

# **Articles of Association of China Oilfield Services Limited**

**(A Joint Stock Limited Company Registered in the People's Republic of China)**

**Approved by the Extraordinary Shareholders' General Meeting  
on September 26, 2002**

**Ratified by the Extraordinary Shareholders' General Meeting  
October 30, 2002**

**Ratified by the Annual Shareholders' General Meeting  
May 27, 2003**

**Ratified by the Extraordinary Shareholders' General Meeting  
November 5, 2004**

**Ratified by the Extraordinary Shareholders' General Meeting  
November 22, 2006**

**Ratified by the Annual Shareholders' General Meeting  
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**Ratified by the Annual Shareholders' General Meeting  
June 3, 2009**

**Ratified by the Extraordinary Shareholders' General Meeting  
December 22, 2010**

**Ratified by the Annual Shareholders' General Meeting  
May 23, 2011**

**Ratified by the Annual Shareholders' General Meeting  
May 24, 2013**

**Ratified by the Extraordinary Shareholders' General Meeting  
December 20, 2013**

**Ratified by the Board with the authority of Annual Shareholders' General Meeting      May 24, 2013**

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May 31, 2016**

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**Ratified by the Annual Shareholders' General Meeting  
May 30, 2019**

**Ratified by the Extraordinary Shareholders' General Meeting  
December 22, 2022**

**Ratified by the Extraordinary Shareholders' General Meeting  
August 17, 2023**

**These Articles of Association are formulated in accordance with the Guidelines for Articles of Association of Listed Companies (revised in 2022) (the "Guidelines"), Opinions Concerning the Further Promoting of the Standard Operation of the Company Listed outside the People's Republic of China and the Deepening of Reform" ("Opinions") and the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited ("Listing Rules").**

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# **ARTICLES OF ASSOCIATION OF China Oilfield Services Limited**

## **PART ONE: GENERAL PROVISIONS**

### **Article 1.**

This Company is a company limited by shares established in accordance with the Company Law of the People's Republic of China ("Company Law"), the Securities Law of the People's Republic of China ("Securities Law"), the State Council Special Provisions on Companies Limited by Shares Issuing Shares and Seeking a Listing Outside the People's Republic of China ("Special Provisions") and other relevant State law and administrative regulations.

Following approval by the People's Republic of China's State Economic and Trade Commission, as evidenced by No. Guo Jing Mao Qi Gai [2002]694 Approval of Establishing China Oilfield Services Limited, the Company was established on September 20, 2002 by means of sponsorship, was registered with the State Administration for Industry and Commerce on September 26, 2002, and obtained a company's business license, The number of the Company's business license is 1000001003612.

The sole promoter of the Company is: China National Offshore Oil Corporation (CNOOC).

**Article 2.**

Registered name of the Company

Chinese: 中海油田服务股份有限公司

English: China Oilfield Services Limited

**Article 3.**

Domicile: No.1581, Haichuan Road, Tanggu Ocean Hi-tech Zone, Binhai Hi-tech Development District, Tianjin

Telephone: 010—84522800

Fax: 010—84522133

Postal Code: 300459

**Article 4.**

The legal representative of the Company shall be the chairman of the board.

**Article 5.**

The Company shall be a company limited by shares existing in perpetuity.

**Article 6.**

The Articles of Association of the Company shall become effective after being approved by the authorities that are authorized by the State Council to examine and approve companies.

The Articles of Association of the Company 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 the shareholders and among shareholders from the date on which they become effective.

#### **Article 7.**

The Articles of Association of the Company shall be binding upon the Company and its shareholders, directors, supervisors, CEO, president, vice president and other senior management staff. All the above persons may make claims related to Company matters in accordance with the Articles of Association.

Shareholders may sue the Company in accordance with the Company Law and the Articles of Association of the Company. The Company may sue shareholders in accordance with the Company Law and the Articles of Association of the Company. Shareholders may sue shareholders in accordance with the Articles of Association of the Company. Shareholders may sue directors, supervisors, CEO, president, vice president and other senior management staff of the Company in accordance with the Company Law and the Articles of Association of the Company.

For the purposes of the above paragraph, the term “sue” shall include the initiation of proceedings in a court or the application of arbitration to an arbitration organization.

For the purposes of the above paragraph, the term “other senior management staff” shall include chief finance officer (CFO), secretary to the board of directors and general legal counsel. The general legal counsel directly reports to the chairman of the board of directors of the Company and guides the work of the legal affairs management institution.

## **Article 8.**

The Company may invest in other enterprises, provided however that, unless otherwise prescribed by laws, the Company shall not become an investor with joint and several liability for the debts of investee enterprise.

## **Article 9.**

The Company is an independent enterprise legal person. All acts of the Company shall be in accordance with the laws and regulations of China and the place(s) where the foreign investment shares are listed and shall protect the legal rights and interests of its shareholders. The entire capital of the Company is divided into shares of equal value and shareholders shall be liable to the Company to the extent of the shares held by them. The company is liable for its debts with all its assets.

Under the premise of observing the laws and administrative regulations of China, the Company has the right of financing or borrowing. The right of financing of the Company includes (but is not limited to) the rights to issue the corporate bonds, to pledge or mortgage the rights of ownership or use of all or part of its assets as well as other rights permitted by Chinese laws and administrative regulations, and to provide all types of guarantee for debts of any third party (including but not limited to affiliated or joint companies of the Company) under all circumstances. But the Company shall not infringe or abolish the rights of any class of shareholders in exercising the above rights.

In accordance with the Company Law and the Constitution of the Communist Party of China (the “**Party**”), the Company hereby set up Party organizations and related working organs, and maintain staffing to handle Party affairs as well as sufficient funding necessary for the activities of the Party organizations. The Party organizations play the role of the leadership core and political core in the Company.

## **PART TWO: PURPOSE AND SCOPE OF BUSINESS**

### **Article 10.**

The business purpose of the Company is: Complying with State laws, regulations and policies, following market rules, establishing and improving business mode suitable for the Company's development, making full use of resources, emphasizing technology progress and human resource cultivation, and being committed to achieve as much economic interest as possible for its shareholders.

### **Article 11.**

The scope of business of the Company is subject to the items authorized by the company registration authority.

The scope of business of the Company includes: authorized operating items: dispatching workers overseas, to match with the capacity, scale and operation required by the foreign projects; transportation with cargo ships, oil tankers for coastal areas of the Mainland China, crude oil shipping transportation for the harbors in Bohai Bay; transportation by high-speed passenger liner along Tianjin water area; general cargo transportation (limited the operation of Tianjin Branch Company).

General operating items: provision of prospecting, exploration, development and mining services for oil, natural gas and other minerals; engineering survey, geotechnical engineering and soft ground handling, underwater remote mechanical operation, pipeline inspection and maintenance, orientation, surveying and mapping services, data processing and interpretation, well drilling, well completion, gamma logging, well testing, cementing, mud-logging, drilling mud preparation, wall perforation, core sampling, directional drilling project, downhole operation, well repair, oil well stimulation, downhole sand control, running and pulling oil tubing,



filtration and handling of underground incidents; provision of equipment, tools and instruments, inspection, maintenance, leasing and sales of pipes in relation to the above services; drilling fluids, cement additive, oilfield chemical additives, special tools, mechanical and electrical products, instrumentation, oil and gas well perforating equipment; contracting of overseas engineering projects; sales of mechanical and electrical products, communication products and chemical products (excluding hazardous chemicals); import and export business; provision of marine support and transportation services, anchoring, equipment, facilities, maintenance, loading and unloading as well as other labor services for the exploration, development and production of oilfields; sales of accessories for vessels, machinery and electronic equipment; environmental protection engineering services; research and development, manufacturing, leasing and sales of environmental protection equipment; environmental protection process design; construction of environmental protection operation stations and provision of environmental protection operation services; safety/skills and technical trainings.

According to the domestic and international market trends, business needs in the PRC and its own growth capability and its business performance, the Company may adjust its investment policies and business scope and mode on a timely basis; as well as set up branches and offices in the PRC and areas including Hong Kong, Macau and Taiwan (whether wholly-owned or not), subject to approvals by resolution of the general meeting and relevant governmental authorities.

### **PART THREE: SHARES AND REGISTERED CAPITAL**

#### **Article 12.**

The Company shall have ordinary shares at all times. It may have other kinds of shares according to the need, upon approval by the authorities that are authorized by the State Council to examine and approve companies.

**Article 13.**

All the shares issued by the Company shall have a par value which shall be RMB 1 for each share.

For the purposes of the above paragraph, the term “RMB” shall refer to the legal tender of the People’s Republic of China.

**Article 14.**

The Company may issue shares to investors inside the People’s Republic of China and to investors outside the People’s Republic of China following approval from the State Council authorities in charge of securities.

For the purposes of the preceding paragraph, the term “investors outside the People’s Republic of China” shall refer to investors from foreign countries or from Hong Kong, Macao or Taiwan that subscribe for shares issued by the Company, and the term “investors inside the People’s Republic of China” shall refer to investors inside the People’s Republic of China, excluding the above-mentioned regions, that subscribe for shares issued by the Company.

**Article 15.**

Shares issued by the Company to investors inside the People’s Republic of China and to be subscribed for in Renminbi shall be referred to as “domestic investment shares”.

Shares issued by the Company to investors outside the People's Republic of China and to be subscribed in a foreign currency shall be referred to as "foreign investment shares". Foreign investment shares listed outside the People's Republic of China shall be referred to as "foreign investment shares listed outside the People's Republic of China".

For the purposes of the above paragraph, the term of "a foreign currency" shall refer to the legal tender of a country or area outside the People's Republic of China which is recognized by the State Council's department in charge of foreign currency to be used to pay for the shares to the Company.

Foreign investment shares issued by the Company and listed in Hong Kong shall be referred to as "H shares". H shares shall refer to the shares which have been approved to be listed on The Stock Exchange of Hong Kong Limited (the "Stock Exchange"), the par value of which is denominated in Renminbi, and which are subscribed for and traded in Hong Kong dollars. H shares can also be listed inside the United States in the form of American deposit receipts (ADRs).

The Company issued Renminbi ordinary shares inside the People's Republic of China in September 2007 (hereinafter referred to as "A shares"). The "domestic investment shares" as referred to in paragraph one of this Article have been registered as A shares.

#### **Article 16.**

Following approval by the State Council authorities in charge of securities, the total amount of ordinary shares that the Company may issue is 4,771,592,000 shares. The number of shares issued to the promoter at the time of establishment was 2,600,000,000 shares, representing 54.49% of the total number of ordinary shares that may be issued by the Company.

## **Article 17.**

Upon its establishment, the Company has issued for the first time 1,395,320,000 foreign investment shares listed outside the People's Republic of China (in the event that the 15% over-allotment option has not been exercised), accounting for 34.92% of the total number of ordinary shares that may be issued by the Company.

Upon the exercise of 15% over-allotment option, the issuance of 500,000,000 A shares, the assignment of the promoter's shares to the Steering Committee of the National Social Security Fund and placing of 276,272,000 H shares, the composition of the Company's share capital is (1) 4,771,592,000 ordinary shares, of which the promoter shall hold 2,410,468,000 A shares, accounting for 50.52% of the total number of ordinary shares that have been issued by the Company; (2) the shareholders of H shares shall hold 1,811,124,000 foreign investment shares listed outside the People's Republic of China, accounting for 37.96% of the total number of ordinary shares that have been issued by the Company; (3) the other shareholders of A shares shall hold 550,000,000 A shares, accounting for 11.53% of the total number of ordinary shares that have been issued by the Company.

## **Article 18.**

After the plan for issuing foreign investment shares listed outside the People's Republic of China and domestic investment shares has been approved by the State Council authorities in charge of securities, the board of directors of the Company may arrange for implementation of such plan by means of separate issues.

The Company's plan for separate issues of foreign investment shares listed outside the People's Republic of China and domestic investment shares in accordance with the preceding paragraph may be implemented separately within 15 months from the date

of being approved by the State Council authorities in charge of securities.

**Article 19.**

Where the Company issues foreign investment shares listed outside the People's Republic of China and domestic investment shares separately within the total number of shares specified in the issue plan, such issues 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 State Council authorities in charge of securities, be issued in several stages.

**Article 20.**

The registered capital of the Company is RMB4,771,592,000.

**Article 21.**

The Company may approve capital increases depending on its business and development requirements in accordance with the relevant provisions of the Articles of Association of the Company.

Except as otherwise provided by laws and administrative regulations, shares in the Company may be transferred freely with no lien attached.

Domestic investment shares and foreign investment shares listed outside the People's Republic of China of the Company shall be purchased, sold, donated, inherited and pledged in accordance with Chinese laws and the Articles of Association of the Company. The conveyance and transfer of shares of the Company shall be registered in the registration office of shares authorized by the Company and be handled in

accordance with the transfer procedures provided for in relevant regulations.

The Company may increase its capital by the following methods:

- (1) Public offering of shares;
- (2) A private placement of shares;
- (3) Allotment of new shares to existing shareholders; and
- (4) Offering of new shares to specific investors.
- (5) Other methods permitted by laws and administrative regulations.

The Company's increase of its capital by issuing new shares shall be handled in accordance with the procedures provided for in relevant State laws and administrative regulations after having been approved in accordance with the Articles of Association of the Company.

#### **Article 22.**

Except as otherwise provided by laws and administrative regulations, shares in the Company may be transferred freely with no lien attached.

Domestic investment shares and foreign investment shares listed outside the People's Republic of China of the Company shall be purchased, sold, donated, inherited and pledged in accordance with Chinese laws and the Articles of Association of the Company. The conveyance and transfer of shares of the Company shall be registered in the registration office of shares authorized by the Company and be handled in accordance with the transfer procedures provided for in relevant regulations.

#### **Article 23.**

All issues and transfers of foreign investment shares listed outside the People's Republic of China of the Company shall be registered in the register of shareholders of foreign investment shares listed outside the People's Republic of China kept in

Hong Kong in accordance with Article 40.

**Article 24.**

The Company shall ensure that all foreign invested shares listed outside the People's Republic of China carry the following announcements, and instruct and cause the registry of the Company to refuse to register any person as shareholder of any shares of the Company subscribed, purchased or transferred unless and until the person has produced to the registry a share certificate carrying the following announcements and has signed proper forms:

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

(2) The purchaser with the Company, each shareholder, director, supervisor and officer of the Company, and the Company on behalf of itself and each director, supervisor and officer, agrees with each shareholder, to refer to arbitration all the disputes and claims concerning the Articles of Association of the Company or any rights or obligations provided for in the Company law and other relevant laws and administrative regulations, and to authorize the arbitration to be exposed to public hearing and the result of the arbitration to be publicly announced;

(3) The purchaser and the Company and the shareholders of the Company have agreed that shares of the Company can be transferred freely by shareholders;

(4) The purchaser authorizes the Company to represent him/her to enter into an agreement with the directors and management staff of the Company whereby the directors and management staff promise to bear and comply with their duties to

shareholders provided for in the Articles of Association of the Company.

**Article 25.**

The Company may sell the shares of untraceable shareholders and keep the proceeds, if:

- (1) Within 12 years, the Company has distributed dividends for such shares at least three times while no shareholders have drawn the said dividends;
- (2) At the end of the 12<sup>th</sup> year, the Company has published a public announcement to express the intent to sell such shares and has notified relevant stock exchange of such intent.

**PART FOUR: REDUCTION OF CAPITAL AND BUY-BACK OF SHARES**

**Article 26.**

The Company may reduce its registered capital in accordance with the provisions of its Articles of Association.

**Article 27.**

When the Company is to reduce its capital, it must prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within 10 days since the date of adopting the resolution to reduce its registered capital and shall publish a public announcement of the resolution in newspapers at least three times within 30 days since the said date.



Creditors shall, within 30 days since the date of receiving a written notice or within 90 days since the date of the first public announcement for those who have not received a written notice, be entitled to require the Company to pay off its debts in full or to provide a corresponding guarantee for repayment.

The reduced registered capital of the Company may not be less than the statutory minimum.

#### **Article 28.**

The Company shall not acquire its own shares, except in any of the following circumstances:

- (1) Reducing the registered capital of the Company;
- (2) Merger with another company holding shares in the Company;
- (3) Using the shares for employee share ownership plan or stock incentives;
- (4) Any of the shareholders objects to the resolution of the shareholders' general meeting on the merger or division of the Company and requires the Company to buy back its shares;
- (5) Using the shares for conversion of shares to the corporate bonds issued by the Company that can be converted into shares;
- (6) Where it is necessary for the Company to safeguard the value of the Company and the interests of shareholders;
- (7) Other circumstances where laws or administrative regulations so permit.

**Article 29.**

After the Company is approved by relevant State authorities to buy back its own shares, it may proceed in any of the following manners:

- (1) Making of a buy-back offer to all shareholders on a pro rata basis;
- (2) Buy-back through open transactions on a securities exchange;
- (3) Buy-back by an agreement outside a securities exchange;
- (4) Other manners as permitted by laws and administrative regulations or the State Council's authorities in charge of securities.

If the Company acquires its own shares under the circumstance as described in Section (3), Section (5) and Section (6) of Article 28, it shall be conducted through open and centralized trading.

**Article 30.**

When the Company is to buy back shares under any of the circumstances set forth in Section (1) to Section (3) of Article 28, prior approval shall be obtained from the shareholders' general meeting in accordance with the procedures provided for in these Articles of Association. Upon prior approval by the shareholders' general meeting obtained in the same manner, the Company may rescind or change contracts concluded in the manner set forth above or waive any of its rights under such contracts.

For the purposes of the above paragraph, contracts for the buy-back of shares shall

include (but not be limited to) agreements whereby buy-back obligations are undertaken and agreements whereby buy-back rights are acquired.

The Company may not assign contracts for the buy-back of its own shares or any of its rights thereunder.

### **Article 31.**

After the Company has bought back its shares according to law under the circumstance as described in Section (1) of Article 28, it shall cancel the portion of shares concerned within ten days of the buy-back thereof; after the Company has bought back its shares according to law under the circumstance as described in Section (2) or Section (4) of Article 28, it shall transfer or cancel the portion of shares concerned within six months of the buy-back thereof. The amount of the Company's registered capital shall be reduced by the total par value of the shares so cancelled.

The shares brought back by the Company under the circumstance as described in Section (3), Section (5) and Section (6) of Article 28, provided that the aggregate number of its own share held by the Company shall not exceed 10% of the total number of shares that have been issued by the Company and shall be transferred or cancelled within three years.

### **Article 32.**

Unless the Company has already entered the liquidation stage, it must comply with the following provisions in buying back its issued and outstanding shares:

(1) Where the Company buys back shares at their par value, the amount thereof shall be deducted from the book balance of distributable profit and/or from the proceeds of

a fresh share issue made to buy back the old shares;

(2) Where the Company buys back shares at a price higher than their par value, the portion corresponding to their par value shall be deducted from the book balance of distributable profit and/or from the proceeds of a fresh share issue made to buy back the old shares. The portion in excess of the par value shall be handled according to the following methods:

(i) Where the shares bought back were issued at their par value, the amount shall be deducted from the book balance of distributable profit;

(ii) Where the shares bought back were issued at a price higher than their par value, the amount shall be deducted from the book balance of distributable profit and/or the proceeds of a fresh share issue made to buy back the old shares; however, the amount deducted from the proceeds of the fresh share issue may not exceed the total premium obtained at the time of issuance of the old shares nor may it exceed the amount in the Company's premium account or capital common reserve account (including the premiums from the fresh share issue) at the time of buy-back;

(3) The sums paid by the Company for the purposes set forth below shall be paid out of the Company's distributable profits:

(i) Acquisition of the right to buy back its own shares;

(ii) Modification of any contract for buy-back of its own shares;

(iii) Release from any of its obligations under any buy-back contract.

(4) After the par value of the annulled shares has been deducted from the registered capital of the Company in accordance with relevant regulations, that portion of the

amount deducted from the distributable profit and used to buy back shares at the par value of the bought back shares shall be included in the Company's premium account or capital common reserve account.

(5) Before being cancelled or transferred, the shares brought back by the Company shall be managed as treasury stocks, and all the expenditures for such brought-back shares shall recorded as the costs of treasury stocks. The cancellation and transfer of such brought-back shares shall be subject to the regulations of the Ministry of Finance of the People's Republic of China in connection with the cancellation and registration of treasury stocks.

## **PART FIVE: FINANCIAL ASSISTANCE FOR THE PURCHASE OF COMPANY SHARES**

### **Article 33.**

The Company or its subsidiaries shall not at any time provide any financial assistance in any form to purchasers or prospective purchasers of the shares in the Company. Purchasers of shares in the Company as referred to above shall include persons that directly or indirectly undertake obligations for the purpose of purchasing shares in the Company.

The Company or its subsidiaries shall not at any time provide any financial assistance in any form to the above obligors in order to reduce or discharge their obligations.

The provisions of this Article shall not apply to the circumstances described in Article 35 of these Articles of Association.

#### **Article 34.**

For the purposes of this Part, the term “financial assistance” shall include (but not be limited to) the financial assistance in the forms set out below:

- (1) Gift;
- (2) Guarantee (including the undertaking of liability or provision of property by the guarantor in order to secure the performance of the obligation by the obligor), indemnity (not including, however, indemnity arising from the Company’s own fault) and release or waiver of rights;
- (3) Provision of a loan or conclusion of a contract under which the obligations of the Company are to be fulfilled prior to the obligations of another party to the contract, or a change in the party to such loan or contract as well as the assignment of rights under such loan or contract; and
- (4) Financial assistance in any other form when the Company is insolvent or has no net assets or when such assistance would lead to a major reduction in the Company’s net assets.

For the purposes of this Part, the term “undertake obligations” shall include the undertaking of an obligation by the obligor by concluding a contract or making an arrangement (whether or not such contract or arrangement is enforceable and whether or not such obligation is undertaken by the obligor individually or jointly with any other person) or by changing its financial position in any other way.

#### **Article 35.**

The acts listed below shall not be regarded as acts prohibited under Article 33 of this

Part:

(1) Where the Company provides the relevant financial assistance truthfully for the benefit of the Company and the main purpose of the financial assistance is not to purchase shares in the Company, or the financial assistance is an incidental part of an overall plan of the Company:

(2) Lawful distribution of the Company's property in the form of dividends;

(3) Distribution of dividends in the form of shares;

(4) Reduction of registered capital, buy-back of shares, capital restructuring, etc. in accordance with the Articles of Association of the Company;

(5) Provision of a loan by the Company within its scope of business and in the ordinary course of its business (provided that the same does not lead to a reduction in the net assets of the Company or that if the same constitutes a reduction, the financial assistance was paid out of the Company's distributable profits); and

(6) The provision of money by the Company for an employee shareholding scheme (provided that the same does not lead to a reduction in the net assets of the Company or that if the same constitutes a reduction, the financial assistance was paid out of the Company's distributable profits).

## **PART SIX: SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS**

### **Article 36.**

The Company's shares shall be in registered form.

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

- (1) Name of the Company;
- (2) Date of registration and establishment of the Company;
- (3) Type of shares, par value and the number of shares it represents;
- (4) Code of share certificates;
- (5) Other matters as required by the Company Law, Special Provisions and the securities exchange(s) on which the shares of the Company are listed.

**Article 37.**

The share certificates shall be signed by the chairman of the board of directors. Where the signatures of other senior management staff of the Company are required by the securities exchange(s) on which the Company's shares are listed, the share certificates shall also be signed by such other senior management staff. The share certificates shall become effective after the Company seal is affixed thereto or printed thereon. The share certificates shall only be sealed with the Company's seal under the authorisation of the board of directors. The signature of the chairman of the board of directors or of other senior management staff on the share certificates may also be in printed form.

**Article 38.**

The Company shall keep a register of shareholders, in which the following particulars



shall be recorded:

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

The register of shareholders shall be sufficient evidence of the holding of Company's shares by a shareholder, unless there is evidence to the contrary.

### **Article 39.**

The Company may, pursuant to an understanding or agreement reached between the State Council authorities in charge of securities and a securities regulatory organization outside the People's Republic of China, keep outside the People's Republic of China its register of holders of foreign investment shares listed outside the People's Republic of China, and entrust the administration thereof to an agent outside the People's Republic of China. The original register of shareholders of holders of H shares shall be maintained in Hong Kong.

The Company shall keep at its domicile a duplicate of the register of holders of foreign investment shares listed outside the People's Republic of China. The appointed agent outside the People's Republic of China shall ensure that the register

of holders of foreign investment shares listed outside the People's Republic of China and its duplicate are consistent at all times.

When the original and duplicate of the register of holders of foreign investment shares listed outside the People's Republic of China are inconsistent, the original shall prevail.

#### **Article 40.**

The Company shall keep a complete register of shareholders.

The register of shareholders shall include the following parts:

- (1) A register kept at the Company's domicile other than those provided for under items (2) and (3) of this paragraph;
- (2) The register(s) of holders of foreign investment shares listed outside the People's Republic of China kept in the place(s) of the securities exchange(s) outside the People's Republic of China on which the shares are listed; and
- (3) Registers of shareholders kept in such other places as the board of directors may decide necessary for listing purposes.

#### **Article 41.**

The various parts of the register of shareholders shall not overlap one another. The transfer of shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register.

Changes and corrections to each part of the register of shareholders shall be carried out in accordance with the laws of the places where each part is kept.

**Article 42.**

All foreign investment shares listed outside the People's Republic of China 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. The instrument of transfer of any share may only be executed by hand without seal. If the shareholder is the recognized clearing house or its nominee as defined by the Securities and Futures (Clearing House) Ordinance (Chapter 420 of the Laws of Hong Kong), the instrument of transfer may be executed in mechanically-printed form.

All H shares which have been fully paid-up may be freely transferred in accordance with the Articles of Association of the Company. However, unless such transfer complies with the following requirements, the board of directors may refuse to recognize any instrument of transfer and would not need to provide any reason therefore:

- (1) A fee of HK\$2.50 per instrument of transfer or such higher amount as the board of directors may from time to time require but no more than the amount agreed from time to time by the Listing Rules has been paid to the Company for registration of transfer and other documents relating or which will affect the right of ownership of the shares;
- (2) The instrument of transfer only relates to H shares;
- (3) The Stamp duty which is chargeable on the instrument of transfer has 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;

(6) The Company does not have any lien on the relevant shares.

If the Company refuses to register the transfer of shares, it shall provide a notice of refusal to the transferor and the transferee within 2 months since the date of the formal application of such transfer.

Shares of a company held by a promoter of that company shall not be transferred for one year after the company's establishment.

Each of the directors, supervisors, CEO, president, vice-president and other senior management staff of the Company shall report to the Company the number of the shares that he/she hold in the Company and any change thereto; during their term of office, the shares of the Company transferred by each of the foregoing per year shall not exceed twenty-five percent of the total number of the shares held by him/her in the Company; the shares held by him/her in the Company shall not be transferred within one year after the Company's shares are first traded on a stock exchange; none of the foregoing shall transfer any shares held by him/her in the Company within half a year following the severance of his/her employment relationship with the Company.

During their term of office, the foregoing personnel shall trade the shares of the

Company in accordance with laws and regulations (including laws, regulations and trading rules prevailing at the place where such shares are listed for trading) and the requirements of the Company's relevant policies.

**Article 43.**

No changes resulting from share transfers may be made to the register of shareholders within 30 days prior to a shareholders' general meeting or 5 days prior to the reference date set by the Company for the purpose of distribution of dividends. But if it is otherwise prescribed in relevant provisions of the laws with respect to the registration of change to the register of shareholders of listed companies, then such relevant provisions shall apply.

**Article 44.**

When the Company is to convene a shareholders' general meeting, distribute dividends, be liquidated or to carry out other acts requiring confirmation of equity interests, the board of directors shall decide a date for determination of equity interests. Shareholders whose names appear on the register at the end of that day shall be the shareholders of the Company.

**Article 45.**

Any person that challenges the register of shareholders and requires his name to be entered into or removed from the register may apply to a competent People's Court for correction of the register.

**Article 46.**

Any shareholder who is registered in the register of shareholders or requires his name

to be entered into the register of shareholders may apply to the Company for issuance of a replacement certificate in respect of such shares (“relevant shares”) if his share certificate (“original share certificate”) is lost.

Applications for the replacement of share certificates from holders of domestic investment shares who have lost their certificates shall be dealt with in accordance with Article 144 of the Company Law.

Applications for the replacement of share certificates from holders of foreign investment shares listed outside the People’s Republic of China who have lost their certificates may be dealt with in accordance with the laws, securities exchange regulations and other relevant regulations of the place where the original register of holders of foreign investment shares listed outside the People’s Republic of China is kept.

Applications for the replacement of share certificates from holders of H shares shall comply with the following requirements:

- (1) The applicant shall submit the application in the form prescribed by the Company accompanied by a notarial certificate or statutory declaration. The notarial certificate or statutory declaration shall include the applicant’s reason for the application, the circumstances and proof of the loss of the share certificate and a declaration that no other person may require registration as a shareholder in respect of the Relevant Shares;
- (2) The Company shall not have received any declaration requiring registration as a shareholder in respect of such shares from any person other than the applicant before it decides to issue a replacement share certificate;
- (3) If the Company decides to issue a replacement share certificate to the applicant,

it shall publish a public announcement of its intention to do so in the newspapers or periodicals designated by the board of directors; the period of the public announcement shall be 90 days, during which such announcement shall be published repeatedly at least once every 30 days;

(4) Before publishing the public announcement of its intention to issue a replacement share certificate, the Company shall submit a copy of the announcement to be published to the securities exchange where it is listed and may proceed with publication after having received a reply from the securities exchange confirming that the announcement has been displayed in the securities exchange. The Company shall display the public announcement in the securities exchange for a period of 90 days.

If the application for issuance of a replacement share certificate was made without the consent of the registered holder of the Relevant Shares, the Company shall mail to such shareholder a photocopy of the public announcement that it intends to publish;

(5) At the expiration of the 90-day period provided for in items (3) and (4) hereof, if the Company has not received any objection to the issuance of a replacement share certificate from any person, it may issue a replacement share certificate according to the application of the applicant;

(6) When the Company issues a replacement share certificate under this Article, it shall immediately cancel the original share certificate and record such cancellation and the issuance of the replacement share certificate in the register of shareholders; and

(7) All expenses relating to the cancellation of the original share certificate and the issuance of a replacement share certificate shall be borne by the applicant. The Company shall be entitled to refuse to take any action until the applicant has provided reasonable guarantee.

**Article 47.**

After the Company has issued a replacement share certificate in accordance with its Article of Association, it shall not delete from the register of shareholders the name of a bona fide purchaser of the replacement share certificate mentioned above or of a shareholder that is subsequently registered as the owner of the shares (provided that he is bona fide purchaser).

**Article 48.**

The Company shall not be liable for any damages suffered by any person from the cancellation of the original share certificate or the issuance of the replacement share certificate, unless the claimant can prove fraud on the part of the Company.

**PART SEVEN: RIGHTS AND OBLIGATIONS OF SHAREHOLDERS**

**Article 49.**

The Company's shareholders are persons that lawfully hold shares of the Company and whose names are entered in the register of shareholders.

Shareholders shall enjoy rights and have obligations according to the category and number of shares held by them. Holders of shares of the same category shall enjoy equal rights and have equal 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 register of shareholders. For the joint shareholders of any classes of shares, only the first named shareholder in the register of shareholders has the right to receive the share certificates of the related shares, receive the notice of the Company, attend the shareholders' general meeting and exercise his voting right; while, any notice delivered to the said shareholder shall be deemed as if the notice has been delivered to all of the joint shareholders of the related shares.

#### **Article 50.**

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

- (1) Collect dividends and other profit distributions on the basis of the number of shares held by them;
- (2) Participate or to appoint proxies to participate in shareholders' meetings and exercise voting rights;
- (3) Supervise and control the Company's business activities, and raise suggestions or inquiries;
- (4) Transfer, donate, or pledge shares in accordance with laws, administrative regulations and the Company's Articles of Association;
- (5) Obtain relevant information in accordance with the Articles of Association of the Company, which shall include;

(I)Obtaining the Articles of Association of the Company after payment of a

charge to cover costs;

(II) Being entitled to browse and make a copy, after payment of reasonable charges, of:

- (a) All parts of the register of shareholders;
  
- (b) Personal information on the directors, supervisors, CEO, president, vice president and other senior management staff of the Company, including:
  - (i) Current and previous names and aliases;
  
  - (ii) Main address (domicile);
  
  - (iii) Nationality;
  
  - (iv) Full-time and other part-time occupations and duties;
  
  - (v) Identification documents and their numbers; and
  
  - (vi) Financial reports.
  
- (c) The status of the Company' share capital;
  
- (d) Reports of the aggregate par value, number of shares, and highest and lowest prices of each category of shares bought back by the Company since the last fiscal year as well as all the expenses paid by the Company therefore; and

(e) meeting minutes of the shareholders' meeting, resolution of the meeting of the board of directors, and resolution of the meeting of the board of supervisors;

(f) stub copy of corporate bond; and

(g) financial reports.

(6) Participate in the distribution of the surplus assets of the Company according to their shareholding when the Company is terminated or liquidated; and

(7) with respect to any shareholder who objects to the resolution of the shareholders' general meeting on the merger or division of the Company, require the Company to buy back its shares;

(8) Other rights conferred by laws, administrative regulations and the Company's Articles of Association.

The Company may not exercise any power to freeze or infringe in any other way the rights carried by any share held by any person who enjoys interests directly or indirectly merely for the reason that he has not disclose his interests to the Company.

#### **Article 51.**

A shareholder who wants to examine the above mentioned information or require for the related material shall provide the documents in writing which may prove the category and number of the shares he holds. The Company shall provide the related information or material according to the demand of the shareholder after having verified of the status of the shareholder.

If any shareholder exercises his/her right as granted under Article 51 to browse or make a copy of anything involving the trade secret of the Company, then the Company may refuse to provide relevant information but shall give a reasonable explanation for such refusal.

## **Article 52.**

Holders of ordinary shares of the Company shall have the following obligations;

- (1) To abide by the Articles of Association of the Company;
- (2) To pay subscription fees on the basis of the shares subscribed by them and the method of capital injection; and
- (3) not to exit as a shareholder, unless otherwise required by laws and regulations;
- (4) not to abuse the shareholders' right to impair the interest of the Company or other shareholders; and not to abuse the independent legal person status of the Company and the shareholders' limited liabilities to impair the interest of the Company's creditors. The shareholders who abuse their shareholders' rights and cause any losses to the Company or other shareholders shall bear compensation liability therefor in accordance with the law; shareholders who abuse the independent legal person status of the Company and shareholders' limited liability to evade repayment of debts and impair the interests of the creditors of the Company shall bear joint liability for the Company's debt;
- (5) Other obligations imposed by laws, administrative regulations and the Company's Articles of Association.

Shareholders shall not bear any liability for further contribution to share capital other than the conditions agreed to by the subscriber of relevant shares at the time of subscription.

**Article 53.**

Any shareholder holding five percent or more of the voting shares of the Company shall report to the Company in writing any pledge of the shares held by it on the date of the occurrence of such pledge.

**Article 54.**

In addition to obligations imposed by law, administrative regulations or the listing rules of the securities exchange(s) on which the shares of Company are listed, controlling shareholders (as defined in the following Article) may not, in the exercise of their shareholders' powers, make decisions prejudicial to the interests of all or part of the shareholders as a result of the exercise of their voting rights on the issues set forth below:

- (1) Relieving a director or supervisor of the responsibility to act honestly in the best interest of the Company;
- (2) Approving a director or supervisor (for his own or another person's benefit) of depriving the Company of its property in any way, including (but not limited to) any opportunities that are favourable to the Company; or
- (3) Approving a director or supervisor (for his own or another person's benefit) of depriving other shareholders of their rights or interests, including (but not limited to) rights to distributions and voting rights, unless pursuant to a restructuring of the Company submitted to and adopted by the shareholders' general meeting in

accordance with the Articles of Association of the Company.

**Article 55.**

For the purposes of the preceding Article, the term “controlling shareholder” shall refer to a person that satisfies any of the following conditions:

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

**PART EIGHT: SHAREHOLDERS’ GENERAL MEETINGS**

**Article 56.**

The shareholders’ general meeting shall be the organ of authority of the Company and shall exercise its functions and powers according to law.

**Article 57.**

The shareholders’ general meeting shall exercise the following functions and powers:

- (1) Decide on the business policies and investment plans of the Company;
- (2) Elect and replace directors and decide on matters concerning the remuneration of directors;
- (3) Elect and replace the supervisors who are to be appointed from among the shareholders' representatives and decide on matters concerning the remuneration of supervisors;
- (4) Examine and approve reports of the board of directors;
- (5) Examine and approve reports of the board of supervisors;
- (6) Examine and approve the Company's annual financial budget and final account proposals;
- (7) Examine and approve the Company's plans for profit distribution and making up losses;
- (8) Pass resolutions concerning the increase or reduction of the Company's registered capital;
- (9) Pass resolutions on matters such as the merger, division, change in company form, dissolution or liquidation of the Company;
- (10) Pass resolutions on the issuance of bonds by the Company;
- (11) Pass resolutions on the employment, dismissal or refusal of employment of accounting firms by the Company;

- (12) Amend the Articles of Association of the Company;
- (13) Examine and approve the guaranties as set forth in Article 58;
- (14) Examine the purchase or sale of material assets within one year with a value exceeding thirty percent of the total assets of the Company as audited in the latest reporting period;
- (15) Examine and approve any change in the use of the raised funds;
- (16) Examine and approve stock incentive plan and employee share ownership plan;
- (17) Examine and approve motions proposed by the shareholders who individually or jointly hold three percent or more of the Company's voting shares;
- (18) Other matters that laws, administrative regulations and the Company's Articles of Association require to be resolved by the shareholders' general meeting; and
- (19) The shareholders' general meeting may delegate or entrust its matters to be handled by the board of directors.

**Article 58.**

The following external guaranties to be provided by the Company shall be subject to the examination and approval by the shareholders' general meeting:

- (1) any guaranty to be provided after the total amount secured by the external guaranties provided by the Company and its controlled subsidiaries has reached or exceeded 50% of the latest audited net assets of the Company;



(2) any guaranty to be provided after the total amount secured by the external guaranties provided by the Company and its controlled subsidiaries has reached or exceeded 30% of the latest audited net assets of the Company;

(3) any guaranty exceeding 30% of the latest audited total assets of the Company based on the principle of cumulative calculation of the guarantee amount for 12 consecutive months;

(4) any guaranty to be provided for a person or an entity whose debt-to-asset ratio has exceeded 70%;

(5) any single guaranty the amount secured by which has exceeded 10% of the net assets of the Company as audited in the latest reporting period;

(6) any guaranty to be provided for the shareholders, de facto controlling person or affiliates of the Company; or

(7) other guaranties as provided by the stock exchange in the place where the Company' shares are listed or the Articles of Association.

#### **Article 59.**

Without the prior approval of the shareholders' general meeting, the Company may not conclude any contract with any person other than a director, a supervisor, CEO, president, vice president or other senior management staff of the Company for the delegation of the whole business management or important business management of the Company to that person.

#### **Article 60.**

Shareholders' general meetings shall include annual shareholders' meetings and extraordinary shareholders' general meetings. Shareholders' general meetings shall be convened by the board of directors. Annual meetings shall be convened once a year and shall be held within six months following the preceding fiscal year.

The board of directors shall convene an extraordinary shareholders' general meeting within two months after the occurrence of any of the following circumstances:

- (1) The number of directors is less than the number provided for in the Company Law or less than two-thirds prescribed in the Articles of Association of the Company;
- (2) The losses of the Company that have not been made up reach one-third of the total share capital of the Company;
- (3) Shareholders holding 10 percent or more of the Company's voting shares required in writing an extraordinary shareholders' general meeting to be convened;
- (4) The Board of Directors considers that there is a need or the Board of Supervisors proposes a meeting; or
- (5) Two or more independent directors propose a meeting.

The board of directors shall include in the agenda for the meeting the matters proposed in the motions in the case of (3), (4) and (5).

#### **Article 61.**

When the Company convenes an annual general meeting, it shall notify each shareholder in the form of a written notice or a public announcement, subject to laws

and administrative regulations and the listing rules of the stock exchange where the shares of the Company are listed, 21 days (excluding the date of meeting) prior to the annual general meeting; when the Company convenes an extraordinary general meeting, it shall notify each shareholder in the form of a written notice or a public announcement, subject to laws and administrative regulations and the listing rules of the stock exchange where the shares of the Company are listed, the longer of 10 business days or 15 days (excluding the date of meeting) prior to the meeting.

#### **Article 62.**

When the Company is to hold an annual shareholders' general meeting, shareholders who individually or jointly hold three percent or more of the total number of the Company's voting shares shall be entitled to propose motions in writing to the Company no later than ten days before the holding of such meeting. The board of directors of the Company shall notify the other shareholders of such motions within two days of its receipt thereof and shall include in such meeting's agenda the matters which are referred to in the motions and fall within the scope of duties of the shareholders' general meeting and submit the agenda to the shareholders' general meeting for examination and approval.

#### **Article 63.**

The motion of the shareholders' general meeting shall meet the following requirements:

- (1) Its content does not contravene laws and regulations and falls within the scope of business and duties of the shareholders' general meeting;
- (2) It has specific subject and detailed matters to be examined at the meeting; and

- (3) It shall be submitted or sent to the board of directors in writing.

**Article 64.**

No resolutions shall be passed at a shareholders' general meeting on matters not listed in the notice.

**Article 65.**

The notice of a shareholders' general meeting shall meet the following requirements:

- (1) It shall be made in writing;
- (2) It shall specify the place, date and time of the meeting;
- (3) It shall record the register date of shareholding of the shareholder who is entitled to attend the meeting;
- (4) It shall state the name and telephone number of the permanent linkman;
- (5) It shall describe the matters to be discussed at the meeting;
- (6) It shall provide to the shareholders the information and explanation necessary for them to make a wise decision on the matters to be discussed. This principle shall apply (but not be limited) to the circumstance that when the Company proposes a merger, buy-back of shares, reorganization of share capital or other restructuring, it shall provide the specific conditions and contract (if any) of the

transaction under discussions and earnestly explain the cause and result of the transaction;

(7) It shall disclose the nature and extent of conflict of interests, if any, of any director, supervisor, CEO, president, vice president or other senior management staff in any matter to be discussed; and provide an explanation of the difference, if any, between the way in which the matter to be discussed would affect such director, supervisor, CEO, president, vice president or other senior management staff in his capacity as shareholder and the way in which such matter would affect other shareholders of the same category;

(8) It shall contain the full text of any special resolution proposed to be adopted at the meeting;

(9) It shall contain a conspicuous statement that shareholders entitled to attend and vote have the right to entrust one or more proxies to attend and vote on their behalf and that such proxy need not be a shareholder; and

(10) It shall state the time and place for the delivery of the meeting's proxy forms.

#### **Article 66.**

The notice of a shareholder's general meeting shall be delivered to the shareholders (whether or not entitled to vote thereat) by assigned persons or pre-paid mail to the recipient's address shown in the register of shareholders or by public announcement in accordance with laws, administrative regulations and the listing rules of the stock exchange where the shares of the Company are listed.

For the public announcement referred to in the preceding paragraph, once published, all holders of domestic investment shares shall be deemed to have received the notice of the relevant shareholders' meeting.

**Article 67.**

After the notice of a shareholder's general meeting has been delivered, the Company shall not delay such meeting without reason. If there is indeed a need to delay the meeting for a proper reason, the Company shall give a delay notice setting forth the reason for delay and the date of the delayed meeting, no later than seven days before the date of such meeting as set forth in the first notice thereof.

In the event of any delay of a shareholders' general meeting, the date of record of shareholders who are entitled to attend the shareholders' general meeting as set forth in the first notice of such meeting may not be changed accordingly.

**Article 68.**

A meeting and the resolutions adopted thereat shall not be invalidated as a result of the accidental omission to give notice of the meeting to, or the failure of receiving such notice by, a person entitled to receive such notice.

**Article 69.**

Any shareholder entitled to attend and vote at a shareholders' meeting shall have the right to appoint one or more persons (who need not be shareholders) as his proxies to attend and vote on his behalf. Such proxy may exercise the following rights according to his entrustment by the shareholder:

- (1) The shareholder's right to speak at the shareholders' general meeting;
- (2) The right to require by himself or in conjunction with others to make a resolution by voting; and
- (3) The right to vote by raising hands or ballot, except that if a shareholder has appointed more than one proxy, such proxies may only exercise their voting rights by ballot.

If the said shareholder is a recognized clearing house as defined by the Securities and Futures (Clearing House) Ordinance (Chapter 420 of the Laws of Hong Kong), the shareholder may authorize one or more suitable person to act as its representative at any shareholders' general meeting or at any class meeting; however, if more than one person are authorized, the power of attorney shall clearly indicate the number and types of the stocks involved by way of the said authorization. The persons after such authorization may represent the recognized clearing house (or its nominee) to exercise the rights, as if they were the individual shareholders of the Company.

#### **Article 70.**

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a legal entity, either under seal or under the hand of a director or a duly authorised attorney. The letter of authorization shall contain the number of the shares to be represented by the attorney. If several persons are authorized as the attorney of the shareholder, the letter of authorization shall specify the number of the shares to be represented by each attorney.

#### **Article 71.**

The instrument appointing a voting proxy shall be deposited at the domicile of the Company or at such other place as specified in the notice of the meeting within 24 hours prior to the meeting at which the proxy is authorized to vote or within 24 hours prior to the specified time of the vote. Where the instrument is signed by another person authorized by the entrusting party, the power of attorney or other document authorizing the signature shall be notarized. The notarized power of attorney or other authorizing document shall be deposited together with the instrument appointing the voting proxy at the domicile of the Company or at such other place as specified in the notice of the meeting.

Where the entrusting party is a legal person, its legal representative or the person authorized by resolution of its board of directors or other decision-making body shall be entitled to attend the Company's shareholders' meeting as the representative of such legal person.

#### **Article 72.**

Any 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 enable the shareholders to give separate instructions on each matter to be voted during discussions at the meeting. The instrument of appointment shall specify that in the absence of instructions from the shareholder, the proxy may vote as he thinks fit.

#### **Article 73.**

The Company is entitled to ask the proxy who represents an individual shareholder to attend the shareholders' general meeting to provide his identification document as well as the power of attorney signed by the appointor or the representative authorized by the appointor.



In the case of a corporate shareholder appoints its legal representative to attend the meeting, the Company is entitled to ask the legal representative to provide his identification document as well as the copy of the resolution or the power of attorney by which the board of directors or other authoritative department of the corporate shareholder appoints the legal representative and which has been notarized.

**Article 74.**

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

**Article 75.**

Resolutions of the shareholders' general meeting can be ordinary resolutions or special resolutions.

Ordinary resolutions of the shareholders' general meeting shall be passed by more than half of the voting rights held by the shareholders (including proxies) present at the meeting.

Special resolutions of the shareholders' general meeting shall be passed by more than two-thirds of the voting rights held by the shareholders (including 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.

#### **Article 76.**

When shareholders (including proxies) vote at the shareholders' general meeting, they shall exercise their voting rights according to the number of voting shares that they represent. Each share shall have one (1) vote. The shares held by the Company carry no voting rights and shall not be counted into the total number of shares with voting rights held by shareholders attending the meeting.

Shareholders who purchase the shares of the Company with voting rights in violation of relevant requirements of the Securities Law shall not exercise the voting right of the shares that exceed the prescribed ratio within 36 months after the purchase, and such shares shall not be counted in the total number of shares with voting rights represented by shareholders attending the shareholders' general meeting.

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

The board of directors, independent Directors and shareholders holding more than 1% of the total voting shares of the Company or investor protection corporation established in accordance with laws, administrative rules and the provisions of the China Securities Regulatory Commission may publicly solicit voting rights.

Information shall be fully disclosed to the shareholders to be solicited for such solicitation, and no payment or other form of de facto payment shall be made to the shareholders for such solicitation. Save for the statutory conditions, the Company shall not impose any limitation related to minimum shareholding on the collection of

voting rights.

#### **Article 77.**

Votes of the shareholders' general meeting shall be taken by a show of hands for resolutions, unless the following persons require voting by ballot before or after any vote by a show of hands for resolutions:

- (1) The chairman of the meeting;
- (2) At least two shareholders with voting rights or their proxies; or
- (3) One or several shareholders (including proxies) holding totally or separately 10 percent or more of the shares carrying the right to vote at the meeting.

Unless somebody proposes voting by ballot, the chairman of the meeting shall declare whether the proposal has been adopted according to the results of the vote by a show of hands, and shall record the same in the minutes of the meeting, which shall serve as final evidence without having to state the number or proportion of the votes for or against the resolution adopted at the meeting.

The demand for a vote by ballot may be withdrawn by the person who made it.

#### **Article 78.**

If the matter demanded to be voted upon by ballot is the election of the chairman or the adjournment of the meeting, a ballot shall be taken immediately. If a ballot is demanded for any other matter, such ballot shall be taken at the time decided upon by the chairman and the meeting may proceed with the discussion of other matters; the result of the ballot shall still be regarded as a resolution passed at that meeting.

**Article 79.**

When a ballot is held, shareholders (including proxies) having the right to two or more votes need not use all of their voting rights in the same way.

**Article 80.**

When the shareholders' general meeting resolves on the connected transaction of the Company, the connected shareholders shall refrain from voting and the number of voting shares that they represent may not be counted as part of the total number of valid voting. The public announcement of the shareholders' general meeting shall fully disclose the voting of non-connected shareholders.

**Article 81.**

The following matters shall be resolved by way of an ordinary resolution of the shareholders' general meeting:

- (1) Work reports of the board of directors and the board of supervisors;
- (2) Plans for the distribution of profits and making up of losses drafted by the board of directors;
- (3) Removal of members of the board of directors and the board of supervisors, their remuneration;
- (4) The Company's annual budget, final accounts, balance sheet, profit statement and other financial statements; and

(5) Matters other than those that law, administrative regulations or the Company's Articles of Association require to be passed by way of a special resolution.

## **Article 82.**

The following matters shall be resolved by way of a special resolution of the shareholders' general meeting:

- (1) Increase or reduction of the Company share capital and issuance of any category of shares, warrants or other similar securities;
- (2) Buying-back of Company's shares;
- (3) Issuance of Company's bonds;
- (4) Division, spin-off, merger, dissolution and liquidation of the Company or change in company form;
- (5) Amendment of the Articles of Association of the Company;
- (6) Purchase or sale of material assets by the Company within one year exceeding thirty percent of the total assets of the Company, or provision of guaranty by the Company within one year the amount secured by which exceeds thirty percent of the total assets of the Company;
- (7) Stock incentive plan;
- (8) Other matters that, as resolved by way of an ordinary resolution of the shareholders' general meeting, may have a significant impact on the Company and require adoption by way of a special resolution.

**Article 83.**

The list of candidates for directors and supervisors shall be submitted as a voting proposal to the shareholders' general meeting.

A cumulative voting system may be implemented for the election of directors and supervisors at a shareholders' general meeting in accordance with the provisions of these Articles of Association of the Company or a resolution of the shareholders' general meeting.

The term "cumulative voting" as referred to in the preceding paragraph means that the voting rights carried by each share shall be equivalent to the number of directors or supervisors, and the shareholders may use their voting rights collectively for election of directors or supervisors at a shareholders' general meeting. The board of directors shall make the resumes of and basic information on the director and supervisor candidates available to the shareholders.

**Article 84.**

Other than matters to be decided by cumulative voting, the shareholders' general meeting shall vote on all proposals one by one. Different proposals on the same matter shall be voted on according to the chronological order in which relevant proposals were submitted. The shareholders' general meeting shall not set any proposal aside or fail to put any proposal to a vote unless the shareholders' general meeting is suspended or the making of resolutions becomes impossible due to special circumstances such as force majeure.

**Article 85.**

Shareholders requesting the convening of an extraordinary shareholders' general meeting or a meeting of shareholders of different categories shall proceed in

accordance with the procedures set forth below:

(1) Ordinary shareholders (including the preference shareholders with voting rights resumed) holding 10 percent or more of the shares carrying the right to vote at the meeting sought to be held, individually or jointly, may sign one or more written requests of identical form and substance requesting the board of directors to convene an extraordinary shareholders' general meeting or a meeting of shareholders of different categories and stating the subject of the meeting. The board of directors shall convene the shareholders' general meeting or the meeting of shareholders of different categories as soon as possible after having received the above- mentioned written request. The shareholding referred to above shall be calculated as of the day on which the written request is made; and

(2) If the board of directors does not agree to convene an extraordinary general meeting or does not provide any reply within 10 days after having received the above-mentioned written notice, then the shareholders who made such request may request the board of supervisors to convene an extraordinary shareholders' general meeting or a meeting of shareholders of different categories in the same manner as described in the foregoing paragraph (1); if the board of supervisors fails to convene and preside over such an extraordinary shareholders' general meeting or a meeting of shareholders of different categories in accordance with laws within 5 days after its receipt of such written request, and the shareholders who made such request have been individually or jointly holding ten percent or more of the Company's shares for more than ninety consecutive days, then such shareholders may themselves convene the meeting within a reasonable period after the board of supervisors receives the request. The procedures according to which they convene such meeting shall, to the extent possible, be identical to the procedures according to which shareholders' meetings are to be convened by the board of directors.

Where shareholders convene and hold a meeting because the board of directors failed

to hold such meeting pursuant to a request as mentioned above, the reasonable expenses incurred by such shareholders shall be borne by the Company and shall be deducted from the sums owed by the Company to the negligent directors.

**Article 86.**

The board of supervisors may propose an extraordinary general meeting to the board of directors. Any such proposal shall be made to the board of directors in writing. The board of directors shall, in accordance with laws, administrative regulations and these Articles of Association, give a written response on whether it agrees to convene such an extraordinary general meeting within ten days of its receipt of such proposal. Where the board of directors agrees to hold an extraordinary general meeting, it shall send out a notice of shareholders' general meeting within 5 days of its resolution approving such meeting. No change shall be made to the original proposal in the notice unless approved by the board of supervisors.

Where the board of directors declines to hold an extraordinary general meeting or fails to give a response within 10 days of its receipt of a proposal, the board of directors shall be deemed to be unable or have failed to perform its duty to convene shareholders' general meetings, and the board of supervisors may convene and preside over the meeting itself.

**Article 87.**

Except for involving trade secrets of the Company which can not be publicized, the board of directors and the board of supervisors shall make reply or explanation to the inquiries and suggestions of shareholders on shareholders' general meetings.

**Article 88.**

Shareholders' general meetings shall be convened and presided over by the chairman



of the board. Where the chairman of the board cannot attend such a meeting for any reason, the meeting shall be convened and presided over by the (a) vice chairman of the board. Where both the chairman and the vice chairman of the board (or vice chairmen of the board) are unable to attend the meeting, the board of directors may designate a director of the Company to convene and preside over the meeting on its behalf. Where no chairman is designated, the shareholders attending the meeting may elect one person to preside over the meeting. If for any reason the shareholders are unable to elect a chairman, the shareholder holding the largest number of voting shares and attending the meeting (whether in person or by proxy) shall preside over the meeting.

Where the board of directors is unable to or fails to perform its duty to convene a shareholders' general meeting, the board of supervisors shall timely convene and preside over such meeting; where the board of supervisors fails to so convene and preside over, the shareholders individually or jointly holding ten percent or more of the Company's shares may convene and preside over such meeting themselves.

#### **Article 89.**

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

#### **Article 90.**

If the chairman of the meeting has any doubts as to the result of a resolution put to the vote, he may count the number of votes cast. If the chairman of the meeting fails to count the votes, a shareholder or proxy attending the meeting who challenges 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 immediately count the votes.

**Article 91.**

If counting of votes is held at a shareholders' general meeting, the result of the counting shall be recorded in the minutes of the meeting.

**Article 92.**

The minutes of meeting shall be prepared for all resolutions adopted at shareholders' general meetings and be signed by directors present at the meeting and the person taking minutes.

The minutes of meeting shall be prepared for shareholders' general meetings and shall include the following contents:

- (1) The number of shares carrying voting rights present at the meeting and the percentage of such shares accounting for of the total shares of the Company;
- (2) The date and place of the meeting;
- (3) The name of the chairman of the meeting and the agenda for the meeting;
- (4) The key points of every speaker to every matter examined;
- (5) The result of every matter which has been put to vote;
- (6) The inquiry opinions and suggestions of shareholders, the replies or explanations of the board of directors and the board of supervisors;

(7) Other contents which the shareholders' general meeting deems and the Company's Articles of Association prescribes to be included in the minutes of meetings.

**Article 93.**

The minutes of meeting and the attendance records signed by the attending shareholders and proxies shall be kept at the Company's domicile.

**Article 94.**

Legal opinions offered by lawyers shall be prepared for such matters as the validity of the attendance number of shareholders' general meetings, the amount of shareholding held by attending shareholders, power of attorney, the result of every matter which has been put to be voted, the minutes of meetings and the procedures of meetings, etc.

**Article 95.**

Shareholders may examine photocopies of the minutes of meetings during the Company's office hours free of charge. If any shareholder demands from the Company a photocopy of relevant minutes of meetings, the Company shall send such photocopies within seven days after receiving payment of reasonable charges.

**PART NINE: SPECIAL VOTING PROCEDURES FOR SHAREHOLDERS OF DIFFERENT CLASSES**

**Article 96.**

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

Shareholders of different classes shall enjoy rights and assume obligations in accordance with laws, administrative regulations and the Company's Articles of Association.

**Article 97.**

If the Company intends to change or abrogate the rights of shareholders of different classes, it may do so only after such change or abrogation has been approved by way of a special resolution of the shareholders' general meeting and by a separate shareholders' meeting convened by the affected shareholders of that class in accordance with Articles 100 to 104.

**Article 98.**

The rights of shareholders of a certain class shall be deemed to have been changed or abrogated in the following conditions:

- (1) An increase or decrease in the number of shares of such class, or an increase or decrease in the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (2) A change of all or part of the shares of such class into shares of another class, or a conversion of all or part of the shares of another class into shares of such class or the grant of the right to such change;
- (3) A removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;

- (4) A reduction or removal of a dividend preference or property distribution preference during liquidation of the Company, attached to shares of such class;
- (5) An addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, preemptive rights to rights issues or rights to acquire securities of the Company attached to shares of such class;
- (6) A removal or reduction of rights to receive amounts payable by the Company in a particular currency attached to shares of such class;
- (7) A creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of that class;
- (8) An imposition of restrictions or additional restrictions on the transfer or ownership of shares of such class;
- (9) An issuance of rights to subscribe for, or convert into, shares of such class or another class;
- (10) An increase in the rights and privileges of shares of another class;
- (11) Restructuring of the Company causes shareholders of different classes to bear liability to different extents during the restructuring; or
- (12) An amendment or cancellation of the provisions of this Part.

**Article 99.**

Shareholders of the affected class, whether or not otherwise having the right to vote at

shareholders' general meetings, shall have the right to vote at class meetings in respect of matters referred to in items (2) to (8) or (11) to (12) of Article 99, except that interested shareholders shall not have the right to vote at class meetings.

For the purposes of the preceding paragraph, the term "interested shareholders" shall have the following meanings:

(1) If the Company has made a buy-back offer to all shareholders in the same proportion or has bought back its own shares through open transactions on a securities exchange in accordance with Article 29 hereof, the controlling shareholders as defined in Article 55 hereof shall be "interested shareholders";

(2) If the Company has bought back its own shares by an agreement outside a securities exchange in accordance with Article 29 hereof, holders of shares in relation to such agreement shall be "interested shareholders"; or

(3) Under a restructuring proposal of the Company, shareholders who will bear liability in a proportion smaller than that of the liability borne by other shareholders of the same class, or shareholders who have an interest in a restructuring proposal of the Company that is different from the interest in such restructuring proposal of other shareholders of the same class shall be "interested shareholders".

#### **Article 100.**

Resolutions of a meeting of shareholders of different classes may be passed only by more than two-thirds of the voting rights of that class represented at the meeting in accordance with Article 99 hereof.

Where any shareholder is, under the Listing Rules, required to abstain from voting on a particular resolution in a class meeting or restricted to voting only in favour of or

against any particular resolution in a class meeting, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

**Article 101.**

When the Company is to hold a class meeting, it shall notify each shareholder in the form of a written notice or a public announcement, subject to laws and administrative regulations and the listing rules of the stock exchange where the shares of the Company are listed, 21 days (excluding the date of meeting) prior to the meeting informing all the registered shareholders of that class of the matters to be examined at the class meeting as well as the date and place of the meeting.

**Article 102.**

The notice of a class meeting needs to be delivered only to the shareholders entitled to vote thereat.

The procedures according to which a class meeting is held shall, to the extent possible, be identical to the procedures according to which a general shareholders' meeting is held. Provisions of the Articles of Association of the Company relevant to procedures for the holding of a shareholders' general meeting shall be applicable to class meetings.

**Article 103.**

In addition to holders of other classes of shares, holders of domestic investment shares and foreign investment shares listed outside the People's Republic of China shall be deemed to be shareholders of different classes.

The special voting procedures for approval by a class of shareholders shall not apply:

(1) where, as approved by way of a special resolution of the shareholders' general meeting, the Company issues, either separately or concurrently, domestic investment shares and foreign investment shares listed outside the People's Republic of China every 12 months, and the number of the domestic investment shares and foreign investment shares listed outside the People's Republic of China intended to be issued does not exceed 20 percent of the issued and outstanding shares of the respective categories; or

(2) where the plan for issuance of domestic investment shares and foreign investment shares listed outside the People's Republic of China upon the establishment of the Company is completed within 15 months after being approved by the State Council Securities Commission.

## **PART TEN: BOARD OF DIRECTORS**

### **Article 104.**

The Company shall establish a board of directors. The board of directors shall be composed of 8 directors, who shall include one chairman and may include one vice chairman of the board of directors.

The board of directors is independent of the controlling organizations (herein meaning those corporations, enterprises or institutions with the status of legal person which control the Company).

The external directors (herein meaning those directors who do not hold office in the



Company) (including independent directors) shall represent the majority of the members of the board of directors, of which more than one-third directors shall be independent non-executive directors (herein meaning those directors who are independent to the shareholders and do not hold office in the Company).

#### **Article 105.**

Directors shall be elected by the shareholders' general meeting and shall hold office for a term of three years. Upon the expiration of the term of office, the directors shall be eligible for re-election.

The term of office of a director shall commence from the date of resolution of the shareholders' general meeting approving the appointment of such director.

No written notice of an intent to nominate a director candidate and the willingness of such candidate to accept such nomination shall be sent prior to the date immediately following the date when the notice of the meeting for election of relevant director is sent or later than 7 days before the convening of the shareholders' general meeting for considering the election of such director.

The chairman of the board and the vice chairman of the board shall be elected and removed by affirmative votes of majority of all the members of the board of directors. The chairman of the board and the vice chairman of the board shall serve a term of 3 years and may serve consecutive terms if reelected upon the expiration of their terms.

A director may resign before expiry of his term of service. When a director resigns, he/she shall submit a written resignation to the board of directors. The board of directors shall disclose the relevant circumstances within two days. The director's resignation takes effect upon delivery of his/her resignation report to the board of directors, except in the case of the following circumstances:

- (1) the resignation of directors results in members of the board falling below the minimum quorum;
- (2) the number of independent directors is less than one-third of the members of the board or there is no accounting professional among independent directors as a result of the resignation of independent directors.

Where re-election procedures are not carried out in a timely manner on the expiration of the directors' term of office, or where the number of directors on the board of directors falls below the quorum due to a director's resignation, before the newly elected directors take office, the original directors shall perform their directors' duties in accordance with laws, administrative regulations, departmental rules and these Articles of Association.

The shareholders' general meeting may remove any director whose term of office has not expired by adopting an ordinary resolution, subject to relevant laws, administrative regulations and departmental rules (provided however that no claim brought in accordance with any contract shall be affected by such removal).

Not more than 2 persons of the chairman of the board, vice chairman (or vice chairmen), executive directors and senior management staff (general manager, deputy general manager and financial officer) of the controlling organizations may be the chairman of the board, vice chairman and executive director of the Company.

Directors need not be Company shareholders.

#### **Article 106.**

The board of directors shall be accountable to the shareholders' general meeting and shall exercise the following functions and powers:

- (1) To be responsible for convening shareholders' general meetings and to report on its work to the shareholders' general meeting;
- (2) To implement the resolutions of shareholders' general meetings;
- (3) To decide on the business plans and investment plans of the Company;
- (4) To formulate the proposed annual financial budgets and final accounts of the Company;
- (5) To formulate the plans for profit distribution and making up losses of the Company;
- (6) To formulate plans for the increase or reduction in the registered capital of the Company and for the issue and listing of corporate bonds or other securities;
- (7) To draft plans for major acquisitions, purchase of the Company's shares or merger, division, change in company form and dissolution of the Company;
- (8) Within the scope of authorization by the shareholders' general meeting, to make decisions on external investments, purchases or sales of assets, assets pledges, external guarantees, entrusted wealth management, connected transactions, external donations, etc. (if the matters meet the criterial for consideration and approval at the shareholders' general meeting in accordance with laws, administrative regulations, and the requirements of the listing rules of the stock exchange where the shares of the Company are listed, such matters shall be submitted to the shareholders' general meeting for approval); and organize relevant experts and professionals to make assessments and examination on material investment projects and report them to the

shareholders' general meeting for approval;

(9) To decide on the establishment of the Company's internal management department;

(10) To hire or dismiss the CEO of the Company;

(11) Hire or dismiss the president, vice president(s), chief financial officer, secretary to the board of directors and other senior management staff as proposed by CEO, and to decide on their remuneration, rewards and punishments;

(12) To formulate the basic management system of the Company;

(13) To formulate proposals for amendment of the Articles of Association of the Company;

(14) Under the premise of observing relevant laws, administrative regulations, the Articles of Association of the Company and authorization by the shareholders' meeting, to exercise the Company's rights of financing and borrowing and to deal with lease and contract matters relating to the Company;

(15) To propose to the shareholders' general meeting to hire or change accounting firms which audit the Company; and

(16) To exercise any other powers conferred by the laws, administrative regulations or the Articles of Association.

Resolutions by the board of directors on matters referred to in the preceding

paragraph may be passed by the affirmative vote of more than half of the directors with the exception of resolutions on matters referred to in items (6), (7) and (13) and as stipulated in the laws, administrative regulations and the listing rules of the stock exchange where the shares of the Company are listed, which shall require the affirmative vote of more than two-thirds of the directors.

**Article 107.**

When making decisions on significant matters such as direction of reform and development, key objectives, and priority operational arrangements of the Company, the board of directors should seek advice from the Party organization.

When the board of directors appoints the management personnel of the Company, the Party organization shall consider and provide comments on the candidates for management positions nominated by the board of directors or the president, or recommend candidates to the board of directors and/or the president.

**Article 108.**

When the board of directors disposes of fixed assets and the sum of the expected value of the consideration for the proposed disposal and the value of the consideration for disposal of fixed assets made in the four months immediately preceding the proposed disposal exceeds 33 percent of the value of the fixed assets shown in the last balance sheet placed before the shareholders' general meeting, the board of directors may not dispose of or agree to dispose of the fixed assets without the prior approval of the shareholders' general meeting.

For the purposes of this Article, the term "disposal of fixed assets" shall include the assignment of a certain interest in assets other than by way of security.

The validity of transactions whereby the Company disposes of fixed assets shall not be affected by the breach of the first paragraph hereof.

**Article 109.**

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

- (1) To preside over shareholders' general meetings and to convene and preside over meetings of the board of directors;
- (2) To examine the implementation of resolutions of the board of directors;
- (3) To sign bond certificates issued by the Company;
- (4) To sign important documents of the meetings of the board of directors and other documents that require signing by the Chairman of the Company;
- (5) To handle company affairs in accordance with the law and company interests in cases of emergency caused by natural disasters or other force majeure, and report to the board of directors and shareholders' general meeting thereafter; and
- (6) Other functions and powers granted by the board of directors.

Where the chairman of the board is unable or fails to fulfill his duties, the duties shall be fulfilled by the vice chairman (if a vice chairman has been appointed); where the vice chairman is unable or fails to fulfill his duties, the duties shall be fulfilled by a director jointly elected by a majority of directors. If no vice chairman has been appointed, the duties shall also be fulfilled by a director jointly elected by a majority of directors.

**Article 110.**

The board of directors shall establish special committees.

(1) The main duties of the audit committee:

- (i) to examine the audit accounting policy, the status of finance and the procedures of financial report of the Company;
- (ii) to recommend and engage accounting firms and to communicate with external audit organizations of the Company;
- (iii) to examine the structure of the inside control and the function of the inside audit;
- (iv) to assess the inside control of the Company;
- (v) to examine and supervise all kinds of existing and potential risks of the Company (including the risks of logistics, financing, security, investment, violation of regulations by senior management staff and the safety of computer system);
- (vi) to examine the compliance by the Company of laws and other statutory obligations;
- (vii) to examine and supervise the Company's code of conduct; and
- (viii) to exercise other duties assigned by the board of directors.

(2) The main duties of the remuneration and assessment committee:

- (i) to formulate the standards for assessment of directors and senior management staff and to proceed the assessment; and
- (ii) to formulate and examine the remuneration policies and plans for directors, supervisors and senior management staff.

(3) The main duties of the nomination committee:

- (i) to make suggestions to the board of directors on the scale and composition (in respect of skills, knowledge and experience) of the board of directors in accordance with the status of business operation, scale of assets and ownership structure of the Company;
- (ii) to conduct research on the standards and procedures for election of directors

and senior management staff and make suggestions to the board of directors with respect thereto;

(iii) to locate eligible candidates for directors and senior management staff of the Company;

(iv) examine and make suggestion on the candidates for directors and senior management staff;

(v) assess the independence of the independent non-executive directors and make suggestions to the board of directors with respect thereto; and

(vi) make suggestions to the board of directors with respect to the plan for successor directors.

The members of special committees under the board of directors shall serve a term identical to the term of office of the directors. Upon the expiry of the term of office of any member of a special committee, such member may be reelected and serve for another consecutive term of office.

If a member of a special committee is no longer a director of the Company, then such member shall automatically loss his/her status as a member of such special committee. A member of a special committee may resign from such position prior to the expiry of his/her term of office.

The board of directors may have other special committees, if necessary.

#### **Article 111.**

Meetings of the board of directors shall be held at least four times a year. Meetings of the board of directors shall be convened by the chairman of the board by giving a notice to all directors 14 days before the meetings are held.

The chairman of the board shall convene an extraordinary meeting of the board within



10 days of its receipt of a proposal under any of the following circumstances:

- (1) shareholders representing ten percent or more of the voting rights propose;
- (2) 1/3 or more of the directors jointly propose;
- (3) the board of supervisors proposes;
- (4) more than 2 (including 2) independent directors proposes; or
- (5) the chairman of the board thinks it necessary.

The reasonable expenses incurred by the directors who attend meetings of the board shall be borne by the Company. These expenses include the traffic expenses covering the distance between the place where a director is located and the place where a meeting is held (in the event that these two places are not the same), the fees of room and board during the term of the meeting, the rent of the place of the meeting and the local traffic expenses.

## **Article 112.**

Meetings and extraordinary meetings of the board of directors shall be noticed by way as follows:

- (1) If the board of directors has specified the time and place of the regular board meeting in advance, no service of notice is required;
- (2) If the board of directors has not specified the time and place of the regular board meeting in advance, the chairman of the board shall, at least 10 days in advance, inform the directors and supervisors the time and the place of the board meeting by

way of telegraph, telex, fax, courier, registered mail or by specially designated person;

(3) If there is a need to hold a board meeting in case of emergency, the chairman of the board shall ask the secretary to the board of directors to, not less than 5 days and not more than 10 days prior to the day when the extraordinary board meeting is held, inform the directors and supervisors the time and the place of the board meeting by way of telegraph, telex, fax, courier, registered mail or by specially designated person;

(4) The notice shall be written in Chinese, if necessary, the English version can be attached, including the agenda for the meeting. Any director may waive the right of receiving the notice of board meeting.

#### **Article 113.**

Notice of a meeting shall be deemed to have been given to any director who attends the meeting without protest against, before or at its commencement, any lack of notice.

#### **Article 114.**

Any regular or extraordinary meeting of the board of directors may be held by way of telephone conference or similar communication equipment so long as all directors participating in the meeting can clearly hear and communicate with each other. All such directors shall be deemed to be present in person at the meeting.

#### **Article 115.**

Meetings of the board of directors may be held only if more than half of the directors (including any alternate director appointed pursuant to Article 116 of the Company's Articles of Association) attend.

Each director shall be entitled to one vote, except as otherwise prescribed by laws and regulations. Resolutions of the board of directors must be adopted by the affirmative vote of the majority of all the directors, unless otherwise required by these Articles of Association.

The board of directors shall give a prior notice to all the directors of any material matter to be resolved by the board of directors within a period required by applicable laws and provide sufficient materials with respect to such matter in strict accordance with relevant procedures. The directors may require additional materials with respect thereto. When more than a quarter of directors or more than 2 external directors think the materials so provided are not sufficient or the argument contained therein is not clear, they may suggest jointly to defer the board meeting or defer the discussion of such matter, and the board of directors shall accept such suggestion.

Where a director has some relationship of interest with a matter to be voted on at a meeting of the board of directors, such director shall not vote on such matter, whether on its own behalf or as the proxy of another director. Such board meeting shall not be held unless attended by a majority of directors having no relationship of interest with such matter, and any resolution made on such matter shall be subject to affirmative votes of a majority of directors having no relationship of interest with such matter. Where less than three directors having no relationship of interest with such matter attend the meeting, the matter shall be submitted to the shareholders' general meeting for consideration.

#### **Article 116.**

Meetings of board of directors shall be attended by the directors in person. If a director cannot attend a meeting for any reason, he may entrust in writing another director with attending the meeting on his behalf. The instrument of entrustment shall

specify the scope of authority.

A director who attends a meeting on behalf of another director shall exercise the rights of a director within the scope of authority granted. If a director fails to attend a meeting of the board of directors and has not appointed a representative to attend on his behalf, he shall be deemed to have waived his voting rights in respect of that meeting.

Where a director neither attends in person nor authorizes another director as his/her proxy to attend a meeting of the board of directors twice in succession, the director shall be deemed to be unable to perform his duties and the board of directors shall advise the shareholders' general meeting to remove such director.

#### **Article 117.**

In respect of the matters examined on an extraordinary board meeting, if the board of directors has delivered in written form the proposal to be voted to all directors, and the number of the directors who give their signatures and consent has constituted the quorum required for making a decision pursuant to Article 106 of the Company's Articles of Association, this proposal shall be taken as the resolution of the board of directors, instead of holding the board meeting.

#### **Article 118.**

The board of directors shall keep minutes of its decisions on the matters examined at their meetings. The directors attending a meeting, the secretary to the board of directors and the person taking minutes shall sign the minutes of that meeting. The directors shall bear liability for the decisions of the board of directors. Where a resolution of the board of directors is in violation of laws, administrative regulations or the Company's Articles of Association, thereby causing serious losses to the

Company, the directors who took part in the resolution shall be liable to the Company for damages. However, where a director can prove that he expressed his opposition to such resolution when it was put to be voted, and that such opposition was recorded in the minutes of the meeting, the director may be relieved from such liability.

The opinions of the independent directors shall be clearly listed in the resolutions of the board of directors.

The minutes of board meeting shall be kept as archives of the Company by the secretary to the board of directors. The minutes of board meeting shall be kept for 15 years.

## **PART ELEVEN: SECRETARY TO THE BOARD OF DIRECTORS**

### **Article 119.**

The Company shall have a secretary to the board of directors. The secretary to the board of directors shall be a member of the senior management staff of the Company.

Officers of controlling entities may not serve concurrently as secretary to the board of directors.

### **Article 120.**

The secretary to the board of directors shall be a natural person with the necessary professional knowledge and experience. He shall be appointed by the board of directors. His main duties shall be as set forth below:

- (1) to be responsible for the preparation for shareholders' general meetings and

meetings of the board of directors and the retention of documents;

(2) To guarantee that the Company has complete organizational documents and records;

(3) To organize carefully the record and arrangement of the matters examined on board meetings, to sign on the resolutions of board meetings and to assume the responsibility of ensuring the accuracy of the record;

(4) To ensure that the Company prepares and submits according to law the documents and reports required by relevant authorities; and

(5) To guarantee that the Company's register of shareholders is properly established and that persons entitled to relevant records and documents of the Company obtain such relevant records and documents in a timely manner;

(6) To be responsible for the coordination and organization of the information disclosure matters of the Company and to ensure that the disclosure is timely, accurate, legal, true, and complete; to be responsible for the communication with investors, authorities in charge of securities and news agencies;

(7) To discharge other duties required by the Company's Articles of Association and listing rules of securities exchange(s) on which the shares of the Company are listed.

#### **Article 121.**

A director or other senior management staff of the Company may also act as the secretary to the board of directors. An accountant of the accounting firm which has been appointed by the Company may not act concurrently as the secretary to the board of directors.

Where the secretary of the board of directors is held concurrently by a director, and a certain act is required to be done by a director and the secretary to the board of directors separately, the person who concurrently holds the offices of director and secretary to the board of directors may not perform such act in both capacities.

## **PART TWELVE: CHIEF EXECUTIVE OFFICER**

### **Article 122.**

The Company shall have one CEO ( the Manager defined by the Company Law) who shall be appointed or dismissed by the board of directors. The Company shall have president, certain vice presidents who shall assist CEO and president in work. The board of directors of the Company may determine that CEO is held concurrently by a director, but the management staff of the controlling organizations may not act concurrently as CEO, president ,vice president as well as chief finance director and sell director.

### **Article 123.**

CEO shall be accountable to the board of directors and shall exercise the following functions and powers:

- (1) To be in charge of the production, operation and management of the Company and to organize the implementation of the resolutions of the board of directors;
- (2) To organize the implementation of the Company's annual business plans and investment plans;

- (3) To draft the plan for establishment of the Company's internal management organization;
- (4) To draft the Company's basic management system;
- (5) To formulate the basic rules and regulations of the Company;
- (6) To propose the employment and dismissal of the vice president of the Company and personnel in charge of financial affairs;
- (7) To hire or dismiss management personnel other than those to be hired or dismissed by the board of directors;
- (8) To determine rewards and punishment, promotion and demotion, increase and decrease of remuneration, employment, dismissal and dischargement of the Company's staff and workers;
- (9) To represent the Company to deal with important transactions externally according to the authorization of the board of directors; and
- (10) to establish strategies for the Company and organize the implementation of the strategies so established, and periodically report to the board of directors the status and result of such implementation;
- (11) to be responsible for the work of the investment decision committee of the Company, and to be responsible to the board of directors for the investment activities of the Company and to report such activities to the board of directors;



(12)with respect to any vacancy of senior management staff which is subject to the appointment by the board of directors, to make an appointment thereof or other temporary arrangement therefor by acting for the board of directors prior to the approval of new appointment by the board of directors;

(13)Other functions and powers granted by the Company's Articles of Association and the board of directors.

**Article 124.**

The CEO of the Company shall attend meetings of the board of directors, but if he is not a director, he shall not have the right to vote at such meetings.

**Article 125.**

When exercising their powers, CEO, president, and the vice president shall not amend the resolutions of the shareholders' general meeting and the board of directors or exceed the scope of authorization.

**Article 126.**

In the exercise of their functions and powers, CEO, president, and the vice president of the Company shall perform their duties in good faith and with diligence in accordance with laws, administrative regulations and the Company's Articles of Association.

## **PART THIRTEEN: BOARD OF SUPERVISORS**

### **Article 127.**

The Company shall have a board of supervisors. The board of supervisors is a regular supervisory department established by the Company. It is responsible for supervising the board of directors and its members, as well as CEO, president,, the vice president and other senior officers to prevent them from abusing their powers, or infringing the legal interests of shareholders, the Company, and employees of the Company.

### **Article 128.**

The board of supervisors shall be composed of 3 persons, one of whom shall be the chairman of the board of supervisors. The term of office of a supervisor shall be 3 years. A supervisor may serve consecutive terms if reelected upon the expiration of his term.

The term of office of a supervisor shall commence from the date of resolution of the shareholders' general meeting approving the appointment of such supervisor.

The election or removal of the chairman of the board of supervisors shall be determined by more than two-thirds of the members of the board of supervisors.

The resignation of a supervisor shall become effective immediately upon the receipt of the written resignation by the board of supervisors. Save for the following circumstances, the supervisor's resignation takes effect upon delivery of his/her resignation report to the board of supervisors: (1) the resignation of supervisors results

in members of the board of supervisors falling below the minimum quorum; (2) the number of employee representative supervisors is less than one-third of the members of the board of supervisors as a result of the resignation of employee representative supervisors.

Where re-election procedures are not carried out in a timely manner on the expiration of the supervisors' term of office, or where the number of supervisors on the board of supervisors falls below the quorum due to a supervisor's resignation, before the newly elected supervisors take office, the original supervisors shall perform their supervisors' duties in accordance with laws, administrative regulations, departmental rules and these Articles of Association.

#### **Article 129.**

The board of supervisors shall be composed of one shareholders' representatives and one representative of the Company's staff and workers, and one independent supervisors (refer to those supervisors who are independent of shareholders of the Company and do not hold office in the Company, the same below). The shareholders' representatives shall be elected and removed by the shareholders' general meeting, and the representatives of the Company's staff and workers shall be democratically elected and removed by the Company's staff and workers. The independent supervisors shall be appointed and removed by the shareholders' general meeting.

The external supervisors (refer to those supervisors who do not hold office in the Company, the same below) shall represent more than 50 percent of the members of the board of supervisors. The external supervisors are entitled to report independently to the shareholders' general meeting the performance of good faith and diligence of senior management staff of the Company.

#### **Article 130.**

The Company's directors, manager and personnel in charge of financial affairs may not serve concurrently as supervisors.

**Article 131.**

The board of supervisors shall hold a meeting at least every six months. An extraordinary meeting of the board of supervisors may be convened at the request of the supervisors.

The chairman shall convene and preside over meetings of the board of supervisors. Where the chairman is unable to exercise his powers or fails to do so, a director jointly nominated by a majority of supervisors shall convene and preside over meetings of the board of supervisors.

**Article 132.**

The board of supervisors shall be accountable to the shareholders' general meeting and exercise the following functions and powers according to law:

- (1) To examine the Company's financial affairs;
- (2) To supervise the Company's directors, CEO, president,, vice president and other senior management staff to see whether they violate any laws, regulations or the Company's Articles of Association during their performance of Company duties;
- (3) To require a director, CEO, president,, a vice president or other senior management staff of the Company to correct an act if such act is harmful to the Company's interests;

(4) To verify financial information such as financial reports, business reports, profit distribution plans, etc. that the board of directors intends to submit to the shareholders' general meeting and, if in doubt, to be able to appoint, in the name of the Company, a registered accountant or practicing auditor to assist in reviewing such information;

(5) to propose extraordinary shareholders' general meetings, and to convene and preside over a shareholders' general meeting when the board of directors fails to perform its duty to convene and preside over a shareholders' general meeting as prescribed in there Articles of Association;

(6) to submit proposals to the shareholder's general meeting;

(7) to file a suit against any director, CEO, president,, vice-president or other senior management staff of the Company in accordance with the provisions of the Company Law;

(8) other duties as prescribed in these Articles of Association.

Supervisors may attend meetings of the board of directors as non-voting attendees and make inquiries or present proposals with respect to the matters to be resolved by the board of directors.

### **Article 133.**

The method of discussions at the board of supervisors shall be as follows:

All supervisors shall be informed of the meeting of the board of supervisors in written form not less than 10 days and not more than 30 days prior to the convening of the

meeting. Each supervisor has one right to vote at the meeting. Resolutions of the meeting of the board of supervisors shall be passed by the affirmative vote of more than two-thirds of all of its members.

**Article 134.**

The reasonable expenses incurred by the board of supervisors in the employment of professionals such as lawyers, registered accountants, practicing auditors, etc. in the exercise of its functions and powers shall be borne by the Company.

**Article 135.**

Minutes of meeting shall be provided for meetings of the board of supervisors. The supervisors attending the meeting and the person taking minutes shall sign the minutes of meeting. The supervisors are entitled to have their opinions on the meeting be written as illustration in the minutes of meeting. The minutes of meeting of the board of supervisors shall be kept as archives of the Company by the secretary to the board of directors. The minutes of meeting shall be kept for 15 years.

**Article 136.**

Supervisors shall faithfully perform their supervisory duties in accordance with laws, administrative regulations and the Company's Articles of Association.

**PART FOURTEEN: QUALIFICATIONS AND OBLIGATIONS OF THE  
COMPANY'S DIRECTORS, SUPERVISORS, CEO, PRESIDENT, VICE  
PRESIDENT AND OTHER SENIOR MANAGEMENT STAFF**

## **Article 137.**

None of the following persons may serve as a director, supervisor, CEO, president,, vice president or other senior management staff of the Company:

- (1) Persons without capacity or with limited capacity for civil acts;
- (2) Persons who were sentenced for crimes of corruption, bribery, encroachment or embezzlement of property or disruption of the social and economic order where five years have not lapsed following the serving of the sentence, or persons who were deprived of their political rights for committing a crime where five years have not lapsed following the serving of the sentence;
- (3) Directors, or factory directors or managers who bear personal liability for the bankruptcy or liquidation of their Companies or enterprises due to mismanagement where three years have not lapsed following the date of completion of such bankruptcy or liquidation;
- (4) The legal representatives of Companies or enterprises that had their business licenses revoked for breaking the law, where such representatives bear individual liability therefor and three years have not lapsed following the date of revocation of such business licenses;
- (5) Persons with relatively heavy individual debts that have not been settled upon maturity;
- (6) persons whose cases have been established for investigation, and have not been closed yet, by the judicial authorities as a result of their violation of the criminal law;

(7) persons who may not act as leaders of enterprises by virtue of laws and administrative regulations;

(8) non-natural persons;

(9) persons ruled by competent authorities as having violated securities-related regulations, where such violation involved fraudulent or dishonest acts and five years have not lapsed following the date of the ruling; and

(10) persons who has been denied access to the securities market for certain period by securities administrations under the State Council where relevant period remains unexpired.

#### **Article 138.**

The validity of an act of a director, CEO, president,, a vice president or other senior management staff of the Company on behalf of the Company towards a bona fide third party shall not be affected by any irregularity in his current position, election or qualifications.

#### **Article 139.**

In addition to obligations imposed by laws, administrative regulations or listing rules of the securities exchange(s) on which shares of the Company are listed, the Company's directors, supervisors, CEO, president, vice president and other senior management staff shall owe the following obligations to each shareholder in the exercise of the functions and powers granted to them by the Company:



- (1) Not to cause the Company to act beyond the scope of business stipulated in its business license;
- (2) To act honestly in the best interests of the Company;
- (3) Not to deprive the Company of its property in any way, including (but not limited to) any opportunities that are favourable to the Company; and
- (4) Not to deprive shareholders of their individual rights or interests, including (but not limited to) rights to distributions and voting rights, unless pursuant to a restructuring of the Company submitted to and adopted by the shareholders' general meeting in accordance with the Articles of Association of the Company.

**Article 140.**

The Company's directors, supervisors, CEO, president, vice president and other senior management staff shall have an obligation, in the exercise of their rights or discharge of their obligations, to perform their due acts with care, diligence and skill as a reasonable and prudent person should do under similar circumstances.

**Article 141.**

The Company's directors, supervisors, CEO, president, vice president and other senior management staff must, in the exercise of their duties, abide by the principles of honesty and creditability and shall not place themselves in a position where there is a conflict between their personal interests and their duties. This principle shall include (but not be limited to) the fulfillment of the following obligations:

- (1) To act honestly in the best interests of the Company;
- (2) To exercise powers within the scope of their functions and powers and not to act beyond such powers;
- (3) To personally exercise the discretion vested in him, not to allow himself be manipulated by another person and , not to delegate the exercise of his discretion to another party unless permitted by laws and administrative regulations or with the consent of the shareholders' general meeting that has been informed;
- (4) To be impartial to shareholders of the same category and of different categories;
- (5) Not to conclude a contract or enter into a transaction or arrangement with the Company except as otherwise provided in the Articles of Association of the Company or with the consent of the shareholders' general meeting that has been informed;
- (6) Not to use Company property for his own benefit in any way without the consent of the shareholders' general meeting that has been informed;
- (7) Not to use his functions and powers as a means to accept bribes or other forms of illegal income, and not to illegally appropriate Company property in any way, including (but not limited to) any opportunities that are favourable to the Company;
- (8) Not to accept commissions in connection with Company transactions without the consent of the shareholders' general meeting that has been informed;
- (9) To abide by the Articles of Association of the Company, perform his duties

faithfully, protect the interests of the Company and not to seek personal gain with his position, functions and powers in the Company;

(10) not to take advantage of their own positions to seek for business opportunities that properly belong to the Company, or engage in the same business as the Company does, either for their own account or for the account of any other person, and not to compete with the Company in any way, without the approval of the shareholders' general meeting;

(11) not to embezzle the Company's funds and not to deposit the Company's assets in the accounts opened in his own or in another's name;

(12) not to lend the Company's funds to any other person or provide the Company's assets as security for the debts of any other person, without the approval of the shareholders' general meeting or the board of directors;

(13) Not to disclose confidential information relating to the Company that was acquired by him during his office without the consent of the shareholders' general meeting that has been informed, and not to use such information except in the interests of the Company; however, such information may be disclosed to the court or other government authorities if:

(I) Provided by law;

(II) Required in the public interest; or

(III) Required in the own interest of such director, supervisor, CEO, president, vice president or other senior management staff of the Company.

**Article 142.**

A director, a supervisor, CEO, president, a vice president or other senior management staff of the Company shall not direct any of his associates (which shall have the same meaning as in the Listing Rules) to do such things or take such actions that such director, supervisor, CEO, president, the vice president or other senior management staff is not allowed to do under any applicable law or regulation, the Articles of Association of the Company or otherwise.

**Article 143.**

The obligation of honesty and creditability of the Company's directors, supervisors, CEO, president, the vice president and other senior management staff does not necessarily cease with the termination of their office. Their confidentiality obligation in relation to the Company's trade secrets shall remain upon termination of their office. The term for which other obligations shall continue shall be decided upon in accordance with the principle of fairness, depending on the time lapse between the termination and the occurrence of the matter as well as the circumstances and conditions under which the relationship with the Company terminates.

**Article 144.**

A director, a supervisor, CEO, president, the vice president or other senior management staff of the Company may be relieved from liability for a specific breach of obligations after the shareholders' general meeting has been informed, except in circumstances as specified in Article 54 hereof.

## **Article 145.**

If a director, a supervisor, CEO, president, the vice president or other senior management staff of the Company has directly or indirectly vested a material interest in a contract, transaction or arrangement concluded or planned by the Company (except his employment contract with the Company), he shall disclose the nature and extent of his interest to the board of directors at the earliest opportunity, whether or not the matter is normally subject to the approval of the board of directors.

The directors shall not vote on the contract, transaction and arrangement where they own the major interests, and shall not be counted in the quorum of the meeting.

Unless the interested director, supervisor, CEO, president, vice president or other senior management staff of the Company has disclosed such interest to the board of directors as required under the first paragraph hereof and the matter has been approved by the board of directors at a meeting in which he was not counted in the quorum and had refrained from voting, the Company shall have the right to void the contract, transaction or management, except the other party is a bona fide party acting without knowledge of the breach of obligation by the director, supervisor, CEO, president, vice president or other senior management staff concerned.

A director, a supervisor, the president (i.e. CEO), the vice president or other senior management staff of the Company shall be deemed to have an interest in any contract, transaction or arrangement in which a connected person of that director, supervisor, president (i.e. CEO), vice president or other senior management staff has an interest.

**Article 146.**

If a director, a supervisor, CEO, president, the vice president or other senior management staff of the Company gives a written notice to the board of directors before the conclusion of the contract transaction or arrangement is first considered by the Company, stating that due to the contents of the notice, he has an interest in the contract, transaction or arrangement that may subsequently be made by the Company, such director, supervisor, CEO, president, a vice president or other senior management staff of the Company shall be deemed for the purposes of the preceding Articles of this Part to have declared his interest, insofar as attributable to the scope stated in the notice.

**Article 147.**

The Company may not in any manner pay tax on behalf of its directors, supervisors, CEO, president, vice president and other senior management staff.

**Article 148.**

The Company may not directly or indirectly provide a loan or loan security for its directors, supervisors, CEO, president, vice president, other senior management staff, those of its parent company, or connected persons of the above-mentioned persons.

The provision of the preceding paragraph shall not apply to the following circumstances:

- (1) The provision of a loan or loan security by the Company for subsidiary of the Company;
- (2) The provision of a loan or loan security or other funds by the Company to a director, a supervisor, CEO, president, the vice president or other senior management

staff of the Company under an employment contract approved by the shareholders' general meeting, so as to enable him to pay the expenses incurred for the sake of the Company or for the performance of his Company duties; and

(3) The provision of a loan or loan security by the Company to a relevant director, a supervisor, CEO, president, the vice president or other senior management staff of the Company or to a connected person thereof on normal commercial terms, if the ordinary business scope of the Company includes the lending of money or the provision of loan security.

**Article 149.**

A loan provided by the Company in violation of the preceding Article shall be immediately repayable by the recipient of the loan, regardless of the terms of the loan.

**Article 150.**

The Company may not be forced to perform a loan security provided by the Company in violation of the first paragraph of Article 148, except:

- (1) When the loan is provided to a connected person of a director, a supervisor, CEO, president, the vice president or other senior management staff of the Company or its parent company, the loan provider is not aware of the condition; and
- (2) The collateral provided by the Company has been lawfully sold by the loan provider to a bona fide purchaser.

**Article 151.**

For the purposes of the preceding Articles of this Part, the “security” shall include an act whereby a guarantor assumes liability or provides property to guarantee or secure the performance of obligations by an obligor.

#### **Article 152.**

If a director, a supervisor, CEO, president, the vice president or other senior management staff of the Company breaches his obligations to the Company, the Company shall, in addition to any rights and remedies provided by laws and administrative regulations, have a right to:

- (1) Require the relevant director, supervisor, CEO, president, vice president or other senior management staff to compensate for the losses sustained by the Company as a consequence of his dereliction of duty;
- (2) Rescind any contract or transaction concluded by the Company with the relevant director, supervisor, CEO, president, vice president or other senior management staff and any contract or transaction with a third party (where such third party is aware or should be aware that the director, supervisor, CEO, president, vice president or other senior management staff representing the Company was in breach of his obligations to the Company);
- (3) Require the relevant director, supervisor, CEO, president, vice president or other senior management staff to surrender the gains derived from the breach of his obligations;
- (4) Recover any funds received by the relevant director, supervisor, CEO, president, vice president or other senior management staff that should have been



received by the Company, including (but not limited to) commissions;  
and

- (5) Require the relevant director, supervisor, CEO, president, vice president or other senior management staff to return the interest earned or possibly earned on the funds that should have been given to the Company.

### **Article 153.**

The Company shall conclude a written contract with each director and supervisor of the Company concerning his emoluments. Such contract shall be approved by the shareholders' general meeting before it is entered into. The above-mentioned emoluments shall include:

- (1) Emoluments in respect of his service as a director, supervisor or senior management staff of the Company;
- (2) Emoluments in respect of his service as a director, supervisor or senior management staff of a subsidiary of the Company;
- (3) Emoluments otherwise in connection with the management of the Company or any subsidiary thereof; and
- (4) Funds as compensation for his loss of office or retirement to the aforementioned directors and supervisors.

Except in accordance with the aforesaid contract, none of the directors and the supervisors shall bring a suit against the Company for any interest obtainable by his/her on the ground of the said event.

The Company shall periodically disclose to the shareholders the emoluments received by the directors, supervisors and senior management staff from the Company.

#### **Article 154.**

The Company shall specify in the contract concluded with a director or supervisor of the Company concerning his emoluments that in the event of a takeover of the Company, a director or supervisors of the Company shall, subject to prior approval of the shareholders' general meeting, have the right to receive the compensation or other funds obtainable for loss of office or retirement.

For the purposes of the preceding paragraph, the term "a takeover of the Company" shall refer to any of the following circumstances:

- (1) Anyone makes a general offer to all the shareholders; or
- (2) Anyone makes a general offer so that the offer or becomes a controlling shareholder as defined in Article 55 hereof.

If the relevant director or supervisor has failed to comply with this Article, any fund received by him shall belong to those persons that have sold their shares as a result of their acceptance of the above-mentioned offer, and the expenses incurred in distribution of such fund on a proportional basis shall be borne by the relevant director or supervisor and may not be paid out of such fund.

### **PART FIFTEEN: FINANCIAL AND ACCOUNTING SYSTEMS AND DISTRIBUTION OF PROFITS**

**Article 155.**

The Company shall formulate its own financial and accounting systems in accordance with laws, administrative regulations and China's accounting standards formulated by the State Council's department in charge of finance.

**Article 156.**

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

The company's financial reports shall include the following accounting statements and schedules:

- (1) Balance sheet;
- (2) Profit and loss statement;
- (3) Statement of financial changes;
- (4) Explanation of financial condition;
- (5) Profit distribution statement; and
- (6) Notes appended to financial statement.

**Article 157.**

The board of directors of the Company shall place before the shareholders at each annual shareholders' general meeting such financial reports as relevant laws,

administrative regulations and normative documents promulgated by the local government and the authorities-in-charge require the Company to prepare.

**Article 158.**

The financial reports of the Company shall be made available for inspection by shareholders 20 days prior to an annual shareholders' general meeting. Each shareholder of the Company shall have the right to obtain a copy of the financial reports referred to in this Part.

The Company shall deliver or send to each shareholder of foreign investment shares listed outside the People's Republic of China by prepaid mail at the recipient's address shown in the register of shareholders, or by publishing such reports on the website of the Company, no later than 21 days prior to an annual shareholders' general meeting.

**Article 159.**

The financial statements of the Company shall be prepared not only in accordance with China's accounting standards, laws and regulations but also in accordance with international accounting standards or the accounting standards of the place(s) outside the People's Republic of China where shares of the Company are listed. If there are major differences in the financial statements prepared in accordance with these two sets of accounting standards, such differences shall be stated in notes appended to such financial statements. For purposes of the Company's distribution of after-tax profits in a given fiscal year, the smaller amount of after-tax profits shown in the above-mentioned two kinds of financial statement shall govern.

**Article 160.**

Interim results or financial information published or disclosed by the Company shall be prepared in accordance with China's accounting standards, laws and regulations as well as international standards or the accounting standards of the place(s) outside the People's Republic of China where shares of the Company are listed.

**Article 161.**

The Company shall publish two financial reports every fiscal year, namely an interim financial report within 60 days after the end of the first six months of the fiscal year and an annual financial report within 120 days after the end of the fiscal year.

**Article 162.**

The Company may not establish any account books other than statutory account books.

**Article 163.**

The Company practices internal audit system, establish internal audit department or equip internal auditors, and process internal audit supervision for the financial revenue and expenditure and economic activities of the Company under the lead of the board of directors.

**Article 164.**

The internal audit system and the duties of the auditors of the Company shall be implemented subject to the approval of the board of directors. The personnel in charge of auditorial affairs shall be accountable to and report to the board of directors.

**Article 165.**

The after-tax profits of the Company shall be used according to the following sequence:

- (1) Making up losses;
- (2) Allocating the statutory common reserve fund;
- (3) Allocating the arbitrary common reserve fund according to the resolution of the shareholders' general meeting;
- (4) Distributing dividends of ordinary shares.

The Company may not distribute dividends or otherwise distribute profits through bonus before making up losses and allocating the statutory common reserve fund and the statutory common welfare fund.

**Article 166.**

When distributing the after-tax profits of the current year, the Company shall allocate 10 percent of its profits to the statutory reserve fund. In the event that the accumulated statutory reserve fund of the Company has reached more than 50 percent of the registered capital of the Company, no allocation is needed.

In the event that the statutory reserve fund of the Company is insufficient to make up the losses of the Company of the previous year, before allocating the statutory reserve fund in accordance with the stipulations of the previous paragraph, the Company shall first make up the losses by using the profits of the current year.

After allocating the statutory reserve fund from the after-tax profits of the Company, the Company can allocate the other reserve fund according to the resolution of the shareholders' general meeting.

The remaining profits shall, after making up the losses and allocating the reserve funds, be distributed in accordance with the proportion of shares held by the shareholders, priority should be given to the distribution of profits in cash. The Company should keep its policy of distribution of profits consecutive and stable. The Company should give adequate consideration to shareholders' return. Except for the circumstances set out in paragraph 6 of this Article, in ensuring the normal operation of the Company and continuous development, and as long as the profit for the relevant year and accumulated retained earnings remain positive, the annual dividend level shall not be lower than 20% of the total net profit for the year. The specific payout amount shall be finally approved by the shareholders in a general meeting.

When the operating conditions of the Company are good, and the Board is of the view that the price of the Share does not match the Company's capital structure and it is in the interest of the shareholders for the Company to pay share dividend, the Company may make a preliminary distribution of share dividend as long as the conditions about cash dividend above can be met.

In case of war, natural disasters and other force majeure event, or there exist changes to the external operating environment that have a material impact on the Company's operation, or the Company's own operating conditions changed significantly, the Company may adjust its profit distribution policy. The adjustment of the profit distribution policy shall be subject to the opinion of the independent directors and shall be discussed in detail by the Board on the reasons for the adjustment. The resolution of the Board shall be submitted to the shareholders for approval by way of a special resolution. Internet voting for shareholders shall be arranged by the Company for the general meeting to approve changes to the profit distribution policy.

**Article 167.**

The capital common reserve fund shall include the following funds:

- (1) The premiums obtained from the issue of shares in excess of the par value; and
- (2) Other revenue required by the State Council's department in charge of finance to be included in the capital common reserve fund.

**Article 168.**

The common reserve fund of the Company shall be used only for the following purposes:

- (1) covering the Company's losses, provided however that the capital reserve fund must not be used to cover the Company's losses;
- (2) Expanding the Company's production and operation; and
- (3) Converting the common reserve fund into the capital of the Company. The Company may convert its common reserve fund into capital subject to the approval of the shareholders' general meeting. When such conversion takes place, the Company shall either distribute new shares in proportion to the existing shareholders' number of shares or increase the par value of each share, provided, however, that when the statutory common reserve fund is converted into capital, the balance of the statutory common reserve fund may not fall below 25 percent of the registered capital.

**Article 169.**



The dividends shall be distributed in proportion to shareholders' number of shares within 6 months after the end of the fiscal year. The dividends shall be decided by way of ordinary resolution of the shareholders' general meeting.

The shareholders' general meeting may authorize the board of directors to distribute interim dividends unless otherwise determined by the shareholders' general meeting. Unless otherwise provided for in laws and administrative regulations, the amount of interim dividends may not exceed 50 percent of the distributable profits specified in the interim profit statement of the Company.

The payments of any share having been paid before the demand for payment shall enjoy interest, however, the shareholders shall have no right to dividend allocated thereafter in respect of the advance payments of shares.

As for the power of seizing the dividends having not been drawn, it may not be exercised until the application term expires.

#### **Article 170.**

The Company may distribute dividends in the following forms:

(1) cash;

(2) shares;

(3) a mix of cash and shares.

#### **Article 171.**

The Company's profit distribution plan shall be prepared by the Chief Executive Officer and submitted to the Board of Directors to review, the independent directors shall provide their independent opinions, and the Board resolution shall be submitted to the shareholders at a general meeting to approve. The convening of the shareholders' general meeting should be consistent with the regulatory requirements of the place of listing of the Company.

After the shareholders at a general meeting have resolved for a profit distribution, the Board of Directors of the Company shall complete the distribution of dividends (or shares) within two months of the shareholders' general meeting.

If the Company elects not to make a cash dividend in accordance with the special circumstances set forth in Article 166, the Board of Directors shall provide the specific reasons for not paying a cash dividend, the exact purpose of the retained earnings of the Company and the expected investment income and other related matters, present to the independent directors for their opinion and submitted to the shareholders' general meeting for approval. The reasons shall also be disclosed in designated media.

#### **Article 172.**

The Company shall calculate, declare and pay dividends and other payments which are payable to holders of domestic investment shares in Renminbi. The Company shall calculate and declare dividends and other payments which are payable to holders of foreign investment shares in Renminbi, and shall pay such payments in the currency of the place where the foreign investment shares are listed (the main place of listing specified by the board of directors in the event that the places of listing are more than one).

#### **Article 173.**

The Company shall pay dividends and other payments to holders of foreign investment shares in accordance with relevant state regulations on foreign exchange control. In the event that such regulations are absent, the applicable exchange rate shall be the mean of the average rate for the relevant foreign currency announced by the People's Bank of China during the week prior to the announcement of payment of dividends and other payments.

**Article 174.**

The Company shall withhold and remit the payable taxes on the dividend incomes of individual shareholders in accordance with the requirements of the taxation law of China.

**Article 175.**

The Company shall appoint recipient agents for holders of foreign investment shares listed outside the People's Republic of China to collect on behalf of the relevant shareholders the dividends distributed and other funds payable in respect of foreign investment shares listed outside the People's Republic of China.

The recipient agents appointed by the Company shall meet the requirements of the laws of the place(s), or the relevant regulations of the securities exchange(s), where the shares are listed.

The recipient agents appointed by the Company for holders of H shares shall each be a company registered as a trust company under the Trustee Ordinance (Chapter 29 of the Laws of Hong Kong).

## **PART SIXTEEN: EMPLOYMENT OF AUDITORS**

### **Article 176.**

The Company shall employ an independent accounting firm that complies with relevant state regulations to audit the annual financial reports and other financial reports of the Company.

The first accounting firm of the Company may be employed by the inaugural meeting prior to the first annual shareholders' general meeting. Such accounting firm shall hold office until the conclusion of the first annual shareholders' general meeting.

If the inaugural meeting does not exercise its power under the preceding paragraph, the board of directors shall exercise such power.

### **Article 177.**

The term of employment of an accounting firm employed by the Company shall be between the end of the annual shareholders' general meeting of the Company and the end of the next annual shareholders' general meeting.

### **Article 178.**

An accounting firm employed by the Company shall have the following rights:

- (1) The right of access at all times to the account books, records or vouchers of the Company and the right to require directors, CEO, president, vice presidents and other senior management staff of the Company to provide relevant information

and explanations;

(2) The right to require the Company to take all reasonable measures to obtain from its subsidiaries the information and explanations necessary for the accounting firm to perform its duties; and

(1) The right to attend shareholders' general meetings, receive a notice or other information concerning any meeting which any shareholder has a right to receive, and to be heard at any shareholders' meeting on any matter which relates to it as the accounting firm of the Company.

#### **Article 179.**

If the position of accounting firm becomes vacant, the board of directors may appoint an accounting firm to fill such vacancy before a shareholders' general meeting is held. However, if there are other accounting firms holding the position of accounting firm of the Company while such vacancy still exists, such accounting firms may continue to act.

#### **Article 180.**

The shareholders' general meeting may, by means of an ordinary resolution, dismiss any accounting firm prior to the expiration of its term of employment, notwithstanding anything in the contract between the accounting firm and the Company, but without prejudice to such accounting firm's right, if any, to claim damages from the Company in respect of such dismissal.

#### **Article 181.**

The remuneration or method of remuneration of an accounting firm shall be decided upon by the shareholders' general meeting. The remuneration of an accounting firm employed by the board of directors shall be determined by the board of directors.

## **Article 182.**

The employment, dismissal or refusal of the renewal of the employment of an accounting firm shall be decided upon by the shareholders' general meeting and reported to the State Council authorities in charge of securities for the record.

Where a resolution at a shareholders' general meeting is passed to appoint an accounting firm other than an incumbent accounting firm, to fill any vacancy in the office of the accounting firm, to reappoint an accounting firm which was appointed by the board of directors to fill a causal vacancy or to remove an accounting firm before expiry of its term of office, the following provisions shall apply:

(1) A copy of the appointment or removal proposal shall be sent before the issue of the notice of shareholders' general meeting to the accounting firm proposed to be appointed or proposing to leave its post or the accounting firm which has left its post in the relevant fiscal year. Reference as leaving herein includes leaving by removal, resignation and retirement.

(2) If the accounting firm leaving its post makes representations in writing and requests the Company to give a notice of such representations to the shareholders, the Company shall take the following measures unless it has received the representations too late:

(I) In any notice of the resolution given to shareholders, state the fact of the representations having been made by the accounting firm leaving its post; and

(II) Attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in the Company's Articles of Association.

(3) If the Company fails to circulate the accounting firm's representations in the manner set out in the second paragraph of the Article, such accounting firm may require the representations to be read out at the meeting in addition to his right to be heard;

(4) The accounting firm which has left its post shall be entitled to attend the following meetings:

(I) The shareholders' general meeting at which its term of office would otherwise have expired;

(II) The shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal;

(III) The shareholders' general meeting which is convened as a result of its voluntary resignation.

The leaving accounting firm shall have the right to receive all notices of, and other information relating to, any such meeting, and to speak at any such meeting which it attends on any affair which concerns it as the former accounting firm of the Company.

### **Article 183.**

When the Company dismisses or does not renew the employment of an accounting firm, it shall give a notice to the accounting firm 30 days in advance. The accounting firm shall have the right to present its views before the shareholders' general meeting.

Where an accounting firm tenders its resignation, it shall inform the shareholders' general meeting of whether there is any irregularity in the Company.

An accounting firm may resign its office by way of 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 necessary to be explained to shareholders or creditors of the Company; or
- (2) A statement of any such circumstances as it considers necessary to be explained.

Where a notice is deposited under the preceding paragraph, the Company shall send a copy of the notice to the relevant authorities within 14 days. If the notice contains a statement referred to in item (2) of the preceding paragraph, a copy of such statement shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statement by prepaid mail to every holder of foreign investment shares listed outside the People's Republic of China at the address registered in the register of shareholders.

Where the accounting firm's notice of resignation contains a statement of any circumstances as it considers necessary to be explained, it may require the board of directors to convene an extraordinary shareholders' general meeting for the purpose of listening to the explanation of the circumstances connected with its resignation.

## **PART SEVENTEEN: INSURANCE**



**Article 184.**

The different types of the Company's insurance shall be decided by the board of directors in accordance with the relevant insurance laws and regulations of China.

**PART EIGHTEEN: LABOR AND PERSONNEL SYSTEM**

**Article 185.**

The Company shall formulate a system of labor and personnel suitable for the specific conditions of the Company in accordance with the Labor Law of the People's Republic of China.

**Article 186.**

The Company may employ and dismiss employers independently under labor contracts according to the need of business development in accordance with the relevant state laws and regulations.

**Article 187.**

The Company may determine the system of labor and wages and the method of payment in accordance with the relevant state regulations and the Company's economic achievement.

**Article 188.**

The Company shall try hard to increase the welfare treatment of employers and to improve the conditions of working and living of the staff and workers.

**Article 189.**

The Company shall allocate the insurance funds for medical care, retirement and unemployment and to establish the system of labor insurance in accordance with the relevant state laws and regulations.

**PART NINETEEN: TRADE UNIONS**

**Article 190.**

The employees of the Company are entitled to organize trade unions, conduct trade union activities and protect their legal rights in accordance with the Trade Union Law of the People's Republic of China and other relevant state laws and regulations. The Company shall provide necessary conditions for trade union activities.

**Article 191.**

If the employers establish a trade union according to law, the Company shall allocate a certain sum of money as a trade union fund monthly according to actual situations to be used by the trade union of the Company in accordance with the Measures For The Use of The Trade Union Fund issued by All-China Federation of Trade Unions.

**PART TWENTY: MERGER AND DIVISION OF THE COMPANY**

**Article 192.**

The merger or division of the Company shall require the preparation of a proposal by the board of directors. After such proposal has been adopted in accordance with the procedures specified in the Articles of Association of the Company, relevant examination and approval procedures shall be carried out according to law.

Shareholders that oppose such proposal on the merger or division of the Company shall have the right to require the Company or shareholders that are in favour of such proposal to purchase their shares at a fair price. The contents of resolutions approving the merger or division of the Company shall be compiled in a special document for inspection by shareholders.

Holders of foreign investment shares listed outside the People's Republic of China shall be served copies of the above-mentioned document by mail to the address registered in the register of shareholders.

**Article 193.**

Merger of the Company may take the form of merger by absorption and merger by new establishment.

For merger of companies, the parties to the merger shall enter into a merger agreement and prepare balance sheets and a property list. The Company shall notify its creditors within a period of 10 days from the date on which the merger resolution is passed and publish at least three announcements on the merger in China Securities Newspaper within 30 days of that date.

Upon completion of the merger, the company that survives the merger or the newly established company shall succeed to the claims and debts of the parties to the merger.

**Article 194.**

If the Company is to be divided, its property shall be divided accordingly.

For division of a company, the parties to the division shall enter into a division agreement and prepare balance sheets and an asset list. The Company shall notify its creditors within a period of 10 days from the date on which the division resolution is passed and publish at least three announcements on the division in China Securities Newspaper within 30 days of that date.

Debts owed by the Company prior to the division shall be assumed by the companies in existence after the division in accordance with the agreement reached, unless otherwise stipulated in an written agreement concluded between the Company and the creditor with respect to the repayment of such debts prior to the Company's division.

**Article 195.**

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

**PART TWENTY-ONE: DISSOLUTION AND LIQUIDATION OF THE COMPANY****Article 196.**

The Company shall be dissolved and liquidated according to law under the following circumstances:

- (1) If the shareholders' general meeting resolves to dissolve the Company;
- (2) If dissolution is necessary as a result of the merger or dissolution of the Company;
- (3) If the Company is declared bankrupt according to law because it is unable to pay its debts upon maturity; or
- (4) If the Company is lawfully ordered to close down as a result of violation of laws or administrative regulations.
- (5) If serious difficulties have arisen in the operation of the Company and the continuation of the Company would certainly impair the shareholders' interests to a significant extent; however, where any such scenario cannot be resolved through other channels, shareholders holding 10% of all voting rights of the Company may petition the people's court to dissolve the Company.

**Article 197.**

Where the Company is to be dissolved pursuant to item (1) of the preceding Article, it shall establish a liquidation committee within 15 days. The members of such liquidation committee shall be determined by the shareholders' general meeting by way of an ordinary resolution. Where a liquidation committee is not established according to schedule, the creditors may appeal to the People's Court to organize the relevant personnel to establish a liquidation committee to carry out liquidation.

Where the Company is to be dissolved pursuant to item (2) of the preceding Article, liquidation shall be carried out by the parties to the merger or division in accordance to the agreements reached at the time of merger or division.

Where the Company is to be dissolved pursuant to item (3) of the preceding Article, the People's Court shall, in accordance with relevant laws, organize the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.

#### **Article 198.**

If the board of directors decides that the Company should be liquidated (except for liquidation as a result of company's declaration of bankruptcy), the notice of the shareholders' general meeting convened for such purpose shall include a statement to the effect that the board of directors has made full inquiry into the position of the Company and that the board holds the opinion that the Company can pay its debts in full within 12 months after the commencement of liquidation.

The functions and powers of the board of directors shall terminate immediately after the shareholders' general meeting has adopted a resolution to carry out liquidation.

The liquidation committee shall take instructions from the shareholders' general meeting, and not less than once a year make a report to the shareholders' general meeting on the committee's income and expenditure, the business of the Company and the progress of the liquidation. It shall make a final report to the shareholders' general meeting when the liquidation is completed.

#### **Article 199.**

The liquidation committee shall notify creditors within a period of 10 days from the date of its establishment and publish at least three announcements of the liquidation in a newspaper within 60 days.

Creditor shall, within 30 days since the date of receiving the notice, report their creditors' rights to the liquidation committee, or for creditors who do not receive the notice, within 45 days since the date of the first public notice. Where creditors do not report their creditors' rights to the liquidation committee according to schedule, the rights shall be deemed to have been waived by the creditors. When reporting creditors' rights, the creditor shall provide an explanation of matters relevant to the creditor's rights and shall provide evidentiary materials. The liquidation committee shall register the creditors' rights.

#### **Article 200.**

The liquidation committee shall exercise the following functions and powers during liquidation:

- (1) Thoroughly examine the property of the Company and prepare a balance sheet and property list respectively;
- (2) Notify creditors by a notice or public announcement;
- (3) Dispose of and liquidate relevant unfinished business of the Company;
- (4) Pay all outstanding taxes in full;
- (5) Clear up claims and debts;
- (6) Dispose of the property left after full payment of the Company's debts; and

(7) Participate in civil litigation on behalf of the Company.

**Article 201.**

After the liquidation committee has thoroughly examined the Company's property and prepared a balance sheet and property list, it shall formulate a liquidation plan and submit such plan to the shareholders' general meeting or People's Court in charge for confirmation.

Payment of debts out of Company property shall be made in the sequence required by laws and regulations, or in the event that there are no applicable laws, in the just and reasonable sequence determined by the liquidation committee.

Company property left after full payment in accordance with the provisions of the preceding paragraph shall be distributed to the Company's shareholders according to the category and proportion of their shareholding.

During the liquidation, the Company shall not carry on any business irrelevant to the liquidation.

**Article 202.**

If the Company is liquidated due to dissolution and the liquidation committee, having thoroughly examined the Company's property and prepared a balance sheet and property list, discovers that the Company's property is insufficient to pay its debts in full, it shall immediately appeal to the People's Court for a declaration of bankruptcy.

After the People's Court has ruled to declare the Company bankrupt, the Company's liquidation committee shall refer the liquidation matters to the People's Court.



**Article 203.**

Following the completion of liquidation, the liquidation committee shall formulate a liquidation report, a revenue and expenditure statement and financial account books in respect of the liquidation period and, after verification thereof by an accountant registered in China, submit the same to the shareholders' general meeting or People's Court in charge of confirmation.

Within 30 days from the date of confirmation of the above-mentioned documents by the shareholders' general meeting or People's Court in charge, the liquidation committee shall deliver the same to the company registry, apply for cancellation of the Company's registration and publicly announce the Company's termination.

**PART TWENTY-TWO: PROCEDURES FOR AMENDING THE COMPANY'S ARTICLES OF ASSOCIATION****Article 204.**

The Company may amend its Articles of Association in accordance with laws, administrative regulations and its Articles of Association.

The Company's Articles of Association shall be amended in the following manner:

- (1) The board of directors shall pass a resolution to draw up a proposal on amendment of the Company's Articles of Association by shareholders' general meeting in accordance with these Articles of Association;

(2) The foregoing proposal shall be furnished to the shareholders in writing and a shareholders' general meeting shall be convened to examine the contents of the proposal;

(3) The amendments shall be approved by a special resolution of a shareholders' general meeting.

The board of directors may be authorized by an ordinary resolution of a shareholders' general meeting: (1) in the event that the Company increase its registered capital, to amend the Articles of Association of the Company in respect of the registered capital of the Company according to specific situations; and (2) in the event that the Articles of Association of the Company approved by shareholders' general meeting need to be altered in letter and sequence of articles when submitted to the authorities that are authorized by the State Council to examine and approve companies and the State Council authorities in charge of securities to be examined and approved, to make relevant amendments according to the requirements of the above-mentioned authorities. (3) on the basis of the registered capital has not been changed and there occur changes to the shareholding interests of the different classes of shareholders, the Board may amend the Articles of Association in accordance with the results of such changes.

Where an amendment to the Company's Articles of Association involves matters provided for in the Mandatory Provisions for the Articles of Association of Companies Seeking a Listing Outside the PRC ("Mandatory Provisions") promulgated by the State Council authorities in charge of securities and State Commission for Economic Restructuring of the PRC on 27<sup>th</sup> August, 1994, it shall become effective after being examined and approved by the authorities that are authorized by the State Council to examine and approve companies and the State Council Securities Commission. Where an amendment to the Company's Articles of Association involves matters of company registration, the registration shall be

amended according to law.

## **PART TWENTY-THREE: SETTLEMENT OF DISPUTES**

### **Article 205.**

The Company shall abide the following principles for dispute resolution:

(1) If any dispute or claim concerning the Company's business on the basis of the rights or obligations provided for in the Articles of Association of the Company or in the Company Law or other relevant laws or administrative regulations arises between a holder of foreign investment shares listed outside the People's Republic of China and the Company, between a holder of foreign investment shares listed outside the People's Republic of China and a director, a supervisor, CEO, president, a vice president or other senior management staff of the Company or between a holder of foreign investment shares listed outside the People's Republic of China and a holder of domestic investment 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 shareholders, directors, supervisors, CEO, president, a vice president(s) or other senior management staff 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) A dispute or claim submitted for arbitration may be arbitrated, at the option of the arbitration applicant, by 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 has submitted the dispute or claim for arbitration, the other party must carry out arbitration 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, the laws of the People's Republic of China shall apply to the settlement by means of arbitration of disputes or claims referred to in item (1); and

The award of the arbitration institution shall be final and binding upon each party.

## **PART TWENTY-FOUR: NOTICE**

### **Article 206.**

Notices, materials or written statements ("Company Communication") issued to holders of foreign investment shares listed outside the People's Republic of China by the Company shall be delivered to every such holder by assigned persons or mail to the recipient's address shown in the register of shareholders or by being published on the website of the Company as described in Article. Company Communication given to holders of H shares (if by mail) shall be delivered in Hong Kong to the practical

extent.

Company Communication given to holders of domestic investment shares by the Company shall be published with a public announcement in one or more newspapers or materials designated by the State Council authorities in charge of securities. The relevant notice shall be deemed to have been received by all of the holders of domestic investment shares once such a public announcement has been published.

#### **Article 207.**

All notices which are to be sent by mail shall be clearly addressed, pre-paid and be enclosed in envelopes before being posted by mail. Such Company Communication shall be deemed to have been received by shareholders 5 days after the date of dispatch.

#### **Article 208.**

If the Company delivers Company Communication to the holders of foreign investment shares listed outside the People's Republic of China by publishing the same on the website of the Company, then upon the completion of the following procedures, any holder of foreign investment shares listed outside the People's Republic of China who has consented in writing or not objected to the delivery of Company Communication in such manner shall be deemed to accept the delivery of Company Communication by the Company in such manner:

- (1) the Company serves a written notice to each of the holders of foreign investment shares listed outside the People's Republic of China, requesting for their consent to the delivery or provision of Company Communication by publishing the same on the website of the Company, and
- (2) the Company has not received any written reply from such holder of foreign investment shares listed outside the People's Republic of China making objections thereto, within 28 days of the service of the notice as described in paragraph (1) above.

**Article 209.**

If any holder of foreign investment shares listed outside the People's Republic of China who has been deemed to accept the delivery of Company Communication by publishing the same on the website of the Company is unable to collect or receive the Company Communication so delivered for whatsoever reason, then upon a written request to the Company, such holder may change its choice of the way to receive Company Communication and may also receive a hardcopy of Company Communication on a free basis.

**PART TWENTY-FIVE: SUPPLEMENTARY**

**Article 210.**

The term "accounting firm" as used in the Articles of Associations shall have the same meaning as "auditor".

**Article 211.**

Any number used in these Articles of Associations shall include the number itself.

**Article 212.**

The Company's Articles of Association are written in Chinese and English. If there is any discrepancy between the two versions, the Chinese version of the Articles of Association shall prevail.