allocation of shares to employee share option scheme or share award scheme;
- (4) If requested by any shareholder to purchase his/her/its shares as he/she/it objects to any proposal in relation to the resolution of merger or split-up of the Company which has been passed at the general meetings;
- (5) Allocation of shares for conversion of corporate bonds issued by the Company;
- (6) Necessary to maintain the value of the Company and safeguard the shareholders' rights and interests;
- (7) Other circumstances permitted by laws and administrative regulations.

The Company shall not engage in any sale and purchase of its own shares except for the above-mentioned circumstances.

Article 32 The Company may, with the approval of the relevant regulatory authorities of the State for share repurchase, carry out the same by one of the following methods:

- (1) An offer to repurchase made to all shareholders in equal proportions;
- (2) Repurchase through open transactions on a securities exchange;
- (3) Repurchase through off-market agreements outside a securities exchange;

(4) Other means approved by the competent securities regulatory authority of the State Council and approved or exempted by the Hong Kong Securities and Futures Commission.

Where the Company intends to acquire its shares pursuant to items (3), (5) and (6) under paragraph 1 of Article 30 herein, it shall be conducted through public centralized trading.

Article 33 Where the Company proposes to repurchase its shares through an off-market agreement outside a stock exchange, it must seek the prior approval from the shareholders in a shareholders' general meeting according to the relevant provisions of the Articles. But the Company may rescind or vary a contract so entered into by the Company or waive any of its rights thereunder with the prior approval of the shareholders obtained in a shareholder's general meeting in the same manner.

In the preceding paragraph, a "contract for the repurchase of shares" includes (but without limitation to) an agreement to become obliged to repurchase the shares or to acquire the rights to repurchase shares.

The Company shall not assign a contract to repurchase its own shares or any rights provided for thereunder.

Article 34 Any purchase of its own shares by the Company under any of the circumstances as mentioned in paragraphs (1) to (2) of Article 31 shall be subject to the shareholders' resolution passed at the general meetings. If the Company intends to acquire its own shares due to circumstances specified in paragraphs (3), (5) and (6) of Article 31 herein, a resolution shall be adopted in a board meeting with more than two thirds of directors attending.

In the event that the Company has acquired its own shares under paragraph (1) of Article 31, the acquired shares shall be cancelled within ten days of such acquisition; if the Company has acquired its own shares under paragraphs (2) and (4) of Article 30 above, the acquired shares shall be transferred or cancelled within six months from the said acquisition; if the Company has acquired its own shares under paragraphs (3), (5) and (6) of Article 30 above, the total number of shares of the Company held by the Company shall not exceed 10% of the total number of issued shares of the Company and such shares shall be transferred or cancelled within three years.

The total amount of the Company's registered capital shall be reduced by the par value of the shares cancelled and registered with the original company registration authority on such changes of registered capital.

Article 35 Except where the Company is in the course of liquidation, it must comply with the following provisions in repurchasing its own issued shares:

- (1) Where the Company repurchases its shares at their par value, the amount of the total par value shall be deducted from the Company's book balance of the distributable profits or out of the proceeds from the issue of new shares for that purpose;
- (2) Where the Company repurchases its shares at a price higher than their total par value shall be deducted from the book balance of the distributable profits of the Company or out of the proceeds from the issue of new shares for that purpose. Payment of the portion in excess of their par value shall be effected as follows:
  - (i) if the shares being repurchased were issued at their par value, payment shall be made out of the book balance of the distributable profits of the Company;
  - (ii) if the shares being repurchased were issued at a price higher than the par value, payment shall be made out of the book balance of the distributable profits of the Company or the proceeds from the issue of new shares for that purpose; provided that the amount paid out of the proceeds of the issue of new shares shall not exceed the aggregate of premiums received by the Company on the issue of the shares repurchased or the balance of the Company's capital reserve account at the time of repurchase (inclusive of the premiums from the issue);

- (3) Payment by the Company for the purpose of:
- (i) the acquisition of rights to repurchase the shares of the Company;
  - (ii) the variation of any contract to repurchase the shares of the Company; or
  - (iii) the release of any of the Company's obligations under any contract to repurchase the shares of the Company shall be made out of the Company's distributable profits;
- (4) To the extent that the total par value of the shares cancelled are deducted from the registered capital of the Company, the amount for the repurchase of the par value of the shares deducted from the distributable profits of the Company shall be credited to the Company's capital reserve account.

#### Chapter 5: FINANCIAL ASSISTANCE FOR ACQUISITION OF THE COMPANY'S SHARES

Article 36 The Company and its subsidiaries shall not at any time give any financial assistance in any way to any person acquiring or proposing to acquire shares in the Company. The persons acquiring shares in the Company mentioned above shall include those who have incurred, directly or indirectly, any liability for the purpose of acquiring shares in the Company.

The Company or its subsidiaries shall not at any time give financial assistance in any way to the person who has incurred such liability for the purpose of reducing or discharging that liability.

This Article shall not be applicable to the circumstances described in Article 38.

Article 37 In this chapter, "financial assistance" shall include (but without limitation) the following:

- (1) Financial assistance given by way of gift;
- (2) Financial assistance given by way of guarantee (including undertaking liabilities or provision of property to secure the performance of obligations by the obliger) or indemnity, other than an indemnity in respect of the Company's own neglect or default, or by way of release or waiver;
- (3) Financial assistance given by way of a loan or any other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party to the agreement, or by the change of such loan, parties to the agreement and the assignment of such loan, the rights under the agreement.

- (4) 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 by a material extent.

In this chapter, “incurring a liability” shall include the incurring of a liability by formulating an agreement or making arrangement (whether such agreement or arrangement is enforceable or not, and whether made on his own account or jointly with any other person) or through changing one’s financial position by any other means.

Article 38 The following activities shall not be treated as being prohibited by Article 36 hereof:

- (1) Where the Company’s providing financial assistance in good faith is for the benefits of the Company and the principal purpose thereof is not for the acquisition of shares of the Company, or the financial assistance is but an incidental part of some larger purpose of the Company;
- (2) A lawful distribution of the Company’s assets by way of dividend;
- (3) Distribution of stock dividend by way of bonus shares;
- (4) A reduction of registered capital, a repurchase of shares or a reorganization of the share structure pursuant to the Articles;
- (5) Within its scope of business, the lending of money by the Company for its ordinary business activities (but the net assets of the Company shall not be thereby reduced or, to the extent that such assets are thereby reduced, the financial assistance shall be provided out of the Company’s distributable profits);
- (6) The provision of money by the Company for contributions to employees’ shareholding scheme (but the net assets of the Company shall not be thereby reduced or, to the extent that such assets are thereby reduced, the assistance shall be provided out of the Company’s distributable profits).

## Chapter 6: SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS

Article 39 The Company's share certificates shall be in registered form.

A share certificate of the Company shall, in addition to the matters required by the Company Law and the Special Regulations, include any other matters required to be specified by the securities exchange(s) on which the shares are listed.

Article 40 Share certificates shall be signed by the chairman of the Company's board of directors. Where the signatures of other senior officers of the Company are required by the securities exchange(s) on which the Company's shares are listed, the share certificates shall also be signed by such senior officers. The share certificates shall take effect upon affixing the Company's seal or special securities seal or by printing the seal thereon with the authorization of the board of directors. Affixing the Company's seal on the share certificates shall be authorized by the board of directors. The signatures of the chairman of the Company's board of directors and senior officers of the Company on the share certificates may also be in printed form.

Article 41 The Company shall, in accordance with the voucher provided by the securities register authority, keep a register of shareholders to contain the following particulars:

- (1) The name, address (residence) and occupation or nature of each shareholder;
- (2) The class and quantity of shares held by each shareholder;
- (3) The amount paid or payable on the shares of each shareholder;
- (4) Share certificate numbers of the shares held by each shareholder;
- (5) The date on which each shareholder was registered as a shareholder;
- (6) The date on which each shareholder ceased to be a shareholder.

The register of shareholders shall be sufficient evidence of the shareholders' shareholding in the Company, unless there is evidence to the contrary.

Article 42 The Company may, pursuant to any understanding or agreement reached between the securities regulatory authorities under the State Council and overseas securities regulatory authorities, keep the register of the holders of overseas listed foreign invested shares in any place outside the PRC, and entrust its administration to an overseas agent. The original register of holders of overseas listed foreign invested shares listed in Hong Kong shall be kept in Hong Kong.

The Company shall maintain a duplicate of such register at the domicile of the Company; the entrusted overseas agent shall ensure that the original and duplicate copies of the register of holders of overseas listed foreign invested shares are



consistent at all times. Where the original and duplicate copies of the register of overseas listed foreign invested shares are not consistent, the original copy shall prevail.

Article 43 The Company shall have a complete register of shareholders.

The register of shareholders shall comprise the following parts:

- (1) The register of shareholders maintained at the Company's domicile consisting of portions other than that required under paragraphs (2) and (3) of this Article;
- (2) The register(s) of holders of overseas listed foreign invested shares maintained at the place of the securities exchange(s) on which the shares are listed, it being required that where any such shares are listed on the Hong Kong Stock Exchange, the register of shareholders in relation to such listed shares shall be maintained in Hong Kong; and
- (3) The register of shareholders maintained at such other places as the board of directors may deem necessary for listing purposes.

Article 44 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.

The alteration and rectification of each part of the share register shall be determined in accordance with the laws of its situs.

Article 45 The shares of the Company can be transferred according to the laws.

Article 46 The Company cannot accept the shares of the Company as the subject of hypothecation right.

Article 47 The shares of the Company held by the promoter shall not be transferred within one year from the establishing date of the Company. The shares before the public issuance by the Company shall not be transferred within one year from the listing and transaction date of the shares in Securities Exchange.

The Company's directors, supervisors and senior officers shall notify their shareholding of the Company and the changes thereof. During the period working for the Company, the shares transferred in each year shall not be more than 25% of the total shares held by them. The shares of the Company shall not be transferred within one year from the listing and transaction date of the Company's shares. The aforesaid persons shall not transfer their shares of the Company within half year from leaving their post.

Article 48 The profit earned by the Company's directors, supervisors, senior officers and shareholders holding more than 5 percent of the shares of the Company shall belong to the Company, if such persons sell their shares within 6 months from the date of their purchase or purchase shares of the Company within 6 months from the date of sale of their shares. The board of directors of the Company shall retire their profits. However, if the Securities Company purchases the remaining shares after exclusive sales so as to hold 5% or more of the shares, it shall not be limited by the 6-month period on selling the shares.

Shareholders are entitled to request the board of directors to implement in accordance with the aforesaid provisions within 30 days if the board of directors of the Company fails to implement the same. If the board of directors of the Company fails to implement within above-mentioned period, shareholders are entitled to directly initiate a public proceedings to the People's Court in his own name so as to protect the Company's interest.

If the board of directors of the Company fails to implement according to the first paragraph above, the directors in charge shall bear the joint liability in accordance with laws.

Article 49 The Company may refuse to register the transfer of a share unless:

- (1) The relevant fee for registering any transfer or other documents relating to or affecting the title to any shares (in the case of H Shares, such amount as approved by the Hong Kong Stock Exchange from time to time to be paid on the date on which the Articles have been adopted) is paid;
- (2) In the case of a transfer of foreign invested shares, the instrument of transfer, which must be duly stamped, is accompanied by the share certificates to which it relates and such other evidence as may be reasonably necessary to show the right of the transferor to make the transfer;
- (3) The instrument of transfer is applicable to one class of shares only; and
- (4) The transfer is conducted in accordance with the laws, administrative regulations of the place at which the transferred shares are listed.

If the Company refuses to register a transfer, it shall within 2 months after the date on which the transfer was formally lodged with the Company, send to the transferor and the transferee a notice of such refusal.

Article 50 Upon completion of transfer, the name of the transferee of the share shall be entered in the register of shareholders as the holder of such share(s). In the case of a transfer to joint transferees, the number of joint transferees shall not exceed 4.

Article 51 All issues or subsequent transfers of foreign invested shares shall be entered in the part of the register of shareholders maintained in Hong Kong pursuant to Article 43(2).

Article 52 Any holder of foreign invested shares may transfer all or any of such shares by written or signed or mechanically executed instrument of transfer in any form commonly in use at the place where such shares are listed.

Article 53 Where PRC laws and regulations and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited stipulate on the period of closure of the register of shareholders prior to a shareholders' general meeting or the record date set by the Company for the purpose of distribution of dividends, such provision shall prevail.

Article 54 The record date in relation to the shareholders' general meeting, dividend distribution, liquidation or other activities of the Company requiring the determination of equity of shareholders, shall be determined by the board of directors or the person convening such meeting. The shareholders whose names appear on the register of members of the Company as at the close of business on the record date shall be entitled to the relevant interests.

Article 55 Any person who challenges the information set out in the share register by requiring his (its) name to be entered in or removed from the share register may apply to a court of competent jurisdiction for rectification of the share register.

Article 56 Any person who is a registered holder of shares in the Company or who claims to be entitled to have his name entered in the register of shareholders in respect of shares in the Company may, if it appears that the certificate relating to the shares (the "Original Certificate") is lost, apply to the Company for a new certificate in respect of such shares (the "Relevant Shares").

Where holders of domestic invested shares have lost their share certificates and apply for their replacement, the matter shall be dealt with under the provisions of Article 144 of the Company Law.

Where holders of overseas listed foreign invested shares have lost their share certificates and apply for their replacement, the matter may be dealt with in accordance with the laws, securities exchange rules and other relevant requirements of the place at which the original register of holders of overseas listed foreign invested shares is kept.

The issue of replacement certificates to holders of overseas listed foreign invested shares listed in Hong Kong shall comply with the following requirements:

- (1) The applicant shall submit an application to the Company in the prescribed form accompanied by a notarial act or a statutory declaration stating the grounds upon which the application is made, the circumstances for such loss and the evidence thereof, and that no other person shall be entitled to enter his name on the register of shareholders in respect of the Relevant Shares;
- (2) No statement has been received by the Company from a person other than the applicant for requesting for his name registered as a holder of the relevant shares before the Company came to a decision to issue the replacement certificate;
- (3) If the Company decides to issue a replacement certificate to the applicant, it shall publish an announcement of its intention of such issuance in such newspapers or periodicals as may be prescribed by the board of directors. The publication shall be made at least once every 30 days in a period of 90 days;
- (4) The Company shall, prior to publication of its announcement of intention to issue a replacement certificate, deliver to the securities exchange on which the relevant shares are listed a copy of the announcement to be published. The notice shall be published only upon receiving confirmation from such securities exchange that the announcement has been exhibited at its premises, it being a condition that such exhibition shall be for a period of 90 days.

In the case of an application made without the consent of the registered holder of the Relevant Shares, the Company shall send by post a photocopy of the published announcement to such registered shareholder;

- (5) If, by the expiration of the 90-day periods referred to in paragraphs (3) and (4) of this Article, the Company has not received any objection to the issuance of a share certificate, the Company may issue a replacement certificate in accordance with the applicant's request;
- (6) Where the Company issues a replacement certificate under this Article, it shall forthwith cancel the Original Certificate and enter such cancellation and issuance in the register of shareholders accordingly;
- (7) All expenses relating to the cancellation of an original certificate and the issue of a replacement certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until reasonable security is provided by the applicant.

Article 57 Where the Company issues a replacement certificate in accordance with the Articles, the name of a bona fide purchaser of the replacement certificate issued or of a person who is subsequently registered as a holder of the shares to which the certificate relates, shall not be removed from the register of shareholders.

Article 58 The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original certificate or the issuance of the replacement certificate, unless the claimant proves that the Company had acted deceitfully.

#### Chapter 7: SHAREHOLDERS' RIGHTS AND OBLIGATIONS

Article 59 A shareholder of the Company is a person who lawfully holds the shares of the Company and has his name entered in the register of shareholders.

Shareholders enjoy rights and have obligations according to the class and amount of shares held by them. Shareholders holding shares of the same class shall enjoy equal rights and have equal obligations.

Article 60 Holders of ordinary shares of the Company shall enjoy the following rights:

- (1) To receive dividends and other distributions according to the number of shares held by them;
- (2) May request for, convene, chair, attend (in person or by proxy) general meetings and exercise his/her/its voting rights according to the laws;
- (3) To supervise the management of the business operations of the Company and to make relevant recommendations or enquiries;
- (4) May transfer, give or pledge any of its shares according to the provisions of the laws, administrative regulations and the Articles of the Company;

- (5) To obtain relevant information in accordance with the provisions of the Articles, which shall include:
- (i) The right to receive a copy of the Articles upon payment of the relevant costs; and
  - (ii) The right to inspect and copy the followings after payment of reasonable charges:
    - (1) All parts of the register of shareholders;
    - (2) Personal particulars of directors, supervisors, general managers and other senior officers, including:
      - (a) present forename and surname and any former forename or surname and any aliases;
      - (b) principal address (residence);
      - (c) nationality;
      - (d) full-time and all other part-time occupations and duties;
      - (e) identity documents and their relevant numbers;
    - (3) state of the Company's share capital;
    - (4) reports showing, in respect of each class of shares repurchased by the Company since the end of the last financial year, the aggregate par value, the number and the maximum and minimum prices, and all costs paid by the Company for such purpose; and
    - (5) minutes of shareholders' meetings;
    - (6) the Company's debenture counterfoil;
    - (7) the resolutions of the meeting of the board of directors;
    - (8) the resolutions of the meeting of the supervisory committee;
    - (9) financial and accounting reports.
- (6) Upon termination or liquidation of the Company, the right to participation in the distribution of the Company's remaining properties in proportion to the shares held by them;
- (7) May request the Company to purchase its own shares if it opposes to any resolution in relation to the merger or split-up of the Company; and
- (8) Other rights conferred by the laws, administrative rules and regulations and the Articles of the Company.

A shareholder, may request for accessing the aforesaid information or data, shall supply written documents showing the class and number of shares of the Company held thereby. The Company, after verification of such capacity as a shareholder, shall provide such information as requested.

Article 61 If a resolution of a shareholders' meeting or the meeting of the board of directors of the Company is in violation of any laws or administrative regulations, the shareholders shall be entitled to apply to the People's Court for a ruling that such resolution is null and void.

If the procedures for convening and voting in a shareholders' meeting or meeting of

the board of directors violate any laws, administrative regulations or the Articles of the Company; or if any resolution passed at the such meeting breaches the Articles of the Company, the shareholders shall be entitled to, within 60 days from the day on which the resolution is passed, request the People's Court to revoke it.

Article 62 If any director, senior officer violates any provisions of any laws, administrative regulations or the Articles of the Company during the course of discharging his/her duties, which has caused any damage to the Company, the shareholder(s) of the Company who has (have), individually or jointly, holding at least 1% of the total number of shares of the Company for 180 consecutive days may request, in writing, the supervisory committee of the Company to bring an action before the People's Court. If the supervisory committee of the Company violates any provisions of any laws, administrative regulations or the Articles of the Company during the course of discharging its duties, which has caused any damage to the Company, the shareholder(s) as mentioned above may request, in writing, the board of directors of the Company to bring an action before the People's Court.

If the supervisory committee or board of directors of the Company refuses to bring an action as requested by the shareholders in writing as mentioned in the preceding paragraph or fails to bring such action within 30 days from the receipt of such request, or if under an urgent circumstance where the failure to bring an immediate action would cause irreparable damages to the Company, the shareholder(s) mentioned in the preceding paragraph may, for the benefits of the Company, bring an action before the People's Court on their own.

If any legitimate right or interest of the Company is infringed by any person, which has caused any damage to the Company, the shareholders mentioned in the first paragraph of this Article may bring an action against such person before the People's Court according to the provisions of the preceding two paragraphs.

Article 63 If any director or senior officer violates any provisions of any laws, administrative regulations or the Articles of the Company, which impairs the interests of the shareholders, the shareholders may bring an action before the People's Court.

Article 64 A holder of the ordinary shares of the Company shall be obliged to:

- (1) Abide by the provisions of the laws, administrative regulations and the Articles of the Company;
- (2) Make payment for the shares purchased by him/her/it according to the method of share purchase;
- (3) Not withdraw his/her/its share capital unless otherwise permitted by the laws and regulations;

- (4) Neither abuse his/her/its shareholder's rights to impair the interests of the Company or other shareholders, nor abuse the independent status as a legal person of the Company and his/her/its limited liability as a shareholder to impair the interests of the creditors of the Company.

If any shareholder of the Company abuses his/her/its shareholder's rights to cause any loss to the Company or other shareholders, such shareholder shall be liable for indemnification according to the laws and regulations.

If any shareholder of the Company abuses the independent status as a legal person and his/her/its limited liability as a shareholder to evade from his/her/its debts, which has impaired seriously the interests of the creditors of the Company, he/she/it shall be jointly liable for the debts of the Company;

- (5) Fulfill any other obligations imposed on him/her/it by the laws, administrative regulations and the Articles of the Company.

Save for the conditions agreed by the share subscriber at the subscription of the shares of the Company, such subscriber shall, thereafter, not be liable to any further contribution to the share capital of the Company.

Article 65 If any shareholder holding more than 5% of the shares of the Company carrying voting rights pledges its shares, he/she/it shall report in writing to the Company on the day when he/she/it takes such action.

Article 66 The controlling shareholder or any person who has actual control of the Company shall not take advantage of its connection with the Company to impair the interests of the Company and shall be liable for indemnification for any loss caused to the Company caused by his/her/its breach of such provisions.

The controlling shareholder of or any person who has actual control of the Company shall act in good faith to the Company and the public shareholders of the Company. The controlling shareholder shall exercise its rights as a capital contributor strictly according to the laws and regulations and shall not take advantage of profit distribution, assets restructuring, external investment, possession of funds or creation of securities for any loans to impair the legitimate rights and interests of the Company and its public shareholders. The controlling shareholder shall not take advantage of his/her/its control of the Company to impair the interests of the Company and its public shareholders.



Article 67 In addition to the obligations imposed by laws, administrative regulations or required by the listing rules of the securities exchange(s) on which shares of the Company are listed, a controlling shareholder (as defined in the following Article), in exercising the shareholder's power, shall not exercise his voting rights in a manner prejudicial to the interests of the shareholders as a whole or of some of the shareholders of the Company:

- (1) To relieve a director or supervisor of his duty to act honestly in the best interests of the Company;
- (2) To approve the expropriation by a director or supervisor (for his/her own benefits or for the benefits of another persons), in any guise, of the Company's properties, including without limitation, any opportunities which are advantageous to the Company; or
- (3) To approve the expropriation by a director or supervisor (for his/her own benefit or for the benefit of another persons) of the individual rights of other shareholders, including without limitation, the rights to distributions and voting rights, save and except where it was done pursuant to a restructuring of the Company submitted for approval by the shareholders' general meeting in accordance with these Articles.

Article 68 In the previous Article, "controlling shareholder" means a person who satisfies any one of the following conditions:

- (1) He alone or acting in concert with others has the power to elect more than half of the board of directors;
- (2) He alone or acting in concert with others has the power to exercise or to control the exercise of 30 percent or more of the voting rights in the Company;
- (3) He alone or acting in concert with others holds 30 percent or more of the issued and outstanding shares of the Company;
- (4) He alone or acting in concert with others controls in any other manner the Company in fact.

## Chapter 8: SHAREHOLDERS' GENERAL MEETINGS

Article 69 The shareholders' general meeting is the authority of power of the Company. It exercises its duties and powers according to law.

Article 70 The shareholders' general meeting shall exercise the following duties and powers:

- (1) To decide on the Company's business policies and investment plans;
- (2) To elect and replace directors and to decide on matters relating to remuneration of directors;
- (3) To elect and replace those supervisors who shall according to the Articles be appointed from amongst the shareholders' representatives, and to decide on matters relating to the remuneration of supervisors;
- (4) To consider and approve reports of the board of directors;
- (5) To consider and approve reports of the supervisory committee;
- (6) To consider and approve the Company's annual financial budget and final accounts;
- (7) To consider and approve the Company's profit distribution plans and plans for making up losses;
- (8) To resolve on the increase or reduction of the Company's registered capital;
- (9) To resolve on matters such as merger, division, dissolution and liquidation of the Company;
- (10) To resolve on the issuance of debentures by the Company;
- (11) To resolve on the appointment, removal or non-renewal of the services of an auditor for the Company;
- (12) To amend the Articles;
- (13) To consider any proposals made by shareholders representing five percent or more of the shares carrying the right to vote;
- (14) To consider and approve the matters of guarantee under Article 70;

- (15) To consider and approve the Company's purchase or sale of any substantial assets within one year, which represents a value exceeding 30% of the latest total audited asset value of the Company;
- (16) To consider and approve any change to the use of raised funds;
- (17) To consider any share incentive scheme; and
- (18) To consider any other matters required to be determined by the shareholders' meeting under the relevant laws, administrative regulations, departmental rules and the Articles.

Article 71 Provision of the following security to any foreign party shall be subject to the shareholders' review and approval at a general meeting:

- (1) Any securities provided after the total amount of the securities provided by the Company and its subsidiaries to any foreign party has reached or exceeded 50% of the latest audited net assets value of the Company;
- (2) Any securities provided after the total amount of the securities provided by the Company to any foreign party has reached or exceeded 30% of the latest total total assets value of the Company;
- (3) The securities provided to any party with equity-debt ratio exceeding 70%;
- (4) Securities of a single secured amount exceeding 10% of latest audited net assets value of the Company;

Article 72 Unless in under critical and such special circumstances, the Company shall not enter into any contract with any person other than a director, manager or other senior officers 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 person without the prior approval by special resolutions of a shareholders' general meeting.

Article 73 Shareholders' general meetings can be annual general meetings or extraordinary general meetings. Shareholders' general meetings shall be convened by the board of directors. The annual general meeting shall be convened once a year, and shall take place within 6 months from the end of the previous financial year.

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

- (1) Where the number of directors is below two-thirds of the number stipulated in the Company Law or the number required by the Articles;
- (2) Where the losses of the Company not yet reconciled amount to one-third of its total share capital;
- (3) Where shareholders individually or aggregately holding ten percent or more of the Company's issued outstanding shares carrying the right to vote make a request in writing to convene an extraordinary general meeting;
- (4) Where the board of directors considers it necessary or where the supervisory committee proposes to convene such a meeting;
- (5) Where any independent director proposes to convene such a meeting;
- (6) Other circumstances specified by laws, administrative regulations, departmental rules or the Articles of the Company.

Article 74 The Company shall hold shareholders' general meeting at its domicile or such other place as specified in the notice of the shareholders' general meeting. The Company shall provide a venue for the general meeting to be held on site. The Company shall also provide the shareholders with other convenient means, including online facilities. Any shareholder attends the meeting through such other facilities shall be deemed to have attended the general meeting.

Article 75 The Company will engage lawyers to issue legal opinions and make an announcement in relation to the following issues when a shareholders' general meeting is convened:

- (1) Whether or not the meeting is convened and held in accordance with the laws, administrative regulations and the Articles;
- (2) Whether or not the persons attending the meeting and the person convening the meeting have the valid qualifications as required under the laws and regulations;
- (3) Whether or not the voting procedures and results are legal and valid;
- (4) The legal opinions given on other matters as required by the Company.

Article 76 Any independent director of the Company shall be entitled to propose to the board of directors to convene an extraordinary general meeting. The board of directors shall reply in writing, within 10 days upon receipt of such proposal, whether or not it consents to the convening of extraordinary general meeting in accordance with the provisions of the laws, administrative regulations and the Articles of the Company.

The board of directors shall give the notice convening an extraordinary general meeting within 5 days after it has passed the relevant resolution; where the board of directors do not consent to convene such meeting, it shall publish an announcement with reasons given in this regard.

Article 77 The supervisory committee shall be entitled to propose in writing to the board of directors to convene an extraordinary general meeting. The board of directors shall reply, in writing within 10 days upon receipt of such proposal, whether or not it consents to the convening of extraordinary general meeting in accordance with the provisions of the laws, administrative regulations and the Articles of the Company.

The board of directors shall give the notice convening an extraordinary general meeting within 5 days after it has passed the relevant resolution. Any change made to the original proposal in the notice shall be subject to the consent of the supervisory committee.

If the board of directors does not consent to convene such an extraordinary general meeting or does not reply within 10 days upon receipt of such proposal, it shall be deemed as being unable or having failed to perform its duties to convene general meetings, in which circumstances, the supervisory committee may convene and chair the meeting on its own.

Article 78 Any shareholder(s) individually or aggregately holding more than 10% of the shares of the Company shall be entitled to request in writing to the board of directors to convene an extraordinary general meeting. The board of directors shall reply, in writing, within 10 days upon receipt of such proposal, whether or not it consents to the convening of extraordinary general meeting in accordance with the provisions of the laws, administrative regulations and the Articles of the Company.

The board of directors shall give the notice convening an extraordinary general meeting within 5 days after it has passed the relevant resolution. Any change made to the original request in the notice shall be subject to the consent of such shareholder(s).

If the board of directors does not consent to convene such an extraordinary general meeting or does not reply within 10 days upon receipt of such request, such shareholder(s) individually or aggregately more than 10% of the shares of the Company shall be entitled to request in writing to the supervisory committee to convene such an extraordinary general meeting.

The supervisory committee shall give the notice convening an extraordinary general meeting within 5 days after it has passed the relevant resolution. Any change made to the original request in the notice shall be subject to the consent of such shareholder(s).

If the supervisory committee fails to give a notice convening a general meeting within the prescribed period of time, it shall be deemed as not to convene and hold such a general meeting, in which circumstance, shareholder(s) individually or aggregately holding more than 10% of the shares of the Company shall be entitled to convene and chair such a general meeting on its/their own.

Article 79 If the supervisory committee or the shareholder(s) decides to convene and chair a shareholders' general meeting, the supervisory committee or the shareholder(s) shall notify the board of directors in writing and make filings with the relevant authorities of CSRC and the relevant stock exchange of the place where the Company is located.

The shareholding of the shareholder(s) convening a general meeting shall be no less than 10% before the publication of the announcement of resolutions of the shareholders' general meeting.

The shareholder(s) convening a general meeting shall, at the time of giving notice of the general meeting and publishing the announcement of resolutions of the shareholders' general meeting, submit the relevant evidential documents to relevant authorities of CSRC and the relevant stock exchange of the place where the Company is located.

Article 80 The board of director and the secretary to the board shall give support to the shareholders' general meetings convened by the supervisory committee or the shareholder(s). The board of directors shall provide the register of the shareholders as at the record date.

Article 81 The Company shall bear the necessary costs incurred in the shareholders' general meetings convened by the supervisory committee or the shareholder(s).

Article 82 Annual general meetings and extraordinary general meetings convened at the request of requisitioning shareholders or the supervisory committee shall not adopt postal voting. Postal voting shall not be adopted for the following matters at extraordinary general meeting:

- (1) Increase or reduce the registered capital of the Company;
- (2) Issuance of debentures of the Company;

- (3) The division, merger, dissolution and liquidation of the Company;
- (4) Amendments to these Articles;
- (5) The profit distribution plan and the plan for making up losses;
- (6) The appointment and removal of the members of the board of directors and the supervisory committee;
- (7) Change the use of proceeds from offering of shares;
- (8) Connected transaction which requires approval of general meeting;
- (9) Acquisition or sale of assets which require approval of general meeting;
- (10) Change of public accounting firm.

Article 83 Where the Company convenes an annual shareholders' general meeting, written notice to notify all shareholders whose names appear in the share register must be given not less than 20 business days before the meeting; when the Company convenes an extraordinary general meeting, a written notice to notify all registered shareholders must be given no later than 10 business days or 15 days (whichever is longer) before the meeting. Such notice shall contain the matters to be considered at the meeting as well as the date and venue of the meeting. In the event that the Company has only one shareholder, a shareholders' general meeting may be convened with such shorter period of notice as the board of directors may in its discretion determine.

Article 84 The Board, the Supervisory Committee and the shareholder(s) individually or aggregately holding more than 3% of the shares of the Company may put forward proposals to the shareholders' general meeting.

The contents of such proposals shall within the scope of the shareholders' general meeting and such proposals shall have clear and specific topics to be resolved and comply with the relevant provisions of the laws, administrative regulations and the Articles.

The shareholder(s) individually or aggregately holding more than 3% of the shares of the Company may put forward written additional proposals to the person convening shareholders' general meeting 10 days before the date of such meeting. The person convening such meeting shall give a supplemental notice of the shareholders' general meeting for announcement of the addition proposals within 2 days upon receipt of the same.

Save for in the circumstances mentioned in the preceding paragraphs, no amendment to the proposals listed in the notice of the shareholders' general meeting or additional proposals shall be made after the notice of the shareholders' general meeting is issued by the convener.

Any proposal which are not being set out in the notice of the shareholders' general meeting or which are not in compliance with the requirement under the second paragraph of this Article shall not be voted and resolved at the general meeting.

Article 85 An extraordinary general meeting shall not decide on matters which are not specified in the notice.

Article 86 A notice of meeting of shareholders shall:

- (1) Be in writing;
- (2) Specify the place, the time and the time limit of the meeting;
- (3) State the motions to be discussed at the meeting;
- (4) Provide such information and explanation as are necessary for the shareholders to exercise an informed judgment on the proposals before them. Such principle shall include, but not limiting to, where a proposal is made to amalgamate the Company with another, to repurchase the shares of the Company, to reorganize its share capital, or to restructure the Company in any other way, the specific terms of the proposed transaction must be provided together with copies of the proposed agreement, if any, and the cause(s) and effects of such proposal shall be properly explained;
- (5) Contain a disclosure of the nature and extent of material interests, if any, of any director, supervisor, general manager or other senior officer in the transaction proposed and the effects of the proposed transaction on him in his capacity as shareholder in so far as it is different from the effects on the other shareholders of the same class;
- (6) Contain the full text of any special resolution proposed to be passed at the meeting;
- (7) Set out clearly that all shareholders shall be entitled, and may appoint one or more proxies who may not be a shareholder, to attend and vote at the general meeting;
- (8) Set out the time and address for delivery of proxy forms;
- (9) Specify the record date for the shareholders entitled to attend the general meeting;



(10) The name and telephone number of the contact person for the general meeting.

Article 87 Notice of a shareholders' general meeting shall be served on each shareholder, whether or not entitled to vote thereat, by personal delivery or prepaid mail to the shareholder at his address shown in the register of shareholders. For holders of domestic invested shares, notices of shareholders' general meetings may be given by public announcement.

The public announcement referred to in the preceding paragraph shall be published in one or more newspapers with national circulation approved by the securities regulatory authorities under the State Council according to the term specified under Article 82 hereof. Once the announcement has been published, all holders of domestic invested shares shall be deemed to have received the notice of the relevant meeting.

Article 88 If the election of directors or supervisors is proposed to be discussed at shareholders' general meetings, the notice of such meeting shall fully disclose the detailed information of the candidates of directors or supervisors, which shall at least include:

- (1) Personal particulars, including educational background, working experiences, and concurrent positions;
- (2) Whether one has any affiliated relationship with the Company or its controlling shareholders and actual controllers;
- (3) The amount of shares of the Company such candidate holds;
- (4) Whether such candidate has been subjected to the punishment of the CSRC or any other relevant departments or the reprimand of any stock exchange.

Except for the directors or supervisors who are elected by way of cumulative voting system, a single proposal shall be put forward for each candidate of directors or supervisors.

Article 89 After giving the notice of shareholders' general meeting, such meeting shall not be postponed or cancelled and the proposal set out in the notice shall not be cancelled without proper reasons. In the case of any postponement or cancellation of the meeting, the convener shall make an announcement and give the reasons therefor at least 2 working days prior to the date on which the meeting is originally scheduled.

Article 90 The board of directors or any other convener shall take necessary measures to ensure the proper order of the shareholders' general meeting, and shall take measures to deter any act of disturbing the shareholders' general meeting, provoking troubles or infringing the lawful rights and interests of any shareholder, and shall timely report same to the relevant department for investigation and punishment.

Article 91 A shareholder whose name appears on the register of members of the Company as at the record date or his/her/its proxy shall be entitled to attend and exercise the right to vote at the general meetings in accordance with the relevant laws, regulations and the Articles.

Any shareholder may attend the shareholders' general meeting in person or may appoint another person as his proxy to attend and vote instead of him.

An individual shareholder attending a shareholders' general meeting in person shall present his valid identity card or any other documentations or proof that can prove his identity, and stock account certificate. A proxy attending the meeting shall present his own valid identity card as well as the power of attorney issued by the shareholder.

A legal-person shareholder shall appoint a legal representative or the proxy of the legal representative to attend the shareholders' general meeting. A legal representative attending the meeting shall present his identity card and the valid documentation that can prove that he is qualified to be the legal representative. A proxy attending the meeting shall present his identity card and the power of attorney issued by the legal representative of the legal-person shareholder in accordance with law.

Article 92 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 and the resolutions adopted at the meeting.

Article 93 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 may not be a shareholder) as his proxies to attend and vote on his behalf. A proxy so appointed shall enjoy the following rights pursuant to authorization by such shareholder:

- (1) To have the same right as the shareholder to speak at the meeting;
- (2) To have the authority to demand or join others in demanding a poll;
- (3) To have 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 exercise voting right on a poll.

Where such shareholder is a recognized clearing house within the meaning of the Securities (Clearing Houses) Ordinance (Chapter 420 of the Laws of Hong Kong), it may authorize such person(s) as it thinks fit to act as its representative(s) at any shareholders' general meeting or any meeting of any class of shareholders provided that, if more than one person is so authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. The person so authorized shall be entitled to exercise the same power on behalf of the recognized clearing house as that clearing house (or its nominees) could exercise as if such shareholder was an individual shareholder of the Company.

Article 94 The board of directors, independent directors and shareholders who have met certain conditions may collect the voting rights of shareholders of the Company for a shareholders' general meeting. Collecting the voting rights of the shareholders of the Company by a collector shall be carried out in accordance with the relevant implementation rules.

Article 95 The proxy forms issued in written form by shareholders for authorizing other persons to attend a shareholders' general meeting shall set forth the followings:

- (1) the name of the proxy;
- (2) whether the proxy has the voting right;
- (3) the instruction for voting consent, objection or abstention for each item stated in the agenda of the general meeting;
- (4) the signing date of the proxy and the expiry date;
- (5) the signature (or seal) of the appointor, or signature of proxy entrusted by appointor in writing. If the appointor is a corporate shareholder, the document shall be affixed with the seal of the corporate shareholder or signed by the director or formally appointed proxy of such shareholder;
- (6) The numbers of shares for which the proxy represents the appointor.

Article 96 The instrument appointing a proxy for voting shall be deposited at the domicile of the Company or such other place specified for that purpose in the notice of meeting no later than 24 hours prior to the time of the meeting at which the proxy is authorized to vote or 24 hours before the time specified for voting. Where such an instrument is signed by a person authorized by the appointor, such 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 for voting, be deposited at the Company's domicile or such other place specified for that purpose in the notice of meeting.

If the appointer is a legal person, its legal representative or board of directors or a person authorized by resolutions passed by other decision-making bodies shall be entitled to attend the shareholders' meeting of the Company on behalf of the appointor as its proxy.

The attendance or actions taken by the appointee at such meeting shall, for the purpose of the Articles, be deemed the attendance or (as the case may be) actions taken by the appointer.

Article 97 Any form of proxy issued to a shareholder by the directors for use by him for appointing a proxy shall be in such form 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 form shall contain a statement that in default of shareholder's instructions, the proxy may vote as he thinks fit.

Article 98 A vote given by the proxy of a shareholder in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or disability or revocation of the proxy or of the authority for execution of the proxy, or the transfer of the share(s) in respect of which the proxy is given, provided that no notice in writing of such death, disability, revocation or transfer has been received by the Company before the commencement of the relevant meeting.

Article 99 The attendance register for persons attending meetings shall be prepared by the Company. The register shall consist of the name (or the name of the corporation), identity card number, residential address, the number of shares with voting rights held or represented thereby and the name of the appointer (or the name of the corporation represented) and such other matters.

Article 100 The convener and the lawyer engaged by the Company shall jointly verify the legality of the shareholders' qualifications based on the register of shareholders provided by the securities registration and clearing authority, and shall register the names of the shareholders as well as the number of the voting shares held thereby. The registration of shareholders for a meeting shall be terminated before the chairman of the meeting announces the number of shareholders and proxies attending the meeting and the total number of the voting shares held thereby.

Article 101 Where a shareholders' general meeting is convened, all the directors, supervisors and the secretary of the board of directors shall attend the meeting, and the managers and other senior officers shall be present at the meeting.

Article 102 The Company shall formulate the rules of procedure for shareholders' general meeting, stating in details the procedures for convening a shareholders' general meeting and the voting procedures, including, among others, the procedures for giving notices, registration, consideration and discussion of proposals, voting, counting of ballots, declaration of voting results, adoption of resolutions at the meeting, minutes and the signature thereon and public announcements, as well as the principles on which the mandates given to the board of directors at shareholders' general meetings are based. Such mandates shall be specific and clear. The rules of procedure for shareholders' general meeting shall be attached hereto as an exhibit, which will be prepared by the board of directors and approved at a shareholders' general meeting.

Article 103 At an annual general meeting, the board of directors and the supervisory committee shall report their respective work of the previous year to the shareholders' general meeting, and each independent director shall also make his duty report accordingly.

Article 104 The directors, supervisors and senior officers shall give explanations and statements on the inquiries and suggestions of shareholders at the shareholders' general meeting.

Article 105 The chairman of a meeting shall, prior to voting, declare the number of shareholders and their proxies attending the meeting as well as the total number of the voting shares held thereby, and the number of shareholders and their proxies attending the meeting or the total number of the voting shares held thereby shall be those indicated in the meeting's register.

Article 106 Resolutions of a shareholders' general meeting can be ordinary resolutions or special resolutions.

An ordinary resolution of the shareholders' general meeting 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).

A special resolution of the shareholders' general meeting 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).

The shareholders (including proxies) attending the meeting shall explicitly express consent or objection in respect of each matter put forward for voting; any ballot paper which is for abstention or giving up voting shall be treated as the vote with voting rights when the Company calculates the poll results for each matter.

Article 107 Shareholders (including proxies) who vote at the shareholders' general meeting shall exercise their voting rights in relation to the amount of voting shares they represent. Each share shall carry the right to one vote.

When the shareholders' general meeting considers matters that could materially affect the interest of medium and small investors, the votes by medium and small investors shall be counted separately, and the results of such separate vote counting shall be disclosed promptly.

The Company holding the shares of the Company shall not have any voting rights. And such shares shall not be counted as part of the total number of shares with voting rights for attending the shareholders' general meeting.

The Board, independent directors, and shareholders who meet the relevant requirements may collect voting rights from other shareholders. Information including the specific voting intention shall be fully disclosed to the shareholders from whom voting rights are being collected. Consideration or de facto consideration for collecting shareholders' voting rights is prohibited. The Company shall not impose any minimum shareholding limitation for collecting voting rights.

When the shareholders' general meeting reviews matters in relation to connected transaction, the connected shareholders shall not participate in voting of the resolution. The number of shares with voting rights as represented by such shareholders shall not be counted as part of the total number of valid voting shares. The public announcement of the resolution of the shareholders' general meeting shall fully disclose the votes of non-connected shareholders.

Article 108 At any general meeting of shareholders, a resolution shall be decided on a show of hands unless a poll is demanded before or after any voting by show of hands by:

- (1) the chairman of the meeting;
- (2) at least two shareholders, who possess the right to vote, present in person or by proxy;
- (3) one or more shareholders (including proxies) representing, either calculated separately or in aggregate, one-tenth or more of all shares carrying the right to vote at the meeting.

Unless a poll be so demanded, a declaration by the chairman of the meeting that a resolution has on a show of hands been passed and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favor of or against such resolution passed in the meeting.

A demand for a poll may be withdrawn by the person who made the demand.

Article 109 A poll demanded on the election of the chairman or on a request for adjournment shall be taken forthwith. A poll demanded on any other matters shall be taken at such time during the meeting as the chairman of the meeting directs, and the meeting may be proceeded for discussion of any other business. The result of the poll shall be deemed as a resolution passed at the same meeting.

Article 110 On a poll taken at a meeting, a shareholder (including his proxies) entitled to two or more votes need not cast all his votes in the same way.

Article 111 In case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to one additional vote.

Article 112 The following matters shall be resolved by way of ordinary resolution of a shareholders' general meeting:

- (1) work reports of the board of directors and the supervisory committee;
- (2) profit distribution plans and plans for making up losses formulated by the board of directors;
- (3) appointment and removal of members of the board of directors and the supervisory committee and their remuneration and methods of payment;
- (4) the Company's annual financial budget, final accounts, balance sheet, profit and loss account and other financial statements;
- (5) the annual report of the Company; and
- (6) such matters other than those which are required by laws, administrative regulations or the Articles to be adopted by way of special resolutions.

Article 113 The following matters shall be resolved by way of special resolutions of a shareholders' general meeting:

- (1) increase or reduction of the Company' share capital and the issuance of any class of shares, warrants and other similar securities;

- (2) issuance of debentures by the Company;
- (3) division, merger, dissolution, liquidation of the Company and material acquisition or sales;
- (4) amendment of the Articles;
- (5) repurchase of the shares of the Company;
- (6) acquisition or sale of major assets or guarantees with an amount exceeding 30% of the most recent total audited assets of the Company;
- (7) share incentive schemes;
- (8) adjustment or modification of profit distribution policy;
- (9) such other matters which are required by laws, administrative regulations or the Articles, and, according to an ordinary resolution of the shareholders' general meeting, may have a significant impact on the Company and require adoption by way of a special resolution.

Article 114 Any reasonable expenses incurred by the supervisory committee or shareholders according to the Articles shall be borne by the Company.

Article 115 A shareholders' general meeting shall be convened by the chairman of the board who shall preside as a chairman of the meeting. If the chairman of the board fails to attend the meeting for any reasons, the vice-chairman shall convene and preside the meeting as chairman; if both the chairman and vice-chairman of the board fail to attend the meeting, the board of directors may designate a director of the Company to convene and preside the meeting as chairman on his/her behalf. If a chairman has not been designated, shareholders attending the meeting may elect a person to act as chairman. If for any reason the shareholders cannot elect a chairman, the shareholder holding the largest number of voting shares present at the meeting, whether in person or by proxy, shall act as the chairman.



A shareholders' general meeting convened by the board of directors on its own shall be presided by the chairman of the supervisory committee. If the chairman of the supervisory committee cannot perform or fails to perform his duties, the vice-chairman of the supervisory committee shall preside at the meeting. If the vice-chairman cannot perform or fails to perform his duties, a supervisor elected by the majority of the supervisors jointly shall chair the meeting.

A shareholders' general meeting convened by the shareholders shall be presided by a representative elected by the convener.

When a shareholders' general meeting is held and the chairman of the meeting violates the rules of proceedings which makes the shareholders' general meeting fail to continue, a person may be elected at the shareholders' general meeting to act as the chairman of the meeting to continue with the meeting, subject to the approval of more than half of the shareholders having the voting rights who are present at the meeting.

Article 116 The chairman of the meeting shall be responsible for deciding whether or not a resolution shall be passed. His decision shall be final and shall be announced at the meeting and recorded in the minutes of the meeting.

Article 117 Where the chairman of the meeting has doubts about the results of the resolution tabled for voting, he may count the number of votes casted. If no counting is made by the chairman of the meeting, any shareholder or proxy objects to the results announced by the chairman shall have the right to immediately demand a counting of votes upon such announcement. The chairman shall require for a counting of votes.

Article 118 Where a counting of votes has been conducted at a shareholders' general meeting, the results shall be recorded in the minutes of the meeting.

The minutes of meeting, together with the book for signatures of shareholders attending the meeting and the power of attorney for proxies attending the meeting, shall be kept at the domicile of the Company.

Article 119 Except for the cumulative voting system, a separate voting on all the proposals shall be made at the shareholders' general meeting. In the event of different proposals for the same matter, voting on the proposals shall be made in the order of the time when the proposals are put forward. Unless the shareholders' general meeting is adjourned or no resolution can be made therein due to special reasons such as force majeure, voting for such proposals shall neither be put on hold nor refused by the shareholders' general meeting.

Article 120 When a proposal is considered at a shareholders' general meeting, no amendment shall be made to it. Otherwise, the relevant amendment shall be regarded as a new proposal and shall not be voted at such shareholders' general meeting.

Article 121 A same voting right can only be exercised on-site, online or by any other means of voting. The first voting result shall prevail where one voting right has been repeatedly exercised.

Article 122 Vote by open ballot shall be adopted at shareholders' general meetings.

Article 123 Before a voting on proposals is made at a shareholders' general meeting, two shareholders acting as representatives shall be recommended to take part in the counting and monitoring of the ballots. If a shareholder is an interested party in any matter to be considered, such shareholder and his proxy shall not take part in the counting and monitoring of the ballots.

When voting on the proposals is made at the shareholders' general meeting, the lawyer, representatives of both shareholders and supervisors shall be jointly responsible for the counting and monitoring of the ballots, and shall announce the voting results on the spot. The voting results of resolutions shall be recorded into the minutes of the meeting.

The shareholders or their proxies of a listed company who vote online or by any other means shall have the right to check their own voting results through the corresponding voting system.

Article 124 The on-site shareholders' general meetings shall not end earlier than the time when the voting online or by any other means is completed. The chairman of the meeting shall declare the voting and result of each proposal at the meeting, and announce that whether or not the proposal has been adopted in light of the voting result.

Before the voting result is formally announced, the parties involved in the shareholders' general meeting on-site, online or by other means, such as the listed company, vote counting officer, monitoring officer, substantial shareholders and the network service provider shall be under an obligation to keep the voting information confidential.

Article 125 Shareholders attending a shareholders' general meeting shall express any of the following opinions in respect of the proposals put forward for voting: for, against or abstention.

Any ballot paper which is left blank or not duly completed or the handwriting thereon is found to be illegible or which is not casted shall deemed to be an abstention of voting by the voters and the poll results of the related number of shares shall be regarded as "abstention".

Article 126 The resolutions of the shareholders' general meeting shall be publicly announced in a timely manner. The number of shareholders and their proxies attending the meeting, the total number of voting shares held thereby and the proportion of such shares to the total number of the voting shares of the Company, the voting method, the results of the polls for each proposal and the details of each resolutions passed shall be stated clearly in the announcement. The Company shall make statistics and an announcement respectively of the holders of domestic invested shares and foreign invested shares attending the meeting and their respective voting results when the Company publicly announces the resolutions of a shareholders' general meeting.

Article 127 In the event that a proposal has not been adopted or the resolutions of the preceding shareholders' general meeting have been changed at the current shareholders' general meeting, special indications shall be made in the announcement of the resolutions of the shareholders' general meeting.

Article 128 Where a proposal on the election of directors or supervisors is adopted at a shareholders' general meeting, the newly appointed directors or supervisors shall take up their positions on the date on which the proposal is adopted at the shareholders' general meeting.

Article 129 Where a proposal on cash dividends, bonus shares or increase of share capital by way of transfer from capital reserves has been adopted, the Company shall implement the specific scheme(s) within 2 months upon conclusion of the shareholders' general meeting.

Article 130 Minutes of shareholders' general meetings shall be recorded, and the secretary of the board of directors shall be responsible for it. The minutes shall set out the followings:

- (1) The date, place and agenda of the meeting, and the name of the convener;
- (2) The name of the chairman of the meeting, and the names of the directors, supervisors, managers, and other senior officers of the Company attending or present at the meeting;
- (3) The number of shareholders and proxies attending the meeting, the total number of voting shares held thereby and the proportion of such shares to the total number of shares of the Company;
- (4) The process of discussion in respect of each proposal, highlights of the proposals considered by the persons who speak at the meeting and results of voting;

- (5) Details of the inquiries or recommendations of the shareholders, and the corresponding responses or explanations;
- (6) The name of the lawyer, counting officer and monitoring officer;
- (7) Other matters which shall be recorded in the minutes of the meeting as prescribed by the Articles.

Article 131 The convener of a shareholders' general meeting shall guarantee the truthfulness, accuracy and completeness of the minutes of the meeting. Directors, supervisors attending the meeting, the secretary to the board of directors, the convener or their representatives, and the chairman of the meeting shall sign the minutes. The minutes of the meeting and the signed attendance record of the shareholders attending the meeting in person and the powers of attorney of the shareholders attending by proxies, the valid information relating to the voting online and by other means shall be kept together for no less than 10 years.

Article 132 The convener shall ensure that the shareholders' general meeting is held continuously until the final resolutions have been reached. In the event that the shareholders' general meeting is suspended or fails to adopt any resolution due to special reasons such as force majeure, the convener shall take necessary measures to resume or directly suspend the shareholders' general meeting as soon as possible, and make an announcement of the same in a timely manner. The convener shall, at the same time, report the same to the agency of the CSRC and the Securities Exchange at the place where the Company is located.

Article 133 When the general meeting examines matters in relation to connected transactions, the connected shareholders shall not participate in voting of the resolutions. The shares representing his voting rights shall not be counted as part of the total valid voting shares. The public announcement of the resolution of general meeting shall fully disclose the voting of non-connected shareholders. Under some special circumstances where the connected shareholders cannot abstain from voting, after obtaining the permission from the relevant departments and the Stock Exchange of Hong Kong Limited, the voting can be carried out in accordance with the normal procedures, and detailed descriptions thereof shall be stated in the announcement of the resolutions of the board of directors.

Article 134 Copies of the minutes of meeting shall be available for inspection during business hours of the Company by any shareholder without charge. If a shareholder demands from the Company a copy of such minutes, the Company shall send a copy to such shareholder within 7 days upon receipt of reasonable charges.

## Chapter 9: SPECIAL PROCEDURES FOR VOTING BY CLASS SHAREHOLDERS

Article 135 Holders of various classes of shares are class shareholders.

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

Article 136 Any proposal by the Company to vary or abrogate the rights conferred on any class shareholders shall be approved by a special resolution of the shareholders' general meeting and by the class shareholders affected at a shareholders' meeting otherwise convened in accordance with Articles 137 to 141.

Article 137 The rights of class shareholders are deemed to be varied or abrogated under the following circumstances:

- (1) 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 rights to distribution equal or superior to the shares of such class;
- (2) 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;
- (3) The removal or reduction of rights to receive accrued dividends or cumulative dividends attached to shares of such class;
- (4) The reduction or removal of rights of priority to receive dividend or receive properties in liquidation attached to shares of such class;
- (5) The increase, removal or reduction of share conversion rights, options, voting rights, transfer or pre-emptive placement rights or rights to acquire securities of the Company attached to shares of such class;
- (6) The removal or reduction of rights to receive amounts payable by the Company in particular currencies attached to shares of such class;
- (7) 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;
- (8) The imposition of restrictions or additional restrictions on the transfer of ownership of the shares of such class;
- (9) The issue of rights to subscribe for, or convert into, shares of such class or another class;

- (10) The increase in rights or privileges of shares of another class;
- (11) The restructuring of the Company which will result in shareholders of different classes bearing a disproportionate liabilities in such proposed restructuring; and
- (12) The variation or abrogation of the provisions of the Articles of the Company.

Article 138 Shareholders of the affected class, whether or not otherwise having the right to vote at general meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning Articles 137(2) to (8) and (11) to (12), but interested shareholder(s) shall not be entitled to vote at class meetings.

In this Article, an “interested shareholder” shall have the following meanings:

- (1) 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 29 hereof, a controlling shareholder within the meaning of Article 68 shall be an interested shareholder;
- (2) In the case of a repurchase of shares by contract made outside the stock exchange under Article 29 hereof, a holder of the shares to which such contract relates shall be an interested shareholder;
- (3) 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 139 Resolutions of any class of shareholders shall be passed by votes of not less than two-thirds of the voting rights of shareholders of that class attending such meeting according to Article 138 hereof.

Article 140 Where the Company convenes a class meeting of shareholders, it shall issue written notices in accordance with the time limit for notice specified under Article 83 hereof to notify all respective shareholders of that class whose names appear in the share register of the items to be considered and the date and venue of the meeting.

Article 141 Notice of class meetings need only be served on shareholders entitled to vote thereat. Meeting of any class of shareholders shall be conducted in the procedures as nearly as possible as shareholders’ general meetings. Provisions in these Articles which relate to the procedures for shareholders’ general meetings shall apply to any meeting of a class of shareholders.

Article 142 In addition to holders of other classes of shares, holders of domestic invested shares and overseas listed foreign invested shares are deemed to be shareholders of different classes.

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

- (1) Where the Company issues in every 12 months, either separately or concurrently, domestic invested shares and overseas listed foreign invested shares in numbers not exceeding 20 percent of the number of domestic invested shares and overseas listed foreign invested shares then in issue respectively as approved by a special resolution of a shareholders' general meeting; and
- (2) Where the Company's plan for issuing domestic invested shares and overseas listed foreign invested shares upon its establishment has been implemented within 15 months from the date of approval by the Securities Committee under the State Council.

#### Chapter 10: PARTY COMMITTEE OF THE COMPANY

Article 143 The Party committee of the Company is comprised of one secretary and several members. The positions of Chairman and the Party secretary shall be assumed by the same individual in principle and a full-time deputy Party secretary shall be appointed to take charge of matters relating to the Party construction of the Company. The deputy Party secretary and the members shall be elected or appointed according to the Constitution of the Communist Party of China and other relevant regulations. Eligible members of the Party committee are entitled to be admitted to the Board, Supervisory Committee, and the management according to legal provisions and procedures and eligible Party members from the Board, Supervisory Committee, and the management are entitled to be admitted to the Party committee according to legal provisions and procedures.

Meanwhile, the Company shall also set up a Commission for Discipline Inspection. The secretary, deputy secretary and members of the Commission for Discipline Inspection shall be elected or appointed according to the Constitution of the Communist Party of China and other relevant regulations.

Article 144 The Company shall include the establishment of Party organization and staffing of Party members into the Company's management organization and staffing, and include the Party organization's work funding into the Company's budget which is charged to the Company's management costs.

Article 145 The Party committee of the Company shall discharge its following duties in accordance with the Constitution of the Communist Party of China as well as other intra-Party laws and regulations:

- (I) To guarantee and supervise the implementation of policies and guidelines of the Party and state in the Company, implement material strategic decisions of the Party Central Committee and the State Council and make deployment for the relevant material works of the Party committee of the SASAC and the superior Party organization.
- (II) To insist on the combination of the principles of management of cadres by the Party and the selection of operation managers by the Board according to laws and execution of the right of employment by the operation managers. The Party committee shall consider and propose opinions and suggestions on the candidates as nominated by the Board or general manager, or nominate candidates to the Board or general manager; and, together with the Board, conduct investigation on the candidates to be appointed and collective research to raise opinions and suggestions.
- (III) To study and discuss reform, development and stability, material operation and management issues and other material issues involving staff's immediate interests of the Company, and propose opinions and suggestions thereon.
- (IV) To shoulder the main responsibility for the overall strictness in administering the Party, lead the Company in terms of ideological and political work, united front work, spiritual civilization construction, enterprise cultural construction and the work of labor union, the Communist Youth League and others, and lead the construction of the Party conduct and of an honest and clean government and support the Commission for Discipline Inspection in practical performance of oversight responsibility.

Article 146 Work of the Party organization and construction of the Party shall be carried out in accordance with the Constitution of the Communist Party of China as well as other relevant provisions.

#### Chapter 11: BOARD OF DIRECTORS

Article 147 The Company establishes the Board which is comprised of seven to ten directors. The specific number of directors shall be within this range and as determined by the general meeting. The Board includes one chairman and at most three deputy chairmen.



Article 148 Directors are elected or changed by the shareholders' general meeting. Directors shall serve a term of 3 years, and can be removed before the expiration of his term by a general meeting.

Upon the expiration of his term and if re-elected, a director may serve consecutive terms. The directors shall be elected at a meeting of shareholders from candidates nominated by the board of directors or shareholders representing 5% or more of the issued shares of the Company.

Directors may not hold shares in the Company.

Nomination of candidates for directors shall be delivered in writing to the Company not earlier than the date the notice convening the meeting is issued and not later than 7 days prior to the date the meeting is to be held. Candidates shall serve notices to the Company expressing their intention to participate in election 7 days prior to the date the meeting is held.

The chairman of the board is elected and removed by a majority of all the directors. The chairman of the board shall serve a term of 3 years, and may serve consecutive terms if re-elected. Directors may not hold shares in the Company.

The board of directors shall be entitled to temporarily increase the number of or add new directors. But such directors shall only serve a term until the next shareholders' general meeting and be entitled to be re-elected and serve consecutive terms upon the approval of the general meeting.

Subject to the stipulations of relevant laws and regulations, the shareholders' general meeting may remove any director by ordinary resolution prior to the expiration of such directors' term, but without prejudice to any claim for damages which may be raised under any contract.

The term of office of a director shall commence on the date when he takes up the position until the expiry of the current term of the board of directors of which he is a member. If new directors fail to be elected in a timely manner upon expiry of the term of directors, the original directors shall continue to perform the duty of directors in accordance with laws, administrative regulations and the Articles before the newly elected directors take up the position.

The general manager or other senior officers may concurrently serve as directors. However, the number of directors who serve concurrently as the general manager or other senior officers and the number of directors who are the staff representatives shall not in aggregate exceed 50% of the total number of the directors of the Company.

Article 149 A director will be deemed to have failed to perform his duties if he cannot attend the meetings of the board of directors in person twice consecutively nor appointed other directors to attend the meetings on his behalf. The board of directors shall make recommendations to shareholders' general meetings to replace such director.

Article 150 Directors may resign prior to the expiry of their term. Any director tendering his resignation shall submit a written report in connection with his resignation to the board of directors. The board of directors shall make the disclosure in relation thereto within 2 days of the receipt of the report.

If the number of members of the board of directors falls below the minimum quorum due to the resignation of directors, the original directors shall continue to perform the duties of directors in accordance with laws, administrative regulations and the Articles before the newly elected directors take up the position.

Save for the circumstances described in the preceding paragraphs, the resignation of directors shall become effective after the resignation report has been served to the board of directors.

Article 151 A director shall complete all the formalities relating to the handover with the board of directors after his resignation has taken effect and his term of office has expired. His obligation to remain loyal to the Company and its shareholders shall not be discharged after the end of his term of office and shall continue to be effective within the reasonable period of time stipulated by the Articles.

Article 152 Where it is not prescribed by the Articles or without the lawful authorization of the board of directors, no director shall act for the Company or the board of directors in his own name. When a director acts in his own name, which would make a third party reasonably believe that such director acts for the Company or the board of directors, he shall declare his position and identity in advance.

Article 153 An independent director shall perform his duties in accordance with the relevant requirements of laws, administrative regulations and departmental rules.

Article 154 The Company shall establish the independent director system. Independent director shall refer to a director who does not take any position of the Company other than the director, and such director has not any relationship with the Company and the substantial shareholders of the Company, which may bias his/her independent and objective judgment.

Article 155 The board of directors of the Company shall appoint independent directors in accordance with the relevant regulations. Articles 156 to 169 hereof are applicable to independent directors, unless it is otherwise prescribed in these Articles.

Article 156 An independent director shall have the following qualifications:

- (1) Be qualified as a director of a listed company in accordance with laws, administrative regulations and other relevant regulations;
- (2) Has the independence nature prescribed by Article 157 hereof;
- (3) Has the basic knowledge for the operation of a listed company and be familiar with the relevant laws, administrative regulations and rules;
- (4) Has more than five years' working experience in legal or, economics sector or other working experiences necessary for the performance of duties as an independent director;
- (5) Such other requirements prescribed by these Articles.

Article 157 An independent director shall have independence nature. The following persons shall not be independent directors:

- (1) The personnel of the Company or its affiliated enterprises and his/her spouse, parents, children, brothers and sisters, parents-in-law, daughters-in-law and sons-in-law, the spouses of his/her sisters and brothers and his/her spouse's brothers and sisters;
- (2) The person directly or indirectly holds more than 1% shares of the Company or the natural person shareholders among the top 10 shareholders of the Company and their spouses, parents and children;
- (3) The corporate shareholders directly or indirectly holds more than 5% issued shares of the Company or the personnel working at the top 5 corporate shareholders of the Company and their spouses, parents and children;
- (4) The personnel who has been under the three abovesaid conditions in the last year;
- (5) The personnel who provides financial, legal, consultancy and such other services for the Company or its affiliated enterprises or the personnel working in the relevant departments;

(6) Such other personnel prescribed by these Articles;

(7) Such other personnel recognized by the CSRC.

Article 158 The Company's board of directors, supervisory committee, the shareholders individually or jointly holding 1% or more of issued shares of the Company may nominate the candidate for an independent director which shall be elected by the shareholders' general meeting.

Article 159 The nominator of the independent director shall obtain the consent of the nominee before the nomination. The nominator shall fully understand the occupation, education, title, detailed working experiences and all part-time jobs etc. of the nominee and opine on the qualifications of such candidate to be an independent director and his/her independence. The nominee shall make a public statement that he does not have any relationship with the Company which will affect his independent and objective judgment.

Before the shareholders' general meeting for electing the independent director, the board of the directors of the Company shall announce the above-mentioned contents in accordance with the regulations.

Article 160 Before the shareholders' general meeting for electing independent directors, the Company shall submit the relevant information about all nominees to the CSRC, Liaoning Securities Regulatory Bureau of the CSRC and Shenzhen Stock Exchange. If the board of directors of the Company is in doubt about the particulars of a nominee, the written comments of the board of directors shall be submitted at the same time.

The nominee who is in doubt about the CSRC can be the candidate of the director of the Company, but not the candidate of an independent director. When the shareholders' general meeting is convened for electing independent directors, the board of directors of the Company shall state whether CSRC or the Stock Exchange of Hong Kong Limited has in doubt about the candidate of independent director.

Article 161 Each term of an independent director will be the same as other directors. Upon the expiration of the term, he/she is eligible to be re-elected and serve consecutive terms. However, the consecutive terms shall not exceed six years.

Article 162 If an independent director fails to attend the meeting of the board of directors in person twice consecutively, the board of directors shall make recommendations to shareholders' general meeting to replace such independent director. Save as prescribed by the Company Law and these Articles when an independent director shall not be a director or independent director, an independent director shall not be removed before the expiry of his term without any reason. In case of early removal of an independent director before the expiry of his term, the Company shall make the disclosure on the removal of the independent director as a special disclosure. If the removed independent director considers that the removal is not reasonable, he/his can make a public statement.

Article 163 The independent director may resign prior to the expiry of his/her term. Any independent director tendering his/her resignation shall submit a written notice of resignation to the board of directors and make a statement on any conditions related to his resignation or conditions, which he considers, be necessary for the awareness by the shareholders and creditors of the Company.

If the number of independent directors in the board of directors of the Company falls below one-third of the members of the board of the directors due to the resignation of an independent director, the resignation report of such independent director shall become effective after the newly elected independent director takes up the position.

Article 164 Apart from the duties and powers stipulated under the Company Law, other relevant laws and regulations and these Articles, an independent director shall also have the following duties and powers:

- (1) a connected transaction into which the Company enters with the connected person for an amount more than Renminbi 3,000,000 or more than 5% of the Company's latest audited net asset value or the amount of which reaches the threshold as specified by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited for making announcement and obtaining the approval of independent directors shall be submitted to the board of directors for discussion after such transaction has been recognized by the independent directors. Before making the judgment, the independent directors may appoint an intermediary to issue independent financial advisory report as a reference for judgment;
- (2) recommend to the board of directors on appointment or removal of a public accounting firm;
- (3) recommend the board of directors to convene extraordinary general meetings;
- (4) recommend the convening of meeting of the board of directors;
- (5) independently appoint external audit institutions and consultancy organizations;

- (6) may publicly collect voting rights from shareholders before the convening of a general meeting;
- (7) with the consent of more than half of all independent directors, an independent director may exercise the aforesaid duties and powers.

If the above-mentioned proposals have not been adopted or the aforesaid duties cannot be exercised normally, the Company shall disclose such relevant information.

Article 165 Save for the aforesaid duties, independent director shall express independent opinions to the board of directors or the shareholders' general meeting for the following matters:

- (1) to nominate, invite and dismiss directors;
- (2) to appoint or remove senior officers;
- (3) the remuneration of the Company's directors and senior officers;
- (4) the loans or other fund transactions which the Company enters into with the Company's shareholders, actual controllers and their connected enterprises for an amount more than Renminbi 3,000,000 or 5% of the Company's latest audited net asset value or reaches the threshold specified by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited for making announcement and the approval by the independent directors, and whether the Company takes effective measures to recover the outstanding amounts;
- (5) the board of directors of the Company has not made the proposal for cash profit distributions;
- (6) the matters which independent directors consider may prejudice the rights and interests of the small and medium shareholders;
- (7) such other matters specified by the Articles.

The independent directors shall express any of the following opinions in respect of the aforesaid paragraphs: consent, reserve opinions and reasons, objection and reasons and failure in giving opinions and the obstacles therefor;

If the relevant matters need to be disclosed, the Company shall make announcement on the opinions of independent directors. Where the independent directors have different views and fail to reach unanimous decision, the board of directors shall make disclosure of the opinion of each independent director.

Article 166 To ensure that the independent directors can effectively perform duties, the Company shall provide all the necessary conditions to the independent directors:

- (1) The Company shall guarantee that the independent director has the same right of knowledge as the other directors. The Company shall inform the independent directors in advance about the matters which shall be determined by the board of directors in accordance with statutory time requirement and provide sufficient information at the same time. Independent directors may request for supplemental information if they considers that the information is not sufficient. When two or more independent directors consider that the information is not sufficient or the argument is not clear, they can jointly request the board of directors in writing to postpone the meeting of the board of directors or delay the review and discussion of the matter. The board of directors shall accept such request. The Company shall provide the independent directors with all necessary conditions for performance of their duties. The secretary of the board of directors shall actively provide assistance for the independent directors' performance of duties. For the independent opinions, proposals and written descriptions made by independent directors which shall be announced, the secretary of the board of directors shall complete the formalities for the announcement with the Stock Exchange in time.
- (2) When independent directors perform their duties, the relevant officers of the Company shall actively cooperate with them and cannot reject, obstruct, conceal, or interfere with the exercise of powers by the independent directors.
- (3) The fee for appointment of intermediary institution by independent directors and other expenses incurred in the performance of duties shall be borne by the Company.
- (4) The Company shall give independent directors an appropriate allowance and make disclosure of the same in the annual report of the Company.
- (5) Save for the allowance mentioned above, independent directors shall not obtain any other additional benefits not yet disclosed from the Company and its substantial shareholders or any institution or person with conflict of interest.

Article 167 Independent directors shall discharge his duties of fidelity and diligence to the Company and all shareholders.

Article 168 Independent director shall, pursuant to the requirements of the relevant laws, regulations, normative documents and these Articles, seriously perform their duties and protect the interest of the Company as a whole, in particular concerning about the lawful rights and interests of the small and medium shareholders not to be prejudiced.

Article 169 Independent directors shall perform his duties independently and not to

be influenced by the Company's substantial shareholders, actual controller or other units or persons with conflict of interest with the Company.

Article 170 The board of directors shall be accountable to the shareholders' general meeting, which is the Company's management decision-making body, to discharge its duties of formulating strategies, making decisions and preventing risks, and shall exercise the following functions and powers:

- (1) To formulate proposals for implementing the decisions and arrangement of the Party Central Committee and the State Council and major national development strategy initiatives;
- (2) To be responsible for convening shareholders' general meetings and to report on its work to the shareholders' general meeting;
- (3) To implement resolutions of the shareholders' general meetings;
- (4) To decide on the Company's business plans and investment proposals;
- (5) To formulate the Company's annual financial budget and final accounts;
- (6) To formulate the Company's profit distribution plans and plans for making up losses;
- (7) 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 of the Company;
- (8) To draft proposals for major acquisitions or the purchase of the Company's shares, or proposals for the merger, division, dissolution or change of the form of the Company;
- (9) Within the terms of reference prescribed by the laws, rules and regulations, and the listing rules of the place where the Company is listed and the scope of authorization of the shareholders' general meeting, to determine matters relating to the foreign investment, acquisition and sale of assets, mortgage of assets, matters of foreign guarantees, entrustment for financial management and connected transactions of the Company and such other matters;
- (10) To decide on the establishment of the Company's internal management organization;
- (11) To appoint or remove the manager and secretary of the board of the Company, and to appoint or remove senior officers such as the deputy managers and person-in-charge of financial affairs of the Company based on the recommendations of the



manager, and to decide on their remunerations, rewards and punishments;

- (12) To formulate the Company's basic management system;
- (13) To formulate proposals for any amendment of the Articles;
- (14) To administer matters relating to the disclosure of information of the Company;
- (15) To propose to the shareholders' general meeting the appointment or removal of an accounting firm as the auditor of the Company;
- (16) To listen to the manager of the Company reporting his work and inspect his work;
- (17) Other functions and powers conferred by laws, administrative regulations, departmental rules or the Articles.

Except the board resolutions in respect of the matters specified in paragraphs (7), (8) and (13) above, which shall be passed by two-thirds or more of the directors, board resolutions in respect of all other matters may be passed by more than one half of the directors.

Article 171 The Board shall exercise its functions and powers in combination with the role of leadership of the Party committee of the Company. Major operational and management issues must be studied and discussed by the Party committee of the Company before the Board makes decisions in accordance with the terms of reference and prescribed procedures.

Article 172 The board of directors shall make explanation to the shareholders' general meeting for the non-standard auditing comments about the Company's financial report made by the certified public accountant.

Article 173 The board of directors shall formulate the rules of procedure for the board's meetings to ensure that the board of directors shall implement the resolutions of shareholders' general meetings, improve work efficiency and make decisions in a scientific manner.

The board of directors shall set up the Audit Committee, Nomination Committee and Remuneration Committee, and may set up other committees such as Strategic Committee in due course. All members of committees shall be directors, among which, the convenor and the majority of the Audit Committee, Nomination Committee and Remuneration Committee shall be independent non-executive directors. At least one independent director of the Audit Committee shall be an accounting professional or hold appropriate financial management expertise.

Article 174 Where there is a disposal of fixed assets by the board of directors and the aggregate of the expected value of the the assets to be disposed of and the value of

the consideration received from any disposal of fixed assets in the 4 months immediately preceding the proposed disposal exceeds 33 percent of the value of the fixed assets as shown in the last balance sheet reviewed by the shareholders' general meeting, the board of directors shall not dispose of or agree to dispose of the fixed assets without the prior approval of shareholders' general meeting.

In this Article, "disposal of fixed assets" shall include an act involving transfer of certain interest in other assets other than provision of security by fixed assets.

The validity of a disposal of fixed assets by the Company shall not be affected by a breach of the first paragraph of this Article.

Article 175 The chairman of the board shall exercise the following functions and powers:

- (1) to preside at shareholders' general meetings and to convene and preside at meetings of the board of directors;
- (2) to urge and examine the implementation of resolutions of the board of directors;
- (3) to sign securities issued by the Company;
- (4) other functions and powers conferred by the board of directors.

The vice-chairman of the Company shall assist the chairman of the board in carrying on the relevant work. Where the chairman of the board is unable to perform his/her duties, a vice-chairman elected by more than half of the directors shall perform the duties on his behalf. Where the chairman and the vice-chairman are unable to perform their duties, a director shall be jointly elected by the majority of the directors to perform the duties.

Article 176 Meetings of the board of directors shall be convened at least four times in each year on a quarterly basis. Such meetings shall be convened by the chairman of the board. Regular meetings (four times in each year) shall be convened by giving notice to all the directors and supervisors not less than 14 days before the date of the meeting. Other meetings shall be convened by giving notice to all the directors not less than 10 days before the date of the meeting.

An extraordinary meeting of the board of the directors may be convened:

- (1) if proposed by shareholders holding ten percent or more of the Company's issued shares carrying the right to vote;
- (2) if proposed by more than 1/3 of the directors jointly;

- (3) if proposed by the supervisory committee;
- (4) if proposed by the general manager;
- (5) if proposed by the independent directors.

The chairman of the board of directors shall convene and preside at the board meeting within 10 days of the receipt of the proposal.

Article 177 The method for convening board meetings and extraordinary board meetings shall be by written notice sent to each director by personal delivery, facsimile, courier or registered airmail.

The notice of board meetings shall include:

- (1) the date and venue of the meeting;
- (2) the duration of the meeting;
- (3) the matter and its subject;
- (4) the date of giving the notice.

Article 178 Notice of a meeting shall be deemed to have been given to any director who has attended the meeting without protesting, before or at its commencement, failure to receive such notice.

Article 179 Any regular or extraordinary meeting of the board may be held by conference telephone or similar communication equipment so long as all directors participating in the meeting can hear and communicate with one another, and all such directors shall be deemed to be present in person at the meeting.

Article 180 Unless otherwise required by the Company Law and the Articles, meetings of the board of directors shall be held only if half or more of the directors or their proxies are in attendance.

Unless otherwise required by the Articles, the board may pass resolutions only upon a majority vote; in the case of an equality of votes, the chairman of the board shall have a second vote.

Any director who has connected relationship with the enterprises involved in the resolutions of the meetings of the board of directors shall not vote for such resolutions and shall not vote as a proxy of other directors. The meeting of the board of directors shall be held only with more than half of all non-connected directors attending. The resolutions made by the meeting of the board of directors shall be passed by more

than half of all the non-connected directors. When the number of non-connected directors attending the board of directors are less than three, the matters shall be submitted to the shareholders' general meeting for approval.

Article 181 Meetings of the board of directors shall be attended by the directors in person. If a director fails to attend for any reason, he may authorize another director in writing to represent him to attend the board meeting. The proxy form shall state the name of the proxy, matter represented for, the scope of authority and valid period, and shall be signed and sealed by the appointor.

A director who attends a board meeting on behalf of another director shall exercise the rights of a director within the scope of authority given in the authorization letter. A director who fails to attend a particular board meeting and who has not appointed a representative to do so shall be deemed to have waived his voting rights in respect of that meeting.

Article 182 For matters which would otherwise need to be approved at an extraordinary board meeting, a written resolution may be adopted if such resolution has been sent to all members of the board and affirmatively signed and adopted by the number of directors necessary to make such a decision as stipulated in Article 180 above. No board meeting shall be convened.

Article 183 The minutes of a board meeting shall set out the followings:

- (1) the date, time, place of the meeting, and the name of the convener;
- (2) the name of the directors attending the meeting, and the name of the directors (proxies) authorized by others to attend the meeting;
- (3) the agenda of the meeting;
- (4) highlights of the proposals put forward by the directors who speak at the meeting;
- (5) the voting method and result for each of the resolutions (the voting result shall state the number of votes in favor of or against the resolutions or abstention votes).

The meeting records of the board of directors shall be kept as files of the Company for no less than 10 years.

Article 184 The board of directors shall keep minutes of its decisions on all matters under their consideration. Directors attending the meeting and the person taking minutes shall sign on the minutes of that meeting. Directors shall be liable for the resolutions of the board of directors. Where a resolution of the board of directors is in violation of the laws and administrative regulations or the Articles, thereby causing serious losses to the Company, the directors who took part in such resolution shall be liable to indemnify the Company. However, if a director can prove that he had expressed his opposition to such resolution when it was put to the vote, and such opposition is recorded in the minutes of the meeting, such director may be relieved of such liability.

#### Chapter 12: SECRETARY OF THE BOARD OF DIRECTORS

Article 185 The company shall have a secretary of the board of directors, who shall be a senior officer of the Company and account to the board of the directors.

Article 186 The secretary of the board of directors shall be a natural person who has the requisite expertise and experience, and shall be appointed by the board of directors with main responsibilities:

- (1) to ensure the completeness of the Company's organizational papers and records;
- (2) to ensure that the requisite reports and documentation are prepared and submitted to the competent authorities in accordance with law;
- (3) to ensure the proper maintenance of the company's register of shareholders and ensure that persons entitled to the relevant records and documents of the Company are furnished with such records and documents on time.

Article 187 A director or other senior officer of the Company may be appointed to be the secretary of the board of directors. No accountant of the firm being the auditor appointed by the Company shall serve concurrently as the secretary of the board of directors.

When the board secretary is also a director and a certain act is required to be done by a director and the secretary respectively, such person who is concurrently the board secretary and a director may not perform the act in both capacities.

#### Chapter 13: GENERAL MANAGER OF THE COMPANY

Article 188 A Company shall have a general manager, who shall be appointed or removed by the board of directors.

Article 189 Any personnel who takes up the administrative position other than a director or a supervisor in the controlling shareholder or actual controller of the

Company shall not serve as the senior officer of the Company.

Article 190 The term of office of the general manager shall be three years, renewable upon reappointment.

Article 191 The general manager shall be accountable to the board of directors and shall exercise the following functions and powers:

- (1) to be in charge of production, operation and management of the Company, organize the implementation of resolutions of board of directors and report his/her work to the board of directors;
- (2) to organize the implementation of the Company's annual business plans and investment plans;
- (3) to draft the plan for establishment of the Company's internal management organization;
- (4) to draft the Company's basic management system;
- (5) to formulate the basic rules and regulations of the Company;
- (6) to request the appointment or dismissal of the Company's deputy general manager(s) and other senior officers (including the chief financial officer(s));
- (7) to appoint or dismiss management personnel other than those to be appointed or dismissed by the board of directors; and
- (8) other functions and powers conferred by the Articles and the board of directors.

Article 192 The general manager may attend meetings of the board of directors; a general manager who is not a director shall not have the right to vote at such meetings.

Article 193 The general manager shall exercise his/her functions and powers in accordance with laws, administrative regulations and the Articles, and shall discharge his duties of fidelity and diligence.

Article 194 The general manager shall exercise his/her functions and powers in combination with the role of leadership of the Party committee of the Company and solicit opinions from the Party committee of the Company before making decisions on material production and operational matters of the Company and appointing managers within his/her term of reference.

Article 195 The general manager shall formulate the working rules of general manager and shall implement the same upon approval is given by the board of directors.

Article 196 The working rules of general manager shall set out:

- (1) the conditions and procedures for convening the meetings of general manager and the personnel who participate in the meetings;
- (2) the respective duties and responsibilities of the general manager and other senior officers and their division of labor;
- (3) the terms of reference in connection with the utilization of the capital and assets of the Company, and the execution of material contracts, as well as the systems for reporting to the board of directors and supervisory committee;
- (4) such other matters deemed necessary by the board of directors.

Article 197 The general manager may resign prior to the expiry of his/her term. The specific procedures and measures in connection with the resignation of the general manager shall be provided for in the labor contract between the general manager and the Company.

#### Chapter 14: SUPERVISORY COMMITTEE

Article 198 The Company shall have a supervisory committee.

Article 199 The supervisory committee shall comprise three (3) members, one of which shall act as chairman of the supervisory committee. The term of a supervisor shall be three (3) years. A supervisor may serve consecutive terms if re-elected.

The election or removal of the chairman of the supervisory committee shall be passed by two-thirds or more of the supervisors.

Article 200 If the Company fails to re-elect new supervisors in a timely manner upon expiry of the term of supervisors, or the supervisors tender their resignation during their term of office which would give rise to the effect that the number of the supervisors falls below the quorum required, the original supervisors shall continue to perform the duties of supervisor in accordance with laws, administrative regulations and the Articles before the newly elected supervisors take up the position.

Article 201 The supervisory committee shall comprise two shareholder representatives and one staff representative of the Company. The shareholder representatives shall be elected or removed at the shareholders meeting. The staff representatives shall be elected and removed through congress of staff and workers, staff meetings or by other democratic means.

Article 202 The Company's directors managers, and other senior officers shall not serve concurrently as supervisors.

Article 203 The supervisory committee shall convene at least two meetings a year on a half-yearly basis. The chairman of the supervisory committee shall convene and preside at meetings of the Committee. Where the chairman of the Committee is unable to perform or fails to perform his/her duties, a supervisor shall be jointly elected by more than half of the supervisors to convene and preside the meetings.

A supervisor will be deemed to have failed to perform his duties if he cannot attend the meetings of the supervisory committee in person twice consecutively. The shareholders' general meeting or the congress of staff and workers shall replace such supervisor.

Article 204 The supervisory committee shall be accountable to the shareholders in general meeting and shall exercise the following functions and powers according to law:

- (1) to examine the Company's financial affairs;
- (2) to supervise the Company's directors, manager and other senior officers on their acts in violation of any laws, administrative regulations or the Articles in performing their duties of the Company;
- (3) if an act of the Company's directors, general manager and other senior officers is harmful to the Company's interest, to require them to correct such act;
- (4) to verify the accounting reports, business operation reports, profit distribution plans and such other financial information to be tabled at the shareholders' general meeting by the board of directors and, if in doubt, any certified public accountant or practicing auditor may be appointed in the name of the Company to assist in a second review;
- (5) to propose to convene an extraordinary general meetings and meetings of the board of directors;
- (6) to represent the Company in negotiations with directors or in initiating legal proceedings against a director;
- (7) to review the regular reports of the Company prepared by the board of directors, and to provide written comments in respect thereof;
- (8) to conduct an investigation if an unusual practice in the operation of the Company is found; to retain professional bodies such as accounting firms or law firms to



assist its work at the expenses of the Company where necessary;

(9) other functions and powers specified in the Articles and the shareholders' general meetings.

Supervisors may attend meetings of the board of directors, and make a proposal or inquiry concerning the resolutions of the board of directors.

Article 205 Three (3) or more of the members of the supervisory committee must be present to hold a meeting.

Resolutions of the supervisory committee shall be made by the affirmative vote of two-thirds or more of the supervisors.

Article 206 All reasonable expenses incurred by the supervisory committee in the appointment of, in exercising its functions and powers, professionals such as lawyers, registered accountants or practicing auditors shall be borne by the Company.

Article 207 Supervisors shall not cause harm to the interest of the Company by taking advantage of their connected relationship, and shall be liable to compensate for any loss incurred by the Company, if any.

Article 208 Supervisors shall be liable to compensate for any loss incurred by the Company, if any, in connection with the violation of laws, administrative regulations, departmental rules or the Articles in performing their duties.

Article 209 Supervisors shall faithfully perform their supervisors' responsibilities in accordance with laws, administrative regulations and the Articles.

Article 210 The supervisory committee shall formulate the rules of procedure for the meetings of the supervisory committee to specify the procedures for discussion of and voting on the matters to be discussed at the meetings so as to ensure that the supervisory committee can work efficiently and make decisions in a scientific manner.

Article 211 The supervisory committee shall keep minutes of its decisions on all matters under their consideration in the meeting. Supervisors attending the meeting shall sign on the minutes of that meeting.

Supervisors shall have the right to request for certain explanatory notes in respect of their opinions expressed at the meeting to be included in the minutes. The minutes of meetings of the supervisory committee shall be kept as the files of the Company for at least 10 years.

Article 212 A notice of the meeting of the supervisory committee shall set out the followings:

- (1) the date, time, venue and term for convening the meeting;
- (2) matters and its subjects;
- (3) date of the notice.

Chapter 15: QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS,  
SUPERVISORS, MANAGERS AND OTHER SENIOR OFFICERS OF THE  
COMPANY

Article 213 None of the following persons may serve as a director, supervisor, general manager or any other senior officer of the Company:

- (1) a person without or with limited capacity for civil acts;
- (2) a person who was punished for the crime of corruption, bribery, expropriation or misappropriation of property or disrupting the social and economic order, and a period of 5 years has not elapsed since the punishment was completed, or who was deprived of his political rights as punishment for a criminal offence and a period of 5 years has not elapsed since such deprivation was completed;
- (3) a person, who was director, factory chief or general manager of a company or enterprise which entered into insolvent liquidation due to mismanagement, and who was personally liable for such insolvency, and a period of 3 years from the date of completion of such liquidation proceedings, has not elapsed;
- (4) a person, who was the legal representative of a company or enterprise the business license of which has been revoked for violating the law, and who was personally liable for such revocation and a period of 3 years from the date of revocation of such business license has not elapsed;
- (5) a person with comparatively large amount of individual debts that have fallen due but not yet settled;
- (6) a person who has been established with a case for investigation by judicial organs for having violated the criminal law, and such case has not been concluded;
- (7) a person who has been prohibited from acting as a leader of an enterprise by virtue of any laws and administrative regulations;
- (8) a non-natural person; and
- (9) a person who was convicted by any competent authorities of violation of related securities laws and regulations, where such violation involves acts of a fraudulent or dishonest nature and period of 5 years from the date of such conviction has not

elapsed.

Article 214 The validity of an act of a director, manager or other senior officer of the Company on behalf of the Company vis-à-vis a bona fide third party shall not be affected by any irregularity of his/her acts or any defect in his/her qualification in his election or appointment.

Article 215 In addition to obligations imposed by laws, administrative regulations or rules of the securities exchange(s) on which shares of the Company are listed, each director, supervisor, general manager or other senior officers of the Company shall perform the following duties for each shareholder in the exercise of the functions and powers conferred by the Company:

- (1) not to cause the Company to exceed the scope of business stipulated in its business license;
- (2) to act in good faith to the best interests of the Company;
- (3) not to expropriate in any way the Company's property, including but not limited to the opportunities which may benefit the Company; and
- (4) not to expropriate the individual rights and interests of shareholders, including (but not limited to) the rights to distribution and voting rights, except a restructuring of the Company submitted to shareholders' general meeting for approval in accordance with the Articles.

Article 216 Each director, supervisor, general manager or senior officer of the Company shall, in the exercise of his powers or in the discharge of his obligations, exercise the care, diligence and skills that a reasonably prudent person would exercise under comparable circumstances.

Article 217 Each director, supervisor, manager or other senior officer of the Company shall be obliged to act honestly for the Company in accordance with laws, administrative regulations and the Articles as follows:

- (1) not to make use of his functions and powers as a means to accept bribes or any other unlawful income, and not to expropriate the Company's property;
- (2) not to misappropriate the Company's funds;
- (3) not to deposit the Company's assets or funds in accounts opened in his own name or any other persons' names;
- (4) not to lend the Company's funds to others or not to use the Company's property as security for other personal debts in violation of the Articles or without the consent

of shareholders' general meeting or meeting of the board;

- (5) not to enter into a contract or transaction with the Company in violation of the Articles or without the consent of shareholders' general meeting;
- (6) without the consent of shareholders' general meeting, not to make use of his position, functions and powers in the Company to seek business opportunities which would otherwise belong to the Company for himself or others, and not to operate any business which is of the same kind of business of the Company on his own or for others;
- (7) not to accept commissions in connection with the Company's transactions;
- (8) not to disclose any secret of the Company without authorization;
- (9) not to cause harm to the interests of the Company by taking advantage of his connected relationships;
- (10) other obligations to act honestly as required by laws, administrative regulations, departmental rules and the Articles.

Any gain from the breach of this Article shall belong to the Company. Directors shall be liable for indemnification for any loss suffered by the Company, if any, in connection with such violation.

Article 218 Each director, supervisor, manager or other senior officer of the Company shall discharge his/her duties in good faith, and shall not place himself/herself in a position where his/her interest and duties may conflict. This principle shall include, but not limited to, discharging the following obligations:

- (1) to act honestly in the best interests of the Company;
- (2) to exercise powers within the scope of his powers and not to exceed those powers;
- (3) to exercise the discretion vested in him/her and not allow himself/herself to act under the control of another and, unless and to the extent permitted by laws and administrative regulations or with the informed consent of informed shareholders in general meeting, not to delegate the exercise of such discretion;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) except as otherwise provided for in the Articles or with the informed consent of shareholders in a general meeting, not to enter into a contract, transaction or arrangement with the Company;

- (6) without the informed consent of shareholders in a general meeting, not to use the Company's property for his own benefit;
- (7) not to use his functions and powers as a means to accept bribes or any other unlawful income, not to expropriate in any way the Company's property, including (but not limited to) opportunities that may benefit the Company;
- (8) without the informed consent of shareholders in a general meeting, not to accept commissions in connection with the Company's transactions;
- (9) to observe the Articles, to discharge his responsibilities faithfully, to protect the Company's interest, and not to make use of his position, functions and powers in the Company to seek personal gains;
- (10) without the informed consent of shareholders in a general meeting, not to compete with the Company in any way;
- (11) not to misappropriate the Company's funds or lend such funds to others, not to deposit the Company's assets in accounts opened in his/her own name or in any other persons' names and not to use the Company's assets as security for the debts of the Company's shareholders or other individuals; and
- (12) Without the informed consent of shareholders in a general meeting, not to disclose any confidential information relating to the Company that has been acquired by him/her during his tenure at the Company, and not to use the information except where disclosure of such information is in the furtherance of the interests of the Company. However, disclosure of such information to the court or other governmental competent authorities is permitted under the following circumstances:
  - (i) disclosure is made under compulsion of law;
  - (ii) as required for the interests of the public to disclose; or
  - (iii) as required for the interests of such director, supervisor, general manager or other senior officers to disclose.

Article 219 Each director, manager or other senior officer of the Company shall act diligently to the Company in accordance with laws, administrative regulations and the Articles as follows:

- (1) to exercise the rights conferred by the Company in a prudent, serious, honest and diligent manner so as to ensure that the business activities of the Company are in compliance with the requirements of laws, administrative regulations and various economic policies of the State and do not fall outside the business scope of the Company as stated in the business license;
- (2) to treat all the shareholders in a fair manner;
- (3) to understand the business operation and management of the Company in a timely manner;
- (4) to sign a written confirmation in respect of regular reports of the Company, and to ensure the truthfulness, accuracy and completeness of the information disclosed by the Company;
- (5) to update the supervisory committee with relevant development and information according to facts, and not to hinder the supervisory committee or supervisors to exercise its/their functions and powers;
- (6) other obligations to act diligently as required by laws, administrative regulations, departmental rules and the Articles.

Article 220 A director, supervisor, manager or other senior officer of the Company shall not cause the persons or organizations (herein referred to as “*connected persons*”) set out below to do what he/her is prohibited from doing:

- (1) the spouse or minor children of such director, supervisor general manager or other senior officers of the Company;
- (2) a person acting in the capacity of trustee of such director, supervisor, manager or other senior officers of the Company or any person referred to in paragraphs (1) above;
- (3) a person acting in the capacity of partner of such director, supervisor, manager or other senior officers of the Company or any person referred to in paragraphs (1) and (2) above;
- (4) a company in which such director, supervisor, manager or other senior officers of the Company, alone or jointly with the persons referred to in paragraphs (1), (2) and (3) or other directors, supervisors, general managers and other senior officers of the Company, has de facto control;

- (5) a director, supervisor, general manager or other senior officers of the company being controlled as referred to in paragraph (4);
- (6) any person being considered as a connected person of the directors, supervisors, managers or other senior officers in accordance with Listing Rules.

Article 221 The duties of fidelity which the directors, supervisors, managers and other senior officers of the Company should discharge do not necessarily cease on the termination of their tenure. Other duties may continue for such period as fairness may require, depending on the time lapse between the termination and the act concerned and the circumstances and conditions under which the relationship with the Company terminated.

Article 222 Subject to the Article 67 of the Company, a director, supervisor, general manager or other senior officers of the Company may be relieved of liability for specific breaches of his/her duties by the informed consent of shareholders in general meeting.

Article 223 Where a director, supervisor, general manager or other senior officer 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/her contract of service with the Company, he/she shall declare the nature and extent of his interest to the board of directors at the earliest, whether or not the contract, transaction or arrangement or proposal therefor is otherwise subject to the approval of the board of directors.

The directors shall not vote for the contracts, transactions or arrangements in which the directors or the connected persons thereof are materially interested, and shall not be counted as a part of the quorum of the meeting.

Unless the materially interested directors, supervisor, general manager or other senior officers of the Company has disclosed his/her interest in accordance with the previous provision of this Article and the contract, transaction or arrangement in which he/she is interested has been approved by the board of directors at a meeting in which he/she was not counted in the quorum and not qualified to vote therein, any contract, transaction or arrangement in which a director, supervisor, general manager or other senior officers of the Company is materially interested shall be voidable at the instance of the Company except as against a bona fide party thereto acting without notice of the breach of duty by the director, supervisor, general manager or senior officers concerned.

A director, supervisor, manager or other senior officers of the Company is deemed to be interested in any contract, transaction or arrangement in which a connected person of that director, supervisor, manger or senior officer is interested.

Article 224 Where a director, supervisor, manager or other senior officers of the Company gives to the board of directors a general notice in writing before 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/she is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, such notice shall be deemed for the purposes of the preceding Article to be a sufficient declaration of his/her interest, so far as attributable to those facts.

Article 225 The Company shall not in any manner pay taxes for and on behalf of its directors, supervisors, managers or other senior officers.

Article 226 The external guarantee provided by the Company shall be in compliance with the following provisions:

- (1) The Company shall not provide any guarantee for holding shareholders and other connected parties, any entity without legal personality or individuals who holds less than 50% of shares in the Company.
- (2) A Company shall not directly or indirectly make a loan to or provide any guarantee in connection with a loan made by the directors, supervisors, managers and other senior officers of its own or of its holding company, or make a loan or provide any guarantee in connection with any loan to a connected person of such director, supervisor, general manager or senior officer.

The preceding provision shall not be applicable to the following circumstances:

- (i) the provision of a loan or a guarantee for a loan by the Company to a subsidiary of Company;
  - (ii) the provision of a loan or a guarantee for a loan or other sums by the Company under an employment contract which has been approved by shareholders in general meeting to provide funds by the Company to any of its directors, supervisors, general managers and other senior officers for the payment of the costs incurred by him/her for the purposes of the Company or his/her performance of duties in the Company.
- (3) Upon providing external guarantee to a party, the Company shall require such party to provide counter guarantee and such provider of the counter guarantee shall have the actual undertaking capacity.



Article 227 When the Company provides an external guarantee, the vouchee shall meet the following standards of creditworthiness:

- (1) The enterprise with good operation with promising development prospects and profit;
- (2) The vouchee has good integrity and reputation;
- (3) The vouchee has no delay in payment and default interest owed to the bank in last guarantee provided by the Company.

Article 228 The approval procedures for the Company to provide external guarantees are as follows:

- (1) The vouchee shall make a written application to the Company;
- (2) The financial department shall investigate into the creditworthiness information of the vouchee. The officer in charge of finance of the Company shall review the investigation report and express his/her opinions;
- (3) The general manager shall review the opinions, investigation reports and relevant information submitted by the officer in charge of finance. If the general manager thinks that the vouchee complies with the creditworthiness standard prescribed by the Articles and it is necessary to provide guarantee therefor, such external guarantee item shall be submitted to the board of directors for review. If the general manager thinks that the vouchee does not comply with the creditworthiness standard prescribed by the Articles or it is not necessary to provide guarantee therefor, the general manager may reject the external guarantee or request for supplemental investigation.
- (4) The board of directors or shareholders' general meeting shall review, approve and make public announcement.

Article 229 The Company shall perform the obligations of making disclosure of the information of providing external guarantee in accordance with the Listing Rules and the relevant provisions of the Articles in a strict manner, and shall provide all external guarantee matters of the Company to the certified public accountant according to the regulations. The independent directors of the Company shall specifically state in the annual reports the accrual and current external guarantee of the Company and the implementation of such provisions and express their independent opinions therein.

Article 230 A loan made by the Company in breach of the preceding Article shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

Article 231 A loan guarantee provided by the Company in breach of Article 226(1) shall not be enforceable against the Company, unless:

- (1) when the guarantee was provided to a connected person of a director, supervisor, manager or other officer of the Company or its holding company, the lender did not know the relevant circumstances;
- (2) the collateral provided by the Company has been lawfully sold by the lender to a bona fide purchaser.

Article 232 “Guarantee” referred to in the preceding Article shall include an undertaking or property provided by the guarantor to secure the performance of obligations by the obligor.

Article 233 In addition to all rights and remedies provided for by law and administrative regulations, where a director, supervisor, general manager or other officers of the Company neglects his/her duties to the Company, the Company shall be entitled to:

- (1) require the relevant director, supervisor, manager or other officers to indemnify the Company with the losses it sustained as a consequence of such negligence of duties;
- (2) rescind any contract or transaction entered into by the Company with the relevant director, supervisor, manager or other officers or with a third party where such third party knew or should have known that the director, supervisor, manager or other officers acts on behalf of the Company has not undertaken his/her obligations to the Company;
- (3) require the relevant director, supervisor, manager or other officers to surrender the proceeds obtained from non-performance of obligations;
- (4) recover any monies received by the relevant director, supervisor, manager or other officers but should have been given to the Company including, but not limited to, commissions; and
- (5) the interest earned or which may have been earned by the relevant director, supervisor, manager or other officers in respect of the monies that should have been given to the Company.

Article 234 The Company shall enter into a written contract with a director or supervisor of the Company concerning his emoluments which shall be approved by the shareholders in general meeting in advance. The aforesaid emoluments shall include:

- (1) emoluments in respect of his service as a director, supervisor, or a senior officer of the Company;
- (2) emoluments in respect of his service as a director, supervisor, manager or a officer of the subsidiaries of the Company;
- (3) emoluments otherwise in connection with the management of the Company and the subsidiaries thereof; and
- (4) the payment by way of compensation for loss of office or retirement from office by such director or supervisor.

Unless otherwise stated in the previous contracts, a director or supervisor shall not file a lawsuit to the Company for what interest he should get.

Article 235 It shall be stipulated in the contracts entered into by the Company with a director or supervisor of the Company in respect of his emoluments that in the event of a takeover of the Company, a director or supervisor of the Company shall have the right to receive compensation or payment made to him for loss of office or his retirement from office after obtaining prior approval of the shareholders in general meeting. A takeover of the Company referred to in this Article shall mean any of the following circumstances:

- (1) an offer made by any person to all shareholders to acquire their shares in the Company;
- (2) an offer made by any person to acquire shares of the Company with for the purpose of the offer's becoming a controlling shareholder within the meaning of Article 66.

If the relevant director or supervisor has failed to comply with this Article, any sum received by him shall be on account of the persons who have sold their shares as a result of the offer made as aforesaid, and the expenses incurred by proportionate distribution of such sum shall be borne by such director or supervisor instead of being paid out of such sum.

## Chapter 16: FINANCIAL ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND INTERNAL AUDITING

Article 236 The Company shall establish its own financial and accounting system in accordance with the laws, administrative regulations and provisions of the relevant departments of the State.

Article 237 The Company shall prepare financial reports at the end of each fiscal year. Such reports shall be examined and verified according to law.

Article 238 The board of directors of the Company shall place before the shareholders at each annual general meeting such financial reports as are required by relevant laws, administrative regulations and normative documents promulgated by the local government and the competent authorities to be prepared by the Company.

Article 239 The financial reports of the Company shall be made available at the Company for inspection by shareholders at least 20 days prior to the date of the annual general meeting. Each shareholder of the Company shall be entitled to have access to the financial reports referred to in this Chapter.

Copies of such reports shall at least be sent to each holder of foreign invested shares by prepaid mail at his/her address as shown in the register of shareholders at least 21 days before the date of the annual general meeting.

Article 240 The Company's financial statements shall be prepared under the Accounting Standards for Business Enterprises in the PRC.

Article 241 Any interim results or financial information published or disclosed by the Company shall be prepared in accordance with the Accounting Standards for Business Enterprises in the PRC.

Article 242 The Company shall submit to the CSRC and the relevant stock exchanges and publish the annual financial and accounting report within 4 months after the end of each accounting year; and submit to relevant agency of the CSRC and the relevant stock exchanges and publish an interim financial and accounting report within 2 months after the end of the first six months of each accounting year, and a quarterly financial statement within 1 months after the end of first three months and first nine months of each fiscal year.

Article 243 No books of account other than statutory accounting books may be established by the Company. The Company's assets shall not be deposited in any accounts opened in an individual's name.

Article 244 The Company shall allocate 10% of the after-tax profit to the statutory common reserve of the Company when it distributes the after-tax profits of the current year, provided that the Company shall not be required to make any further allocation to the reserve fund once the accrued amount allocated has reached an amount equivalent to 50% of the registered capital of the Company.

If the Company's statutory common reserve is not enough to make up for the losses of the Company of the previous years, the current year's profits shall firstly be used for making up the losses before the statutory common reserve is drawn therefrom according to the provisions of the preceding paragraph.

After the allocation of an amount to the statutory common reserve from the after-tax profits, the Company may, by resolution of the general meeting, also allocate an amount to the other reserves from the after-tax profits.

After the losses have been made up and the common reserves have been drawn, the Company shall distribute the remaining after-tax profits in light of the proportions of shares held by shareholders.

If the general meeting, in violation of the provisions of the preceding paragraph, distributes the profits of shareholders before the losses are made up and the statutory common reserves are drawn, the profits distributed shall be refunded by shareholders to the Company.

No profit distribution shall be made in respect of the shares held by the Company.

Article 245 Capital common reserve shall include the following amounts:

- (1) premium amount in excess of the par value of shares which have been issued;
- (2) other sums required to be included in the capital common reserves by the finance competent authority of State Council.

Article 246 The common reserves of the Company shall only be used for the following purposes:

- (1) Making up the losses, save that the capital reserve shall not be used to make up the loss of the Company.
- (2) Increase of capital by conversion: The Company may, subject to a resolution of a general meeting, convert the common reserves into share capital by issuing new shares or increasing the par value of each share in proportion to the shareholders' existing shareholding. However, when the statutory common reserve is converted to increase share capital, the remaining statutory common reserve after such conversion shall be no less than twenty five (25%) percent of the registered capital;

(3) Expansion in the scale of production and operation of the Company.

Article 247 Unless otherwise approved by a special resolution of the general meeting, the Company shall only distribute dividends once a year. The distribution shall be carried out before June 30 of the next year. Upon consideration of the financial position of the Company by the board of directors, shareholders may, by an ordinary resolution, authorize the board of directors to declare and pay an interim dividend, subject to all relevant laws and administrative regulations.

Article 248 The Company shall implement a proactive and stable profit distribution policy and comply with the following provisions:

(1) Basic principle of the Company's profit distribution policy: The Company's profit distribution plan shall remain consistent and stable, whilst giving equal consideration to the Company's long-term interests, all shareholders' overall interests and satisfaction of the Company's needs of sustainable development. If a shareholder of the Company misappropriates any fund, the Company shall make a deduction from the cash dividend that the shareholder is entitled to receive, in order to reimburse the fund misappropriated by him/her.

(2) Particular contents of the Company's profit distribution policy: The Company shall distribute dividends in cash, shares or a combination of both. If the Company has sufficient resources, it may distribute interim profit.

If a shareholder does not collect his/her dividends during the fixed period of time after the dividend payment date has been announced pursuant to these Articles, the shareholder shall be deemed to have forfeited his/her entitlement to such dividends.

Particular conditions for and percentage of the Company's cash dividend distribution: Except under special circumstance, if the Company makes profit and its accumulated undistributed profit is a positive figure in a year, the Company shall distribute dividends in cash, and the profit distributed in cash each year shall not be less than 10% of the distributable profit realized by the holding company in that year.

The special circumstance means: The aggregate value of external investments, assets acquisitions or equipment purchases made by the Company in a particular year reaches or exceeds 10% of the Company's audited net assets for the most recent period.

Particular conditions for the Company's distribution of dividend in shares: When the Company's operating condition is good and distributing dividends in shares is beneficial to the overall interests of all shareholders of the Company, a proposal for distribution in shares can be made if the above conditions for cash dividend distribution can be satisfied.

- (3) Review procedure for the Company's profit distribution plan: The Company's profit distribution plan will be submitted to the Company's Board for review after being reviewed by the management. The Board will conduct sufficient discussion in respect of the rationality of the profit distribution plan and submit a resolution accordingly to the shareholders' general meeting for approval; where no distribution of cash dividends is made by the Company due to the special circumstance as prescribed in paragraph (2) of this Article, the Board will specifically provide explanations for not distributing cash dividends, particular purposes of the retained earnings of the Company, estimated income on investment and other matters, such explanatory statement will, after being reviewed by the independent director(s), be submitted to a shareholders' general meeting for review and will be disclosed on the media designated by the Company.
- (4) Adjustment or modification to the profit distribution policy of the Company: In the event that significant changes occur in the external operating environment or the Company's operating conditions, the Company may adjust or modify its profit distribution policy; the Board shall conduct detail discussion about the Company's adjustment or modification to the profit distribution policy and illustrate the reasons behind the adjustment in detail and prepare a report in writing, which will be submitted to a shareholders' general meeting for approval as a special resolution after been reviewed by the independent director(s). Online voting will be offered by the Company to the shareholders to vote on matters relating to adjustment or modification to the profit distribution policy.

Article 249 Dividends of ordinary shares shall be declared and denominated in Renminbi. Dividends of domestic invested shares shall be paid in Renminbi. Dividends or other distributions payable on foreign invested shares shall be denominated and declared in Renminbi, but shall be paid in the currency of the place where such foreign invested shares are listed (or, if there is more than one such place, of the place of primary listing of such foreign invested shares as determined by the board of directors of the Company).

Article 250 In paying dividends or other distributions in foreign currency, the applicable exchange rate shall be the average of the closing exchange rates for the foreign currency as announced by the People's Bank of China for the week preceding the date on which such dividends and other distributions are declared.

Article 251 A Company shall appoint receiving agents on behalf of holders of overseas listed foreign invested shares to receive on behalf of such shareholders the dividends and all other payables distributed by the Company in respect of overseas listed foreign invested shares.

The receiving agents appointed by the Company shall meet the requirement of the local laws or the relevant rules of the stock exchange where such shares in the Company are listed.

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

Article 252 The Company shall implement internal auditing system and appoint professional auditing personnel for conducting internal auditing for and supervision of the financial revenues and expenditures and economic activities of the Company.

Article 253 The internal auditing system and the duties of the auditing personnel of the Company shall be implemented upon approval of the board of directors. The person in charge of the audit shall account to and report the work to the board of directors.

#### Chapter 17: APPOINTMENT OF AUDITOR

Article 254 The Company shall appoint an independent accounting firm which is in compliance with the relevant requirements of the PRC to audit the Company's annual financial reports and to review other financial reports of the Company, net assets verification and provide other relevant consultancy services.

For the purpose of the Articles of the Company, the accounting firm appointed by the Company shall be the auditor of the Company.

The first accounting firm of the Company may be appointed at the inaugural meeting before the first annual general meeting. Such accounting firm so appointed shall hold office until the conclusion of the first annual general meeting. If the inaugural does not exercise its right under the preceding paragraph, it may be exercised by the board of directors.

Article 255 The term for the appointment of an auditor by the Company shall be from the end of the current general meeting to the end of the next general meeting, and such appointment may be renewed.

Article 256 An auditor appointed by the Company shall have the following rights:

- (1) the right of access at all times to the books, records or vouchers of the Company, and the right to require the directors, general manager or other senior officers of the Company to provide any relevant information and explanations;
- (2) the right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanations as are necessary for such accounting firm to perform its duties;



- (3) the right to attend any shareholders' meetings and to receive all notices which shall be received by any shareholders or other communications relating to such meetings and to be heard at such meetings on any matter relating to its being the auditor of the Company.

Article 257 The board of directors may appoint an accounting firm to fill any casual vacancy in the office of an accounting firm before a general meeting is convened. But while such vacancy continues to exist, other surviving accounting firms of the Company, if any, may still act.

Article 258 The general meeting may by ordinary resolution dismiss any accounting firm before the expiration of its term of office, notwithstanding any agreement between the Company and the accounting firm, but without prejudice to its claims, if any, for compensation in respect of such dismissal.

Article 259 The remuneration of an accounting firm or method of determination thereof shall be fixed by the general meeting. The remuneration of the accounting firm appointed by the board of directors shall be fixed by the directors.

Article 260 Decisions to appoint, dismiss or not to renew the services of an accounting firm shall be made by the general meeting and shall be filed with the securities regulatory authority under the State Council .

Article 261 A Company which decides to dismiss or not to renew the services of an accounting firm shall give advance notice to such accounting firm. The accounting firm shall have the right to express its views at the general meeting. Where an accounting firm proposes termination of appointment thereof, it shall be under an obligation to inform the general meeting as to whether or not there is any irregularities of the Company.

Article 262 Where a resolution at a general meeting is passed to appoint as accounting firm which is not being appointed currently, to fill any casual vacancy in the office of an accounting firm, to reappoint an accounting firm which was appointed by the board of directors to fill a casual vacancy, or to dismiss an accounting firm before the expiration of its term of office, the following provisions shall apply:

- (1) a copy of the proposal shall be sent before notice of general meeting is given to the shareholders to the accounting firm proposed to be appointed or proposing to leave the post or has left the post (including accounting firms under dismissal, resignation and retirement);
- (2) if the accounting firm leaving makes representations in writing and requests the notification thereof by the Company to the shareholders, the Company shall (unless the representations are received too late) adopt the following measures:
  - (i) in any notice of the resolution given to shareholders, state the fact of the representations made by the accounting firm leaving; and

- (ii) send a copy of the representations as attached to notice of general meetings to each shareholder by the way prescribed by the Articles;
- (3) if the accounting firm's representations have not been sent under paragraph (2) above, such accounting firm may request that the representations be read out at the meeting and may make further claims;
- (4) an auditor who is leaving his post shall be entitled to attend:
  - (i) the general meeting at which its term of office would have expired;
  - (ii) any general meeting at which the vacancy caused by its dismissal is to be filled; and
  - (iii) any general meeting convened on its proposal of termination of appointment;

and to receive all notices of, and other communications relating to, any such meeting, and may speak at any such meeting on any matter relating to its being the former public accounting firm of the Company.

Article 263 An accounting firm may resign from its position by depositing a written notice at the registered office of the Company. Such notice shall make representation of any of the following:

- (1) a statement to the effect that there are no circumstances relating to 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 which shall be explained. Any such notice shall become effective on the date on which it is deposited at the domicile of the Company or on such later date as may be specified therein.
- (3) The Company shall, within 14 days upon receipt of a notice referred to in the preceding paragraph, send a copy of such notice to the relevant competent authority. If the notice contains a statement under paragraph (2) above, a copy of such notice shall be sent to the shareholders entitled to obtain a copy of the Company's financial report;
- (4) where the accounting firm's notice of resignation contains a statement under paragraph (2) above, it may, require the board of directors to convene an extraordinary general meeting for the purpose of such accounting firm's explanation of the circumstances relating to its termination of appointment.

## Chapter 18: MERGER AND DIVISION OF THE COMPANY

Article 264 A merger of the Company may be effected through merger by absorption or merger by new establishment.

One company absorbing another company is a merger by absorption, and the company being absorbed shall be dissolved. Merger of two or more companies to establish a new company is a merger by new establishment, and the companies being consolidated shall be dissolved.

A proposal for the merger or division of the Company shall be proposed by the board of directors, and after such proposal has been approved in accordance with the procedures provided for in the Articles, it shall be submitted for examination and approval according to law. Shareholders who oppose the merger or division of the Company shall have the right to require the Company or the shareholders who are in favor of such proposal to purchase their shares at a fair price. The resolution approving the merger or division shall be compiled into a special document for inspection by shareholders.

Copies of the document referred to above shall also be delivered by post to the holders of overseas listed foreign invested shares.

Article 265 Where there is a company merger, the parties to the merger shall enter into a merger agreement, and prepare balance sheets and lists of property. The Company shall notify its creditors within 10 days from the date of the resolution approving the merger and make announcements at least three times on newspaper(s) of the merger within 30 days of that date. The creditors may request the Company to settle liabilities or provide guarantees in respect thereof within 30 days from the receipt of the above notice or within 45 days after the announcements are made if no such notice is received.

After the merger, the company which survives or is newly established shall succeed to the claims and obligations of all the parties to the merger.

Article 266 Where there is a company division, its property shall be divided accordingly.

Where there is a company division, the parties to the division shall prepare balance sheets and lists of property. The Company shall notify its creditors within ten (10) days from the date of the resolution approving the division, and make announcements at least three (3) times on newspaper(s) of the division within thirty (30) days from that date.

Debts owing by the Company before the division shall be borne by the companies after the division in accordance with the relevant division agreement.

Article 267 Where the merger or division of the Company involves changes in its registered particulars, such changes shall be registered with the company registration authority according to law. Where the Company is dissolved, it shall cancel its registration according to law. Where a new company is established, its establishment shall be registered according to law.

#### Chapter 19: DISSOLUTION AND LIQUIDATION OF THE COMPANY

Article 268 The Company shall be dissolved due to the following reasons:

- (1) the operation term of the Company stipulated by the Articles expires or the occurrence of other events for the dissolution of the Company stipulated by the Articles;
- (2) the shareholders' meeting resolves to dissolve the Company;
- (3) dissolution of the Company is necessary as a result of a merger or division thereof;
- (4) the Company has its business license revoked according to laws, or is lawfully ordered to close down or revoked;
- (5) the Company has experienced major difficulties in business operation and management, and the continuous operation thereof would cause substantial loss to the interest of its shareholders. In the event that the same cannot be solved by other means, shareholders representing 10% or more of all shareholder voting rights of the Company may request the People's Court to dissolve the Company.

Article 269 Where the Company falls within the circumstances set forth in paragraph (1) of the preceding Article, it shall continue to exist by making amendments to the Articles.

The amendments to the Articles in accordance with the preceding paragraph shall be approved by two thirds or more of the voting rights held by the shareholders attending the general meeting.

Article 270 Where the Company is to be dissolved pursuant to paragraphs (1), (2), (4) and (5) of Article 268 of the Articles, it shall establish a liquidation committee within 15 days after the occurrence of the cause(s) of dissolution to commence the liquidation. The liquidation committee shall compose of the personnel determined by directors or the shareholders' general meeting. If the Company fails to establish the liquidation committee within the given period of time to conduct the liquidation, the creditors may apply to the People's Court to designate the relevant personnel to form a liquidation committee for liquidation.

Article 271 Where the board of directors proposes to liquidate the Company (other than because of a declaration of bankruptcy), the board shall, in the notice convening a general meeting to consider the proposal, include a statement to the effect that a thorough investigation has been made into the affairs of the Company by the board of directors, and the board is of the opinion that the Company shall be able to settle its debts in full within twelve (12) months from the commencement of the liquidation.

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

The liquidation committee shall take instructions from the general meeting, and shall make a report at least once a year to the general meeting on the committee's receipts and payments, the business of the Company and the progress of liquidation. It shall also make a final report to the general meeting upon completion of the liquidation.

Article 272 A liquidation committee shall notify creditors within 10 days from the date of its establishment and make announcements at least 3 times on newspaper(s) of liquidation within 60 days from such establishment date. Claims shall be registered by the liquidation committee.

Article 273 Creditors are entitled to declare their creditors' claim within 30 days from the receipt of the notice, or within 45 days from the announcement date if such creditors have not received the notice.

When creditors declare their claims, they shall specify the items to which their rights relate and produce evidence to such effect. Claims shall be registered by the liquidation committee.

During the period of declaring claims, the liquidation committee shall not settle any claims to creditors.

Article 274 A liquidation committee shall exercise the following functions and powers during the liquidation:

- (1) to sort out the property of the Company, and prepare balance sheets and lists of property respectively;

- (2) to notify creditors by notice or public announcement;
- (3) to dispose of and liquidate any relevant unfinished business of the Company;
- (4) to pay all outstanding taxes and the taxes incurred in the process of liquidation;
- (5) to sort out all claims and debts;
- (6) to dispose of the Company's residual property after full payment of its debts; and
- (7) to take part in civil litigations on behalf of the Company.

Article 275 After a liquidation committee has sorted out the Company's property and prepared balance sheets and lists of property, it shall formulate a liquidation plan to be submitted for confirmation by the general meeting or the relevant competent authority.

Payment of debts out of the Company's property shall be made in the order (paying off the liquidation expenses, wages of employees, social insurance premiums and statutory compensation, payment of outstanding taxes and payment of the company debts) of priority prescribed by applicable laws, rules and regulations or, where no such law exists, as the liquidation committee considers fair and proper.

The remaining property of the Company after payments have been made according the previous paragraph shall be distributed to its shareholders according to the class and proportion of their shareholdings.

During the term of liquidation, the company continues to exist, but may not carry out any business operation that is unrelated to the liquidation. None of the properties of the company may be distributed to any shareholder before being applied in clearing off as stated in the preceding paragraph.

Article 276 If a Company is liquidated for the reason of dissolution and the liquidation committee finds, having sorted out the Company's property and prepared balance sheets and lists of property, that the Company's property is insufficient to pay its debts in full, the committee shall immediately apply to the People's Court for a declaration of bankruptcy.

After the People's Court has ruled that a declaration of bankruptcy to be made in respect of the Company, the liquidation committee shall turn over the affairs of the liquidation to the People's Court.

Article 277 Following the completion of liquidation of the Company, the liquidation committee shall formulate a liquidation report, as well as a revenue and expenditure statement and financial books in respect of the liquidation period which, upon verification by a PRC registered accountant, shall be submitted to the general meeting or the relevant competent authority for confirmation.

A liquidation committee shall, within thirty (30) days from the date of confirmation by the general meeting or the relevant competent authority, submit the above documents to the Company's registration authority, apply for cancellation of the Company's registration and publicly announce the termination of the Company.

Article 278 The members of the liquidation committee shall be loyal in discharge of their duties and shall perform their liquidation obligations according to the laws.

Members of a liquidation committee shall not take advantage of their official positions to accept bribes or other illegal income, and shall not expropriate the property of the Company.

If a member of the liquidation committee willfully or through gross misconduct causes loss to the Company or its creditors, he/she shall be liable for indemnification.

Article 279 When a company is adjudged bankrupt in accordance with the law, bankruptcy liquidation shall be conducted according to the relevant enterprise bankrupt laws.

#### Chapter 20: PROCEDURES FOR MAKING AMENDMENTS TO THE ARTICLES

Article 280 The Company may amend the Articles according to laws, administrative regulations and the requirements of the Articles.

Article 281 Amendments made to the Articles concerning matters prescribed by the "Mandatory Provisions for Articles of Association of Companies to be Listed Overseas" (Zheng Wei Fa (1994) No.21) issued on 27<sup>th</sup> August 1994 by the State Council Securities Commission and the State Commission for Restructuring the Economic System shall take effect upon approval by the companies examination and approval authority appointed by the State Council and the State Council Securities Commission. Where the amendments relate to registered particulars of the Company, those particulars shall be amended according to law.

Article 282 The board of directors shall amend the Articles in accordance with the resolutions of the general meeting for amendments made to the Articles and the opinions of examination and approval of the competent authorities.

Article 283 The amendments of the Articles which shall be subject to disclosure as required by the laws, rules and regulations shall be disclosed accordingly.

## Chapter 21: SPECIAL PROVISIONS

Article 284 The Company accepts orders from the State for military products, and ensures that the national military scientific research and production tasks are completed in accordance with the required schedule, quality and quantity.

Article 285 The Company strictly implements laws and regulations on national security and confidentiality, practicably defines the confidentiality responsibilities of involved shareholders, directors, supervisors, senior management and intermediary agencies through the establishment of a confidential work system, a confidentiality accountability system, and a military products information disclosure review system, and accepts the supervision and inspection of relevant security and confidential departments, ensuring the security of national secrets.

Article 286 The Company strictly abides by the administration regulations governing the key equipment and facilities of the military industry, and strengthens the registration and disposal management of key military equipment and facilities, to ensure the safe, complete and effective utilization of key military equipment and facilities.

Article 287 The Company strictly abides by the administration regulations governing the scientific research and production of weaponry.

Article 288 The Company adopts review and approval procedures for matters such as the application, enforcement, transfer, confidentiality, and decryption of national defense patents pursuant to the provisions concerning national defense patents to protect the same.

Article 289 When the amendment or approval of new Articles of Association involves special provisions, relevant legal procedures shall be performed upon approval by relevant authorities of science, technology and industry for national defense of the State Council.

Article 290 The Company abides by the provisions of the Law of the People's Republic of China on National Defense and the Law of National Defense Mobilization of the People's Republic of China, completes the mobilization task as required by the order of national mobilization issued by the State; accepts the requisition of relevant assets according to the law.



Article 291 Prior to the change of the controlling shareholder, the Company, the former controlling shareholder and the new controlling shareholder shall respectively apply to the authorities of science, technology and industry for national defense of the State Council for the execution of the review and approval procedures; the Company shall file with the authorities of science, technology and industry for national defense of the State Council for the change of chairman and general manager, the dismissal and re-designation of key military industry scientific research professionals and experts; the engagement of overseas independent directors or employment of foreigners by the Company shall be reported to the authorities of science, technology and industry for national defense of the State Council for consideration and approval in advance; in case the acquirer of a material acquisition gets hold of over 5% (including 5%) independently or jointly with other parties acting in concert, the acquirer must file with the authorities of science, technology and industry for national defense of the State Council.

Article 292 The assets formed by investment in military fixed asset by the State by way of capital contribution will be held by Anshan Iron & Steel Group Co. Ltd. in the form of state-owned equity, state-owned bonds or solely state-owned capital reserve.

## Chapter 22: RESOLUTION OF DISPUTES

Article 293

(1) Whenever any disputes or claims concerning the affairs of the Company arise from the rights and obligations under the Articles, the Company Law and the Special Regulations and any other relevant laws and administrative regulations; (a) between a holder of overseas listed foreign invested shares and the Company, (b) between a holder of overseas listed foreign invested shares and a director, supervisor, general manager or other senior management personnel of the Company; or (c) between a holder of overseas listed foreign invested shares and a holder of domestic invested shares, the parties concerned shall refer such disputes or claims to arbitration.

Where such dispute or claim is referred to arbitration, the entire dispute or claim shall be referred to. All persons (being the Company or the shareholders, directors, supervisors, general manager or other senior management personnel of the Company) who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for resolving such dispute or claim shall submit to the arbitration.

Disputes regarding the definition of shareholders and the register of shareholders need not be resolved by arbitration.

- (2) Disputes or claims referred to arbitration may be heard, at the option of the claimant, at the China International Economic and Trade Arbitration Centre in accordance with its rules or the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once the claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body chosen by the claimant.

If the claimant chooses to refer the dispute or claim to arbitration at the Hong Kong International Arbitration Centre, either party may apply for such hearing to be conducted in Shenzhen under the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.

- (3) Unless it is otherwise provided for by laws and administrative regulations, laws of the PRC shall apply to the resolution of any dispute or claim mentioned in item (1) above by arbitration.
- (4) Awards made by an arbitral body shall be final and binding on all parties.

#### Chapter 23: MISCELLANEOUS

##### Article 294 Definitions

- (1) The actual controller shall refer to anyone who is not a shareholder but is able to hold actual control of the acts of the Company by means of investment relations, agreements or any other arrangements.
- (2) The connected relationship shall refer to the relationship between the controlling shareholder, actual controller, director, supervisor, or senior officers of the Company and the enterprise directly or indirectly controlled thereby, and other relationships that may lead to the transfer of interests of the Company. However, the enterprises controlled by the State do not incur a connection relationship only for their being under common control by the State.

Article 295 The board of directors shall formulate the by-laws in accordance with the provisions of the Articles. The by-laws shall not be in conflict with the Articles.

Article 296 Unless it is otherwise provided for, any notice or report required or permitted to be given or sent by the Company by means of public advertisement shall be published in at least one newspaper with national circulation approved by the securities regulatory authority under the State Council, and shall be published as far as practicable, on the same day in a major Chinese and a major English newspaper in Hong Kong in Chinese and English languages respectively.

Article 297 These Articles are written in Chinese and English. Both versions shall be equally valid; in case of any discrepancy, the latest Chinese version of the Articles as verified and registered by Angang Steel Co., Ltd. shall prevail.

Article 298 “More than”, “within”, “less than” in these Articles shall include the mentioned number; “under”, “apart from”, “below” and “above” shall exclude the mentioned number.

Article 299 These Articles shall be interpreted by the board of directors of the Company.

Article 300 The appendix to these Articles shall include rules of shareholders’ meetings, board meetings and supervisory committee meetings.

Article 301 These Articles shall be implemented from the date of issuance.