



**中國民航信息網絡股份有限公司**  
**TravelSky Technology Limited**

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

# **TravelSky Technology Limited**

## **Articles of Association**

*The Articles of Association include all amendments up to 25 September 2025. The latest amendments were approved by special resolution at the Extraordinary General Meeting of Shareholders held on 25 September 2025.*

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

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# TravelSky Technology Limited

## Articles of Association

### Chapter 1 General Provisions

Article 1 TravelSky Technology Limited (hereinafter referred to as the “Company”) is a joint stock limited company duly incorporated in accordance with the *Company Law of the People’s Republic of China* (hereinafter referred to as the “Company Law”) as well as other relevant laws and administrative regulations and rules.

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

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

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

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

The appointment and removal of the company’s chairman shall be decided by the company’s board of directors. When the chairman of the Company resigns, he shall be deemed to have resigned from the legal representative.

If the legal representative resigns, the new representative shall be determined within thirty days from the date of resignation of the legal representative by the Company.

If the legal representative causes damage to others due to the performance of his duties, the Company may recover the debt from the at-fault legal representative after assuming the corresponding civil liability.

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

The rights and responsibilities of the Company's shareholders shall only be limited to the proportion of the shares as held by them and the Company shall be responsible for the debts of the Company by all of its assets.

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

Article 6        The Company formulated the Articles of Association of the Company (hereinafter referred to as the "Company's Articles" or the "Articles") in accordance with the Company Law, regulatory rules of the place where securities are listed as well as other relevant laws and administrative regulations.

Article 7        The Articles shall come into force upon the approval by special resolution at the general meeting of shareholders of the Company.

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

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

According to the Articles, the shareholders shall have the right to take legal proceedings against the Company; the Company shall have the

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

The “legal proceedings” referred to in the preceding paragraph shall include filing suits to a court or applying for arbitration to an arbitration organization.

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

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

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

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

Article 13     The business scope of the Company shall be subject to the items as

approved by the authority responsible for the registration of the Company.

The business scope of the Company: **authorized item:** internet information service. (items that require approval according to law shall be subject to relevant operations are subject to the approval from the relevant department. Specific business items are subject to approval documents or licenses from relevant department. **general items:** industrial internet data service, digit technology service, internet data service, network technology service, computer software and hardware and peripheral equipment manufacturing, wholesale of computer hardware and peripherals; retail sale of computer hardware and peripherals; software development; technical services, technical development, technical consultation, technical exchange, technology transfer, technology promotion; information technology consulting services; computer system services; information system operation and maintenance services; sale of communication equipment; leasing services (excluding leasing services requiring permits); software sales; sale of cloud computing equipment; sale of network equipment; technology import and export; goods import and export; information consulting services (excluding consulting services requiring permits); information system integration services; integration of intelligent control systems. (except for projects that require approval in accordance with the law, business activities can be carried out independently in accordance with the law with a business license) (it is not allowed to engage in business activities that are prohibited or restricted by national and municipal industrial policies.)

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

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

- Article 15      All issued shares of the Company are ordinary shares, including

domestic shares and H shares, and they are all registered shares.

The issue of shares of the Company shall be conducted in an open, fair and impartial manner. Each share of the same type should have equal rights.

For shares of the same batch issued in the same offering, the issuance conditions and prices per share should be identical. Each unit or individual subscribing to shares should pay the same amount per share.

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

The Company issues new shares, which can be based on the Company's operations circumstances and financial condition, determine the issuance price of par value of the shares may be based on the face value or may exceed the par value, but shall not be less than the par value.

The "Renminbi" aforesaid shall mean the legal currency of the People's Republic of China.

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

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

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

possessing the same rights and undertaking the same obligations.

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

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

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

|                  |                                                                        |
|------------------|------------------------------------------------------------------------|
| Promoter One –   | China TravelSky Holding Company Limited:<br>198,496,500 shares;        |
| Promoter Two –   | China Southern Air Holding Company<br>Limited: 83,187,000 shares;      |
| Promoter Three – | China Eastern Air Holding Company Limited:<br>68,685,500 shares;       |
| Promoter Four –  | China National Aviation Holding Company<br>Limited: 58,123,000 shares; |
| Promoter Five –  | China Southwest Airlines Company:<br>25,415,000 shares;                |
| Promoter Six –   | China Northern Airlines Company:<br>24,667,500 shares;                 |
| Promoter Seven – | China Northwest Airlines Company:<br>23,224,500 shares;                |
| Promoter Eight – | Yunnan Airlines Company: 17,504,500<br>shares;                         |
| Promoter Nine –  | Xinjiang Airlines Company: 8,606,000 shares;                           |
| Promoter Ten –   | China National Aviation Corporation:<br>5,895,500 shares;              |

|                       |                                                                    |
|-----------------------|--------------------------------------------------------------------|
| Promoter Eleven –     | Air Greatwall Company: 2,658,500 shares;                           |
| Promoter Twelve –     | Xiamen Airlines Limited Company:<br>21,924,500 shares;             |
| Promoter Thirteen –   | Hainan Airlines Holding Company Limited:<br>11,050,000 shares;     |
| Promoter Fourteen –   | China Xinhua Airlines Group Company<br>Limited: 7,559,500 shares;  |
| Promoter Fifteen –    | Shenzhen Airlines Company Limited:<br>6,240,000 shares;            |
| Promoter Sixteen –    | Shanghai Airlines Company Limited:<br>5,726,500 shares;            |
| Promoter Seventeen –  | Shandong Airlines Group Company Limited:<br>4,348,500 shares;      |
| Promoter Eighteen –   | Sichuan Airlines Group Company Limited:<br>1,722,500 shares;       |
| Promoter Nineteen –   | China Eastern Airlines Wuhan Company<br>Limited: 1,300,000 shares; |
| Promoter Twenty –     | Changan Airlines Company Limited: 799,500<br>shares;               |
| Promoter Twenty-one – | Shanxi Airlines Company Limited: 169,000<br>shares;                |

Upon the approval by the Company's general meeting and domestic and foreign regulatory authorities, the total number of ordinary shares of the Company after the initial public offering on 7 February 2001 was 888,157,500 shares, of which, 577,303,500 domestic shares were issued to promoters at the time of the establishment of the Company, representing 65% of the total number of ordinary shares issued by the Company.

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

Upon the approval of the Company's shareholders on the issuance of 174,491,393 domestic-invested shares to Shareholder One at the Extraordinary General Meeting of Shareholders held on 31 July 2008,

the total number of issued shares of the Company was 1,950,806,393 shares, of which 1,329,098,393 shares were domestic-invested shares, representing 68.13% of the total number of issued shares.

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

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

The structure of the Company's share capital after the initial public offering on 7 February 2001, shall be: the total number of shares that the Company may issue in the additional offering of overseas-listed foreign-invested shares with over-allotment options fully exercised is 888,157,500 shares. 577,303,500 shares are held by the promoters, representing 65% of the total number of ordinary shares issued by the Company. 310,854,000 shares are held by the H shareholders, representing 35% of the total number of ordinary shares issued by the Company. Changes in the total amount of share capital and the shareholding structure of the Company shall be filed with the examination and approval department as authorized by the State Council and the securities regulatory department of the State Council.

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

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

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

- Article 22 The Company's board of directors may take all necessary action for the respective issuance of overseas-listed foreign-invested shares and domestic-invested shares after the proposals for the issuance of the same have been approved by the securities regulatory authorities of the State Council, and conduct registration or filing and other procedures subject to the regulations and requirement by authorized regulatory authorities including China Securities Regulatory Commission (CSRC).
- Article 23 Where the total number of shares stated in the proposal for the issuance of shares includes overseas-listed foreign-invested shares and domestic-invested shares, such shares shall be fully subscribed for at their respective offerings. If the shares cannot be fully subscribed for all at once due to special circumstances, the shares may, subject to the approval of the CSRC, be issued on separate occasions.
- Article 24 The registered capital of the Company is RMB2,926,209,589.
- Article 25 The Company may, based on its operating and development needs, authorize the increase of its capital pursuant to relevant provisions of the laws and regulations, upon resolutions made by the shareholders' meeting, or decisions made by the board of directors based on authorization from the shareholders' meeting in the following ways:

- (1) by public offering of shares;
- (2) by non-public offering of shares;
- (3) by allotting bonus shares to its existing shareholders;
- (4) by converting provident fund to capital;
- (5) by any other means which is permitted by the laws and administrative regulations and rules.

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

Article 26      Shares in the Company shall be transferable subject to law. The Company shall not accept its own shares as the subject of pledge.

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

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

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

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

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

Article 29      The Company shall not purchase shares of the Company, except for one of the following circumstances:  
(1) reducing its registered capital;

- (2) merging with another company that holds shares in the Company;
- (3) using the shares for the purpose of employee stock ownership plan or as share incentive;
- (4) being requested to repurchase the shares of the Company by the shareholders who object to the resolutions adopted at the general meeting of shareholders concerning merger or division of the Company;
- (5) utilizing shares for conversion of convertible corporate bonds issued by the Company; and
- (6) necessary for maintenance of the Company's value and shareholders' rights and interests.

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

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

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

Article 31      When the Company is to repurchase shares by a contractual agreement outside a stock exchange, prior approval shall be obtained from the general meeting of shareholders in accordance with the provisions of the Company's Articles. Upon the prior approval of the general meeting of shareholders in the same way, the Company may rescind or change the contract concluded in the manner set forth above or waive any of its rights under such contract.

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

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

Article 32      Upon the repurchase of shares, when there are applicable requirements

in laws and regulations, and regulatory rules of the place where securities are listed, pursuant to the laws, the Company shall, within the period as provided by laws and administrative regulations and rules, cancel such shares and apply to the original registration authority for registration of the change in its registered capital.

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

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

- (1) where the Company repurchases shares at par value, payment shall be made out of the book balance of the distributable profits of the Company and the proceeds from the new shares issuance for purpose of repurchasing the original shares;
- (2) where the Company repurchases shares at a price higher than the par value, the portion corresponding to the par value shall be deducted from the book balance of the distributable profits of the Company and the proceeds from the new shares issuance for purpose of repurchasing the original shares; and the portion beyond the par value shall be handled in accordance with the following methods:
  - (i) where the shares repurchased are issued at the par value, such portion shall be deducted from the book balance of the distributable profits of the Company; and
  - (ii) where the shares repurchased are issued at a price higher than the par value, such portion shall be deducted from the book balance of the distributable profits of the Company and the proceeds from the new share issuance for purpose of repurchasing the original shares. However, the amount deducted from the proceeds from the new shares issuance shall neither exceed the total premium of the original shares issuance nor the Company's capital reserve account (including the premium from the new shares issuance) at the redemption;
- (3) the Company shall make the following payments out of the Company's distributable profits:
  - (i) payment for the acquisition of the right to repurchase its shares;
  - (ii) payment for modification of any contract for the repurchase of its shares; and

- (iii) payment for the release of its obligation under any contract for the repurchase of its shares;
- (4) after the aggregate par value of the shares cancelled is deducted from the Company's registered capital in accordance with relevant provisions, the amount deducted from the distributable profits and used to repurchase the shares at the par value shall be included in the capital reserve account of the Company.

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

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

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

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

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

- (1) gift;
- (2) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), compensation (other than compensation in respect of the Company's own default), relief or waiver of rights;
- (3) provision of loan or the making of any other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, or the change in parties to, or the assignment of rights under, such loan or contract; and
- (4) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets

would thereby be reduced to a material extent.

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

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

- (1) For the benefit of the Company, upon resolution by the board of directors, the Company may provide financial assistance for others to acquire shares of the Company or its Parent. However, the financial assistance in an aggregate shall not exceed 10% of the total issued share capital. Resolutions made by the board of directors must be approved by more than two-thirds of all directors;
- (2) the lawful distribution of the Company's assets as dividends;
- (3) the distribution of dividends in the form of shares;
- (4) a reduction of registered capital, a repurchase of shares of the Company or a reorganization of the share holding structure of the Company effected in accordance with the Company's Articles;
- (5) the provision of loans by the Company within its scope of business and in the ordinary course of its business, where the provision of loans falls within part of the scope of business of the Company (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits); and
- (6) contributions made by the Company to the employee share ownership schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits).

If a violation of clause (1) of this Article causes losses to the Company, the responsible directors and senior management shall be liable for compensation.

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

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

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

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

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

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

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

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

- (1) the name (title), address (domicile) of each shareholder;
- (2) the type and quantity of shares held by each shareholder;
- (3) the date on which each shareholder obtains shares;
- (4) the serial numbers of the paper shares held by each shareholder (if applicable).

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

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

A duplicate register of holders of H shares shall be maintained at the domicile of the Company. The appointed overseas securities registration agent(s) shall ensure consistency between the original and the duplicate register of shareholders at all times.

If there is any inconsistency between the original and the duplicate register of holders of H shares, the original register of shareholders shall prevail.

The register of holders of H shares should be available for inspection by shareholders. The Company's Register of Members will be closed in accordance with the terms equivalent to Section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong).

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

The register of shareholders shall comprise the following parts:

- (1) the register of shareholders which is maintained at the domicile of the Company, other than those share registers which are described in items (2) and (3) of this article;
- (2) the register of shareholders maintained in the same place as the securities registration agency; and
- (3) the register of shareholders which is maintained in such other place as the board of directors may consider necessary for the purposes of the listing of the Company's shares.

Article 43     Amendments or rectification of each part of the register of shareholders shall be made in accordance with applicable rules such as the laws and

regulations of the place where each part of the register of shareholders is maintained, securities registration agency, and other applicable rules.

- Article 44 Within twenty days before the general meeting or within five days before the record date set by the Company for the distribution of dividends, no changes to the register of shareholders due to share transfers shall be registered. Where the laws, regulations and regulatory rules applicable to the Company, and where securities regulatory authority of the place where securities are listed stipulate, such provisions shall prevail.
- Article 45 When the Company needs to convene a general meeting of shareholders, distribute dividends, conduct liquidation or perform other acts as required for the purpose of determining shareholdings, the board of directors shall determine a record date for the shareholdings. The shareholders of the Company shall be such persons who appear in the register of shareholders at the record date.
- Article 46 Any person who disputes the register of shareholders and asks for inclusion of his/her name (title) in or removal of his/her name (title) from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.
- Article 47 If the share certificate (the “original certificate”) held by any person who is a registered shareholder or who claims to be entitled to have his/her name (title) entered in the register of shareholders is stolen, lost, or disqualified, such person may apply for a replacement share certificate in respect of such shares (the “Relevant Shares”) in accordance with the applicable laws and regulations, the regulatory rules of the place where securities are listed, and the procedures stipulated in securities registration management.
- Article 48 The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original share certificate or the issuance of the replacement share certificate unless the claimant is able to prove that the Company has acted in a deceitful manner.

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

Article 49 A shareholder of the Company is a person who lawfully holds shares in the Company and whose name (title) is entered in the register of shareholders.

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

Article 50 The shareholders of the Company shall enjoy the following rights:

- (1) the right to receive dividends and other distributions in proportion to their shareholdings;
- (2) the right to attend or appoint a proxy to attend general meetings of shareholders and the right to exercise the rights to speak and vote (except that such shareholder is required to abstain from voting on relevant matters in accordance with applicable laws, administrative regulations, departmental rules, the listing rules of the place where the Company's securities are listed or the Company's Articles);
- (3) the right to supervise the Company's business operations, the right to present proposals or to raise queries;
- (4) the right to transfer shares in accordance with laws, administrative regulations and rules as well as the Company's Articles.
- (5) check and copy the Company's Articles, register of shareholders, shareholders' meeting minutes, and financial accounting reports.
- (6) in the event of the termination and liquidation of the Company, the right to participate in the distribution of remaining assets of the Company in accordance with the number of shares held; and
- (7) other rights conferred by laws, administrative regulations, regulatory rules of the place where securities are listed and rules as well as the Company's Articles.

All issued domestic shares and H shares of the Company are ordinary shares. The convening and voting of domestic shareholders' meetings and H-share shareholders' meetings shall be subject to the relevant provisions of Chapter 9 of the Articles "Special Procedures for Voting

by a Class of Shareholders”.

Article 51      The shareholders of the Company shall assume the following obligations:

- (1) to comply with the laws and regulations as well as the regulatory rules of the place where securities are listed, regulations and regulatory rules applicable to the Company and the Articles;
- (2) to pay subscription money according to the number of shares subscribed and the method of subscription;
- (3) shall not abuse shareholders’ rights to harm the interests of the Company or other shareholders; and
- (4) other obligations imposed by laws, administrative regulations and rules, laws and regulations and regulatory rules of the place where securities are listed applicable to the Company as well as the Company’s Articles.

Shareholders of the Company who abuse their shareholders’ rights and thereby cause loss to the Company or other shareholders shall be liable for indemnity according to the law; where shareholders of the Company abuse the Company’s position as an independent legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.

Article 52      Save and except for the obligations imposed by laws, administrative regulations and rules or required by the listing rules of the stock exchange on which the Company’s shares are listed, a controlling shareholder shall not exercise his/her voting rights in respect of the following matters in a manner prejudicial to the interests of all or part of the shareholders of the Company:

- (1) act honestly in the best interests of the Company in removing a director;
- (2) to approve the expropriation by a director (for his own benefit or for the benefit of another person) of the Company’s assets in any way, including (but not limited to) opportunities which are beneficial to the Company; and
- (3) to approve the expropriation by a director (for his own benefit or for the benefit of another person) of the individual interest of other shareholders, including (but not limited to) rights to distributions

and voting rights, excluding a restructuring which has been submitted for approval at a general meeting of shareholders in accordance with the Company's Articles.

- Article 53      The “controlling shareholder” referred to in the preceding article means a person who satisfies one of the following conditions:
- (1) a person who, acting alone or in concert with others, has the power to elect more than half of the board of directors;
  - (2) a person who, acting alone or in concert with others, has the power to exercise 30% or more or has the power to control the exercise 30% or more of the voting rights in the Company;
  - (3) a person who, acting alone or in concert with others, holds 30% or more of the issued and outstanding shares of the Company; and
  - (4) a person who, acting alone or in concert with others, has de facto control of the Company in any other way.

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

- Article 54      The general meeting of shareholders is the organ of authority of the Company and shall exercise its functions and powers in accordance with law.

- Article 55      The general meeting of shareholders shall exercise the following functions and powers:
- (1) to elect and replace directors who are not assumed by representatives of workers and staff and to decide on matters relating to the remuneration of directors;
  - (2) to examine and approve the board of directors' reports;
  - (3) to examine and approve the Company's proposed annual financial statement;
  - (4) to examine and approve the Company's profit distribution plans and loss recovery plans;
  - (5) to pass resolutions on the increase or decrease of the Company's registered capital;
  - (6) to pass resolutions on the Company's merger, division, dissolution and liquidation or change of corporate form;
  - (7) to pass resolutions on the issue of debentures by the Company;
  - (8) to pass resolutions on the appointment, dismissal and non-reappointment of the accountants of the Company;

- (9) to amend the Company's Articles;
- (10) to consider motions raised by shareholders who represent 1% or more of the total number of voting shares of the Company;
- (11) to examine such proceedings as the assets purchased and sold in one year by the Company or provides guarantees to others for an amount exceed 30% of the total assets of the Company; and
- (12) to decide on other matters which, according to laws, administrative regulations and rules, the listing rules of the place where the Company's securities are listed as well as the Company's Articles, need to be approved by shareholders in general meetings.

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

Article 56 Unless prior approval by the general meeting of shareholders is obtained, the Company shall not enter into any contract with any person other than its directors, president and other senior management personnel pursuant to which such person shall be responsible for the management of the whole or any substantial part of the Company's business.

Article 57 General meetings of shareholders shall be divided into annual general meetings and extraordinary general meetings. General meetings of shareholders shall be convened by the board of directors. Annual general meetings are held once every year and within six (6) months from the end of the preceding accounting year.

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

- (1) where the number of directors is less than the number stipulated in the Company Law or less than two-third (2/3) of the number specified in the Company's Articles;
- (2) where the unrecovered losses of the Company amount to one-third of the total amount of share capital;
- (3) where shareholder(s) who, individually or collectively, hold(s) 10% or more of the Company's issued and outstanding voting shares request(s) in writing for the convening of an extraordinary general meeting;
- (4) whenever the board of directors deems necessary;
- (5) whenever more than two independent directors so request.

(6) other circumstances stipulated by laws, administrative regulations, departmental rules, the listing rules of the place where the Company's securities are listed or the Company's Articles.

Article 58 Unless otherwise provided in laws, administrative regulations and rules or the listing rules of stock exchange where the Company's shares are listed, when the Company convenes an annual general meeting of shareholders, a written notice shall be given to all registered shareholders twenty (20) days before the date of the meeting; when the Company convenes an extraordinary general meeting of shareholders, a written notice shall be given to all registered shareholders fifteen (15) days before the date of the meeting; such notice shall give such shareholders notice of the matters to be considered at such meeting as well as the date and the place of the meeting. In calculating the notice period, the date of the meeting shall be excluded.

Article 59 The board of directors and shareholder(s) who individually or jointly hold(s) 1% or more of the Company's shares are entitled to submit proposals to the Company when it convenes a general meeting of shareholders. The contents of the proposal shall have clear agenda and specific issues for resolution within the terms of reference of the general meeting of shareholders and shall comply with laws, administrative regulations and rules as well as the relevant provisions of the Articles.

Shareholder(s) who individually or jointly hold(s) 1% or more of the shares of the Company may submit ad hoc proposals in writing to the convener ten (10) days before the convening of the general meeting of shareholders. The convener shall deliver a supplementary notice of the general meeting of shareholders containing the content of the proposal within two (2) days upon the receipt of the proposal. Where the delivery of the supplementary notice fails to meet the relevant requirements of delivery of the supplementary notice stipulated by the listing rules of stock exchange where the shares of the Company are listed, the Company shall postpone the general meeting of shareholders as appropriate.

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

been delivered.

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

- Article 60
- (1) The notice of the general meeting of shareholders shall satisfy the following requirements:
  - (2) in written form;
  - (3) specifying the venue, date and time of the meeting;
  - (4) describing the matters to be discussed at the meeting;
  - (5) providing shareholders with materials and explanations necessary for them to make sensible decisions in respect of the matters to be discussed, including (but not limited to) specific terms and contract (if any) for a proposed transaction, and a detailed explanation of its causation and consequence where the Company proposes a merger, share redemption, share capital restructuring or other form of restructuring;
  - (6) where any director, president and other senior management personnel have a material interest in respect of the matters to be discussed, then the nature and extent of that interest shall be disclosed; where the impact of the matters to be discussed on such director, president and other senior management personnel who are shareholders is different from the impact on other shareholders of the same type, then that difference shall be illustrated;
  - (7) containing the full text of any special resolution proposed to be passed at the meeting;
  - (8) providing a clear text description stating that all shareholders who have the right to attend and vote at the general meeting of shareholders have the right to entrust one (1) or more proxies, who does not need to be shareholders of the Company, to attend and vote at the meeting; and
  - (9) stating the deadline and place for the delivery of proxy letter of the meeting.

- Article 61
- The notice of the general meeting of shareholders shall be delivered by hand or by pre-paid post, or announcement or electronic means or other means approved by the regulatory authorities and stock exchanges where the company ' s securities are listed or stipulated in the

company's articles of association to shareholders (whether such shareholder has a voting right at the general meeting of shareholders or not) and the address and email of the recipient shall be registered in the register of shareholders or recorded at the securities registration agency.

Article 62 In the case when the notice of the meeting has not been delivered to those who are entitled to receive such notice due to accidental omission or such persons have not received the notice of the meeting, the meeting and the resolutions made by the meeting shall not therefore become ineffective.

Article 63 Any shareholder who has the right to attend and vote at a general meeting of shareholders shall have the right to appoint one or more persons (not necessarily shareholder(s)) as his/her proxy to attend and vote at the meeting. Such proxy may exercise the following rights in accordance with the shareholder's appointment:

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

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

Article 64      Shareholders shall appoint proxy in writing. The proxy form shall be signed by the appointer or its authorized representative who has been authorized in writing. If the appointer is a legal person, the document shall be affixed with the legal person's seal or signed by its director or duly authorized attorney. Such powers of attorney must clearly indicate the number of shares of the appointer which are represented by the attorney.

Article 65      The proxy form for voting shall be placed at the domicile of the Company, or at other place designated in the notice of meeting, at least twenty-four (24) hours prior to convening of the meeting which the relevant matters will be voted on, or twenty-four (24) hours prior to the designated voting time. If the proxy form is signed by a person authorized by the appointer, the power of attorney or other authorization document shall be notarized. The notarized power of attorney or other authorization document shall be placed together with the proxy form authorizing the proxy to vote at the domicile of the Company or other place designated in the notice of meeting.

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

Article 66      Any format of blank proxy form issued by the board of directors of the Company to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast an affirmative or negative vote, and to give separate instructions on each matter to be voted at the meeting. The proxy form shall state that the proxy may vote at his/her discretion if the appointer does not give any instruction.

Article 67      If, before voting, the appointer has passed away, lost his/her ability to act, withdrawn the appointment, withdrawn the authorization to sign the proxy form, or transferred all his/her shares, the vote cast by the proxy in accordance with the proxy form shall remain valid so long as the Company has not received the written notice regarding such matters before the commencement of relevant meeting.

Article 68      A proxy who attends the general meeting of shareholders on behalf of

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

Article 69      The resolutions of the general meeting of shareholders shall be divided into general resolutions and special resolutions.

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

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

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

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

Article 70      Without prejudice to Article 71, a shareholder (including his/her proxy), when voting at a general meeting of shareholders, may exercise such voting rights as attached to the number of voting shares which he represents and one (1) vote is attached to each share.

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

Article 71 At any general meeting of shareholders, a resolution shall be decided on a show of hands unless a poll is demanded by the following persons before or after a vote is carried out by a show of hands:

- (1) the chairman of the meeting;
- (2) at least two (2) shareholders present in person or by proxy entitled to vote; and
- (3) one (1) or more shareholders present in person or by proxy and representing 10% or more shares carrying the right to vote at the meeting.

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

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

Article 72 A poll demanded on the election of the chairman of the meeting, or on a question of adjournment of the meeting, shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

Article 73 On a poll taken at a meeting, a shareholder (including his/her proxy) who is entitled to two (2) or more votes needs not cast all his/her votes in the same way.

Article 74 In the case of an equality of votes, whether on a show of hands or by poll, the chairman of the meeting shall have a casting vote.

Article 75 The following matters shall be resolved by a general resolution at the general meeting of shareholders:

- (1) work reports of the board of directors;
- (2) profit distribution plans and loss recovery plans formulated by the board of directors;
- (3) appointment and removal of members of the board of directors who are not assumed by representatives of workers and staff and

- remuneration and manner of payment for all members;
- (4) annual financial statements of the Company; and
- (5) matters other than those which are required by the laws and administrative regulations and rules or by the Company's Articles to be adopted by special resolution.

Article 76 The following matters shall be resolved by a special resolution at the general meeting of shareholders:

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

Article 77 Any resolution passed at the general meeting of shareholders shall comply with the laws and administrative regulations and rules in China as well as the relevant provisions of the Articles.

Article 78 Shareholders requiring for the convening of an extraordinary general meeting or a class meeting shall take the following procedures:

- (1) Two (2) or more shareholders representing a total of 10% or more shares carrying the right to vote at the meeting to be convened may sign one or more written requests of the same format and contents, with the agenda of the meeting clearly indicated, to be submitted to the board of directors for the convening of an extraordinary general meeting or a class meeting. The board of directors shall forthwith convene the extraordinary general meeting or class meeting upon the receipt of the written request aforesaid. The number of shareholding referred to above shall be calculated based upon the date of submission of the shareholders' written requests.
- (2) If the board of directors has not delivered the notice for the convening of the meeting within thirty (30) days upon the receipt of

the written request aforesaid, shareholders requiring such may call the meeting on their own within four (4) months upon the receipt of such request by the board of directors. The meeting shall be conducted in a manner which is as similar as possible to that of general meetings of shareholders convened by the board of directors.

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

Article 79     The general meetings of shareholders shall be convened by the board of directors and presided over by the chairman of the board. Where the chairman is unable or fails to perform his/her duties, a director elected jointly by more than half (1/2) of the directors shall chair the meeting.

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

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

Article 80     The chairman of the meeting shall be responsible for determining whether a resolution has been passed. His decision, which shall be final and conclusive, shall be announced at the meeting and recorded in the minutes.

Article 81     If the chairman of the meeting has any doubt as to the result of a resolution which has been put to vote at a shareholders' meeting, he/she may have the votes counted. If the chairman of the meeting has

not counted the votes, any shareholder who is present in person or by proxy and who objects to the result announced by the chairman of the meeting may, immediately after the declaration of the result, demand that the votes be counted and the chairman of the meeting shall have the votes counted immediately.

Article 82 If votes are counted at a general meeting of shareholders, the result of the count shall be recorded in the minutes.

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

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

Article 83 Copies of the minutes of the general meeting of shareholders' proceedings shall, during business hours of the Company, be open for inspection by any shareholder without charge. If a shareholder requests for a copy of such minutes from the Company, the Company shall send a copy of such minutes to him/her within seven (7) days upon the receipt of reasonable fees.

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

Article 84 Shareholders who hold different classes of shares shall be class shareholders.

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

Article 85 Rights conferred on any class shareholder shall not be varied or abrogated save with the approval of a special resolution of shareholders

in a general meeting and by holders of shares of that class at a separate meeting conducted in accordance with Article 89 to 93.

- Article 86
- (1) The following circumstances shall be deemed to be variation or abrogation of the rights attaching to a particular class of shares:
  - (2) to increase or decrease the number of shares of that class, or to increase or decrease the number of shares of a class having voting or distribution rights or privileges equal or superior to those of the shares of that class;
  - (3) to exchange all or part of the shares of that class for shares of another class or to exchange or to create a right to exchange all or part of the shares of another class for shares of that class;
  - (4) to remove or reduce rights to accrued dividends or rights to cumulative dividends attached to shares of that class;
  - (5) to reduce or remove preferential rights attached to shares of that class to receive dividends or to the distribution of assets in the event that the Company is liquidated;
  - (6) to add, remove or reduce conversion privileges, options, voting rights, transfer or pre-emptive rights, or rights to acquire securities of the Company attached to shares of that class;
  - (7) to remove or reduce rights to receive payment payable by the Company in specific currencies attached to shares of that class;
  - (8) to create a new class of shares having voting or distribution rights or privileges equal or superior to those of the shares of that class;
  - (9) to restrict the transfer or ownership of shares of that class or to increase the types of restrictions attaching thereto;
  - (10) to issue rights to subscribe for, or to convert the existing shares into, shares in the Company of that class or another class;
  - (11) to increase the rights or privileges of shares of another class;
  - (12) to restructure the Company in such a way so as to result in the disproportionate distribution of obligations between the various classes of shareholders; and
  - (13) to vary or abrogate the provisions of this chapter.

- Article 87
- Affected class shareholders, whether having the right to vote at the general meeting of shareholders or otherwise, shall have the right to vote at class meetings in respect of matters concerning Articles 88 (2) to (8), (11) to (12) hereof, but interested shareholder(s) shall not be entitled to vote at such class meetings.

The “interested shareholder” referred to in the preceding paragraph

means:

- (1) in the case of a repurchase of shares by way of a general offer to all shareholders of the Company on a pro rata basis or by way of public dealing on a stock exchange pursuant to Article 30 hereof, an “interested shareholder” is a controlling shareholder within the meaning of Article 53 hereof;
- (2) in the case of a repurchase of shares by way of a contractual agreement outside the stock exchange pursuant to Article 30 hereof, an “interested shareholder” is a holder of the shares to which the proposed agreement relates; and
- (3) in the case of a restructuring of the Company, an “interested shareholder” is a shareholder who assumes a relatively lower proportion of obligation than the obligations imposed on shareholders of that class under the proposed restructuring or who has an interest in the proposed restructuring different from the general interest of the shareholders of that class.

Article 88      Resolutions of a class of shareholders shall be passed by votes representing more than two-third (2/3) of the voting rights of shareholders of that class represented at the relevant meeting who, according to Article 89, are entitled to vote thereat.

Article 89      A written notice of a class meeting shall be given to all shareholders who are registered as holders of that class in the register of shareholders forty-five (45) days before the date of the class meeting (including the date of meeting). Such notice shall give such shareholders notice of the matters to be considered at such meeting as well as the date and the place of the class meeting. A shareholder who intends to attend the class meeting shall deliver his/her written reply in respect thereof to the Company twenty (20) days before the date of the class meeting.

If the shareholders who intend to attend such class meeting represent more than half (1/2) of the total number of shares of that class which have the right to vote at such meeting, the Company may hold the class meeting; if not, the Company shall within five (5) days give the shareholders further notice of the matter to be considered as well as the date and the place of the class meeting by way of public announcement. The Company may then hold the class meeting after such public announcement has been made.

Article 90 Notice of class meetings need only be delivered to shareholders entitled to vote thereat.

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

Article 91 Apart from the holders of other classes of shares, the holders of domestic-invested shares and overseas-listed foreign-invested shares shall be deemed to be holders of different classes of shares.

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

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

## **Chapter 10 Board of Directors**

Article 92 The Company shall have a board of directors consisting of nine (9) directors. External directors (directors who do not assume an internal position of the Company, hereinafter the same) shall account for more than half (1/2) of the total number of directors in the board, of which at least three (3) shall be independent (non-executive) directors (directors who are independent from the Company and do not assume an internal position of the Company, hereinafter the same), and at least one-third (1/3) of the members in the board of directors must be independent directors. The board of directors shall include one (1) member who is assumed by representatives of workers and staff.

There shall be one chairman in the board of directors.

Article 93      Directors who are not assumed by representatives of workers and staff shall be elected at the general meeting of shareholders, and directors who are assumed by representatives of workers and staff shall be elected by the Company's employees through employee representative meetings, staff meetings or other forms of democratic election. Directors shall have a term of three (3) years, and at the expiry of the term of office, the term is renewable upon re-election. Where a director has not been timely re-elected at the expiry of the term of office or a director has resigned during the term of office as a result of which the number of members in the board of directors falls below the quorum (including the number of independent directors falling below the number or proportion required by the regulatory rules of the place where the Company's securities are listed due to the resignation of independent directors), the original director (including independent directors) shall perform his/her duties as a director, prior to the assumption by the re-elected director (including independent directors), in accordance with the laws, administrative regulations, the listing rules of the place where the Company's securities are listed and rules as well as the provisions of the Articles.

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

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

A written notice of the intent of candidates nominated for directors and the candidates' clear indication of their acceptance of nomination shall

be delivered to the Company after the date of delivery of the notice of the general meeting of shareholders at which the director is to be elected and at least ten (10) days before the date of such meeting.

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

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

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

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

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

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

Article 94      The board of directors shall be accountable to the general meeting of shareholders and shall assume the following functions and powers:  
(1) to be responsible for the convening of the general meeting of

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

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

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

The board of directors' resolutions in respect of amendments to article, increase of decrease of registered capital, or resolutions in respect of the Company's merger, division, dissolution or change of corporate form of the Company which shall be passed by the affirmative vote of more than two-third ( $\frac{2}{3}$ ) of all the directors, the board of directors' resolutions in respect of all other matters may be passed by the affirmative vote of over half ( $\frac{1}{2}$ ) of all the directors. However, the laws, administrative regulations, departmental rules, the listing rules of the place where the Company's securities are listed or the Articles shall prevail.

Article 95 In disposing fixed assets, if the expected value of the fixed assets to be disposed of and the total value of the fixed assets already disposed of in four (4) months before the proposal of such disposal jointly exceed 33% of the fixed assets value shown in the latest balance sheet reviewed by the general meeting of shareholders, the board of directors shall not dispose of or approve the disposal of such fixed assets prior to the approval by the general meeting of shareholders.

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

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

In making decisions concerning market development, merger and acquisition and investment in new sectors, for projects with an amount of investment or mergers or acquisitions with assets amounting to more than 10% of the Company's total assets, the board of directors shall

appoint a community advisory body to provide professional opinion which shall be an important basis for the decisions of the board.

Article 96 The chairman of the board of directors shall exercise the following functions and powers:

- (1) to convey to the board of directors the spirit of important meetings of the regulatory authorities and regulatory policies, and to inform the board of directors of the work pointed out by the regulatory authorities in their supervision and inspection that needs to be promoted and implemented by the board of directors, and to urge rectification of the problems;
- (2) to preside over general meetings of shareholders and to convene and preside over the board of directors' meetings;
- (3) to organize and carry out strategic research, and host at least one strategic seminar or evaluation meeting attended by the board of directors and management members each year;
- (4) to determine the annual regular meeting plan of the board of directors, including the number of meetings, meeting time, etc., and decide to hold an extraordinary meeting of the board of directors when necessary;
- (5) to determine the agenda for board meetings, convene and preside over the board meetings, and enable each director to fully express his/her personal opinions and vote on the basis of full discussion;
- (6) to coordinate and perform the responsibilities of the board of directors and review on the implementation of resolutions passed by the board of directors' meetings;
- (7) to organize the formulation and revision of systems related to the governance and operation of the board of directors, and arrange for submission to the board of directors for consideration and approval;
- (8) to recommend candidates for the secretary of the board of directors to the board of directors, and after full communication with relevant directors, make recommendations to the board of directors on the composition and candidates of special committee;
- (9) in accordance with laws, regulations and relevant provisions, based on the resolutions of the shareholders' meeting, the resolutions of the board of directors or the authorization of the board of directors, sign relevant documents on behalf of the Company or the board of directors, including physical stocks or other certificates of securities and bonds issued by the Company, director service contracts, major agreements of the Company, shareholder identification authorization letters, company authorization letters required by the

- securities registration office or H-share dividend agency, contracts and authorization letters related to paperless securities, and registration and declaration documents required by domestic and foreign regulatory authorities;
- (10) to organize and formulate the Company's internal annual audit plan;
  - (11) to organize the drafting of the board of directors' annual work report, and report the annual work to the shareholders' meeting and regulatory authorities on behalf of the board of directors;
  - (12) to maintain good communication with regulatory authorities, and communicate with external directors outside of meetings when appropriate, listen to the opinions of external directors, organize external directors to conduct necessary research and training, and hold at least one separate meeting with independent non-executive directors each year;
  - (13) in the event of force majeure or a major crisis that makes it impossible to hold a board meeting in a timely manner, within the scope of the board's authority, exercise special disposal rights that comply with laws, regulations and corporate interests, report to the board of directors afterwards and ratify them in accordance with procedures;
  - (14) other duties conferred by laws, regulations, the Company's Articles and the board of directors.

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

Article 97 Board meetings shall be convened by the chairman of the board at least twice a year and a notice shall be given to all directors ten (10) days before the date of the meeting. The chairman of the board of directors has the right to convene an extraordinary board meeting (if necessary). Shareholders representing more than 10% of the voting shares or more than one-third of the members of the board of directors or the audit committee may submit proposals to the board of directors for the convening of an extraordinary board meeting. Extraordinary board meetings shall not be subject to the restriction regarding the notice of meeting in Article 100. The chairman of the board shall convene and preside over the board meetings within ten (10) days upon the receipt of the proposal.

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

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

- Article 98 Notice of board meetings shall be given in the following ways:
- (1) Where the time and venue of regular board meetings have been specified in advance by the board of directors, the notice of meeting is not required.
  - (2) Where the time and venue of regular board meetings have not been specified in advance by the board of directors, the chairman of the board shall give a notice of the time and venue of the meeting to directors by telex, telegraph, fax, express or registered mail, by hand or other electronic means at least ten (10) days in advance, unless as otherwise provided in Article 97.
  - (3) The notice shall be given in Chinese, with English translation attached when necessary, and shall include the agenda of the meeting. Any director may waive his/her right to be notified of board meetings.

- Article 99 For any important matters to be decided by the board of directors, a notice must be given to all executive directors and external directors in accordance with the time specified in Article 100 and must be considered in strict accordance with the stipulated procedures with sufficient information provided. Directors may require for supplementary materials. When more than a one-third (1/3) of the directors or more than two (2) external directors have material disagreement on a matter to be submitted to the board of directors for consideration, the matter shall generally be postponed; where directors consider the information incomplete or the discussion ambiguous, such directors may jointly propose in writing a postponement of the board meeting or a postponement of part of the matters to be considered at the board meeting, and such directors proposing to postpone the meeting shall put forward clear requirements for the conditions that should be met when the proposal is resubmitted to the board of directors for consideration, and such proposal shall be adopted by the board of directors.

A proposal shall not be put forward for postponement for more than

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

Where a director, who is present at the meeting, has not raised any objection that he/she has not been notified of the meeting before or at the meeting, such director shall be deemed to have notified of the meeting.

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

Article 100 Board meetings shall be held only if more than half (1/2) of all the directors (including any alternate director appointed by written authorization in accordance with Article 101 of this chapter) are present. Each director shall have one (1) vote. The board of directors' resolutions must be passed by more than half (1/2) of all the directors. The voting system of one-person one-vote shall be applied.

If any director has any interest in the enterprise(s) or individuals involved in the matter to be resolved at the board meeting, such director shall report to the board of directors in writing. Related director neither exercises his/her voting right on such matter, nor exercises voting right on behalf of other directors. If a director or its associates (as defined in the applicable listing rules) will benefit from, or has a material interest in, any resolution proposed at a board meeting, such director shall abstain from voting on such matters at that board meeting. Such director shall not be counted in the quorum of such board meeting. The board meeting may be held when more than half (1/2) of the directors without any interest in the matter to be resolved are present and resolutions passed at the board meeting shall be adopted by more than half (1/2) of the directors without any connection or interest in the matter to be resolved. When directors with

no connection or interest in the matter present at the board meeting are less than three (3), the board of directors shall submit proposals to the general meeting of shareholders for review.

Article 101 Directors shall attend the board meeting in person. If a director is unable to attend the meeting in person due to some reasons, he/she may entrust another director in writing to attend the meeting on his/her behalf and the proxy letter shall specify the scope of the authority.

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

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

Article 102 The board of directors may hold meetings and vote by the electronic means. Provided that it ' s in compliance with laws, regulations and regulatory rules of the place where securities are listed, the board of directors may adopt written resolution to replace convening meetings. However, draft written resolution must be delivered to all directors by hand, mail, telegraph, fax or other electronic means. After the board of directors has delivered the written resolution to all directors and that the number of directors giving consent and sign on the written resolution has reached the quorum, such written resolution, if delivered to the secretary of the board of directors by means of methods referred to above, shall become a board resolution and no convening of a board meeting shall be required.

Article 103 All matters discussed at a board meeting, whether convened or not, shall be recorded in Chinese in the form of minutes of meeting. Opinions expressed by the independent (non-executive) directors shall be clearly indicated in the board resolutions. Minutes of board meetings shall be distributed to all directors for review forthwith every time.

Directors requiring for any amendment or addition made to the minutes shall submit the proposed amendments in writing to the chairman of the board within one (1) week upon the receipt of the minutes. Directors present at the meeting and the recorder shall sign on the minutes when the contents are finalized. The minutes of board meetings shall be maintained at the domicile of the Company in China and a complete copy shall be distributed to all directors forthwith.

Directors shall be responsible for the resolutions of the board of directors' meetings. If any resolution of the board of directors' meeting violates any laws, administrative regulations and rules or the Company's Articles and causes the Company to suffer from significant losses, the directors who voted for the resolution shall be liable to compensate the Company while the directors who are certified by the minutes of the meeting as having voted against the resolution are not liable for the losses.

## **Chapter 11 Special Committees of the Board**

Article 104 The Company's board of directors shall establish special committees such as audit committee, strategy and investment committee, nomination committee and remuneration and appraisal committee, which shall perform their duties in accordance with the Articles and the authorization of the board of directors. The working rules of the special committees shall be formulated by the Board.

Article 105 Each special committee under the board of directors shall consist of at least three directors as members, with each committee appointing a chairperson responsible for convening committee meetings.

The members of the audit committee shall be directors who do not serve as senior management personnel within the Company, with independent directors constituting a majority. Typically, the chairperson of the audit committee shall be an independent director with extensive professional experience in finance, accounting, and risk management. Independent directors shall constitute the majority of the strategy and investment committee and the nomination committee, and the chairperson of each committee shall be the chairperson of the board of directors. The remuneration and appraisal committee shall be

composed of independent directors, with an independent director serving as its chairperson.

Article 106 The Company' s board of directors shall establish an audit committee to exercise the powers and functions of the supervisory committee as stipulated in the Company Law.

The audit committee is responsible for reviewing the Company' s financial information and its disclosure, supervising and evaluating the internal and external auditing work and internal control, and the following matters shall be submitted to the board of directors for consideration after being approved by a majority of all members of the audit committee:

- (1) to review the Company' s annual and interim financial report, and consider the Company' s significant accounting policies or accounting estimates and changes thereto;
- (2) to evaluate the effectiveness of the work of internal audit departments and check the internal control and risk control work related to connected transactions;
- (3) to appoint or dismiss the chief accountant of the Company;
- (4) to appoint or dismiss the accounting firm that undertakes the Company' s audit;
- (5) other matters stipulated in laws, administrative regulations, regulatory rules of the place where the securities of the Company are listed and the Articles.

Article 107 The audit committee shall hold at least two meetings every year, and may hold an extraordinary meeting when two or more members propose, or when the convener deems it necessary. The quorum of the meeting of the audit committee shall require the presence of more than two-thirds of the members.

Resolutions of the audit committee shall be decided on a one-person, one-vote basis. Resolutions made by the audit committee shall be passed by a majority of the members of the audit committee.

The audit committee shall prepare meeting minutes for its resolutions in accordance with the regulations, and the members of the audit committee attending the meeting shall sign on the meeting minutes.

Article 108 The strategy and investment committee is responsible for studying and

making recommendations on the Company' s strategic planning and reform and restructuring initiatives. The strategy and investment committee' s primary duties are:

- (1) to study and make recommendations on the medium- to long-term development strategic planning and sustainable development strategic of the Company;
- (2) to study and make recommendations on major business adjustments, significant capital operations and asset management projects which require the approval of the board of directors;
- (3) to study and make recommendations on other major issues that may affect the development of the Company;
- (4) other matters stipulated in laws, administrative regulations, regulatory rules of the place where the securities of the Company are listed and the Articles.

Article 109 The nomination committee is responsible for formulating the criteria and procedures for selecting directors and senior management, selecting and reviewing the candidates for directors and senior management and their qualifications for appointment, and making recommendations to the board of directors on the following matters:

- (1) to formulate a board diversity policy;
- (2) to nominate or appoint or dismiss directors;
- (3) to appoint or dismiss senior management;
- (4) other matters stipulated in laws, administrative regulations, regulatory rules of the place where the securities of the Company are listed and the Articles.

Article 110 The remuneration and appraisal committee is responsible for formulating the performance evaluation criteria for the directors and senior management and conducting the evaluation, formulating the remuneration policies and plans as well as making recommendations to the board of directors in respect of the following matters:

- (1) to formulate remuneration management and appraisal management mechanism for directors and senior management;
- (2) to study and propose medium- to long-term incentive plans and implementation schemes for the Company' s directors and senior management;
- (3) to review the fundamental management policies related to the Company' s remuneration management and appraisal to be submitted to the board of directors for consideration, and making recommendations to the board of directors;

- (4) to study and decide on the insurance plan for directors' and senior management's liability insurance according to the authorization of the shareholders' meeting and the board of directors;
- (5) other matters stipulated in laws, administrative regulations, regulatory rules of the place where the securities of the Company are listed and the Articles.

## **Chapter 12 Secretary of the Board of Directors**

Article 111 The Company shall have one secretary of the board of directors, being a senior management personnel, whom shall be nominated by the chairman, and shall be elected, appointed or dismissed by the board of directors. Such appointment or dismissal shall not be dealt by written resolutions. The secretary of the board of directors of the Company shall be served as "company secretary" (if applicable) at the same time.

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

Article 112 The secretary of the board of directors shall be a natural person who has necessary professional knowledge and experience and shall be nominated by the board of directors.

The main duties of the secretary of the board of directors:

- (1) to assist directors to deal with the daily matters of the board of directors, continuously provide, remind and ensure directors to be well informed of the laws and policies of both domestic and overseas regulatory organizations concerning the operation of the Company, and require and assist directors and the president to practically implement the domestic and foreign laws, regulations and rules, the Company's Articles and other relevant provisions when performing their functions and powers;
- (2) to be responsible for the organization and preparation of the documents of the board of directors and the general meeting of shareholders, well prepare the meeting record work, ensure the meeting policies are in conformity with the legal procedures, and to keep abreast of the execution of the resolutions of the board of directors;
- (3) to be responsible for the organization and coordination of

- information disclosure, coordination of the relationship with investors, and enhancement of the transparency of the Company;
- (4) to participate in and organize financing in the capital market; and
  - (5) to deal with the relationships with the intermediary agents, regulatory authorities and the media for the enhancement of public relations.

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

(1) He/she shall organize and prepare for the board meetings and the general meetings of shareholders, prepare materials for the meetings, arrange relevant matters of the meetings, being responsible for taking minutes of the meetings, ensure the accuracy of minutes of the meetings, keep documents and records of the meetings and take initiative in keeping abreast of the execution of the relevant resolutions. He/she shall report and make recommendations to the board of directors in respect of important issues being implemented.

(2) He/she shall ensure decisions made by the board of directors on major matters are in strict compliance with prescribed procedures. He/she shall participate and organize consultations for and analyses of matters to be decided by the board of directors as required and give opinions and suggestions on the same. He/she shall handle daily operation matters of the board of directors and relevant committees of the board of directors that are delegated to him/her.

(3) He/she shall be responsible, as the liaison officer between the Company and the securities regulatory organ, for organizing preparation and timely delivery of documents requested by the regulatory authorities and arranging for implementation of relevant tasks from the regulatory authorities.

(4) He/she shall be responsible for organizing and coordinating the Company's information disclosure matters, establishing and improving the system in respect of the Company's information disclosures, participating in all relevant meetings of the Company concerning information disclosure, and keeping abreast of the Company's major business decisions and relevant information and materials in a timely manner.

(5) He/she shall be responsible for keeping confidential of the Company's price-sensitive information and developing effective confidentiality systems and measures. In regard to leaks of the

Company's price-sensitive information as a result of various reasons, he/she shall adopt necessary remedial measures, in addition to timely explanations and clarifications, and give notice to the regulatory authorities of the place where the Company's shares are listed and the CSRC.

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

Article 113 Directors or senior management personnel of the Company may serve concurrently as the secretary of the board of directors. Accountants of an accounting firm appointed by the Company shall not serve

concurrently as the secretary of the board of directors.

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

Article 114 The secretary of the board of directors shall perform his/her duties and responsibilities in a diligent manner in accordance with relevant provisions of the Articles.

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

## **Chapter 13 President**

Article 115 The Company shall have one (1) president. The president shall be appointed or removed by the board of directors.

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

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

Article 116 The president (general manager) shall be accountable to the board of directors and exercise the following functions and powers:

- (1) shall be responsible to the board of directors and reports to the chairman when the board of directors is not in session, and to coordinate the implementation of the resolutions of the board of directors;
- (2) to formulate the Company's strategy and development plan, annual business plan, annual investment plan and investment proposal;
- (3) to be in charge of the Company's operation and management, and in accordance with the approval and authorization of the board of directors, to organize and implement the Company's strategic development plan, annual business plan, annual investment plan

and any notifiable transactions, connected transactions, that are subject to reporting and disclosure in accordance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”) or matters on which a listed company is required to perform its disclosure obligations shall still be reported to the board of directors for special review;

- (4) according to the Company’s annual investment plan and investment proposal approved by the board of directors, approve the expenditure of recurring project expenses and long-term investment periodic expenses, including project due diligence and related assessment and audit fees; formulate feasible plans for equity investment or disposal projects and organize their implementation after approval by the board of directors, and decide on domestic investment projects within a certain amount that are closely related to the Company’s main business and have low risks according to the approval and authorization of the board of directors;
- (5) to formulate the Company’s annual financial budget plan, final accounts plan, profit distribution plan and loss compensation plan; formulate the Company’s financial accounting system, financial policy, debt policy, major accounting policies or accounting estimates, and their adjustment plans; organize the preparation of the Company’s financial accounting report and submit it to the board of directors for review;
- (6) to formulate the Company’s sustainable development work management system, establish relevant work management systems, indicators and target systems, and organize the preparation of the Company’s sustainable development report and submit it to the board of directors for review;
- (7) to formulate the Company’s (including its holding subsidiaries) annual donation budget, include it in the Company’s annual budget management system, organize its implementation after approval by the board of directors, and projects with a single donation of no less than RMB30 million and donation matters not included in the annual donation budget should be submitted to the board of directors for special review;
- (8) to determine annual asset procurement, disposal plan, and similar assets purchased (or sold) with the same party within 12 consecutive months, in accordance with the annual business plan, annual investment plan, annual financial budget or investment project plan approved by the board of directors, the cumulative

amount shall be less than 5% of the total assets in the consolidated financial statements of the Company ' s most recent annual or interim financial accounting report (whichever is more recent) or the average market value of the Company ' s most recent five trading days (whichever is lower) (if there is no identifiable income from such assets, otherwise the income and profit ratio shall also be calculated), and in case of an unplanned event outside the annual plan, the above percentage shall be calculated using 1%, and the aggregate amount of fixed assets decided to be disposed of within 4 consecutive months shall be less than 5% of the amount of fixed assets in the consolidated financial statements of the Company ' s most recent audited annual financial accounting report, in respect of which fixed assets include real estate, vehicles, equipment and facilities, etc.;

- (9) to draft plans for the Company ' s financing, mortgage or pledge, external loan, guarantee or other financial assistance for the consideration of the board of directors;
- (10) to draft plans for the Company to increase or reduce registered capital, as well as major reforms, restructuring plans, major acquisitions or sales plans, merger plans, separation or spin-off plans, major engineering construction plans, major capital operation plans for the consideration of the board of directors, to determine and organize the implementation of engineering construction plan with a value of less than RMB80 million;
- (11) to draft plans for the establishment of the Company ' s internal management structure (including the overall organizational structure, number of institutions, main responsibilities of each institution, etc.) for the consideration and approval by the board of directors. The internal management structure does not include the establishment of working institutions of the party organization and the trade union. Based on the approval and authorization of the board of directors, to determine the specific names, structure, non-primary responsibilities, and the establishment and adjustment of subordinate internal institutions of the relevant institutions;
- (12) to draft plans for the establishment of the Company ' s branch offices for the consideration and approval by the board of directors. Based on the approval and authorization of the board of directors, to determine the establishment of domestic branches below a certain scale;
- (13) to draft the Company ' s basic management system for the consideration and approval by the board of directors, excluding the

- systems related to party building, employee representative meetings and trade union work;
- (14) to formulate the specific rules and regulations of the Company, excluding the rules and regulations related to party building, employee representative meetings and trade union;
  - (15) pursuant to relevant regulations, to propose the appointment or dismissal of the Company ' s vice-presidents, Chief Financial Officer and general counsel;
  - (16) pursuant to relevant regulations, to appoint or dismiss a personnel other than those determined to be appointed or dismissed by the board of directors;
  - (17) to formulate systems and standards related to employee remuneration, benefits and assessment mechanisms, and organize their implementation; to formulate the Company ' s mid-term and long-term incentive plans and schemes for the consideration of the board of directors;
  - (18) to formulate a plan for engaging the accounting firm responsible for the Company ' s annual audit, including the budget for audit service fees and non-audit service fees;
  - (19) to formulate the internal supervision and risk control systems, to formulate plans for the Company to establish a risk management system, internal control system, an accountability system for illegal operations and investments, and a compliance management system, and to organize their implementation after approval by the board of directors;
  - (20) to establish the general manager ' s meeting system to convene and preside over the general manager ' s meeting; the general manager shall exercise the authority authorized by the board of directors through the general manager ' s meeting;
  - (21) to be fully responsible for the business management and reform and development of the Company ' s branches, including the assignment of branch managers, formulation of branch operating plans and annual budgets, and management of branch operations and income and expenditures, etc.;
  - (22) to make decisions in accordance with laws and regulations regarding the Company ' s exercise of following shareholder rights in the "subsidiaries" (all of the Company ' s subordinate corporations):
    - (i) to appoint or recommend directors of subsidiaries, and to determine the composition of the board of directors of subsidiaries;

- (ii) the remuneration of directors of subsidiaries, excluding the incentive plans and schemes involving the shares of holding subsidiaries;
- (iii) the reports of the board of directors of subsidiaries, annual financial reports, audit reports, evaluation reports, sustainable development reports and other important reports;
- (iv) Development strategies, mid-term and long-term plans, business policies, investment plans, annual budgets and final accounts, etc. submitted by subsidiaries to shareholders' meetings;
- (v) Profit distribution or loss compensation plans of subsidiaries;
- (vi) Amendments to the articles of association of subsidiaries, including amendments to the articles of association involving changes in the registered capital of subsidiaries, which shall be approved by the general manager only after the change in the registered capital of the subsidiary has been approved by the Company's board of directors, or after the general manager has obtained the relevant authorization from the board of directors;
- (vii) Purchase and sale of assets and disposal of fixed assets of holding subsidiaries within the scope listed in (8) above;

In the event that the general manager considers the above-mentioned matters related to the exercise of shareholder rights of subsidiaries, if the matters involve notifiable transactions or connected transactions that are subject to reporting and disclosure according to the Listing Rules, or matters that require the fulfillment of disclosure obligations, or matters that may have a significant impact on the Company, the general manager shall submit them to the board of directors for review;

- (23) The following major matters related to the exercise of the shareholder rights of the "holding subsidiaries" by the Company shall be carefully considered and submitted to the board of directors for consideration and make relevant recommendations, including:
- (i) Matters concerning the increase or decrease of registered capital, division, merger, dissolution, liquidation or change of corporate form, and major asset reorganization of holding subsidiaries;
  - (ii) Matters concerning the purchase and sale of assets and disposal of fixed assets of holding subsidiaries not less than the percentages listed in (8) above;
  - (iii) Matters concerning financial assistance such as borrowings, guarantees, mortgages or pledges provided by holding

- subsidiaries to external parties;
- (iv) Matters concerning equity investment, financing, bond issuance or redemption, securities issuance or repurchase, and share incentive plans of holding subsidiaries;
  - (v) Matters at the level of holding subsidiaries but constitute notifiable transactions, connected transactions or matters that must be disclosed under the Listing Rules;
- (24) to make decisions in accordance with laws and regulations on the exercise of the Company's shareholder rights of "non-controlling subsidiaries", including matters specified in (i) to (vi) of (22) above and other matters that should be decided by the shareholders' meeting (or shareholders) as stipulated in the articles of association of the non-controlling subsidiaries, but excluding matters that would result in changes in the shareholding ratio or shareholding interests of the listed company (TravelSky) or constitute notifiable transactions or connected transactions that are subject to reporting or matters that the Company must disclose in accordance with the Listing Rules;
- (25) Other powers conferred by laws, administrative regulations and the Company's Articles or authorized by the board of directors.

The aforementioned "certain amount" and "certain scale" shall be separately specified by the board of directors when formulating the authorized decision-making plan and the list of authorized decision-making matters (if any).

- Article 117 The president who is not a director has the right to attend board meetings and to receive notices of meetings and other relevant documents, but do not have any voting rights at board meetings.
- Article 118 The president, vice-presidents and chief accountant, general counsel and other senior management personnel shall not alter the resolutions of a general meeting of shareholders or a board of directors' meeting or exceed the scope of authorization when performing their functions and powers.
- Article 119 The president, vice-presidents and chief accountant, general counsel and other senior management personnel shall act honestly and diligently in accordance with the laws, administrative regulations and rules as well as the Company's Articles when performing their functions and powers.

Article 120 The president, vice-presidents, chief accountant (Chief Financial Officer), general counsel and other senior management personnel retire in accordance with relevant regulatory requirements, shall cease to be a member of the senior management from the effective date of his/her retirement.

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

Article 121 A person may not serve as a director, president or senior management personnel of the Company if any of the following circumstances apply:

- (1) a person who does not have or who has limited capacity for civil conduct;
- (2) a person who has been found guilty of corruption, bribery, infringement or misappropriation of property or other crimes which destroy the social economic order, or a person who has been deprived of his/her political rights and not more than five (5) years, a person is sentenced to probation and not more than two (2) years since the expiration of the probation period have lapsed since the sentence was served;
- (3) a person who is a former director, factory manager or president of a company or enterprise which has been dissolved or put into liquidation and who was personally liable for the winding up of such company or enterprise, where less than three (3) years have elapsed since the date of completion of the insolvent liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise the business license of which was revoked or ordered to close down due to violation of law and who are personally liable, where less than three (3) years have elapsed since the date of the revocation of the business license or ordered to close down;
- (5) a person who has a relatively large amount of debts which have become due and outstanding, will be listed as a person subject to execution for breach of trust by the People's Court;
- (6) a person who is currently under investigation by the judicial

- authorities for violation of criminal law;
- (7) a person who, according to laws and administrative regulations and rules, cannot act as a leader of an enterprise;
  - (8) a person other than a natural person; and
  - (9) a person who has been convicted by the competent authority for violation of relevant securities regulations and such conviction involves a finding that such person has acted fraudulently or dishonestly, where less than five (5) years have elapsed since the date of such convictions.

If a director is elected or appointed or a senior management personnel is appointed in violation of the provisions of the preceding paragraph, the election, appointment or appointment shall be invalid.

If a director or senior management personnel encounters any of the circumstances listed in paragraph 1 of this Article during his/her term of office, the Company has the right to remove him/her from office.

Article 122 Where the directors, president and other senior management personnel of the Company acts on behalf of the Company, the effectiveness of such act against any third party acting in good faith shall not be affected by the non-compliance in terms of incumbency, election or qualification of such person.

Article 123 Apart from the obligations provided in laws, administrative regulations and rules, or listing rules of the securities regulatory authorities where the Company's shares are listed, the directors, president and other senior management personnel of the Company shall also assume the following obligations towards every shareholder, when exercising their functions and powers granted by the Company:

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

## Articles.

- Article 124 The directors, president and other senior management personnel of the Company have a duty of loyalty to the Company, shall take measures to avoid conflicts between their own interests and the Company's interests, and must not use their powers to seek improper benefits.

The directors, president and other senior management personnel of the Company have a duty of diligence to the Company and by virtue of the management, they should exercise the reasonable concern of managers in performing their duties in the best interests of the Company.

- Article 125 When performing their duties, the directors, president and other senior management personnel of the Company shall observe the principle of good faith, and shall not place themselves in a position where their interest may conflict with their obligations. The principle includes (but is not limited to) the following obligations:

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

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

Article 126 The directors, president and other senior management personnel of the Company shall not instigate the following persons or institutions (collectively "Related Persons") to do anything that they are forbidden to do:

- (1) the spouse or minor children of directors, president and other senior management personnel of the Company;
- (2) trustees of the directors, president and other senior management personnel of the Company and those specified in para (1) of this Article;
- (3) partners of the directors, president and other senior management personnel of the Company and those specified in para (1) and (2) of this Article;
- (4) companies in which the directors, president and other senior management personnel of the Company, whether alone or jointly with those specified in para (1), (2) and (3) of this Article or other directors, and other senior management personnel of the Company, has de facto controlling interest; and
- (5) the directors, president and other senior management personnel of the controlled companies specified in para (4) of this Article.

Article 127 The obligations of good faith of the directors, president and other senior management personnel of the Company shall not necessarily terminate upon expiration of their term of office, and their obligations to keep the business secrets of the Company confidential shall remain valid after the expiration of their tenures of office. The duration of other duties shall be decided in accordance with the principle of fairness, depending on the interval between the date when an event arises and the date when they leave their office, and on the circumstances and conditions under which their relationship with the Company terminates.

Article 128 The responsibilities borne by the directors, president and other senior management personnel of the Company as a result of violation of certain duties may be discharged by the general meeting of shareholder. This does not apply to circumstances specified in Article 53.

Article 129 Where the directors, president and other senior management personnel of the Company has direct or indirect material interest in the contracts, transactions or arrangements (except for the employment contracts between the Company and its directors, president and other senior management personnel) entered into or to be entered into by the Company, such person shall notify the board of directors of the nature and degree of the interest as soon as possible, regardless of whether such matter, in general, is subject to approval of the board of directors.

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

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

directors,president and other senior management personnel.

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

Article 130 Before a contract, transaction or arrangement is to be considered for the first time by the Company, if the interested directors, president and other senior management personnel of the Company have notified the board of directors in writing, declaring that because of the reasons specified in the notification, they have an interest in the contract, transaction or arrangement of the Company in the future, it shall be deemed that they have made the disclosure as required in the preceding article, within the scope of the disclosure of the notification.

Article 131 The Company shall not pay taxes for its directors, president and other senior management personnel by any means.

Article 132 The Company shall not, directly or indirectly, provide loans or loan guarantee for the directors, president and other senior management personnel of the Company and its holding company, nor shall it provide the same to their Related Persons.

This Article shall be inapplicable in the following circumstances:

- (1) the Company provides loans or loan guarantee for its holding subsidiaries;
- (2) pursuant to the employment contracts approved by the general meeting of shareholders, the Company provides loans, loan guarantee or other funds for its directors, president and other senior management personnel, to enable them to make payment for the purpose of Company or for the expenses arising from the performance of their duties; and
- (3) if the ordinary course of business of the Company includes the lending of money or the giving of guarantees, the Company may provide loans or loan guarantee for its directors, president and other senior management personnel and their Related Persons on normal commercial terms.

Article 133 Regardless of the conditions for the loan, the receiver shall immediately

repay the loan if it is provided by the Company in violation of the preceding article.

Article 134 The Company shall be free of compulsory execution of the loan guarantee if it provides such loan guarantee in violation of the first paragraph of Article 136, with the exception of the following circumstances:

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

Article 135 The “guarantee” referred to in the preceding Article shall include the activities whereby the guarantor bears the responsibility or provides property to ensure performance by the person guaranteed.

Article 136 In case when the directors, president and other senior management personnel of the Company violate their duties owed to the Company, apart from the rights and remedial measures provided by laws and administrative regulations and rules, the Company shall have the right to take the following measures:

- (1) requiring relevant directors, president and other senior management personnel to compensate the Company for the losses resulted from their dereliction of duties;
- (2) cancelling any contract or transaction between the Company and relevant directors, president and other senior management personnel and that between the Company and a third party (if the third party has known or should have known that the directors, president and other senior management personnel had violated their duties owed to the Company);
- (3) requiring the relevant directors, president and other senior management personnel to account for profits generated in violation of their duties;
- (4) recovering from the relevant directors, president and other senior management personnel funds that originally should be collected by the Company, including (but not limited to) commissions; and
- (5) requiring the relevant directors, president and other senior management personnel to return the interest that should have been

generated by the fund owed to the Company.

Article 137 The Company shall have written contracts with its directors in respect of appointment, term of office, duties, liabilities, remuneration, etc. Among them, the remuneration of directors will be subject to the prior approval by the general meeting of shareholders. The remuneration aforesaid shall include: compensation for the loss of office or retirement of such directors . Except in accordance with the aforesaid contracts, the directors shall not file any lawsuit against the Company in relation to the foregoing matters for the propose of obtaining benefit.

Directors, managers and other senior management personnel of the Company shall report to the Company the shares held by them and their changes during their term of office. The transfer of the Company' s shares held by them during their term of office and after their resignation shall comply with the requirements of laws and regulations and regulatory rules of the place where securities are listed.

The Company shall disclose the remuneration received by each director during their term of office, as well as the shares of the Company held by directors and managers during their term of office and their changes in accordance with the provisions of laws and regulations and the regulatory rules of the place where securities are listed to shareholders.

Article 138 The contracts in relation to remuneration between the Company and its directors shall provide that when the Company is acquired, with the prior approval of the general meeting of shareholders, directors of the Company shall have the right to obtain the compensatory or other amounts to which they are entitled due to loss of office or retirement. The acquisition referred to above shall mean any one of the following circumstances:

- (1) any person makes an offer of acquisition to all shareholders; and
- (2) any person makes an offer of acquisition with the aim of becoming the controlling shareholder of the Company. The term “controlling shareholder” is defined in Article 54 hereof.

If relevant directors and violate the provisions of this Article, any fund received by them shall belong to the persons who accept the foregoing offer and sell their shares. The directors shall bear the expense incurred by allocation of the fund proportionally. The expenses shall not be set off from the fund.

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

Article 139 The Company shall protect the legal rights of its employees, conclude employment contracts with the employees, buy social insurances, reinforce labour protection and implement safe production in accordance with the law.

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

Article 140 The employees of the Company have the right to form a trade union for organization of union activities and protection of legal rights of the employees (in accordance with the *Trade Union Law of the People's Republic of China*). The Company shall provide necessary convenience for the trade union to organize activities. The trade union of the Company shall represent the employees in entering into collective agreement with the Company in relation to issues including wages, working hours, rest and holidays, labour safety and health and insurance and benefits, insurance in accordance with the law.

Article 141 According to the Constitution and other relevant laws, the Company establishes and improves a system with the workers' congress as the basic form democratic management system, exercises democratic management through employees' representatives meeting or other means.

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

## **Chapter 16 Party Organization**

Article 142 In accordance with the relevant regulations of the *Constitution of the*

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

Article 143 The Company shall establish the Party committee consisting of one (1) secretary and several other members. The chairman of the board of directors and the secretary of the Party committee shall be assumed by the same person, and one (1) deputy secretary shall be designated to assist the secretary in carrying out the Party building work. Eligible members of the Party committee may take seats in the board of directors and the senior management through legal procedures, while eligible Party members of the board of directors and the senior management may take seats in the Party committee in accordance with relevant rules and procedures. Meanwhile, a discipline inspection committee shall be established in accordance with relevant requirements.

Article 144 The Party committee of the Company shall perform its duties in accordance with the internal laws and regulations of the Party including the *Constitution of the Communist Party of China*.

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

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

opinions collectively upon inspection over such candidates with the Board.

(3) To research and discuss the stable reform and development of the Company, major operational and management issues and major issues concerning employees' interests, and provide comments and suggestions.

(4) To undertake the main responsibility of comprehensive and strict Party management; to lead the Company's ideological and political work, the united front work, the spiritual civilization construction, the corporate culture cultivation as well as the work of groups such as the trade union and the Communist Youth League; to lead the construction of the Party's working style and its clean and honest administration, and support the discipline inspection committee in earnestly performing its supervisory responsibilities.

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

Article 145 The Company shall establish its financial and accounting systems in accordance with laws, administrative regulations and rules as well as the provisions of China Accounting Standards for Business Enterprises formulated by the competent financial authority of the State Council.

Article 146 The accounting year of the Company shall adopt the calendar year, that is, starting from 1 January to 31 December of every calendar year.

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

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

Article 147 The board of directors of the Company shall place before the shareholders at every annual general meeting such financial reports which the relevant laws, administrative regulations and rules as well as

directives promulgated by local governments and competent authorities require the Company to prepare. Such reports must be verified.

Article 148 The Company shall make the financial accounting report available at the Company for examination by its shareholders twenty (20) days prior to the convening of the annual general meeting of shareholders. The Company shall announce its financial accounting report.

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

Article 149 The Company shall prepare its financial statements in accordance with the China Accounting Standards for Business Enterprises and regulations and may prepare its financial statements in accordance with the accounting standards adopted in the overseas listing place. In case there are major differences between the financial statements prepared in accordance with the two or more accounting standards, they should be indicated clearly in the notes of the financial statements. When distributing the after-tax profit for the relevant accounting year, subject to relevant requirements under the applicable laws and administrative regulations of the PRC, the Company shall adopt the lower after-tax profit in the aforesaid two or more sets of financial statements.

Article 150 The Company shall prepare its interim results or financial information to be published or disclosed in accordance with the China Accounting Standards for Business Enterprises and regulations and at the same time, it may prepare the above documents in accordance with the accounting standards adopted in the overseas listing place.

Article 151 The Company shall publish its financial report twice in each accounting year, that is, to publish its interim financial report within ninety (90) days after the end of the first six (6) months of an accounting year, and to publish its annual financial accounting report

within one hundred and twenty (120) days after the end of an accounting year.

Article 152 The Company shall not have any account book other than its statutory ones.

Article 153 The after-tax profit of the Company shall be distributed in the following order of priority:

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

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

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

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

Article 154 Before making up the losses and contributing to the statutory reserve, the Company shall not declare dividends or carry out other allocations by way of bonus issue.

Article 155 The capital reserve shall include the following items:

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

Article 156 The reserve of the Company shall be applied for compensating the Company's losses, expansion of the Company's production and operation, or converting the reserve into the capital of the Company.

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

Article 157 The Company shall distribute dividends according to the number of shares held by its shareholders and no profits shall be distributed in respect of the Company's shares held by the Company.

Article 158 The Company may distribute dividends in the form of:

- (1) cash; and
- (2) shares.

Article 159 The Company shall distribute dividends and other amounts which are payable to holders of domestic-invested shares in Renminbi. The Company shall calculate and declare dividends and other payments which are payable to holders of H shares in Renminbi, and shall pay such amounts in Hong Kong Dollars. As for the Hong Kong Dollars needed by the Company for payment of cash dividends and other funds which are payable to holders of H shares, it shall be handled in accordance with any related national regulations on foreign exchange control.

Article 160 Unless otherwise provided by the relevant laws and administrative regulations and rules, in regard to dividends and other amounts payable in Hong Kong Dollars, the applicable exchange rate shall be the average benchmark rate for the relevant foreign currency determined by the Peoples' Bank of China during the week prior to the announcement of payment of dividends and other amounts.

Article 161 The board of directors may determine to declare half-yearly dividends or special dividends, provided that the distribution is compliant with laws and regulations, regulatory rules of the place where securities are listed

and Article 55 (2) and Article 94 (16) of this Articles.

Article 162 The Company shall appoint receiving agents for holders of the H shares. Such receiving agents shall receive dividends which have been declared by the Company and all other amounts which the Company should pay to holders of the H shares on such shareholders' behalf.

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

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

Article 163 The Company shall appoint an independent firm of accountants which is qualified under the relevant regulations of the State to audit the Company's annual financial report and review other financial reports of the Company.

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

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

Article 164 The term of appointment of the accounting firm appointed by the Company shall begin from the date of the close of the current annual general meeting of shareholders and end on the date of the close of the next annual general meeting of shareholders.

Article 165 The accounting firm appointed by the Company shall enjoy the following rights:

- (1) examining the books, records and vouchers of the Company at any time, and requiring the directors, president or other senior management personnel of the Company to provide relevant

information and explanations:

- (2) requiring the Company to adopt reasonable measures to obtain from its subsidiaries information and explanations that are required for the performance of duties; and
- (3) attending the general meeting of shareholders, receiving notice of general meeting of shareholders or other information in relation to the general meeting of shareholders and giving speeches at the meeting with regard to matters involving its duties as an accounting firm appointed by the Company.

Article 166 If the post of accounting firm is vacant, the board of directors may appoint an accounting firm to fill such vacancy before the convening of the general meeting of shareholders, but the appointment shall be confirmed by the next general meeting of shareholders. Any other accounting firm which has been appointed by the Company may continue to act during the period of vacancy.

Article 167 The general meeting of shareholders may decide to dismiss an accounting firm by adopting ordinary resolution before the expiration of the term of office of the accounting firm, regardless of the terms and conditions of the contract between the accounting firm and the Company. If the relevant accounting firm has the right to claim against the Company for its dismissal, such right shall not be affected.

Article 168 The remuneration of the accounting firm or the method of determining the remuneration shall be decided by the general meeting of shareholders. The remuneration of the accounting firm appointed by the board of directors shall be decided by the board of directors, and the general meeting of shareholders shall confirm the appointment and approve the remuneration of the accounting firm.

Article 169 The decision on engaging, dismissing or not renewing the engagement of an accounting firm shall be made by ordinary resolution of the general meeting of shareholders.

Article 170 A notice shall be given to the accounting firm immediately after the resolution made by the board of directors if the Company decides to remove such accounting firm or not to renew the appointment. When the Company's general meeting votes on the removal of the accounting firm, the accounting firm shall be allowed to make representations. The general

meeting will make resolutions on the dismissal and change of accounting firm. The Company shall state the specific reasons for dismissal or replacement and the accounting firm's representations when disclosing the decision. Where the accounting firm resigns from its office, it shall make clear to the shareholders in a general meeting whether there has been any impropriety on the part of the Company.

## **Chapter 19 Merger and Division**

Article 171 For a merger or division of the Company, the board of directors shall put forward a proposal, and the formalities for approval shall be handled according to laws after the proposal has been adopted according to procedures specified in the Company's Articles. Shareholders who oppose the Company's merger or division plans shall have the right to ask the Company or the shareholders who approve the merger or division plans to purchase their shares at a reasonable price.

Article 172 The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

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

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

Article 173 In the case of a division of the Company, its assets shall be divided accordingly.

In the case of a division of the Company, the parties to the division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days from the date of the Company's division resolution being

passed and shall publish a public notice in a newspaper at least three (3) times within thirty (30) days of the date of the Company's merger resolution.

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

- Article 174 Where a merger or division of the Company involves changes in registered items, such changes shall be registered according to laws with the company registration authority; if the Company is dissolved, cancellation registration of the bank shall be carried out according to laws; where a new company is incorporated, the registration of the incorporation of the company shall be carried out according to laws.

## **Chapter 20 Dissolution and Liquidation**

- Article 175 The Company shall be dissolved and liquidated according to laws upon the occurrence of any of the following events:
- (1) a resolution regarding the dissolution is passed by the general meeting of shareholders;
  - (2) dissolution is necessary due to a merger or division of the Company;
  - (3) the Company is legally declared insolvent due to its failure to repay debts as they become due; and
  - (4) the Company is legally revoked the business license, ordered to close down or revoked due to the violation of laws and administrative regulations and rules.

If the Company encounters the reasons for dissolution specified in the preceding paragraph, it shall publicize the reasons for dissolution through the national enterprise credit publicity system within ten(10) days.

- Article 176 In the case of dissolution of the Company under para (1) of the preceding Article, a liquidation committee shall be formed within fifteen (15) days thereafter and the members of the liquidation committee shall be determined by general meeting of shareholders through ordinary resolution. Where a liquidation committee is not established within the said period, the creditors may apply to the people's court to organize the relevant personnel to establish a liquidation committee to proceed with

the liquidation.

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

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

Article 177 If the board of directors decides the Company shall carry out liquidation (except for liquidation resulting from declaration of bankruptcy), it shall state in the notice of general meeting of shareholders convened for this purpose that the board of directors has conducted comprehensive investigation on the Company's conditions and believes that the Company is able to pay off all its debts within twelve (12) months following the commencement of liquidation.

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

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

Article 178 The liquidation committee shall inform its creditors within ten (10) days following its establishment, and shall publish a public notice in newspaper or the national enterprise credit information publicity system at least three (3) times within sixty (60) days. The liquidation committee shall register the creditors' rights.

Article 179 The liquidation committee shall exercise the following functions and powers during the period of liquidation:

- (1) to sort and categorize the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to notify the creditors or to publish public announcements;

- (3) to dispose of and liquidate any unfinished businesses of the Company;
- (4) to pay all outstanding taxes and taxes incurred during liquidation;
- (5) to settle claims and debts;
- (6) to allocate the remaining assets after repayment by the Company of its debts; and
- (7) to represent the Company in any civil proceedings.

Article 180 After the liquidation committee has sorted the Company's assets and prepared a balance sheet and an inventory of assets, it shall prepare a liquidation plan and submit it to the general meeting of shareholders or the relevant competent authority for confirmation.

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

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

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

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

Article 181 In the case of liquidation as a result of dissolution of the Company, if the liquidation committee, having sorted the Company's assets and prepared the balance sheet and an inventory of assets, discovers that there are insufficient assets in the Company to pay off its debts, it shall apply to the people's court immediately for bankruptcy liquidation of the Company.

Upon acceptance of the winding-up petition by the people's court, the liquidation committee shall hand over the liquidation matters to the designated receiver of the people's court.

Article 182 Upon the completion of liquidation, the liquidation committee shall prepare a liquidation report and an income and expenditure statement and financial account for the period of liquidation and, after they are certified by a Chinese certified public accountant, submit them to the general meeting of shareholders or the relevant competent authority for confirmation.

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

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

Article 183 The Company shall amend the Company's Articles according to the following procedures, unless otherwise provided by laws and regulations, regulatory rules of the place where securities are listed or the provisions of Article 59 and Article 78 of the Company's Articles:

- (1) a proposal for amendment of the Articles shall be drawn up by the board of directors for approval in accordance with the Articles;
- (2) the proposal for amendment shall be furnished to the shareholders and a general meeting of shareholders shall be convened for voting; and
- (3) the amendments shall be approved by a special resolution in a general meeting of shareholders.

Article 184 Amendment of the Company's Articles involving the registered particulars of the Company shall be made for change in registration in accordance with law.

## **Chapter 22 Notice**

Article 185 Notwithstanding otherwise provided by the Articles, notices, materials or corporate communication which are issued by the Company to shareholders can be delivered by hand or by pre-paid post to the registered shareholders. Subject to the Company's applicable laws and regulations and the regulatory rules of the place where the securities are listed, the Company may also provide the aforementioned documents to the registered shareholders of the Company through electronic means (including posting on the company's website and the website of the exchange where the securities are listed, email, etc.).

Article 186 If the notice is sent out by post, the notice shall be deemed delivered to the relevant parties when it is clearly addressed, postage pre-paid and put into envelopes before being posted by mail and shall be deemed received by the relevant parties forty-eight (48) hours after it is delivered.

## **Chapter 23 Settlement of Disputes**

Article 187 The Company shall follow the following dispute settlement rules:

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

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

means of arbitration.

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

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

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

## **Chapter 24 Supplementary Provisions**

Article 188 The Articles herein shall be written in Chinese.

Article 189 The right to interpret the Articles vests with the board of directors of the Company and the right to amend the Articles vests with the general meeting of shareholders.

Article 190 The term "accounting firm" referred to in the Articles shall have the same meaning as "auditors". The term "annual general meeting" shall have the same meaning as "annual general meeting".

The terms "president" and "vice-president" referred to in the Articles shall have the same meaning as "general manager" and "deputy general manager", and the terms "chief accountant" shall have the same meaning

as “financial representative” respectively. The term “senior management” referred to in the Articles refers to the general manager, deputy general manager, chief accountant, general counsel, secretary to the board of directors of the Company and other senior management appointed by the board of directors.