



*(A joint stock limited company incorporated in the People's Republic of China with limited liability on 18 October, 2000.)*

# **TravelSky Technology Limited**

## **Articles of Association**

*The Articles of Association include all amendments up to 15 June 2023. The latest amendments were approved by special resolution at the Annual General Meeting of Shareholders held on 15 June 2023.*

*This English version is a translation of the Chinese version. In case of inconsistencies, the Chinese version shall prevail.*

# Index

|            |  |    |
|------------|--|----|
| Chapter 1  | General Provisions .....   | 1  |
| Chapter 2  | Purpose and Scope of Business .....  | 3  |
| Chapter 3  | Shares and Registered Capital .....  | 4  |
| Chapter 4  | Capital Reduction and Share Redemption .....   | 9  |
| Chapter 5  | Financial Assistance for Purchase of Shares of the Company .....   | 12 |
| Chapter 6  | Share Certificates and Register of Shareholders .....  | 14 |
| Chapter 7  | Rights and Obligations of Shareholders .....   | 19 |
| Chapter 8  | General Meeting of Shareholders .....  | 22 |
| Chapter 9  | Special Procedures for Voting by a Class of Shareholders .....   | 32 |
| Chapter 10 | Board of Directors .....   | 35 |
| Chapter 11 | Secretary of the Board of Directors .....  | 44 |
| Chapter 12 | President .....  | 47 |
| Chapter 13 | Supervisory Committee .....  | 48 |
| Chapter 14 | Qualifications and Obligations of Directors, Supervisors, President and<br>Other Senior Management Personnel ..... | 51 |
| Chapter 15 | Labour Protection and Staff Democratic Management .....  | 59 |
| Chapter 16 | Party Organization .....   | 59 |
| Chapter 17 | Financial and Accounting Systems and Profit Distribution .....   | 61 |
| Chapter 18 | Engagement of Accounting Firms .....   | 65 |
| Chapter 19 | Merger and Division .....  | 68 |
| Chapter 20 | Dissolution and Liquidation .....  | 70 |
| Chapter 21 | Procedures for Amendment of the Company's Articles .....   | 73 |
| Chapter 22 | Notice .....   | 73 |
| Chapter 23 | Settlement of Disputes .....   | 74 |
| Chapter 24 | Supplementary Provisions .....   | 75 |

# TravelSky Technology Limited

## Articles of Association

### Chapter 1 General Provisions

Article 1 TravelSky Technology Limited (hereinafter referred to as the “Company”) is a joint stock limited company duly incorporated in accordance with the *Company Law of the People’s Republic of China* (hereinafter referred to as the “Company Law”), *Special Regulations of the State Council concerning the Offering and Listing of Shares Overseas by Joint Stock Limited Companies* (hereinafter referred to as the “Special Regulations”) as well as other relevant laws and administrative regulations and rules.

The Company was established by way of promotion with the approval of [2000] No. 874 document issued by the State Economic and Trade Commission. The Company has undertaken registration with the State Administration for Industry and Commerce of the People’s Republic of China and obtained its business license with unified social credit code of 9111000071092729XP on 18 October 2000.

Article 2 Registered name of the Company:  
Chinese: 中国民航信息网络股份有限公司  
English: TravelSky Technology Limited

Article 3 Domicile of the Company:  
7 Yumin Street, Houshayu Town, Shunyi District, Beijing  
Postal code: 101308  
Telephone number: (010)  
Fax number: (010)

Article 4 The legal representative of the Company shall be the chairman of the Company’s board of directors.

Article 5 The Company is a perpetually existing joint stock limited company.

The rights and responsibilities of the Company’s shareholders shall

only be limited to the proportion of the shares as held by them and the Company shall be responsible for the debts of the Company by all of its assets.

The Company is an independent legal person subject to the jurisdiction and under the protection of the laws and administrative regulations and rules of the People's Republic of China.

Article 6 The Company amended the original articles of association (hereinafter referred to as the "Original Articles") and formulated the Articles of Association of the Company (hereinafter referred to as the "Company's Articles" or the "Articles") at the General Meeting of Shareholders held on 18 October 2000 in accordance with the Company Law, Special Regulations, *Essential Clauses in the Articles of Association of Companies Listed Overseas* (hereinafter referred to as the "Essential Clauses") as well as other relevant laws and administrative regulations.

Article 7 The Articles shall come into force upon the approval by special resolution at the general meeting of shareholders of the Company and the approval by the examination and approval department as authorized by the State Council (if necessary).

Article 8 The Articles shall be a legally binding document that regulates the organization and acts of the Company as well as the rights and obligations between the Company and its shareholders and among the shareholders from the date when it becomes effective.

Article 9 The Articles shall be binding upon the Company, its shareholders, directors, supervisors, president and other senior management personnel. The aforesaid personnel may claim their rights in relation to the Company in accordance with the Articles.

According to the Articles, the shareholders shall have the right to take legal proceedings against the Company; the Company shall have the right to take legal proceedings against the shareholders; the shareholders shall have the right to take legal proceedings against the shareholders; and the shareholders shall have the right to take legal proceedings against the directors, supervisors, president and other senior management personnel of the Company.

The "legal proceedings" referred to in the preceding paragraph shall

include filing suits to a court or applying for arbitration to an arbitration organization.

Article 10 The Company may invest in other enterprises. However, unless the law stipulates otherwise, it shall not become a capital contributor that shall bear several and joint liabilities for the debts of the enterprises in which it invests.

Article 11 The Company shall have the right to raise or borrow funds, including (but not limited to) the issuance of corporate bonds and the mortgage or pledge of its properties, provided that it shall comply with the laws and administrative regulations and rules in China.

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

Article 12 The purpose of the Company is to (1) maintain the integrity of China's civil aviation transportation market in order to strengthen the competitiveness of civil aviation enterprises upon China's entry into the World Trade Organization; (2) promote the application and improvement of civil aviation computer information network system in order to avoid small-scale and low-level duplicated construction; (3) establish and improve management systems and operational mechanisms in line with the requirements of the market and economy; (4) improve the system functions with the support of scientific and technological progress and management innovations in order to provide high-quality computer network information services to related industries, including international and domestic civil aviation transportation, tourism and insurance; (5) safeguard the interests of the State and all the shareholders in order to maximize the economic and social benefits of the Company.

Article 13 The business scope of the Company shall be subject to the items as approved by the authority responsible for the registration of the Company.

The business scope of the Company covers the contracting for computer software and hardware projects; research, development, production, distribution and leasing of computer software, hardware, peripheral and network products as well as technical consulting and

services relating to the aforesaid operations; commercial and travel consulting; export of in-house products and technologies and import of raw and auxiliary materials, machineries and equipments, instruments and apparatuses, parts and technologies as required for in-house production and scientific research, excluding products and technologies as restricted for trading of the Company and prohibited for export and import by the State; internet information services, except for projects in areas that require the special review and approval by the State, including press, publishing, healthcare, medicine and medical equipments and BBS; and specialized contracting of system integration, electrical engineering and airport air traffic control and terminal weak power systems engineering projects.

Article 14 The Company may from time to time adjust the scope and way of business legally according to its business development needs and upon the approval of the relevant government body, and may establish subsidiaries and branches at home and abroad. The Company may invest in other enterprises; however, except as stipulated otherwise by laws, it may not become an investor that bears joint and several liability for the debts of the enterprise in which it invests.

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

Article 15 The Company shall have ordinary shares at all times. Ordinary shares issued by the Company include the “domestic-invested shares” and the “foreign-invested shares”. The Company may have other kinds of shares if necessary, upon the approval of the examination and approval department as authorized by the State Council.

Article 16 All the shares issued by the Company shall have a par value and each value shall bear a par value of Renminbi one yuan.

The “Renminbi” aforesaid shall mean the legal currency of the People’s Republic of China.

Article 17 Upon the approval of the securities regulatory authority of the State Council, the Company may issue shares to domestic investors and overseas investors.

The “overseas investors” as mentioned above shall mean the investors from foreign countries or from Hong Kong, Macau and Taiwan who have subscribed the shares issued by the Company. The “domestic investors” shall mean the investors other than those mentioned above who have subscribed the shares issued by the Company and are located within the People’s Republic of China.

Article 18 Shares issued by the Company to the domestic investors which are subscribed in Renminbi shall be referred to as domestic-invested shares. Shares issued by the Company to the overseas investors which are subscribed in foreign currencies shall be referred to as foreign-invested shares. Foreign-invested shares that are listed abroad shall be referred to as overseas-listed foreign-invested shares. The shareholders of domestic-invested shares and overseas-listed foreign-invested shares shall be shareholders of ordinary shares, possessing the same rights and undertaking the same obligations.

The “foreign currencies” referred to in the previous paragraph shall mean the legal currencies of other countries or regions other than Renminbi which are recognized by the foreign exchange authority of the State and which can be used to pay the share price to the Company.

Article 19 Foreign-invested shares issued by the Company and which are listed in Hong Kong shall be referred to as H shares. H shares shall mean the shares which have been admitted for listing on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”), the par value of which is denominated in Renminbi and which are subscribed for and traded in Hong Kong dollars.

Article 20 With the approval of the examination and approval department as authorized by the State Council, the Company issued a total of 577,303,500 ordinary shares on the date of incorporation (i.e. 18 October 2000), with each share having a par value of RMB1). Twenty-one promoters completed the capital contribution on 7 May 2000, and respectively subscribed for ordinary shares as below, of which Promoter One contributed by assets, Promoter Two to Eleven by assets and cash, and Promoter Twelve to Twenty-one by cash:

|                |   |
|----------------|---|
| Promoter One – | China TravelSky Holding Company Limited:<br>198,496,500 shares; |
| Promoter Two – | China Southern Air Holding Company                              |

|                       |  |
|-----------------------|--|
|                       | Limited: 83,187,000 shares;  |
| Promoter Three –      | China Eastern Air Holding Company Limited:<br>68,685,500 shares;       |
| Promoter Four –       | China National Aviation Holding Company<br>Limited: 58,123,000 shares; |
| Promoter Five –       | China Southwest Airlines Company:<br>25,415,000 shares;                |
| Promoter Six –        | China Northern Airlines Company:<br>24,667,500 shares;                 |
| Promoter Seven –      | China Northwest Airlines Company:<br>23,224,500 shares;                |
| Promoter Eight –      | Yunnan Airlines Company: 17,504,500<br>shares;                         |
| Promoter Nine –       | Xinjiang Airlines Company: 8,606,000 shares;                           |
| Promoter Ten –        | China National Aviation Corporation:<br>5,895,500 shares;              |
| Promoter Eleven –     | Air Greatwall Company: 2,658,500 shares;                               |
| Promoter Twelve –     | Xiamen Airlines Limited Company:<br>21,924,500 shares;                 |
| Promoter Thirteen –   | Hainan Airlines Holding Company Limited:<br>11,050,000 shares;         |
| Promoter Fourteen –   | China Xinhua Airlines Group Company<br>Limited: 7,559,500 shares;      |
| Promoter Fifteen –    | Shenzhen Airlines Company Limited:<br>6,240,000 shares;                |
| Promoter Sixteen –    | Shanghai Airlines Company Limited:<br>5,726,500 shares;                |
| Promoter Seventeen –  | Shandong Airlines Group Company Limited:<br>4,348,500 shares;          |
| Promoter Eighteen –   | Sichuan Airlines Group Company Limited:<br>1,722,500 shares;           |
| Promoter Nineteen –   | China Eastern Airlines Wuhan Company<br>Limited: 1,300,000 shares;     |
| Promoter Twenty –     | Changan Airlines Company Limited: 799,500<br>shares;                   |
| Promoter Twenty-one – | Shanxi Airlines Company Limited: 169,000<br>shares;                    |

Upon the approval by the Company's general meeting and domestic and foreign regulatory authorities, the total number of ordinary shares of the Company after the initial public offering on 7 February 2001 was 888,157,500 shares, of which, 577,303,500 domestic shares were issued to promoters at the time of the establishment of the Company,



representing 65% of the total number of ordinary shares issued by the Company.

Upon the approval of the Company's shareholders at the Annual General Meeting of Shareholders and Class Meeting of Shareholders held on 5 June 2007 and the transfer of RMB888,157,500 from capital reserves to paid-in capital for the issuance of 888,157,500 bonus shares in 2007, the total number of issued shares of the Company was 1,776,315,000 shares, of which 1,154,607,000 shares were for shareholders of domestic-invested shares of the Company, representing 65% of the total number of issued shares of the Company.

Upon the approval of the Company's shareholders on the issuance of 174,491,393 domestic-invested shares to Shareholder One at the Extraordinary General Meeting of Shareholders held on 31 July 2008, the total number of issued shares of the Company was 1,950,806,393 shares, of which 1,329,098,393 shares were domestic-invested shares, representing 68.13% of the total number of issued shares.

With the approval of the Company's shareholders at the Annual General Meeting of Shareholders and Class Meeting of Shareholders held on 28 June 2011 and upon the transfer of retained earnings and reserves amounting to RMB975,403,196 to paid-in capital and the issuance of 975,403,196 bonus shares, the total number of issued shares of the Company was 2,926,209,589 shares, of which 1,993,647,589 shares were for shareholders of domestic-invested shares of the Company, representing 68.13% of the total number of issued shares.

Article 21 On 7 February 2001, the number of initial public offering of overseas-listed foreign-invested shares (H shares) was 310,854,000, (including 15% over-allotment options), representing 35% of the total number of ordinary shares that issued by the Company.

The structure of the Company's share capital after the initial public offering on 7 February 2001, shall be: the total number of shares that the Company may issue in the additional offering of overseas-listed foreign-invested shares with over-allotment options fully exercised is 888,157,500 shares. 577,303,500 shares are held by the promoters, representing 65% of the total number of ordinary shares issued by the Company. 310,854,000 shares are held by the H shareholders,

representing 35% of the total number of ordinary shares issued by the Company. Changes in the total amount of share capital and the shareholding structure of the Company shall be filed with the examination and approval department as authorized by the State Council and the securities regulatory department of the State Council.

Upon the approval of the Company's shareholders at the Annual General Meeting of Shareholders and Class Meeting of Shareholders held on 5 June 2007 and the transfer of RMB888,157,500 from capital reserves to paid-in capital for the issuance of 888,157,500 bonus shares in 2007, the total number of issued shares of the Company was 1,776,315,000 shares, of which 621,708,000 shares were for shareholders of H shares of the Company, representing 35% of the total number of issued shares of the Company.

Upon the approval of the Company's shareholders on the issuance of 174,491,393 domestic-invested shares to Promoter One at the Extraordinary General Meeting of Shareholders held on 31 July 2008, the total number of issued shares of the Company was 1,950,806,393 shares, of which 621,708,000 shares were issued to H share shareholders, representing 31.87% of the total number of issued shares of the Company.

With the approval of the Company's shareholders at the Annual General Meeting of Shareholders and Class Meeting of Shareholders held on 28 June 2011 and upon the transfer of retained earnings and reserves amounting to RMB975,403,196 to paid-in capital and the issuance of 975,403,196 bonus shares, the total number of issued shares of the Company was 2,926,209,589 shares, of which 932,562,000 shares were for shareholders of H shares of the Company, representing 31.87% of the total number of issued shares of the Company.

Article 22 The Company's board of directors may take all necessary action for the respective issuance of overseas-listed foreign-invested shares and domestic-invested shares after the proposals for the issuance of the same have been approved by the securities regulatory authorities of the State Council.

The Company may implement its proposal to issue overseas-listed foreign-invested shares and domestic-invested shares pursuant to the preceding paragraph within fifteen (15) months from the date of

approval by the China Securities Regulatory Commission (hereinafter referred to as the “CSRC”).

Article 23 Where the total number of shares stated in the proposal for the issuance of shares includes overseas-listed foreign-invested shares and domestic-invested shares, such shares shall be fully subscribed for at their respective offerings. If the shares cannot be fully subscribed for all at once due to special circumstances, the shares may, subject to the approval of the CSRC, be issued on separate occasions.

Article 24 The registered capital of the Company is RMB2,926,209,589.

Article 25 The Company may, based on its operating and development needs, authorize the increase of its capital pursuant to relevant provisions of the Company’s Articles.

The Company may increase its capital in the following ways:

- (1) by offering new shares for subscription by unspecified investors;
- (2) by placing new shares to its existing shareholders;
- (3) by allotting bonus shares to its existing shareholders; and
- (4) by any other means which is permitted by the laws and administrative regulations and rules.

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

Article 26 Unless otherwise stipulated in the laws and administrative regulations and rules, shares in the Company shall be freely transferable and are not subject to any lien.

## **Chapter 4 Capital Reduction and Share Redemption**

Article 27 According to the provisions of the Company’s Articles, the Company may reduce its registered capital.

Article 28 The Company must prepare a balance sheet and an inventory of assets

when it reduces its registered capital.

The Company shall notify its creditors within ten (10) days of adopting the resolution to reduce its registered capital and shall publish an announcement at least three (3) times in newspaper within thirty (30) days. A creditor shall have the right within thirty (30) days of receiving a written notice or, for those who have not received a written notice, within forty-five (45) days since the date of the first public announcement, to require the Company to repay its debts or to provide a corresponding guarantee for such debt.

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

Article 29 The Company may, in accordance with the procedures set out in the Company's Articles and with the approval of the relevant governing authority of the State, repurchase its issued and outstanding shares under the following circumstances:

- (1) cancellation of shares for the purposes of reducing its capital;
- (2) merging with another company that holds shares in the Company;  
and
- (3) other circumstances as permitted by laws and administrative regulations and rules.

The Company shall repurchase its issued and outstanding shares in accordance with the provisions of Article 30 to Article 33.

Article 30 The Company may repurchase shares in one of the following ways, with the approval of the relevant governing authority of the State:

- (1) by making an offer for the repurchase of shares to all its shareholders on a pro rata basis;
- (2) by repurchasing shares through public dealing on a stock exchange;  
and
- (3) by repurchasing shares by way of a contractual agreement outside a stock exchange.

Article 31 When the Company is to repurchase shares by a contractual agreement outside a stock exchange, prior approval shall be obtained from the general meeting of shareholders in accordance with the provisions of the Company's Articles. Upon the prior approval of the general meeting of shareholders in the same way, the Company may rescind or

change the contract concluded in the manner set forth above or waive any of its rights under such contract.

A contract for the repurchase of shares referred to in the preceding paragraph shall include (without limitation) an agreement to become liable to repurchase shares or an agreement to have the right to repurchase shares.

The Company shall not assign the contracts for share redemption or any right contained in such contracts.

Article 32 Upon the repurchase of shares pursuant to the laws, the Company shall, within the period as provided by laws and administrative regulations and rules, cancel such shares and apply to the original registration authority for registration of the change in its registered capital.

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

Article 33 Unless the Company is in the course of liquidation, it shall comply with the following provisions when repurchasing its issued and outstanding shares:

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

(2) where the Company repurchases shares at a price higher than the par value, the portion corresponding to the par value shall be deducted from the book balance of the distributable profits of the Company and the proceeds from the new shares issuance for purpose of repurchasing the original shares; and the portion beyond the par value shall be handled in accordance with the following methods:

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

(ii) where the shares repurchased are issued at a price higher than the par value, such portion shall be deducted from the book balance of the distributable profits of the Company and the proceeds from the new share issuance for purpose of repurchasing the original shares. However, the amount

- deducted from the proceeds from the new shares issuance shall neither exceed the total premium of the original shares issuance nor the Company's capital reserve account (including the premium from the new shares issuance) at the redemption;
- (3) the Company shall make the following payments out of the Company's distributable profits:
- (i) payment for the acquisition of the right to repurchase its shares;
  - (ii) payment for modification of any contract for the repurchase of its shares; and
  - (iii) payment for the release of its obligation under any contract for the repurchase of its shares;
- (4) after the aggregate par value of the shares cancelled is deducted from the Company's registered capital in accordance with relevant provisions, the amount deducted from the distributable profits and used to repurchase the shares at the par value shall be included in the capital reserve account of the Company.

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

Article 34 The Company or its subsidiaries shall not, at any time, offer any form of financial assistance to a person who acquires or proposes to acquire shares in the Company. The aforesaid person shall include any person who directly or indirectly incurs any obligation as a result of the acquisition of shares in the Company.

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

This article does not apply to the circumstances as defined in Article 36 of this chapter.

Article 35 The "financial assistance" referred to in this chapter shall include (but not limited to) the following means:

- (1) gift;
- (2) guarantee (including the assumption of liability by the guarantor or

the provision of assets by the guarantor to secure the performance of obligations by the obligor), compensation (other than compensation in respect of the Company's own default), relief or waiver of rights;

- (3) provision of loan or the making of any other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, or the change in parties to, or the assignment of rights under, such loan or contract; and
- (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 to a material extent.

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

Article 36 The following acts shall not be deemed to be acts as prohibited by Article 34 of this chapter:

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

thereby reduced, the financial assistance is provided out of distributable profits).

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

Article 37 Share certificates of the Company shall be in registered form.

The shares of the Company shall bear the following main items:

- (1) the name of the Company;
- (2) the date of registration and establishment of the Company;
- (3) the type of shares, par value and the number of shares it represents;
- (4) the serial number of share certificates; and
- (5) other matters as required by the Company Law, Special Regulations and the stock exchange on which the shares of the Company are listed.

Article 38 The shares of the Company may be transferred, donated, inherited and pledged in accordance with relevant laws, administrative regulations and rules as well as the Articles.

The transfer of shares shall be registered with the share registration authority as appointed by the Company.

Article 39 The share certificates shall be signed by the chairman of the board. Where the stock exchange on which shares of the Company are listed requires other senior management personnel of the Company to sign on the share certificates, the share certificates shall also be signed by such personnel. The share certificates shall take effect after being affixed with the seal of the Company (or the Company's chop for securities). The share certificates shall only be sealed with the Company's seal or securities chop under the authorization of the board of directors. The Company's seal or securities chop, the signature of the chairman of the board or other senior management personnel of the Company may be printed in printed form.

Article 40 The Company shall keep a register of shareholders which shall contain the following particulars:

- (1) the name (title), address (domicile), occupation or nature of each shareholder;



- (2) the class and quantity of shares held by each shareholder;
- (3) the amount paid-up on or agreed to be paid-up on the shares held by each shareholder;
- (4) the serial numbers of the shares held by each shareholder;
- (5) the date on which each person was registered as a shareholder; and
- (6) the date on which any shareholder ceased to be a shareholder.

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

Article 41 The Company may, in accordance with the mutual understanding and agreements made between the securities governing organ of the State Council and overseas securities regulatory organizations, maintain the register of shareholders for holders of overseas-listed foreign-invested shares overseas and appoint overseas agent(s) to manage such register of shareholders. The original register of shareholders for holders of overseas-listed foreign-invested shares shall be maintained in Hong Kong.

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

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

Article 42 The Company shall have a complete register of shareholders.

The register of shareholders shall comprise the following parts:

- (1) the register of shareholders which is maintained at the domicile of the Company, other than those share registers which are described in items (2) and (3) of this article;
- (2) the register of shareholders in respect of the holders of overseas-listed foreign-invested shares of the Company which is maintained in the same place as the overseas stock exchange on which the shares are listed; and
- (3) the register of shareholders which is maintained in such other place

as the board of directors may consider necessary for the purposes of the listing of the Company's shares.

Article 43 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.

All overseas-listed foreign-invested shares listed in Hong Kong which have been fully paid-up may be freely transferred in accordance with the Articles. However, unless such transfer complies with the following requirements, the board of directors may refuse to recognize any document of transfer and would not need to provide any reason:

- (1) a fee of HKD2.5 or such higher amount as agreed by the Hong Kong Stock Exchange has been paid to the Company for registration of the instrument of transfer and other documents relating to or which will affect the right of ownership of the shares;
- (2) the document of transfer only relates to overseas-listed foreign-invested shares listed in Hong Kong;
- (3) the stamp duty which is chargeable on the document of transfer has already been paid;
- (4) the relevant share certificate(s) and any other evidence which the board of directors may reasonably require to show that the transferor has the right to transfer the shares have been provided;
- (5) if it is intended that the shares be transferred to joint owners, the maximum number of joint owners shall not be more than four (4);  
and
- (6) the Company does not have not any lien on the relevant shares.

The Company's overseas-listed foreign-invested shares listed in Hong Kong shall be transferred by an instrument in writing in any usual or common form or any other form which the board of directors may approve. Such instrument of transfer may be executed by hand without seal, or if the assignor or the assignee is a clearing house or its nominee, the share transfer form may be executed by hand or in mechanically-printed form. All instruments of transfer must be maintained at the Company's legal address or any other place that the board of directors may designate from time to time.

Amendments or rectification of any part of the register of shareholders shall be made in accordance with the law of the place where any part of

the register of shareholders is maintained.

Article 44 Where laws, administrative regulations and rules, departmental rules, normative documents and the relevant stock exchange or regulatory authority where the shares of the Company are listed stipulate on the period of closure of the register of members prior to the date of a general meeting of shareholders or the record date set by the Company for the distribution of dividends, such provisions shall prevail.

Article 45 When the Company needs to convene a general meeting of shareholders, distribute dividends, conduct liquidation or perform other acts as required for the purpose of determining shareholdings, the board of directors shall determine a record date for the determination of shareholdings. The shareholders of the Company shall be such persons who appear in the register of shareholders at the close of such record date.

Article 46 Any person who disputes the register of shareholders and asks for inclusion of his/her name (title) in or removal of his/her name (title) from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.

Article 47 If the share certificate (the “original certificate”) held by any person who is a registered shareholder or who claims to be entitled to have his/her name (title) entered in the register of shareholders is lost, such person may apply to the Company for a replacement share certificate in respect of such shares (the “Relevant Shares”).

Application by a holder of domestic-invested shares, who has lost his/her share certificate, for a replacement share certificate shall be dealt with in accordance with Article 144 of the Company Law.

Application by a holder of overseas-listed foreign-invested shares, who has lost his/her share certificate, for a replacement share certificate may be dealt with in accordance with the law of the place where the original register of shareholders for holders of overseas-listed foreign-invested shares is maintained, the rules of the stock exchange or other relevant regulations.

The issue of a replacement share certificate to holders of H shares, who has lost his/her share certificate, shall comply with the following

requirements:

- (1) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarial certificate or a statutory declaration, of which the contents shall include the grounds upon which the application is made and the circumstances and evidence of the loss, and the declaration showing that no other person is entitled to have his name entered in the register of shareholders in respect of the Relevant Shares.
- (2) The Company has not received any declaration made by any person other than the applicant declaring that his/her name shall be entered in the register of shareholders in respect of such shares before it decides to issue a replacement share certificate to the applicant.
- (3) The Company shall, if it intends to issue a replacement share certificate to the applicant, publish a notice of its intention to do so at least once every thirty (30) days within a period of ninety (90) days in such newspapers as prescribed by the board of directors.
- (4) The Company shall, prior to publication of its intention to issue a replacement share certificate, deliver to the stock exchange on which its shares are listed, a copy of the notice to be published and may publish the notice upon receipt of confirmation from such stock exchange that the notice has been exhibited in the premises of the stock exchange. Such notice shall be exhibited in the premises of the stock exchange for a period of ninety (90) days.  
In the case of an application which is made without the consent of the registered holder of the Relevant Shares, the Company shall deliver by mail to such registered shareholder a copy of the notice to be published.
- (5) If, by the expiration of the 90-day period referred to in items (3) and (4) of this article, the Company has not received any objection from any person in respect of the issuance of the replacement share certificate, it may issue a replacement share certificate to the applicant pursuant to his application.
- (6) Where the Company issues a replacement share certificate pursuant to this article, it shall forthwith cancel the original share certificate and document the cancellation of the original share certificate and issuance of a replacement share certificate in the register of shareholders accordingly.
- (7) All expenses relating to the cancellation of an original share certificate and issuance of a replacement share certificate shall be

borne by the applicant and the Company is entitled to refuse to take any action until reasonable guarantee is provided by the applicant.

Article 48 Where the Company issues a replacement share certificate pursuant to the Company's Articles, as for a bona fide purchaser obtaining new share certificates referred to above or a shareholder registered as a owner of the shares (in case of a bona fide purchaser), his/her name (title) shall not be removed from the register of shareholders.

Article 49 The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original share certificate or the issuance of the replacement share certificate unless the claimant is able to prove that the Company has acted in a deceitful manner.

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

Article 50 A shareholder of the Company is a person who lawfully holds shares in the Company and whose name (title) is entered in the register of shareholders.

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

For the joint shareholders, if one of the joint shareholders has passed away, the surviving shareholder shall be deemed by the Company to have the ownership of the related shares, but the Board of Directors is entitled to ask for the provision of the suitable death certificate for the purpose of revision of the shareholders' register. For the joint shareholders, only the first named shareholder in the shareholders' register has the right to receive the share certificates of the related shares, receive the notice of the Company, attend the general meeting of shareholders and exercise his/her voting right; while, any notice delivered to the said shareholder shall be deemed as if the notice has been delivered to all of the joint shareholders of the related shares.

Article 51 The shareholders of ordinary shares of the Company shall enjoy the following rights:  
(1) the right to receive dividends and other distributions in proportion

- to their shareholdings;
- (2) the right to attend or appoint a proxy to attend general meetings of shareholders and the right to exercise the rights to speak and vote (except that such shareholder is required to abstain from voting on relevant matters in accordance with applicable laws, administrative regulations, departmental rules, the listing rules of the place where the Company's securities are listed or the Company's Articles);
  - (3) the right to supervise the Company's business operations, the right to present proposals or to raise queries;
  - (4) the right to transfer shares in accordance with laws, administrative regulations and rules as well as the Company's Articles.
  - (5) the right to obtain relevant information in accordance with the Company's Articles, in which information includes:
    - 1) the right to obtain the Company's Articles, subject to payment of costs;
    - 2) the right to inspect and copy, subject to payment of a reasonable fee:
      - (i) all parts of the register of shareholders;
      - (ii) personal particulars of each of the directors, supervisors, president and other senior management personnel of the Company, including:
        - (a) present and former name and alias;
        - (b) principal address (place of residence);
        - (c) nationality;
        - (d) primary and all other part-time occupations and duties; and
        - (e) identification documents and the numbers thereof;
      - (iii) status of share capital of the Company;
      - (iv) reports showing the aggregate par value, quantity, highest and lowest price paid in respect of each class of shares repurchased by the Company since the last accounting year and the aggregate amount paid by the Company for this purpose; and
      - (v) minutes of shareholders' meetings;
  - (6) in the event of the termination and liquidation of the Company, the right to participate in the distribution of remaining assets of the Company in accordance with the number of shares held; and
  - (7) other rights conferred by laws, administrative regulations and rules as well as the Company's Articles.

Article 52 The shareholders of ordinary shares of the Company shall assume the

following obligations:

- (1) to comply with the Company's Articles;
- (2) to pay subscription money according to the number of shares subscribed and the method of subscription; and
- (3) other obligations imposed by laws, administrative regulations and rules as well as the Company's Articles.

Shareholders are not liable to make any further contribution to the share capital other than according to the terms which were agreed by the subscriber of the relevant shares at the time of subscription.

Article 53 Save and except for the obligations imposed by laws, administrative regulations and rules or required by the listing rules of the stock exchange on which the Company's shares are listed, a controlling shareholder shall not exercise his/her voting rights in respect of the following matters in a manner prejudicial to the interests of all or part of the shareholders of the Company:

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

Article 54 The "controlling shareholder" referred to in the preceding article means a person who satisfies one of the following conditions:

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

control of the Company in any other way.

## **Chapter 8 General Meeting of Shareholders**

Article 55 The general meeting of shareholders is the organ of authority of the Company and shall exercise its functions and powers in accordance with law.

Article 56 The general meeting of shareholders shall exercise the following functions and powers:

- (1) to decide on the Company's operational policies and investment plans;
- (2) to elect and replace directors and to decide on matters relating to the remuneration of directors;
- (3) to elect and replace supervisors assumed by representatives of the shareholders and to decide on matters relating to the remuneration of supervisors;
- (4) to examine and approve the board of directors' reports;
- (5) to examine and approve the supervisory committee's reports;
- (6) to examine and approve the Company's proposed annual preliminary and final budgets;
- (7) to examine and approve the Company's profit distribution plans and loss recovery plans;
- (8) to pass resolutions on the increase or decrease of the Company's registered capital;
- (9) to pass resolutions on matters such as merger, division, dissolution and liquidation;
- (10) to pass resolutions on the issue of debentures by the Company;
- (11) to pass resolutions on the appointment, dismissal and non-reappointment of the accountants of the Company;
- (12) to amend the Company's Articles;
- (13) to consider motions raised by shareholders who represent 3% or more of the total number of voting shares of the Company;
- (14) to examine such proceedings as the assets purchased and sold in one year by the Company exceed 30% of the latest audited total assets of the Company; and
- (15) to decide on other matters which, according to laws, administrative regulations and rules, the listing rules of the place where the Company's securities are listed as well as the Company's Articles,



need to be approved by shareholders in general meetings.

The general meeting of shareholders may authorize or assign the board of directors to deal with matters as authorized and assigned by it.

Article 57 Unless prior approval by the general meeting of shareholders is obtained, the Company shall not enter into any contract with any person other than its directors, supervisors, president and other senior management personnel pursuant to which such person shall be responsible for the management of the whole or any substantial part of the Company's business.

Article 58 General meetings of shareholders shall be divided into annual general meetings and extraordinary general meetings. General meetings of shareholders shall be convened by the board of directors. Annual general meetings are held once every year and within six (6) months from the end of the preceding accounting year.

The board of directors shall convene an extraordinary general meeting within two (2) months after the occurrence of any one of the following events:

- (1) where the number of directors is less than the number stipulated in the Company Law or less than two-third (2/3) of the number specified in the Company's Articles;
- (2) where the unrecovered losses of the Company amount to one-third of the total amount of share capital;
- (3) where shareholder(s) who, individually or collectively, hold(s) 10% or more of the Company's issued and outstanding voting shares request(s) in writing for the convening of an extraordinary general meeting;
- (4) whenever the board of directors deems necessary or the supervisory committee so requests; and
- (5) whenever more than two independent directors so request.
- (6) other circumstances stipulated by laws, administrative regulations, departmental rules, the listing rules of the place where the Company's securities are listed or the Company's Articles.

Article 59 Unless otherwise provided in laws, administrative regulations and rules or the listing rules of stock exchange where the Company's shares are listed, when the Company convenes an annual general meeting of

shareholders, a written notice shall be given to all registered shareholders twenty (20) days before the date of the meeting; when the Company convenes an extraordinary general meeting of shareholders, a written notice shall be given to all registered shareholders fifteen (15) days before the date of the meeting; such notice shall give such shareholders notice of the matters to be considered at such meeting as well as the date and the place of the meeting. In calculating the notice period, the date of the meeting shall be excluded.

Article 60 The board of directors, the supervisory committee and shareholder(s) who individually or jointly hold(s) 3% or more of the Company's shares are entitled to submit proposals to the Company when it convenes a general meeting of shareholders. The contents of the proposal shall have clear agenda and specific issues for resolution within the terms of reference of the general meeting of shareholders and shall comply with laws, administrative regulations and rules as well as the relevant provisions of the Articles.

Shareholder(s) who individually or jointly hold(s) 3% or more of the shares of the Company may submit ad hoc proposals in writing to the convener ten (10) days before the convening of the general meeting of shareholders. The convener shall deliver a supplementary notice of the general meeting of shareholders containing the content of the proposal within two (2) days upon the receipt of the proposal. Where the delivery of the supplementary notice fails to meet the relevant requirements of delivery of the supplementary notice stipulated by the listing rules of stock exchange where the shares of the Company are listed, the Company shall postpone the general meeting of shareholders as appropriate.

Excluding circumstances as prescribed in the preceding paragraph, the convener shall not amend proposals stated in or add new proposals to the notice of the general meeting of shareholders after such notice has been delivered.

The general meeting of shareholders shall not vote and make a resolution on proposals that have not been stated in the notice of the general meeting of shareholders or proposals that have not complied with this article.

Article 61 No matters that have not been clearly indicated in the notice shall be decided at the extraordinary general meetings.

Article 62 The notice of the general meeting of shareholders shall satisfy the following requirements:

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

Article 63 The notice of the general meeting of shareholders shall be delivered by hand or by pre-paid post to shareholders (whether such shareholder has a voting right at the general meeting of shareholders or not) and the address of the recipient shall be the address registered in the register of shareholders. The notice of the general meeting of shareholders may be in the form of an announcement or email for shareholders of domestic-invested shares.

The announcement aforesaid, subject to laws, administrative regulations and rules, listing rules of the stock exchange where the Company's shares are listed and the Articles of Association, shall be published in one or more newspapers as specified by the securities regulatory authority of the State Council. All shareholders of domestic-invested shares shall be deemed as having received the notice of the general meeting of shareholders upon the publication of the announcement.

Article 64 In the case when the notice of the meeting has not been delivered to those who are entitled to receive such notice due to accidental omission or such persons have not received the notice of the meeting, the meeting and the resolutions made by the meeting shall not therefore become ineffective.

Article 65 Any shareholder who has the right to attend and vote at a general meeting of shareholders shall have the right to appoint one or more persons (not necessarily shareholder(s)) as his/her proxy to attend and vote at the meeting. Such proxy may exercise the following rights in accordance with the shareholder's appointment:

- (1) the right to speak at the general meeting of shareholders;
- (2) the right to require by himself/herself or jointly with others to request for voting by poll; and
- (3) the right to vote by a show of hands or by poll, in case the shareholder has appointed more than one proxy, such proxies can only exercise the voting right by poll.

If such shareholder is a recognized clearing house as defined in the *Securities and Futures Ordinance* (Chapter 571 of the Laws of Hong Kong), the shareholder may authorize one or more suitable person to act as its representative at any general meeting of shareholders or any kinds of general meeting of shareholders or any creditors' meeting; however, if more than one person are authorized, the power of attorney shall clearly indicate the number and types of the shares involved by way of the said authorization. The persons after such authorization may represent the recognized clearing house (or its "proxy") to exercise the rights, as if they were the individual shareholders of the Company. Hong Kong Securities Clearing Company Limited, as a shareholder, shall be entitled to appoint a representative or corporate representative to attend general meetings of shareholders or class meetings or creditors' meetings of the Company and such proxies or corporate

representatives shall be entitled to statutory rights equivalent to other shareholders, including the rights to speak and vote.

Article 66 Shareholders shall appoint proxy in writing. The proxy form shall be signed by the appointer or its authorized representative who has been authorized in writing. If the appointer is a legal person, the document shall be affixed with the legal person's seal or signed by its director or duly authorized attorney. Such powers of attorney must clearly indicate the number of shares of the appointer which are represented by the attorney.

Article 67 The proxy form for voting shall be placed at the domicile of the Company, or at other place designated in the notice of meeting, at least twenty-four (24) hours prior to convening of the meeting which the relevant matters will be voted on, or twenty-four (24) hours prior to the designated voting time. If the proxy form is signed by a person authorized by the appointer, the power of attorney or other authorization document shall be notarized. The notarized power of attorney or other authorization document shall be placed together with the proxy form authorizing the proxy to vote at the domicile of the Company or other place designated in the notice of meeting.

If the appointer is a legal person, its legal representative or other person as resolved and authorized by its board of directors or decision-making body shall attend the shareholders' meeting of the Company on its behalf.

Article 68 Any format of blank proxy form issued by the board of directors of the Company to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast an affirmative or negative vote, and to give separate instructions on each matter to be voted at the meeting. The proxy form shall state that the proxy may vote at his/her discretion if the appointer does not give any instruction.

Article 69 If, before voting, the appointer has passed away, lost his/her ability to act, withdrawn the appointment, withdrawn the authorization to sign the proxy form, or transferred all his/her shares, the vote cast by the proxy in accordance with the proxy form shall remain valid so long as the Company has not received the written notice regarding such matters before the commencement of relevant meeting.

Article 70 A proxy who attends the general meeting of shareholders on behalf of the shareholders shall show his/her own identity certificates and the power of attorney signed by the appointer or the legal representative of the appointer specifying the date of issue. If a legal person shareholder appoints its legal representative to attend the meeting, such legal representative shall show his/her own identity certificates and a notarized copy issued by resolution of the board of directors of the legal person that appoints such legal representative or other authority organ, or other certified copy as permitted by the Company.

Article 71 The resolutions of the general meeting of shareholders shall be divided into general resolutions and special resolutions.

General resolutions made by the general meeting of shareholders shall be adopted by more than half (1/2) of voting shares held by the shareholders (including their proxies) present at the meeting.

Special resolutions made by the general meeting of shareholders shall be adopted by more than two-third (2/3) of voting shares held by the shareholders (including their proxies) present at the meeting.

The shareholders (including their proxies) attending the meeting shall clearly show approval or objection to every matter to be voted on. As for the unpolled vote or abstention, the Company will not treat it as the vote with voting right when calculating the voting result of this matter.

Where any shareholder who is required to abstain from voting on or may only vote for or against any special resolution in accordance with the *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited* ("Listing Rules"), any vote by such shareholder or his/her proxy in violation of the relevant rules or restrictions referred to above shall be deemed invalid.

Article 72 Without prejudice to Article 71, a shareholder (including his/her proxy), when voting at a general meeting of shareholders, may exercise such voting rights as attached to the number of voting shares which he represents and one (1) vote is attached to each share.

Shares of the Company held by the Company shall not enjoy voting rights and shall not be calculated towards the total number of voting

shares held by the shareholder present.

- Article 73 At any general meeting of shareholders, a resolution shall be decided on a show of hands unless a poll is demanded by the following persons before or after a vote is carried out by a show of hands:
- (1) the chairman of the meeting;
  - (2) at least two (2) shareholders present in person or by proxy entitled to vote; and
  - (3) one (1) or more shareholders present in person or by proxy and representing 10% or more shares carrying the right to vote at the meeting.

Unless a poll is demanded, a declaration by the chairman of the result of the resolution on a show of hands and the record of such in the minutes of the meeting shall be conclusive evidence of the result of the resolution. There is no need to provide evidence of the number or proportion of votes in favour of or against such resolution.

The demand for a poll may be withdrawn by the person who demands the same.

- Article 74 A poll demanded on the election of the chairman of the meeting, or on a question of adjournment of the meeting, shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

- Article 75 On a poll taken at a meeting, a shareholder (including his/her proxy) who is entitled to two (2) or more votes needs not cast all his/her votes in the same way.

- Article 76 In the case of an equality of votes, whether on a show of hands or by poll, the chairman of the meeting shall have a casting vote.

- Article 77 The following matters shall be resolved by a general resolution at the general meeting of shareholders:
- (1) work reports of the board of directors and the supervisory committee;
  - (2) profit distribution plans and loss recovery plans 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 manner of payment;
  - (4) annual preliminary and final budgets, balances sheets, profit and loss accounts and other financial statements of the Company; and
  - (5) matters other than those which are required by the laws and administrative regulations and rules or by the Company's Articles to be adopted by special resolution.

Article 78 The following matters shall be resolved by a special resolution at the general meeting of shareholders:

- (1) the increase or reduction in share capital and the issue of shares of any class, warrants and other similar securities;
- (2) the issue of debentures of the Company;
- (3) the division, merger, dissolution, liquidation and major acquisition or disposal of the Company;
- (4) amendment of the Company's Articles;
- (5) purchase or sale of important assets of the Company within one (1) year or amount of guarantee exceeds 30% of the latest audited total assets of the Company; and
- (6) any other matters required by the laws, administrative regulations and rules or the Company's Articles, and those considered by the general meeting of shareholders and resolved by way of a general resolution, to be of a nature which may have a material impact on the Company and should be adopted by special resolutions.

Article 79 Any resolution passed at the general meeting of shareholders shall comply with the laws and administrative regulations and rules in China as well as the relevant provisions of the Articles.

Article 80 Shareholders requiring for the convening of an extraordinary general meeting or a class meeting shall take the following procedures:

- (1) Two (2) or more shareholders representing a total of 10% or more shares carrying the right to vote at the meeting to be convened may sign one or more written requests of the same format and contents, with the agenda of the meeting clearly indicated, to be submitted to the board of directors for the convening of an extraordinary general meeting or a class meeting. The board of directors shall forthwith convene the extraordinary general meeting or class meeting upon the receipt of the written request aforesaid. The number of



shareholding referred to above shall be calculated based upon the date of submission of the shareholders' written requests.

- (2) If the board of directors has not delivered the notice for the convening of the meeting within thirty (30) days upon the receipt of the written request aforesaid, shareholders requiring such may call the meeting on their own within four (4) months upon the receipt of such request by the board of directors. The meeting shall be conducted in a manner which is as similar as possible to that of general meetings of shareholders convened by the board of directors.

Where a meeting is convened by shareholders on their own due to the failure of the board of directors to convene the meeting according to the request referred to above, reasonable expenses incurred shall be borne by the Company and shall be deducted from the Company's payables to the director(s) guilty of dereliction of duty.

- Article 81 The general meetings of shareholders shall be convened by the board of directors and presided over by the chairman of the board. Where the chairman is unable or fails to perform his/her duties, a director elected jointly by more than half (1/2) of the directors shall chair the meeting.

Where the board of directors is unable or fails to perform its duty to convene a general meeting of shareholders, the supervisory committee shall convene and chair the meeting in a timely manner. If the supervisory committee fails to convene and chair the meeting, shareholder(s) who individually or jointly hold(s) 10% or more of the Company's shares for more than ninety (90) consecutive days may convene and chair the meeting on their own.

Where the chairman of the meeting has not been appointed, shareholders attending the meeting may elect one person to be the chairman. If the shareholders fail to elect a chairman due to any reason, the shareholder with the maximum number of voting shares among the shareholders present in person or by proxy shall be the chairman of the meeting.

- Article 82 The chairman of the meeting shall be responsible for determining whether a resolution has been passed. His decision, which shall be final and conclusive, shall be announced at the meeting and recorded in the minutes.

Article 83 If the chairman of the meeting has any doubt as to the result of a resolution which has been put to vote at a shareholders' meeting, he/she may have the votes counted. If the chairman of the meeting has not counted the votes, any shareholder who is present in person or by proxy and who objects to the result announced by the chairman of the meeting may, immediately after the declaration of the result, demand that the votes be counted and the chairman of the meeting shall have the votes counted immediately.

Article 84 If votes are counted at a general meeting of shareholders, the result of the count shall be recorded in the minutes.

The minutes of the general meeting of shareholders shall be recorded by the secretary of the board of directors and signed by the directors present at the meeting.

The resolutions passed at the general meeting of shareholders shall be treated as the minutes of the meeting. The records and minutes of the meeting shall be written in Chinese. The meeting records, together with the shareholders' attendance lists and proxy forms, shall be kept at the domicile of the Company.

Article 85 Copies of the minutes of proceedings shall, during business hours of the Company, be open for inspection by any shareholder without charge. If a shareholder requests for a copy of such minutes from the Company, the Company shall send a copy of such minutes to him/her within seven (7) days upon the receipt of reasonable fees.

## **Chapter 9 Special Procedures for Voting by a Class of Shareholders**

Article 86 Shareholders who hold different classes of shares shall be class shareholders.

Class shareholders shall enjoy rights and assume obligations in accordance with laws, administrative regulations and rules as well as the Company's Articles.

Article 87 Rights conferred on any class shareholder shall not be varied or abrogated save with the approval of a special resolution of shareholders in a general meeting and by holders of shares of that class at a separate meeting conducted in accordance with Article 89 to 93.

Article 88 The following circumstances shall be deemed to be variation or abrogation of the rights attaching to a particular class of shares:

- (1) to increase or decrease the number of shares of that class, or to increase or decrease the number of shares of a class having voting or distribution rights or privileges equal or superior to those of the shares of that class;
- (2) to exchange all or part of the shares of that class for shares of another class or to exchange or to create a right to exchange all or part of the shares of another class for shares of that class;
- (3) to remove or reduce rights to accrued dividends or rights to cumulative dividends attached to shares of that class;
- (4) to reduce or remove preferential rights attached to shares of that class to receive dividends or to the distribution of assets in the event that the Company is liquidated;
- (5) to add, remove or reduce conversion privileges, options, voting rights, transfer or pre-emptive rights, or rights to acquire securities of the Company attached to shares of that class;
- (6) to remove or reduce rights to receive payment payable by the Company in specific currencies attached to shares of that class;
- (7) to create a new class of shares having voting or distribution rights or privileges equal or superior to those of the shares of that class;
- (8) to restrict the transfer or ownership of shares of that class or to increase the types of restrictions attaching thereto;
- (9) to issue rights to subscribe for, or to convert the existing shares into, shares in the Company of that class or another class;
- (10) to increase the rights or privileges of shares of another class;
- (11) to restructure the Company in such a way so as to result in the disproportionate distribution of obligations between the various classes of shareholders; and
- (12) to vary or abrogate the provisions of this chapter.

Article 89 Affected class shareholders, whether having the right to vote at the general meeting of shareholders or otherwise, shall have the right to vote at class meetings in respect of matters concerning Articles 88 (2)

to (8), (11) to (12) hereof, but interested shareholder(s) shall not be entitled to vote at such class meetings.

The “interested shareholder” referred to in the preceding paragraph means:

- (1) in the case of a repurchase of shares by way of a general offer to all shareholders of the Company on a pro rata basis or by way of public dealing on a stock exchange pursuant to Article 30 hereof, an “interested shareholder” is a controlling shareholder within the meaning of Article 55 hereof;
- (2) in the case of a repurchase of shares by way of a contractual agreement outside the stock exchange pursuant to Article 30 hereof, an “interested shareholder” is a holder of the shares to which the proposed agreement relates; and
- (3) in the case of a restructuring of the Company, an “interested shareholder” is a shareholder who assumes a relatively lower proportion of obligation than the obligations imposed on shareholders of that class under the proposed restructuring or who has an interest in the proposed restructuring different from the general interest of the shareholders of that class.

Article 90 Resolutions of a class of shareholders shall be passed by votes representing more than two-third (2/3) of the voting rights of shareholders of that class represented at the relevant meeting who, according to Article 89, are entitled to vote thereat.

Article 91 A written notice of a class meeting shall be given to all shareholders who are registered as holders of that class in the register of shareholders forty-five (45) days before the date of the class meeting (including the date of meeting). Such notice shall give such shareholders notice of the matters to be considered at such meeting as well as the date and the place of the class meeting. A shareholder who intends to attend the class meeting shall deliver his/her written reply in respect thereof to the Company twenty (20) days before the date of the class meeting.

If the shareholders who intend to attend such class meeting represent more than half (1/2) of the total number of shares of that class which have the right to vote at such meeting, the Company may hold the class meeting; if not, the Company shall within five (5) days give the shareholders further notice of the matter to be considered as well as the

date and the place of the class meeting by way of public announcement. The Company may then hold the class meeting after such public announcement has been made.

Article 92 Notice of class meetings need only be delivered to shareholders entitled to vote thereat.

Class meetings shall be conducted in a manner which is as similar as possible to that of general meetings of shareholders. The provisions of the Company's Articles relating to the manner for the conduct of general meetings of shareholders are also applicable to class meetings.

Article 93 Apart from the holders of other classes of shares, the holders of domestic-invested shares and overseas-listed foreign-invested shares shall be deemed to be holders of different classes of shares.

The special procedures for approval by a class of shareholders shall not apply in the following circumstances:

- (1) where the Company issues, upon the approval by special resolution of its shareholders in a general meeting, either separately or concurrently once every twelve (12) months, not more than 20% of each of its existing issued domestic-invested shares and overseas-listed foreign-invested shares;
- (2) where the Company's plan to issue domestic-invested shares and overseas-listed foreign-invested shares at the time of its incorporation is carried out within fifteen (15) months from the date of approval of the securities regulatory organ of the State Council.

## **Chapter 10 Board of Directors**

Article 94 The Company shall have a board of directors consisting of nine (9) directors. External directors (directors who do not assume an internal position of the Company, hereinafter the same) shall account for more than half (1/2) of the total number of directors in the board, of which at least three (3) shall be independent (non-executive) directors (directors who are independent from the Company and do not assume an internal position of the Company, hereinafter the same), and at least one-third (1/3) of the members in the board of directors must be independent

directors.

There shall be one chairman in the board of directors.

The board of directors shall set up special committees in respect of strategic, audit and risk management, remuneration and evaluation, nomination and other areas according to its needs.

Article 95 Directors shall be elected at the general meeting of shareholders and each board shall have a term of three (3) years. At the expiry of the term of office of a director, the term is renewable upon re-election. Where a director has not been timely re-elected at the expiry of the term of office or a director has resigned during the term of office as a result of which the number of members in the board of directors falls below the quorum (including the number of independent directors falling below the number or proportion required by the listing rules of the place where the Company's securities are listed due to the resignation of independent directors), the original director (including independent directors) shall perform his/her duties as a director, prior to the assumption by the re-elected director (including independent directors), in accordance with the laws, administrative regulations, the listing rules of the place where the Company's securities are listed and rules as well as the provisions of the Articles.

When a director resigns, he/she shall submit a written resignation notice to the board of directors. If the resignation of such director will not result in the number of members of the board of directors falling below the quorum (including the number or proportion of independent directors not falling below than those required by the listing rules of the place where the Company's securities are listed due to the resignation of independent directors), the resignation of the director shall take effect upon delivery of his/her resignation report to the board of directors.

If an executive director adjusts his/her work arrangements in accordance with the requirements of the regulatory authorities or retires in accordance with the relevant regulatory requirements, he/she shall submit a written resignation report to the board of directors within fifteen (15) days subject to the circumstances as prescribed in the preceding paragraph of this Article.

A written notice of the intent of candidates nominated for directors and the candidates' clear indication of their acceptance of nomination shall be delivered to the Company after the date of delivery of the notice of the general meeting of shareholders at which the director is to be elected and at least seven (7) days before the date of such meeting.

Candidates for directors of the first board shall be nominated by the promoters and shall be elected at the founders' meeting of the Company. Starting from the second board onwards, the number of directors elected for each board shall not be less than the number provided in Article 94 and shall not exceed the maximum number of directors as determined by general resolution at the general meeting of shareholders. When the number of directors resolved exceeds the maximum number of directors proposed, the persons elected shall be ranked in the descending order of the number of votes received and selected as directors based upon the maximum number of directors proposed.

The general meeting of shareholders may dismiss any director prior to the expiry of his/her term of office by adopting a general resolution in accordance with relevant laws and administrative regulations and rules (but the director's right to claim in accordance with any contract shall not be affected).

The chairman of the board shall be elected or dismissed with the approval of the majority of all directors. The chairman shall have a term of three (3) years which is renewable upon re-election.

External directors shall have sufficient time and necessary knowledge and capacity to perform their duties. The Company must provide external directors with the necessary information for them to perform their duties. Independent (non-executive) directors may report directly to the general meeting of shareholders, the securities regulatory organ of the State Council and other relevant departments.

Executive directors shall deal with matters as authorized by the board of directors.

Directors are not required to hold any shares in the Company.

- Article 96 The board of directors shall be accountable to the general meeting of shareholders and shall assume the following functions and powers:
- (1) to be responsible for the convening of the general meeting of shareholders and to report on its work at general meetings;
  - (2) to implement resolutions of the general meeting of shareholders;
  - (3) to determine the Company's business plans and investment proposals;
  - (4) to formulate the Company's annual preliminary and final budgets;
  - (5) to formulate the Company's profit distribution plans and loss recovery plans;
  - (6) to formulate proposals on the Company's credit and financial policies, the increase or reduction of the Company's registered capital and the issuance of debentures or securities of the Company;
  - (7) to draft plans for the Company's major acquisition or disposal proposals, repurchase of shares of the Company and the merger, division or dissolution or change of corporate form of the Company;
  - (8) to determine the Company's internal management structure;
  - (9) to appoint or remove the Company's president and to appoint or remove vice-presidents, Chief Financial Officer (or chief accountant) and general counsel of the Company according to the recommendations of the president and decide on their remuneration matters; to appoint or remove the secretary of the board of directors and/or company secretary and decide on their remuneration matters;
  - (10) to determine the establishment of the Company's branch offices;
  - (11) to formulate proposals for any amendment of the Articles;
  - (12) to set forth the Company's basic management system;
  - (13) to include the annual donation budget of the Company in the annual budget of the Company to manage for external donations other than those required to be considered and approved at the general meeting of the Company pursuant to the listing rules of the place where the securities are listed and the requirements of the relevant regulatory authorities, and single donation exceeding RMB30 million shall be filed in accordance with the requirements of the regulatory authorities (if necessary);
  - (14) to propose to the general meeting the appointment or replacement of accounting firm which provide audit services to the Company;
  - (15) to determine important matters and administrative matters of the Company other than those which should be determined by



resolution of a general meeting of shareholders of the Company as specified by the Company Law, the listing rules of the place where the securities of the Company are listed and the Articles;

(16) other functions and powers as conferred by laws, administrative regulations, departmental rules, the listing rules of the place where the Company's securities are listed, the general meeting of shareholders and the Articles.

The Board shall seek opinions from the Party committee of the Company before making decisions on the material issues of the Company.

Other than the board of directors' resolutions in respect of the matters specified in items (6), (7) and (11) of this article which shall be passed by the affirmative vote of more than two-third (2/3) of all the directors, the board of directors' resolutions in respect of all other matters may be passed by the affirmative vote of over half (1/2) of all the directors. However, the laws, administrative regulations, departmental rules, the listing rules of the place where the Company's securities are listed or the Articles shall prevail.

Article 97 In disposing fixed assets, if the expected value of the fixed assets to be disposed of and the total value of the fixed assets already disposed of in four (4) months before the proposal of such disposal jointly exceed 33% of the fixed assets value shown in the latest balance sheet reviewed by the general meeting of shareholders, the board of directors shall not dispose of or approve the disposal of such fixed assets prior to the approval by the general meeting of shareholders.

The disposal of fixed assets referred to in this article shall include the act of transferring certain rights and interests of assets, excluding the act of providing guarantee with fixed assets.

The effectiveness of transactions concerning the disposal of fixed assets conducted by the Company shall not be subject to the first paragraph of this article.

In making decisions concerning market development, merger and acquisition and investment in new sectors, for projects with an amount of investment or mergers or acquisitions with assets amounting to more

than 10% of the Company's total assets, the board of directors shall appoint a community advisory body to provide professional opinion which shall be an important basis for the decisions of the board.

Article 98 The chairman of the board of directors shall exercise the following functions and powers:

- (1) to preside over general meetings of shareholders and to convene and preside over the board of directors' meetings;
- (2) to coordinate and perform the responsibilities of the board of directors and review on the implementation of resolutions passed by the board of directors' meetings;
- (3) to sign the certificates of securities issued by the Company; and
- (4) to exercise other powers conferred by the board of directors.

When the chairman is unable to perform his/her functions and powers, a director elected by more than half (1/2) of all the directors shall act on his/her behalf.

Article 99 Board meetings shall be convened by the chairman of the board at least twice a year and a notice shall be given to all directors ten (10) days before the date of the meeting. The chairman of the board of directors has the right to convene an extraordinary board meeting (if necessary). Shareholders representing more than 10% of the voting shares or more than one-third of the members of the board of directors or the supervisory committee may submit proposals to the board of directors for the convening of an extraordinary board meeting. Extraordinary board meetings shall not be subject to the restriction regarding the notice of meeting in Article 100. The chairman of the board shall convene and preside over the board meetings within ten (10) days upon the receipt of the proposal.

Unless otherwise notified, the board meetings shall be held at the domicile of the Company.

Board meetings shall be conducted in Chinese. When necessary, interpreters may be present to provide simultaneous Chinese and English interpretation.

Article 100 Notice of board meetings shall be given in the following ways:  
(1) Where the time and venue of regular board meetings have been specified in advance by the board of directors, the notice of

meeting is not required.

- (2) Where the time and venue of regular board meetings have not been specified in advance by the board of directors, the chairman of the board shall give a notice of the time and venue of the meeting to directors by telex, telegraph, fax, express or registered mail or by hand at least ten (10) days in advance, unless as otherwise provided in Article 99.
- (3) The notice shall be given in Chinese, with English translation attached when necessary, and shall include the agenda of the meeting. Any director may waive his/her right to be notified of board meetings.

Article 101 For any important matters to be decided by the board of directors, a notice must be given to all executive directors and external directors in accordance with the time specified in Article 100 and must be considered in strict accordance with the stipulated procedures with sufficient information provided. Directors may require for supplementary materials. When more than a one-third (1/3) of the directors or more than two (2) external directors have material disagreement on a matter to be submitted to the board of directors for consideration, the matter shall generally be postponed; where directors consider the information incomplete or the discussion ambiguous, such directors may jointly propose in writing a postponement of the board meeting or a postponement of part of the matters to be considered at the board meeting, and such directors proposing to postpone the meeting shall put forward clear requirements for the conditions that should be met when the proposal is resubmitted to the board of directors for consideration, and such proposal shall be adopted by the board of directors.

A proposal shall not be put forward for postponement for more than twice. If, after the same proposal has been postponed for twice, the director proposing the postponements still believes that there are problems with the proposal, he/she may vote against the proposal at the time of voting, or report to the relevant authorities and departments in accordance with relevant regulations. If the proposal is not approved by the board of directors, it may be re-submitted to the board of directors for consideration after being adjusted and improved according to procedures.

Where a director, who is present at the meeting, has not raised any

objection that he/she has not been notified of the meeting before or at the meeting, such director shall be deemed to have notified of the meeting.

Regular or special board meetings may be held in the form of telephone conference or by means of similar communication facilities. So long as the directors participated in the meeting are able to hear the speech of other directors clearly and communicate, all the directors participated in the meeting shall be deemed to have attended the meeting in person.

Article 102 Board meetings shall be held only if more than half (1/2) of all the directors (including any alternate director appointed by written authorization in accordance with Article 103 of this chapter) are present. Each director shall have one (1) vote. The board of directors' resolutions must be passed by more than half (1/2) of all the directors. The voting system of one-person one-vote shall be applied.

If any director has any interest in the enterprise(s) involved in the matter to be resolved at the board meeting, such director shall neither exercise his/her voting right on such matter, nor exercise voting right on behalf of other directors. If a director or its associates (as defined in the applicable listing rules) will benefit from, or has a material interest in, any resolution proposed at a board meeting, such director shall abstain from voting on such matters at that board meeting. Such director shall not be counted in the quorum of such board meeting. The board meeting may be held when more than half (1/2) of the directors without any interest in the matter to be resolved are present and resolutions passed at the board meeting shall be adopted by more than half (1/2) of the directors without any connection or interest in the matter to be resolved. When directors with no connection or interest in the matter present at the board meeting are less than three (3), the board of directors shall submit proposals to the general meeting of shareholders for review.

Article 103 Directors shall attend the board meeting in person. If a director is unable to attend the meeting in person due to some reasons, he/she may entrust another director in writing to attend the meeting on his/her behalf and the proxy letter shall specify the scope of the authority.

The director who attends the board meeting on behalf of another

director shall exercise the right of the entrusting party within the scope of authorization. If any director fails to attend the board meeting or entrusts a proxy to be present on his/her behalf, he/she shall be deemed to have waived his/her voting rights at that meeting.

All expenses incurred by the directors for attending the board meeting shall be borne by the Company. These expenses shall include the traffic expense from the place where the director is located to the place where the meeting is convened, as well as the board and lodging expenses during the term of meeting. The rental of meeting room, the local traffic expenses and other reasonable expenses shall also be borne by the Company.

Article 104 The board of directors may adopt written resolution to replace convening meetings. However, draft written resolution must be delivered to all directors by hand, mail, telegraph or fax. After the board of directors has delivered the written resolution to all directors and that the number of directors giving consent and sign on the written resolution has reached the quorum, such written resolution, if delivered to the secretary of the board of directors by means of methods referred to above, shall become a board resolution and no convening of a board meeting shall be required.

Article 105 All matters discussed at a board meeting, whether convened or not, shall be recorded in Chinese in the form of minutes of meeting. Opinions expressed by the independent (non-executive) directors shall be clearly indicated in the board resolutions. Minutes of board meetings shall be distributed to all directors for review forthwith every time. Directors requiring for any amendment or addition made to the minutes shall submit the proposed amendments in writing to the chairman of the board within one (1) week upon the receipt of the minutes. Directors present at the meeting and the recorder shall sign on the minutes when the contents are finalized. The minutes of board meetings shall be maintained at the domicile of the Company in China and a complete copy shall be distributed to all directors forthwith.

Directors shall be responsible for the resolutions of the board of directors' meetings. If any resolution of the board of directors' meeting violates any laws, administrative regulations and rules or the Company's Articles and causes the Company to suffer from significant losses, the directors who voted for the resolution shall be liable to

compensate the Company while the directors who are certified by the minutes of the meeting as having voted against the resolution are not liable for the losses.

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

Article 106 The Company shall have one secretary of the board of directors, being a senior management personnel, whom shall be nominated by the chairman, and shall be elected, appointed or dismissed by the board of directors. Such appointment or dismissal shall not be dealt by written resolutions. The secretary of the board of directors of the Company shall be served as “company secretary” (if applicable) at the same time.

The board of directors may establish its secretarial department when necessary.

Article 107 (1) The secretary of the board of directors shall be a natural person who has necessary professional knowledge and experience and shall be nominated by the board of directors.

(2)

(3) The main duties of the secretary of the board of directors:

(4) to assist directors to deal with the daily matters of the board of directors, continuously provide, remind and ensure directors to be well informed of the laws and policies of both domestic and overseas regulatory organizations concerning the operation of the Company, and require and assist directors and the president to practically implement the domestic and foreign laws, regulations and rules, the Company’s Articles and other relevant provisions when performing their functions and powers;

(5) to be responsible for the organization and preparation of the documents of the board of directors and the general meeting of shareholders, well prepare the meeting record work, ensure the meeting policies are in conformity with the legal procedures, and to keep abreast of the execution of the resolutions of the board of directors;

(6) to be responsible for the organization and coordination of information disclosure, coordination of the relationship with investors, and enhancement of the transparency of the Company;

(7) to participate in and organize financing in the capital market; and

- (8) to deal with the relationships with the intermediary agents, regulatory authorities and the media for the enhancement of public relations.

The scope of duties of and responsibilities of the secretary of the board of directors:

- (1) He/she shall organize and prepare for the board meetings and the general meetings of shareholders, prepare materials for the meetings, arrange relevant matters of the meetings, being responsible for taking minutes of the meetings, ensure the accuracy of minutes of the meetings, keep documents and records of the meetings and take initiative in keeping abreast of the execution of the relevant resolutions. He/she shall report and make recommendations to the board of directors in respect of important issues being implemented.
- (2) He/she shall ensure decisions made by the board of directors on major matters are in strict compliance with prescribed procedures. He/she shall participate and organize consultations for and analyses of matters to be decided by the board of directors as required and give opinions and suggestions on the same. He/she shall handle daily operation matters of the board of directors and relevant committees of the board of directors that are delegated to him/her.
- (3) He/she shall be responsible, as the liaison officer between the Company and the securities regulatory organ, for organizing preparation and timely delivery of documents requested by the regulatory authorities and arranging for implementation of relevant tasks from the regulatory authorities.
- (4) He/she shall be responsible for organizing and coordinating the Company's information disclosure matters, establishing and improving the system in respect of the Company's information disclosures, participating in all relevant meetings of the Company concerning information disclosure, and keeping abreast of the Company's major business decisions and relevant information and materials in a timely manner.
- (5) He/she shall be responsible for keeping confidential of the Company's price-sensitive information and developing effective confidentiality systems and measures. In regard to leaks of the Company's price-sensitive information as a result of various reasons, he/she shall adopt necessary remedial measures, in

addition to timely explanations and clarifications, and give notice to the regulatory authorities of the place where the Company's shares are listed and the CSRC.

- (6) He/she shall be responsible for coordinating and organizing marketing activities, coordinating visits and receptions, managing investor relations, maintaining relationships with investors, intermediary agents and the press media, coordinating the Company's answers to queries raised by the general public and ensuring timely disclosure of the Company's information to investors. He/she shall organize and prepare the Company's domestic and overseas marketing and publicity activities, prepare summary reports on activities including market promotions and important visits, and coordinate reporting to the CSRC.
- (7) He/she shall be responsible for managing and keeping the Company's registers of shareholders and directors, keeping information on holdings of the Company's shares by its major shareholders and directors and the list of beneficiaries of the Company's issued and outstanding debentures.
- (8) He/she shall assist directors and the president to practically perform their functions and powers in accordance with the domestic and foreign laws, regulations and rules, the Company's Articles and other relevant provisions. When aware of the fact that a resolution decided or to be decided by the Company is in violation of relevant provisions, he/she shall have the obligation to remind the Company promptly and the right to reflect the situation to the CSRC and other regulatory authorities in a truthful manner.
- (9) He/she shall perform the supervisory function in coordinating the provision of necessary information to the Company's supervisory committee and other verification organizations, and assist proper investigation concerning the performance of fiduciary duty by the treasurers, directors and president of the Company.
- (10) He/she shall perform other functions and powers delegated to him/her by the board of directors and exercising such other functions and powers as prescribed by the overseas authorities of the place where the Company's shares are listed.

Article 108 Directors or senior management personnel of the Company may serve concurrently as the secretary of the board of directors. Accountants of an accounting firm appointed by the Company shall not serve concurrently as the secretary of the board of directors.



If an action is required to be taken by a director and the secretary of the board of directors respectively, a director who is also the secretary of the board shall not take such action in both capacities simultaneously.

Article 109 The secretary of the board of directors shall perform his/her duties and responsibilities in a diligent manner in accordance with relevant provisions of the Articles.

The secretary of the board of directors shall assist the Company to comply with relevant laws in China and regulations of the stock exchange on which the Company's shares are listed.

## **Chapter 12 President**

Article 110 The Company shall have one (1) president. The president shall be appointed or removed by the board of directors.

The Company shall have several vice-presidents, one (1) Chief Financial Officer and one (1) general counsel to assist the work of the president. The vice-presidents, Chief Financial Officer and general counsel shall be nominated by the president and shall be appointed or removed by the board of directors.

A director may serve concurrently as the president or vice-president.

Article 111 The president shall be accountable to the board of directors and exercise the following functions and powers:

- (1) to be in charge of the Company's production, operation and management, and to coordinate the implementation of the resolutions of the board of directors;
- (2) to organize the implementation of the Company's annual business plan and investment proposal;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to draft plans for the establishment of the Company's branch offices;
- (5) to draft the Company's basic management system;
- (6) to formulate the specific rules and regulations of the Company;
- (7) to propose the appointment or dismissal of the Company's

- vice-presidents, Chief Financial Officer and general counsel;
- (8) to appoint or dismiss management personnel other than those required to be appointed or dismisses by the board of directors; and
- (9) other powers conferred by the Company's Articles and the board of directors.

Article 112 The president who is not a director has the right to attend board meetings and to receive notices of meetings and other relevant documents, but do not have any voting rights at board meetings.

Article 113 The president, vice-presidents and Chief Financial Officer shall not alter the resolutions of a general meeting of shareholders or a board of directors' meeting or exceed the scope of authorization when performing their functions and powers.

Article 114 The president, vice-presidents and Chief Financial Officer shall act honestly and diligently in accordance with the laws, administrative regulations and rules as well as the Company's Articles when performing their functions and powers.

Article 115 The president, vice-presidents, chief accountant (Chief Financial Officer), general counsel and other senior management personnel retire in accordance with relevant regulatory requirements, shall cease to be a member of the senior management from the effective date of his/her retirement.

## **Chapter 13 Supervisory Committee**

Article 116 The Company shall have a supervisory committee. The supervisory committee is a permanent supervisory body of the Company which is responsible for supervising the board of directors and its members as well as senior management personnel including the president, vice-presidents and Chief Financial Officer to prevent them from abusing their power and violating the legitimate rights and interests of shareholders, the Company and its employees.

Article 117 The supervisory committee shall comprise at least three (3) supervisors. External supervisors (supervisors who do not assume an internal position of the Company, hereinafter the same) shall account for more than half (1/2) of the total number of supervisors in the

committee, of which the proportion of staff supervisors shall not be less than one-third (1/3) of the total number of supervisors.

The supervisory committee shall have a term of three (3) years and the term is renewable upon re-election. Where a supervisor has not been timely re-elected at the expiry of the term of office or a supervisor has resigned during the term of office as a result of which the number of members in the supervisory committee falls below the quorum, the original supervisor shall perform his/her duties as a supervisor, prior to the assumption by the re-elected supervisor, in accordance with the laws, administrative regulations and rules as well as the provisions of the Articles. A supervisor (excluding employee supervisor) who resigns shall submit a written resignation to the supervisory committee. If the resignation of the supervisor will not result in the number of members of the supervisory committee falling below the quorum, the resignation of such supervisor take effect upon delivery of his/her resignation report to the supervisory committee.

There shall be one (1) chairman in the supervisory committee. The appointment and removal of chairman of the supervisory committee shall be passed by not less than two-third (2/3) (inclusive) of members of the supervisory committee.

The chairman of the supervisory committee shall coordinate and implement the duties and responsibilities of the supervisory committee. When the chairman is unable or fails to perform his/her duties, a supervisor elected by more than half (1/2) of the supervisors shall convene and preside over the meetings.

Article 118 Supervisors who are not assumed by representatives of workers and staff shall be elected and dismissed by the general meeting of shareholders, supervisors assumed by representatives of workers and staff shall be elected and dismissed through the Company's employee representatives meetings or through other forms of democratic election.

Supervisors assumed by representatives of workers and staff shall submit a written resignation to the employee's representative meeting at least three (3) months in advance before his/her retirement, and the employee's representative meeting shall elect a new supervisor assumed by representatives of workers and staff within three (3) months, and approve

the resignation of the original supervisor assumed by representatives of workers and staff due to his/her retirement.

The supervisory committee shall, according to its needs, establish its offices to be responsible for the daily affairs of the supervisory committee.

Article 119 Neither a director nor the president or financial officer of the Company may serve concurrently as a supervisor.

Article 120 Supervisors' meetings shall be convened by the chairman of the supervisory committee at least twice a year.

Article 121 The supervisory committee is accountable to the general meeting of shareholders and exercise the following functions and powers in accordance with law:

- (1) to review the Company's financial position;
- (2) to supervise the performance of duties by the directors and senior management personnel and to advise on the dismissal of directors and senior management personnel who are in breach of laws, administrative regulations and rules, the Company's Articles and resolutions of the general meeting of shareholders;
- (3) to demand the directors and senior management personnel to rectify their error if they have acted in a manner harmful to the Company's interest;
- (4) to check and inspect the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the board of directors to the general meeting of shareholders and to authorize, in the Company's name, publicly certified and practicing accountants to assist reviewing such information should any doubt arise in respect thereof;
- (5) to propose to convene an extraordinary general meeting. Where the board of directors fails to convene or preside over a general meeting of shareholders as required by the Company Law, to convene or preside over the general meeting of shareholders; and to propose resolution in a general meeting of shareholders;
- (6) to represent the Company in negotiations with or in bringing actions against a director or a senior management personnel; and
- (7) other functions and powers as specified in the Company's Articles.

The supervisory committee may give advice on the Company's engagement of accounting firms. When necessary, the committee may authorize, in the Company's name, other accounting firms to review the Company's financial position independently and may report the situation directly to the securities regulatory organ of the State Council and other relevant departments.

Supervisors shall attend meetings of the board of directors.

Article 122 Resolutions of the supervisory committee shall be passed by more than two-third (2/3) (inclusive) of all of its members.

Minutes shall be taken for all supervisors' meetings and be signed by all attending supervisors.

Article 123 All reasonable fees incurred in respect of the employment of professionals, such as lawyers, certified public accountants or practicing auditors, which are required by the supervisory committee in the exercise of its functions and powers shall be borne by the Company.

Article 124 A supervisor shall perform his duties faithfully in accordance with the laws, administrative regulations and rules as well as the provisions of the Articles.

## **Chapter 14 Qualifications and Obligations of Directors, Supervisors, President and Other Senior Management Personnel**

Article 125 A person may not serve as a director, supervisor, president or senior management personnel of the Company if any of the following circumstances apply:

- (1) a person who does not have or who has limited capacity for civil conduct;
- (2) a person who has been found guilty of corruption, bribery, infringement or misappropriation of property or other crimes which destroy the social economic order, and the sentence is served for

- less than five (5) years or a person who has been deprived of his/her political rights and not more than five (5) years have lapsed since the sentence was served;
- (3) a person who is a former director, factory manager or president of a company or enterprise which has been dissolved or put into liquidation as a result of mismanagement and who was personally liable for the winding up of such company or enterprise, where less than three (3) years have elapsed since the date of completion of the insolvent liquidation of the company or enterprise;
  - (4) a person who is a former legal representative of a company or enterprise the business license of which was revoked due to violation of law and who are personally liable, where less than three (3) years have elapsed since the date of the revocation of the business license;
  - (5) a person who has a relatively large amount of debts which have become due and outstanding;
  - (6) a person who is currently under investigation by the judicial authorities for violation of criminal law;
  - (7) a person who, according to laws and administrative regulations and rules, cannot act as a leader of an enterprise;
  - (8) a person other than a natural person; and
  - (9) a person who has been convicted by the competent authority for violation of relevant securities regulations and such conviction involves a finding that such person has acted fraudulently or dishonestly, where less than five (5) years have elapsed since the date of such convictions.

Article 126 Where the directors, president and other senior management personnel of the Company acts on behalf of the Company, the effectiveness of such act against any third party acting in good faith shall not be affected by the non-compliance in terms of incumbency, election or qualification of such person.

Article 127 Apart from the obligations provided in laws, administrative regulations and rules, or listing rules of the securities regulatory authorities where the Company's shares are listed, the directors, president and other senior management personnel of the Company shall also assume the following obligations towards every shareholder, when exercising their functions and powers granted by the Company:

- (1) not operating business beyond the business scope specified in the business license;

- (2) acting in good faith in the best interest of the Company;
- (3) not depriving the Company of its properties by any means, including (but not limited to) favorable opportunities for the Company; and
- (4) not depriving shareholders of personal rights and interests, including (but not limited to) the rights of distribution and voting, except the restructuring of the Company submitted to and approved by the general meeting of shareholders according to the Company's Articles.

Article 128 When exercising their rights or performing their obligations, the directors, supervisors, president and other senior management personnel of the Company shall act with prudence, diligence and skills in accordance with what a reasonably prudent person would have acted under similar circumstances.

Article 129 When performing their duties, the directors, supervisors, president and other senior management personnel of the Company shall observe the principle of good faith, and shall not place themselves in a position where their interest may conflict with their obligations. The principle includes (but is not limited to) the following obligations:

- (1) acting in good faith in the best interest of the Company;
- (2) exercising rights within the scope of authority, without exceeding such scope;
- (3) personally exercising the discretionary power without being manipulated by other persons; the discretionary power shall not be assigned to any other person, unless as approved by laws, administrative regulations and rules, or the informed general meeting of shareholders;
- (4) treating shareholders of the same class equally and those of different classes fairly;
- (5) except as otherwise provided in the Company's Articles or approved by the general meeting of informed shareholders, not to sign contracts, conduct transactions or make arrangements with the Company;
- (6) without approval of the general meeting of informed shareholders, not to utilize the Company's property by any means for their own interests;
- (7) not to take advantage of the position to accept bribes or other illegal income, or misappropriate the property of the Company by

- any means, including (but not limited to) favorable opportunities for the Company;
- (8) without approval of the general meeting of informed shareholders, not to accept commissions related to the Company's transactions;
  - (9) observing the Company's Articles, faithfully performing their responsibilities and protecting interests of the Company, and not to take advantage of their position and power for personal gain;
  - (10) without approval of the general meeting of informed shareholders, not to compete with the Company by any means;
  - (11) not to misappropriate the Company's funds or to lend such funds to other persons, not to deposit the Company's funds in the account opened in personal name or otherwise, or utilize the assets of the Company to provide guarantee for the personal debt of the Company's shareholders or other persons; and
  - (12) without approval of the general meeting of informed shareholders, not to reveal the confidential information of the Company gained during their term of office; unless it is in the interest of the Company, not to take advantage of such information, however, in any one of the following circumstances; such information may be disclosed to the court or other governmental authorities:
    - 1) provided by laws;
    - 2) required for public interests; and
    - 3) required by the director, supervisor, president and other senior management personnel for his/her own interests.

- Article 130 The directors, supervisors, president and other senior management personnel of the Company shall not instigate the following persons or institutions (collectively "Related Persons") to do anything that they are forbidden to do:
- (1) the spouse or minor children of directors, supervisors, president and other senior management personnel of the Company;
  - (2) trustees of the directors, supervisors, president and other senior management personnel of the Company and those specified in para (1) of this Article;
  - (3) partners of the directors, supervisors, president and other senior management personnel of the Company and those specified in para (1) and (2) of this Article;
  - (4) companies in which the directors, supervisors, president and other senior management personnel of the Company, whether alone or jointly with those specified in para (1), (2) and (3) of this Article or other directors, supervisors and other senior management personnel



of the Company, has de facto controlling interest; and  
(5) the directors, supervisors, president and other senior management personnel of the controlled companies specified in pafa (4) of this Article.

Article 131 The obligations of good faith of the directors, supervisors, president and other senior management personnel of the Company shall not necessarily terminate upon expiration of their term of office, and their obligations to keep the business secrets of the Company confidential shall remain valid after the expiration of their tenures of office. The duration of other duties shall be decided in accordance with the principle of fairness, depending on the interval between the date when an event arises and the date when they leave their office, and on the circumstances and conditions under which their relationship with the Company terminates.

Article 132 The responsibilities borne by the directors, supervisors, president and other senior management personnel of the Company as a result of violation of certain duties may be discharged by the general meeting of shareholder. This does not apply to circumstances specified in Article 53.

Article 133 Where the directors, supervisors, president and other senior management personnel of the Company has direct or indirect material interest in the contracts, transactions or arrangements (except for the employment contracts between the Company and its directors, supervisors, president and other senior management personnel) entered into or to be entered into by the Company, such person shall notify the board of directors of the nature and degree of the interest as soon as possible, regardless of whether such matter, in general, is subject to approval of the board of directors.

Where a director or his associate (as defined in the Listing Rules) have a material interest in any contract, transaction, arrangement or other matters that requires the approval of the board of directors, the relevant director shall not vote for the relevant matter at the meeting of the board of directors, and shall not be counted in the quorum of the meeting.

Unless the interested directors, supervisors, president and other senior

management personnel have informed the board of directors of the matter in accordance with the requirements specified in the preceding paragraph of this article, and the board of directors has approved it at a meeting where such persons are not counted in the quorum and nor do they participate in the voting, the Company shall have the right to cancel such contracts, transactions or arrangements, except that the counterparty is an innocent party who is unaware of breach of duties by directors, supervisors, president and other senior management personnel.

When the Related Persons of the directors, supervisors, president and other senior management personnel of the Company have an interest in a certain contract, transaction or arrangement, the directors, supervisors, president and other senior management personnel are deemed to have an interest as well.

Article 134 Before a contract, transaction or arrangement is to be considered for the first time by the Company, if the interested directors, supervisors, president and other senior management personnel of the Company have notified the board of directors in writing, declaring that because of the reasons specified in the notification, they have an interest in the contract, transaction or arrangement of the Company in the future, it shall be deemed that they have made the disclosure as required in the preceding article, within the scope of the disclosure of the notification.

Article 135 The Company shall not pay taxes for its directors, supervisors, president and other senior management personnel by any means.

Article 136 The Company shall not, directly or indirectly, provide loans or loan guarantee for the directors, supervisors, president and other senior management personnel of the Company and its holding company, nor shall it provide the same to their Related Persons.

This Article shall be inapplicable in the following circumstances:

- (1) the Company provides loans or loan guarantee for its subsidiaries;
- (2) pursuant to the employment contracts approved by the general meeting of shareholders, the Company provides loans, loan guarantee or other funds for its directors, supervisors, president and other senior management personnel, to enable them to make payment for the purpose of Company or for the expenses arising from the performance of their duties; and

(3) if the ordinary course of business of the Company includes the lending of money or the giving of guarantees, the Company may provide loans or loan guarantee for its directors, supervisors, president and other senior management personnel and their Related Persons on normal commercial terms.

Article 137 Regardless of the conditions for the loan, the receiver shall immediately repay the loan if it is provided by the Company in violation of the preceding article.

Article 138 The Company shall be free of compulsory execution of the loan guarantee if it provides such loan guarantee in violation of the first paragraph of Article 136, with the exception of the following circumstances:

- (1) when providing loans to the Related Persons of the directors, supervisors, president and other senior management personnel of the Company or its holding company, the provider is not aware of the circumstances; and
- (2) the security provided by the Company has been legally sold by the loan provider to a purchaser acting in good faith.

Article 139 The “guarantee” referred to in the preceding Article shall include the activities whereby the guarantor bears the responsibility or provides property to ensure performance by the person guaranteed.

Article 140 In case when the directors, supervisors, president and other senior management personnel of the Company violate their duties owed to the Company, apart from the rights and remedial measures provided by laws and administrative regulations and rules, the Company shall have the right to take the following measures:

- (1) requiring relevant directors, supervisors, president and other senior management personnel to compensate the Company for the losses resulted from their dereliction of duties;
- (2) cancelling any contract or transaction between the Company and relevant directors, supervisors, president and other senior management personnel and that between the Company and a third party (if the third party has known or should have known that the directors, supervisors, president and other senior management personnel had violated their duties owed to the Company);
- (3) requiring the relevant directors, supervisors, president and other

- senior management personnel to account for profits generated in violation of their duties;
- (4) recovering from the relevant directors, supervisors, president and other senior management personnel funds that originally should be collected by the Company, including (but not limited to) commissions; and
  - (5) requiring the relevant directors, supervisors, president and other senior management personnel to return the interest that should have been generated by the fund owed to the Company.

- Article 141 With the prior approval of the general meeting of shareholders, the Company shall have written contracts with its directors and supervisors in respect of remuneration. The remuneration aforesaid shall include:
- (1) remuneration to act for directors, supervisors or senior management personnel of the Company;
  - (2) remuneration to act for directors, supervisors or senior management personnel of the Company's subsidiaries;
  - (3) remuneration for other management services of the Company and its subsidiaries; and
  - (4) compensation for the loss of office or retirement of such directors or supervisors.

Except in accordance with the aforesaid contracts, the directors and supervisors shall not file any lawsuit against the Company in relation to the foregoing matters for the purpose of obtaining benefit.

- Article 142 The contracts in relation to remuneration between the Company and its directors and supervisors shall provide that when the Company is acquired, with the prior approval of the general meeting of shareholders, directors and supervisors of the Company shall have the right to obtain the compensatory or other amounts to which they are entitled due to loss of office or retirement. The acquisition referred to above shall mean any one of the following circumstances:
- (1) any person makes an offer of acquisition to all shareholders; and
  - (2) any person makes an offer of acquisition with the aim of becoming the controlling shareholder of the Company. The term "controlling shareholder" is defined in Article 54 hereof.

If relevant directors and supervisors violate the provisions of this Article, any fund received by them shall belong to the persons who accept the foregoing offer and sell their shares. The directors and

supervisors shall bear the expense incurred by allocation of the fund proportionally. The expenses shall not be set off from the fund.

## **Chapter 15 Labour Protection and Staff Democratic Management**

Article 143 The Company must protect the legal rights of its employees, conclude employment contracts with the employees, buy social insurances, reinforce labour protection and implement safe production in accordance with the law.

The Company shall provide various career education and training programs for its employees so as to enhance their quality.

Article 144 The employees of the Company have the right to form a trade union for organization of union activities and protection of legal rights of the employees (in accordance with the *Trade Union Law of the People's Republic of China*). The Company shall provide necessary convenience for the trade union to organize activities. The trade union of the Company shall represent the employees in entering into collective agreement with the Company in relation to issues including wages, working hours, benefits, insurance, and labour safety and health in accordance with the law.

Article 145 According to the Constitution and other relevant laws, the Company exercises democratic management through employees' representatives meeting or other means.

The Company shall seek advice from the trade union of the Company before making any material decision on its reform and operation and formulation of material regulations and shall convene employees representatives' meeting or by other means to collect opinions and suggestions of the employees.

## **Chapter 16 Party Organization**

Article 146 In accordance with the relevant regulations of the *Constitution of the*

*Communist Party of China*, organization of the Communist Party of China shall be established. The Party organization shall play a core role in leadership and politics, and shall carry out the works by holding the general direction, controlling the general situation and ensuring implementation. The Company shall set up a working organ for the Party, allocate sufficient staff to deal with Party affairs and guarantee sufficient funds to operate the Party organisation.

Article 147 The Company shall establish the Party committee consisting of one (1) secretary and several other members. The chairman of the board of directors and the secretary of the Party committee shall be assumed by the same person, and one (1) deputy secretary shall be designated to assist the secretary in carrying out the Party building work. Eligible members of the Party committee may take seats in the board of directors, the supervisory committee and the senior management through legal procedures, while eligible Party members of the board of directors, the supervisory committee and the senior management may take seats in the Party committee in accordance with relevant rules and procedures. Meanwhile, a discipline inspection committee shall be established in accordance with relevant requirements.

Article 148 The Party committee of the Company shall perform its duties in accordance with the internal laws and regulations of the Party including the *Constitution of the Communist Party of China*.

(1) To ensure and supervise the Company's implementation of policies and guidelines of the Party and the State, and implement major strategic decisions of the Central Committee of the Party and the State Council, as well as important work arrangements of Party committee of State-owned Assets Supervision and Administration Commission and the Party organizations of higher levels.

(2) To adhere to the principle of the Party exercising leadership over the cadres, the principle of the legitimate selection of operators by the Board, and the exercise of power as regards the right of cadres' appointment by the operators in accordance with laws. The Party committee shall deliberate and give opinions on the proposed candidates nominated by the Board or the general manager or recommend candidates to be nominated to the Board or the general manager as well as assess the proposed candidates and give opinions collectively upon inspection over such candidates with the Board.

- (3) To research and discuss the stable reform and development of the Company, major operational and management issues and major issues concerning employees' interests, and provide comments and suggestions.
- (4) To undertake the main responsibility of comprehensive and strict Party management; to lead the Company's ideological and political work, the united front work, the spiritual civilization construction, the corporate culture cultivation as well as the work of groups such as the trade union and the Communist Youth League; to lead the construction of the Party's working style and its clean and honest administration, and support the discipline inspection committee in earnestly performing its supervisory responsibilities.

## **Chapter 17 Financial and Accounting Systems and Profit Distribution**

Article 149 The Company shall establish its financial and accounting systems in accordance with laws, administrative regulations and rules as well as the provisions of China Accounting Standards for Business Enterprises formulated by the competent financial authority of the State Council.

Article 150 The accounting year of the Company shall adopt the calendar year, that is, starting from 1 January to 31 December of every calendar year.

The Company shall adopt Renminbi as its denominated currency for book keeping purpose and the account books shall be recorded in Chinese.

At the end of each accounting year, the Company shall prepare a financial report which shall be examined and verified in a manner prescribed by laws.

Article 151 The board of directors of the Company shall place before the shareholders at every annual general meeting such financial reports which the relevant laws, administrative regulations and rules as well as directives promulgated by local governments and competent authorities require the Company to prepare. Such reports must be verified.

Article 152 The Company shall make the financial report available at the Company for examination by its shareholders twenty (20) days prior to the convening of the annual general meeting of shareholders. Every shareholder of the Company shall have the right to obtain the financial report mentioned in this chapter.

The Company shall send the aforesaid report to each shareholder of overseas-listed foreign-invested shares by pre-paid post at least twenty-one (21) days prior to the convening of the annual general meeting of shareholders, and the address on the register of shareholders shall be the address of the recipients. Without violating the laws, regulations and listing rules of the place where the shares of the Company are listed, the Company may also send or despatch the aforesaid report to the holders of overseas-listed foreign-invested shares through the Company's website or electronically, instead of sending or despatching the same in the manner prescribed in the preceding article.

Article 153 The Company shall prepare its financial statements in accordance with the China Accounting Standards for Business Enterprises and regulations and may prepare its financial statements in accordance with the accounting standards adopted in the overseas listing place. In case there are major differences between the financial statements prepared in accordance with the two or more accounting standards, they should be indicated clearly in the notes of the financial statements. When distributing the after-tax profit for the relevant accounting year, subject to relevant requirements under the applicable laws and administrative regulations of the PRC, the Company shall adopt the lower after-tax profit in the aforesaid two or more sets of financial statements.

Article 154 The Company shall prepare its interim results or financial information to be published or disclosed in accordance with the China Accounting Standards for Business Enterprises and regulations and at the same time, it may prepare the above documents in accordance with the accounting standards adopted in the overseas listing place.

Article 155 The Company shall publish its financial report twice in each accounting year, that is, to publish its interim financial report within sixty (60) days after the end of the first six (6) months of an accounting year, and to publish its annual financial report within one hundred and



twenty (120) days after the end of an accounting year.

Article 156 The Company shall not have any account book other than its statutory ones.

Article 157 The after-tax profit of the Company shall be distributed in the following order of priority:

- (1) making up for losses;
- (2) contributing to the statutory reserve;
- (3) contributing to the discretionary reserve; and
- (4) paying dividends to shareholders of ordinary shares.

When allocating the after-tax profits of the current year, the Company shall allocate 10% of the profit to the Company's statutory reserve. Where the accumulated statutory reserve of the Company has reached more than 50% of the Company's registered capital, no allocation is needed.

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

The contribution to the Company's discretionary reserve and its proportion as well as the dividends distributable to the shareholders shall be formulated by the board of directors according to the Company's business conditions and development needs for consideration and approval by the general meeting of shareholders.

Article 158 Before making up the losses and contributing to the statutory reserve, the Company shall not declare dividends or carry out other allocations by way of bonus issue.

Article 159 The capital reserve shall include the following items:

- (1) the premium gained from shares issuance in excess of the par value; and
- (2) other incomes that shall be included into the capital reserve as required by the competent financial authority of the State Council.

Article 160 The reserve of the Company shall be applied for compensating the Company's losses, expansion of the Company's production and operation, or converting the reserve into the capital of the Company.

When the Company converts the reserve to capital by resolution of the general meeting of shareholders, the Company shall distribute new shares to its shareholders in proportion to their respective existing shareholdings or increase the par value of each share, provided that where the statutory reserve is converted into capital, the balance of such reserve shall not fall below 25% of the Company's registered capital prior to such conversions.

Article 161 The Company shall distribute dividends according to the number of shares held by its shareholders and no profits shall be distributed in respect of the Company's shares held by the Company.

Article 162 The Company may distribute dividends in the form of:  
(1) cash; and  
(2) shares.

Article 163 The Company shall distribute dividends and other amounts which are payable to holders of domestic-invested shares in Renminbi. The Company shall calculate and declare dividends and other payments which are payable to holders of overseas-listed foreign-invested shares in Renminbi, and shall pay such amounts in Hong Kong Dollars. As for the foreign currency needed by the Company for payment of cash dividends and other funds which are payable to holders of overseas-listed foreign-invested shares, it shall be handled in accordance with any related national regulations on foreign exchange control.

Article 164 Unless otherwise provided by the relevant laws and administrative regulations and rules, in regard to dividends and other amounts payable in Hong Kong Dollars, the applicable exchange rate shall be the average benchmark rate for the relevant foreign currency determined by the Peoples' Bank of China during the week prior to the announcement of payment of dividends and other amounts.

Article 165 The board of directors may determine to declare half-yearly dividends or special dividends, provided that the distribution is compliant with Article 56 (2) and Article 96 (16) of this Articles.

Article 166 The Company shall appoint receiving agents for holders of the overseas-listed foreign-invested shares. Such receiving agents shall receive dividends which have been declared by the Company and all other amounts which the Company should pay to holders of the overseas-listed foreign-invested shares on such shareholders' behalf.

The receiving agents appointed by the Company shall meet the relevant requirements of the laws of the place at which the stock exchange on which the Company's shares are listed or the relevant regulations of such stock exchange.

The receiving agents appointed for holders of the overseas-listed foreign-invested shares listed in Hong Kong shall each be a company registered as a trust company under the *Trustee Ordinance* of Hong Kong.

## **Chapter 18 Engagement of Accounting Firms**

Article 167 The Company shall appoint an independent firm of accountants which is qualified under the relevant regulations of the State to audit the Company's annual financial report and review other financial reports of the Company.

The first accounting firm of the Company may be appointed by the founders' meeting before the first annual general meeting of shareholders. The term of appointment of the accounting firm shall terminate at the end of the first annual general meeting of shareholders.

If the founders' meeting does not exercise its functions and powers according to the aforesaid provisions, then the board of directors shall exercise its functions and powers.

Article 168 The term of appointment of the accounting firm appointed by the Company shall begin from the date of the close of the current annual general meeting of shareholders and end on the date of the close of the next annual general meeting of shareholders.

Article 169 The accounting firm appointed by the Company shall enjoy the following rights:

- (1) examining the books, records and vouchers of the Company at any time, and requiring the directors, president or other senior management personnel of the Company to provide relevant information and explanations;
- (2) requiring the Company to adopt reasonable measures to obtain from its subsidiaries information and explanations that are required for the performance of duties; and
- (3) attending the general meeting of shareholders, receiving notice of general meeting of shareholders or other information in relation to the general meeting of shareholders and giving speeches at the meeting with regard to matters involving its duties as an accounting firm appointed by the Company.

Article 170 If the post of accounting firm is vacant, the board of directors may appoint an accounting firm to fill such vacancy before the convening of the general meeting of shareholders, but the appointment shall be confirmed by the next general meeting of shareholders. Any other accounting firm which has been appointed by the Company may continue to act during the period of vacancy.

Article 171 The general meeting of shareholders may decide to dismiss an accounting firm by adopting ordinary resolution before the expiration of the term of office of the accounting firm, regardless of the terms and conditions of the contract between the accounting firm and the Company. If the relevant accounting firm has the right to claim against the Company for its dismissal, such right shall not be affected.

Article 172 The remuneration of the accounting firm or the method of determining the remuneration shall be decided by the general meeting of shareholders. The remuneration of the accounting firm appointed by the board of directors shall be decided by the board of directors, and the general meeting of shareholders shall confirm the appointment and approve the remuneration of the accounting firm.

Article 173 The decision on engaging, dismissing or not renewing the engagement of an accounting firm shall be made by the general meeting of shareholders, and reported to the securities regulatory authority of the State Council for filing.

If the general meeting of shareholders plans, by passing resolutions, to recruit a non-incumbent accounting firm to fill up any vacancy of the post of accounting firm, or renew the engagement of an accounting firm

appointed by the board of directors to fill up the vacancy, or dismiss an accounting firm before the expiration of its term of office, the following provisions shall be satisfied:

- (1) The relevant proposal on engagement or dismissal shall be sent to the accounting firm proposed to be engaged or proposing to leave the post or the firm which has left the post in the relevant accounting year before the issuance of the notice of general meeting of shareholders. Leaving herein shall include dismissal, resignation and retirement.
- (2) If the accounting firm about to leave the office makes a written statement, and requests the Company to inform the shareholders of its statement, unless the time of receiving the written statement is too late, the Company shall adopt the following measures:
  - 1) stating in the notice issued for making resolutions that the accounting firm about to leave the office has made a statement; and
  - 2) sending the duplicate copy of the statement in the form of an attachment to the notice to shareholders in a way stipulated by the Articles.
- (3) If the Company fails to send the statement of the relevant accounting firm according to the above provisions of para (2), the accounting firm may ask the statement be read at the general meeting of shareholders and make further appeal.
- (4) The departing accounting firm shall have the right to attend the following meetings:
  - 1) general meeting of shareholders at which its term of office shall expire;
  - 2) general meeting of shareholders at which the vacancy due to its dismissal is to be filled up; and
  - 3) general meeting of shareholders convened due to its resignation from its office.

The departing accounting firm shall have the right to receive all notices of the aforesaid meetings or other information in relation to the meetings and give speeches as the previous accounting firm appointed by the Company at the aforesaid meetings with regard to matters involving its duties.

Article 174 Prior notice shall be given to the accounting firm if the Company decides to remove such accounting firm or not to renew the appointment.

Such accounting firm shall have the right to make representations at the general meeting of shareholders. Where the accounting firm resigns from its office, it shall make clear to the shareholders in a general meeting whether there has been any impropriety on the part of the Company.

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

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

The Company shall send copies of the aforesaid written notice to relevant competent authorities within fourteen (14) days from the date of receiving the notice. If the notice carries the statements mentioned in para (2) of Article 173 above, the Company shall deposit a duplicate copy of the statements in the Company for shareholders' reference. The Company shall also send a duplicate copy of the aforesaid statements to each shareholder of overseas-listed foreign-invested shares by prepaid post, and the address in the register of shareholders shall be the address of the recipients.

If the resignation notice of an accounting firm carries any statement about circumstances that should be clarified, the accounting firm may ask the board of directors to convene an extraordinary general meeting of shareholders to listen to its explanation on relevant circumstances of its resignation.

## **Chapter 19 Merger and Division**

Article 175 For a merger or division of the Company, the board of directors shall put forward a proposal, and the formalities for approval shall be handled according to laws after the proposal has been adopted according to procedures specified in the Company's Articles. Shareholders who oppose the Company's merger or division plans shall have the right to ask the Company or the shareholders who approve the merger or

division plans to purchase their shares at a fair price.

The content of the resolution on the merger or division of the Company shall be made into special document, which shall be available for shareholders. With regard to holders of overseas-listed foreign-invested shares, the aforesaid documents shall also be sent out by mail.

Article 176 The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

In the case of a merger of the Company, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days from the date of the Company's merger resolution being passed and shall publish a public notice in a newspaper at least three (3) times within thirty (30) days of the date of the Company's merger resolution.

After the merger of the Company, the claims and debts of the parties to the merger shall be assumed by the surviving company or the newly established company.

Article 177 In the case of a division of the Company, its assets shall be divided accordingly.

In the case of a division of the Company, the parties to the division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days from the date of the Company's division resolution being passed and shall publish a public notice in a newspaper at least three (3) times within thirty (30) days of the date of the Company's merger resolution.

Debts of the Company prior to the division shall be assumed by the companies which exist after the division in accordance with the agreements reached.

Article 178 Where a merger or division of the Company involves changes in registered items, such changes shall be registered according to laws with the company registration authority; if the Company is dissolved, cancellation registration of the bank shall be carried out according to laws; where a new company is incorporated, the registration of the

incorporation of the company shall be carried out according to laws.

## **Chapter 20 Dissolution and Liquidation**

- Article 179 The Company shall be dissolved and liquidated according to laws upon the occurrence of any of the following events:
- (1) a resolution regarding the dissolution is passed by the general meeting of shareholders;
  - (2) dissolution is necessary due to a merger or division of the Company;
  - (3) the Company is legally declared insolvent due to its failure to repay debts as they become due; and
  - (4) the Company is legally ordered to close down due to the violation of laws and administrative regulations and rules.

Article 180 In the case of dissolution of the Company under para (1) of the preceding Article, a liquidation committee shall be formed within fifteen (15) days thereafter and the members of the liquidation committee shall be determined by general meeting of shareholders through ordinary resolution. Where a liquidation committee is not established within the said period, the creditors may apply to the people's court to organize the relevant personnel to establish a liquidation committee to proceed with the liquidation.

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

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

Article 181 If the board of directors decides the Company shall carry out liquidation (except for liquidation resulting from declaration of bankruptcy), it shall state in the notice of general meeting of shareholders convened for this purpose that the board of directors has conducted comprehensive investigation on the Company's conditions and believes that the Company is able to pay off all its debts within twelve (12) months



following the commencement of liquidation.

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

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

Article 182 The liquidation committee shall inform its creditors within ten (10) days following its establishment, and shall publish a public notice in newspaper at least three (3) times within sixty (60) days. The liquidation committee shall register the creditors' rights.

Article 183 The liquidation committee shall exercise the following functions and powers during the period of liquidation:

- (1) to sort and categorize the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to notify the creditors or to publish public announcements;
- (3) to dispose of and liquidate any unfinished businesses of the Company;
- (4) to pay all outstanding taxes;
- (5) to settle claims and debts;
- (6) to deal with the remaining assets after repayment by the Company of its debts; and
- (7) to represent the Company in any civil proceedings.

Article 184 After the liquidation committee has sorted the Company's assets and prepared a balance sheet and an inventory of assets, it shall prepare a liquidation plan and submit it to the general meeting of shareholders or the relevant competent authority for confirmation.

The Company's assets, after having paid the liquidation expense, shall be used to pay off its debts in the following order: (1) the Company's employee salary and labor insurance costs; (ii) outstanding taxes; and (iii) bank loans, the Company's debentures and other debts of the Company.

Any surplus assets of the Company remaining after its debts have been repaid in accordance with the provisions of the preceding Article shall be distributed to its shareholders according to the class of shares and the proportion of shares held in the following order:

- (1) in the case of preferred shares, the allocation shall be first given to the holders of preferred shares in accordance with the par value of the preferred shares; if it is insufficient to repay the preferred shares, the allocation shall be carried out in accordance with the proportions of the preferred shares held by them respectively; and
- (2) the allocation shall be carried out in accordance with the proportions of shares held by the holders of ordinary shares.

The Company shall not conduct any new business activities during the period of liquidation.

Article 185 In the case of liquidation as a result of dissolution of the Company, if the liquidation committee, having sorted the Company's assets and prepared the balance sheet and an inventory of assets, discovers that there are insufficient assets in the Company to pay off its debts, it shall apply to the people's court immediately for a declaration of bankruptcy of the Company.

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

Article 186 Upon the completion of liquidation, the liquidation committee shall prepare a liquidation report and an income and expenditure statement and financial account for the period of liquidation and, after they are certified by a Chinese certified public accountant, submit them to the general meeting of shareholders or the relevant competent authority for confirmation.

The liquidation committee shall, within thirty (30) days from the confirmation of the relevant competent authority, submit the aforesaid documents to the company registration authority for cancellation of the Company's registration and announce the Company's termination.

## **Chapter 21 Procedures for Amendment of the Company's Articles**

- Article 187 The Company may make amendments to the Company's Articles in accordance with the requirements of laws, administrative regulations and the Company's Articles.
- Article 188 The Company shall amend the Company's Articles according to the following procedures, except for the provisions of Article 60 and Article 80 of the Company's Articles:
- (1) a proposal for amendment of the Articles shall be drawn up by the board of directors for approval in accordance with the Articles;
  - (2) the proposal for amendment shall be furnished to the shareholders and a general meeting of shareholders shall be convened for voting; and
  - (3) the amendments shall be approved by a special resolution in a general meeting of shareholders.
- Article 189 Amendment of the Company's Articles involving the contents of the *Essential Clauses* shall become effective upon receipt of approvals from the companies approving department authorized by the State Council.
- Article 190 Amendment of the Company's Articles involving the registered particulars of the Company shall be made for change in registration in accordance with law.

## **Chapter 22 Notice**

- Article 191 Unless otherwise provided by the Articles, notices, materials or written declarations which are issued by the Company to holders of overseas-listed foreign-invested shares must be delivered by hand or by pre-paid post to the registered address of every holder of overseas-listed foreign-invested shares.
- Article 192 If the notice is sent out by post, the notice shall be deemed delivered to the relevant parties when it is clearly addressed, postage pre-paid and put

into envelopes before being posted by mail and shall be deemed received by the relevant parties forty-eight (48) hours after it is delivered.

## **Chapter 23 Settlement of Disputes**

Article 193 The Company shall follow the following dispute settlement rules:

- (1) If any dispute or claim concerning the Company's business on the basis of rights and obligations provided in the Company's Articles, the Company Law or other relevant laws or administrative regulations and rules arises between a shareholder of overseas-listed foreign-invested shares and the Company, between a shareholder of overseas-listed foreign-invested shares and a director, supervisor, president or other senior management personnel of the Company or between a shareholder of overseas-listed foreign-invested shares and a shareholder of domestic-invested shares, the parties concerned shall submit the dispute or claim for arbitration.

When a dispute or claim as described above is submitted for arbitration, such dispute or claim shall be in its entirety, and all persons, being the Company or the shareholder, director, supervisor, president or other senior management personnel of the Company, that have a cause of action due to the same facts or whose participation is necessary for the settlement of such dispute or claim shall abide by arbitration. Disputes concerning the definition of shareholders and the register of shareholders shall not be required to be settled by means of arbitration.

- (2) An arbitration applicant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. After the arbitration applicant submits the dispute or claim for arbitration, the arbitration shall be carried out in the arbitration institution selected by the applicant.

If the arbitration applicant opts for arbitration by the Hong Kong International Arbitration Centre, either party may request arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.

- (3) Unless otherwise provided by laws or administrative regulations and rules, laws of the People's Republic of China shall apply to the settlement by means of arbitration of disputes or claims referred to in para (1).
- (4) The award of the arbitration institution shall be final and binding upon each party.

## **Chapter 24 Supplementary Provisions**

Article 194 The Articles herein shall be written in Chinese.

Article 195 The right to interpret the Articles vests with the board of directors of the Company and the right to amend the Articles vests with the general meeting of shareholders.

Article 196 The term "accounting firm" referred to in the Articles shall have the same meaning as "auditors".

The terms "president" and "vice-president" referred to in the Articles shall have the same meaning as "general manager" and "deputy general manager" respectively. The term "senior management" referred to in the Articles refers to the manager (general manager), vice manager (deputy general manager), chief accountant (Chief Financial Officer), general counsel, secretary to the board of directors of the Company and other senior management appointed by the board of directors.