

The English translation of the articles of association of Air China Limited (the “Articles”) is for reference only. In the event of discrepancy between the English translation and the Chinese version of the Articles, the Chinese version shall prevail.

ARTICLES OF ASSOCIATION OF AIR CHINA LIMITED

**Adopted by the first extraordinary general meeting on 30 September 2004
Approved by the State-owned Assets Supervision and Administration Commission
of the State Council on 12 October 2004**

**Adopted by the 2004 annual shareholder’s general meeting on 30 May 2005
Approved by the State-Owned Assets Supervision and Administration Commission
of the State Council on 14 March 2006**

**Adopted by the 2006 first extraordinary general meeting on 28 March 2006
Approved by the State-Owned Assets Supervision and Administration Commission
of the State Council on 5 June 2006**

**Adopted by the 2005 annual shareholder’s general meeting on 12 June 2006
Approved by the State-Owned Assets Supervision and Administration Commission
of the State Council on 28 December 2006**

**Adopted by the 2006 first extraordinary general meeting on 28 March 2006
Adopted by the 2006 third extraordinary general meeting on 28 December 2006
Approved by the State-Owned Assets Supervision and Administration Commission
of the State Council on 1 June 2007**

**Adopted by the 2006 annual shareholders’ general meeting on 30 May 2007
Approved by the State-Owned Assets Supervision and Administration Commission
of the State Council on 7 August 2007**

**Adopted by the 2007 annual shareholders’ general meeting on 30 May 2008
Approved by the State-Owned Assets Supervision and Administration Commission
of the State Council on 4 March 2009**

**Adopted by the 2008 annual shareholders’ general meeting on 10 June 2009
Approved by the State-Owned Assets Supervision and Administration Commission
of the State Council on 19 October 2009**

Adopted by the 2010 first extraordinary general meeting on 29 April 2010
Approved by the State-Owned Assets Supervision and
Administration Commission of the State Council on 26 January 2011

Adopted by the 2012 second extraordinary general meeting on 26 June 2012
Adopted by the 2012 third extraordinary general meeting on 20 December 2012
Approved by the State-Owned Assets Supervision and
Administration Commission of the State Council on 3 May 2013

Adopted by the 2015 first extraordinary general meeting on 22 December 2015
Adopted by the 2016 first extraordinary general meeting on 26 January 2016
Adopted by the 2017 first extraordinary general meeting on 23 January 2017
Adopted by the 2017 second extraordinary general meeting on 30 March 2017
Adopted by the 2017 third extraordinary general meeting on 27 October 2017
Adopted by the 2018 first extraordinary general meeting on 19 October 2018
Adopted by the 2020 annual shareholders' general meeting on 25 May 2021
Adopted by the 2021 second extraordinary general meeting on 30 December 2021
Adopted by the 2022 second extraordinary general meeting on 20 September 2022
Adopted by the 2023 third extraordinary general meeting, the 2023 first A shareholders'
class meeting and the 2023 first H shareholders' class meeting on 26 October 2023
Adopted by the 2024 first extraordinary general meeting on 26 January 2024
Adopted by the 2024 annual shareholders' meeting on 24 June 2025
Adopted by the 2025 third extraordinary shareholders' meeting on 16 December 2025

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CHAPTER 1: GENERAL PROVISIONS

- Article 1 Air China Limited (the “Company”) is a joint stock limited company established in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China (the “Securities Law”) and other relevant laws and regulations of the State.
- The Company was established by way of promotion with the approval of the State-owned Assets Supervision and Administration Commission of the State Council on 30 September 2004, as evidenced by the approval document Guo Zi Gai Ge [2004] No. 872. It was registered with and has obtained a business licence from the State Administration for Industry & Commerce of the People’s Republic of China.
- The promoters of the Company are: China National Aviation Holding Corporation Limited and China National Aviation Corporation (Group) Limited (registered in Hong Kong Special Administration Region).
- Article 2 The Company’s registered Chinese name: 中國國際航空股份有限公司
The Company’s English name: AIR CHINA LIMITED
The Company’s abbreviated Chinese name: 中國國航
The Company’s abbreviated English name: AIR CHINA
- Article 3 The Company’s address: 1st Floor-9th Floor 101, Building 1, 30 Tianzhu Road, Shunyi District, Beijing, China.
- Article 4 The Company’s legal representative is the Chairman of the board of directors of the Company. The legal consequences of civil activities performed by the legal representative in the name of the Company shall be borne by the Company.
- Article 5 The Company is a joint stock limited company which has perpetual existence.
- The liability of a shareholder is limited to the value of the shares held by him, while the Company assumes liabilities to the extent of its entire assets.
- The Company is an independent corporate legal person, governed by, and existing under the protection of, the laws and regulations of the People’s Republic of China.

- Article 6 In accordance with the provisions of the Company Law, the Securities Law, the Guidance on the Articles of Association of Listed Companies (the “Guidance”), the Standards on Corporate Governance for Listed Companies (the “CG Standards”), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”) and other PRC laws and administrative regulations and departmental rules, the Company amended the original Articles of Association of the Company (the “Original Articles of Association”) and adopted these Articles of Association (the “Articles of Association” or “these Articles of Association”).
- Article 7 From the date on which the Articles of Association come into effect, the Articles of Association constitute the legally binding document regulating the Company’s organisation and activities, and the rights and obligations between the Company and each shareholder and among the shareholders.
- Article 8 The Articles of Association are binding on the Company and its shareholders, directors and senior officers; all of whom may, according to the Company’s Articles of Association, assert their rights in respect of the affairs of the Company.
- A shareholder may take action against the Company pursuant to the Company’s Articles of Association. The Company may take action against a shareholder, directors and senior officers of the Company pursuant to the Company’s Articles of Association. A shareholder may also take action against another shareholder, and may take action against the directors and senior officers of the Company pursuant to the Company’s Articles of Association.
- The “senior officers” referred to in these Articles of Association mean the president, vice president, chief accountant, board secretary, chief pilot, general legal counsel and other senior officers appointed by the board of directors of the Company.
- Article 9 The Company may invest in other enterprises; provided that unless otherwise provided by laws, regulations and other regulatory documents, the Company shall not act as a capital contributor which assumes joint and several liabilities of the enterprises it invested in.
- Article 10 According to the Constitution of the Communist Party of China, the Company shall establish an organization of the Communist Party of China to carry out the activities of the Party, establish a working organ for the Party, allocate sufficient and competent personnel to handle Party affairs and provide sufficient funds to operate the Party organization.

CHAPTER 2: THE COMPANY'S OBJECTIVES AND SCOPE OF BUSINESS

Article 11 The Company's objectives are: to maximise Shareholders' interests by providing safe, fast, accurate, economical, convenient and satisfactory air package and cargo transportation services through customer-oriented, market driven operations with the end of advanced communications technologies, and develop telecommunications and information businesses.

Article 12 The Company's scope of business shall be consistent with and subject to the scope of business approved by the authority responsible for the registration of the Company.

The Company's scope of business includes: International and domestic scheduled and unscheduled air passenger, air cargo, mail and luggage transportation; domestic and international business aviation services; management and administration of aircraft, aircraft maintenance, repair and overhaul services, business agency among airlines companies; and ground services, air express service (other than mails and objects of the same nature as mails) related to the main business; on-board duty free items, on-board retail of goods and underwriting the aviation accident insurance; import and export businesses; hotel management; undertaking exhibitions; conference services; property management; design, production, agency and publish of advertisement; technology training; lease of self-owned property; rental of machinery and equipment; accommodation; catering services; sales of handicrafts and souvenirs; wholesale of agriculture, forestry, animal husbandry and fishery products, wholesale of food, beverages and tobacco products, wholesale of textiles, clothing and household goods, wholesale of culture, sporting goods and equipment, wholesale of mineral products, building materials and chemical products, wholesale of machinery and equipment, hardware and electronic products, general retail, special retail of food, beverage and tobacco products, special retail of textiles, clothing and daily necessities, special retail of cultural and sporting goods and equipment, sales of automobiles, motorcycles, spare parts and fuels and other types of energy resources, special retail of household appliances and electronics, special retail of hardware, furniture and interior decoration materials, and Internet retailing. (Catering services, accommodation and other projects subject to approval in accordance with the law shall be operated with the approval of relevant authorities to the extent authorized by the approval.)

Article 13 Based on its business development needs and upon approval of the relevant governmental authorities, the Company may adjust its scope of business and manner of operation from time to time, and may establish branch organisations and/or representative offices (irrespective of whether controlled or owned by it) in the PRC or overseas.

CHAPTER 3: SHARES AND REGISTERED CAPITAL

- Article 14 The Company's equity shall be represented in the form of shares. There shall, at all times, be ordinary shares in the Company. Subject to the approval of the department authorized by the State Council, the Company may, according to its requirements, create different classes of shares. The issuance of the Company shares shall adhere to the principles of openness, fairness, and impartiality, and each share of the same class shall have equal rights. For shares of the same class issued in the same tranche, the issuance terms and price per share shall be identical; all subscribers shall pay the same consideration per share.
- Article 15 The shares issued by the Company shall each have a par value of Renminbi one (1.00) yuan.
- "Renminbi" referred to in the previous paragraph means the legal currency of the PRC.
- Article 16 The Company may issue shares to Domestic Investors and Foreign Investors according to the laws, and shall register or file with the securities regulatory authority of the State Council according to the requirements.
- "Foreign Investors" referred to in the previous paragraph mean those investors who subscribe for the shares issued by the Company and who are located in foreign countries and in the regions of Hong Kong, Macau and Taiwan. "Domestic Investors" mean those investors who subscribe for the shares issued by the Company and who are located within the territory of the PRC.
- Article 17 Shares which the Company issues to Domestic Investors for subscription in Renminbi shall be referred to as "Domestic Shares". Shares which the Company issues to Foreign Investors for subscription in foreign currencies shall be referred to as "Foreign Shares". Foreign Shares which are listed overseas are called "Overseas-Listed Foreign Shares". Both holders of Domestic Shares and holders of Foreign Shares are holders of ordinary shares, and have the same obligations and rights.
- "Foreign currencies" means the legal currencies of countries or outside the PRC which are recognised by the foreign exchange authority of the State and which can be used to pay the share price to the Company.
- Article 18 A Shares are ordinary shares in Renminbi that have been admitted for listing on domestic stock exchanges. H Shares are shares that have been admitted for listing on The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The A Shares of the Company shall be centralized and held in custody by the Shanghai Branch of the China Securities Depository and Clearing Corporation Limited. The Overseas-Listed Foreign Shares of the Company shall be held in custody by Hong Kong Securities Clearing Company Limited.

Article 19

Upon the approval of the department authorized by the State Council, the Company issued 6,500,000,000 ordinary shares to the promoters at the time when the Company was established. At the time of establishment, the capital contribution of the promoters of the Company was as follows:

Name of Promoters	Number of Shares Subscribed	Method of Capital Contribution	Date of Capital Contribution
China National Aviation Holding Corporation Limited	5,054,276,915	A capital contribution of RMB560,782,100 was made in cash and a contribution of RMB6,451,765,800 was made in form of the assets and liability of its subsidiaries and those relating to its principal passenger and cargo businesses	9 September 2004
China National Aviation Corporation (Group) Limited	1,445,723,085	A capital contribution of RMB2,005,866,000 was made in form of equity interest	9 September 2004

Article 20

As approved by the competence authorities, the changes in the share capital of the Company were as follows:

The Company shall issue additional 2,933,210,909 ordinary shares after its incorporation, and the promoters of the Company shall sell 293,321,091 ordinary shares, all of which are H Shares.

Upon completion of the offering of the H Shares set forth above, the Company has issued 1,639,000,000 A shares in 2006.

Upon the completion of the issuance of A shares, the Company has issued 1,179,151,364 H Shares to Cathay Pacific Airways Limited, a shareholder of the Company, in 2006.

Upon the completion of the said additional issuance of H Shares, the Company has issued 483,592,400 new A Shares on a non-public issue basis and 157,000,000 new H Shares to China National Aviation Corporation (Group) Limited, a shareholder of the Company, on a non-public issue basis in the year of 2010.

Upon the completion of the aforesaid non-public issue of A Shares and H Shares, the Company has issued 192,796,331 new A Shares to China National Aviation Holding Corporation Limited, a shareholder of the Company, on a non-public issue basis in the year of 2013.

Upon the completion of the aforesaid non-public issue of A Shares, the Company has issued 1,440,064,181 A Shares on a non-public issue basis in the year of 2017.

Upon the completion of the aforesaid non-public issue of A Shares, the Company has issued 1,675,977,653 A Shares on a non-public issuance basis in the year of 2023.

Upon the completion of the aforesaid non-public issue of A Shares, the Company has issued 392,927,308 H Shares to specific investor in the year of 2024.

Upon the completion of the aforesaid non-public issue of H Shares, the Company has issued 854,700,854 A Shares to specific investor in the year of 2024.

Upon the completion of the aforesaid issuance of A Shares to specific investor, the Company has issued 3,044,140,030 A Shares to specific investors in the year of 2026.

The present share capital structure of the Company is as follows: the Company has a total of 20,492,561,030 ordinary shares in issue, of which 15,536,950,358 shares are held by holders of A Shares, representing approximately 75.82% of the Company's total share capital, and 4,955,610,672 shares are held by holders of H Shares, representing approximately 24.18% of the Company's total share capital.

Article 21

The registered capital of the Company is RMB20,492,561,030. The number of shares issued by the Company is 20,492,561,030 shares, all of which are ordinary shares.

Article 22 The Company or the Company's subsidiaries (including the Company's affiliated enterprises) shall not provide any financial assistance in the form of donates, advances, guarantees or borrowings to other persons who acquire the shares of the Company or its parent company, except for the implementation of the Company's employee share ownership plan.

For the interests of the Company, upon a resolution of the shareholders' meeting, or a resolution of the board of directors in accordance with the Articles of Association or the authorization of the shareholders' meeting, the Company may provide financial assistance to other persons for the acquisition of the shares of the Company or its parent company, provided that the cumulative total amount of the financial assistance shall not exceed 10 percent of the total issued share capital. Resolutions made by the board of directors shall be approved by more than two-thirds of all directors.

CHAPTER 4: INCREASE, DECREASE AND REPURCHASE OF SHARES

Article 23 The Company may, based on its operating and development needs, authorize the increase of its capital pursuant to the Articles of Association.

The Company may increase its capital in the following ways:

- (1) by offering of shares to unspecified targets;
- (2) by offering of shares to specified targets;
- (3) by issuing bonus shares to its existing shareholders;
- (4) by converting the common reserve into share capital;
- (5) by any other means which is prescribed by laws, administrative regulations and the CSRC.

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

Article 24 According to the provisions of the Articles of Association, the Company may reduce its registered capital.

Article 25 The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital.

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

Where the Company reduces its registered capital, the amount of capital contribution or shares shall be reduced in proportion to the shares held by the shareholders, unless otherwise provided by laws or the Articles of Association.

Article 26

The Company shall not acquire shares of the Company. However, except in 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 employee share ownership plan or as share incentive;
- (4) acquiring as requested the shares of shareholders who vote against any resolution on the merger or demerger of the Company adopted at a shareholders' meeting;
- (5) using the shares for the conversion of the corporate bonds issued by the listed company which are convertible into shares;
- (6) necessary for safeguarding the value of the Company and the shareholders' interests;
- (7) other circumstances permitted by laws and administrative regulations.

The Company's repurchase of its issued shares shall comply with the provisions of Article 27 to Article 28 of these Articles of Association.

Article 27

The Company may acquire the shares of the Company by way of open and centralized trading, or by other means approved by the laws and regulations and the CSRC.

The repurchase of the shares of the Company arising from the circumstances provided under items (3), (5) and (6) of the first paragraph of Article 26 of these Articles of Association shall be carried out by way of open and centralized trading.

Article 28

The purchase of the shares of the Company arising from the circumstances provided under items (1) and (2) of the first paragraph of Article 26 of the Articles of Association shall be made by the resolution of the shareholders' meeting; the purchase of the shares of the Company arising from the circumstances provided under items (3), (5) and (6) of the first paragraph of Article 26 of the Articles of Association may be made by the resolutions of the board of directors in a board meeting where more than two-thirds (2/3) of directors are attending under the provisions of the Articles of Association or the authorization granted at the shareholders' meeting.

After the purchase of the shares of the Company according to the provision of Article 26, the shares shall be cancelled within 10 days from the date of purchase under the circumstance of the item (1) of the first paragraph; the shares shall be transferred or cancelled within 6 months under the circumstances of items (2) and (4) of the first paragraph; the total number of shares then held by the Company shall not exceed ten percent of the total number of its issued shares and the shares so purchased shall be transferred or cancelled within 3 years under the circumstances of items (3), (5) and (6) of the first paragraph.

If it is otherwise provided for the repurchase and cancellation of shares under the relevant rules of the regulatory authorities and stock exchanges of the jurisdictions where the shares of the Company are listed, such requirements shall prevail.

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

CHAPTER 5: SHARE TRANSFER

Article 29

Unless otherwise provided in laws, regulations and other regulatory documents, the shares of the Company shall be transferrable in accordance with laws.

Article 30

The Company shall not accept its own shares as the subject matter of a pledge.

Article 31

The shares issued before the Company's public offering of shares shall not be transferred within one year from the date on which the shares of the Company are listed and traded on a stock exchange.

The directors and senior officers of the Company shall report to the Company the shares of the Company held by him/her and the changes thereof. During the term of his/her office as determined when he/she takes office, the shares transferred by him/her each year shall not exceed 25% of the total shares of the Company that he/she holds. The shares of the Company held by the aforesaid persons shall not be transferred within one year from the date on which the shares of the Company are listed and traded on a stock exchange. The aforesaid persons shall not transfer the shares of the Company that he/she holds within half a year after leaving his/her office.

Article 32

Should a shareholder, director or senior officer holding 5% or more of the Company's shares sells his/her shares in the Company or other securities of equity nature within 6 months from the date of purchase of the same, or repurchase the shares within 6 months from the date of selling the same, the profits derived from such activities shall be vested in the Company. The board of directors of the Company shall recover from the aforementioned parties the gains derived therefrom, except where a securities company holding 5% or more of the shares as a result of its purchase of remaining shares after sold under an underwriting obligation, and otherwise required by the CSRC.

Shares or other securities of equity nature held by directors, senior officers and natural person shareholders referred to in the preceding paragraph include shares or other securities of equity nature held by their spouses, parents, children and under accounts of other persons.

Should the Company's board of directors not comply with the provision set forth in the first paragraph of this Article and act accordingly, the shareholders shall have the right to request the board of directors to duly act in accordance with the same within 30 days. Should the Company's board of directors not act in accordance with the same within the aforementioned period, the shareholders shall have the right to initiate proceedings at a People's Court directly in his/her own name for the interests of the Company.

Should the Company's board of directors not comply with the provision set out in the first paragraph of this Article and act accordingly, the responsible directors shall assume joint liabilities in accordance with the laws.

CHAPTER 6: SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS

- Article 33 Share certificates of the Company shall be in registered form.
- The share certificate of the Company shall contain the following main particulars:
- (1) the name of the Company;
 - (2) the date of registration and incorporation of the Company;
 - (3) the class of shares, par value and number of shares it represents;
 - (4) the share certificate number;
 - (5) other matters required to be stated therein by the Company Law and the stock exchange(s) on which the Company's shares are listed.
- Article 34 Share certificates of the Company may be assigned, given as a gift, inherited or pledged in accordance with relevant provisions of laws, administrative regulations and these Articles of Association, and relevant registration shall be carried out with the share registration institution authorized by the Company.
- Article 35 Share certificates of the Company shall be signed by the legal representative of the Company's board of directors. Where the stock exchange(s) on which the Company's shares are listed require other senior officer(s) of the Company to sign on the share certificates, the share certificates shall also be signed by such senior officer(s). The share certificates shall take effect after being affixed with the seal of the Company (including the seal of the Company especially for securities). The share certificate shall be affixed with the seal of the Company or the seal of the Company especially for securities under the authorization of the board of directors. The signatures of the Chairman of the board of directors or other senior officer(s) of the Company may be in printed form. Subject to the conditions of paperless offering and trading of the shares of the Company, the laws and rules otherwise provided by the regulatory authorities of the jurisdictions where the shares of the Company are listed are applicable.
- Article 36 The Company keeps a register of shareholders which shall be sufficient evidence of the shareholders' shareholdings in the Company.

Article 37

The Company may, in accordance with the mutual understanding and agreements made between the securities authority of the State Council and overseas securities regulatory organisations, maintain the register of shareholders of Overseas-Listed Foreign Shares overseas and appoint overseas agent(s) to manage such register of shareholders. The original register for holders of Overseas-Listed Foreign Shares listed in Hong Kong shall be maintained in Hong Kong.

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

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

Article 38

The Company shall have a complete register of shareholders, which shall comprise the following parts:

- (1) the register of shareholders which is maintained at the Company's residence (other than those share registers which are described in subparagraphs (2) and (3) of this Article);
- (2) the register of shareholders in respect of the holders of Overseas-Listed Foreign Shares of the Company which is maintained in the same place as the overseas stock exchange on which the shares are listed; and
- (3) the register of shareholders which are 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 39

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

Any change or correction to various parts of the register of shareholders shall be carried out in accordance with the law of the place where such parts of the register of shareholders are maintained.

The transfer of Overseas-Listed Foreign Shares in the Company listed in Hong Kong shall be carried out in writing through transfer instruments in normal or ordinary form or in the form acceptable to the board of directors; and such transfer instrument can be signed only under hand or affixed with the seal of the Company (if the transferor or transferee is the Company). If the transferor or transferee is a securities clearing institution (or its attorney) recognised by the applicable listing rules or other relevant securities laws and regulations, signed under hand or signed in printed mechanical form. All the transfer instruments shall be maintained at the legal address of the Company or another place as designated by the board of directors.

All Overseas-Listed Foreign Shares listed in Hong Kong, which have been fully paid-up, may be freely transferred in accordance with the Articles of Association. However, unless such transfer complies with the following requirements, the board of directors may refuse to recognise any instrument of transfer and would not need to provide any reason therefore:

- (1) a fee of HK\$2.50 per instrument of transfer or such higher amount agreed from time to time by the Stock Exchange for registration of the instrument of transfer and other documents relating to the right of ownership of the shares;
- (2) the instrument of transfer only relates to Foreign-Listed Foreign Shares listed in Hong Kong;
- (3) the stamp duty which is chargeable on the instrument of transfer has already been paid;
- (4) the relevant share certificate(s) and any other evidence which the board of directors may reasonably require to show that the transferor has the right to transfer the shares have been provided;
- (5) if it is intended that the shares be transferred to joint owners, the maximum number of joint owners shall not be more than four (4);
- (6) the Company does not have any lien on the relevant shares.

If the Company refuses to register a transfer of shares, the Company shall issue to the transferor and transferee a notice regarding such decision within 2 months starting from the date of formal application for transfer of shares.

- Article 41 Where provisions of laws, administrative regulations, other directives and the relevant stock exchanges or regulatory authorities of the jurisdictions where the shares of the Company are listed governing the period of closure of register of members before convening the shareholders' meeting or the record date for determining the distribution of dividends of the Company, such requirements shall prevail.
- Article 42 Any person aggrieved and claiming to be entitled to have his name (title) entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.
- Article 43 Any person who is a registered shareholder or who claims to be entitled to have his name (title) entered in the register of shareholders in respect of shares in the Company may, if his share certificate (the "original certificate") relating to the shares is lost, apply to the Company for a replacement share certificate in respect of such shares (the "Relevant Shares").
- Application by a holder of A Shares, who has lost his share certificate, for a replacement share certificate shall be dealt with in accordance with Article 164 of the Company Law.
- Application by a holder of Overseas-Listed Foreign Shares, who has lost his share certificate, for a replacement share certificate may be dealt with in accordance with the law of the place where the original register of shareholders of holders of Overseas-Listed Foreign Shares is maintained, the rules of the stock exchange or other relevant regulations.
- The issue of a replacement share certificate to a holder of H Shares, who has lost his share certificate, shall comply with the following requirements:
- (1) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarial certificate or a statutory declaration, stating the grounds upon which the application is made, the circumstances and evidence of the loss; and declaring that no other person is entitled to have his name entered in the register of shareholders in respect of the Relevant Shares.
 - (2) The Company has not received any declaration made by any person other than the applicant declaring that his name shall be entered into the register of shareholders in respect of such shares before it decides to issue a replacement share certificate to the applicant.

- (3) The Company shall, if it intends to issue a replacement share certificate, publish a notice of its intention to do so at least once every thirty (30) days within a period of ninety (90) consecutive days in such newspapers as may be prescribed by the board of directors.
- (4) The Company shall, prior to publication of its intention to issue a replacement share certificate, deliver to the stock exchange on which its shares are listed, a copy of the notice to be published and may publish the notice upon receipt of confirmation from such stock exchange that the notice has been exhibited in the premises of the stock exchange. Such notice shall be exhibited in the premises of the stock exchange for a period of ninety (90) days.

In the case of an application which is made without the consent of the registered holders of the Relevant Shares by an applicant who is not a registered shareholder of Relevant Shares and, the Company shall deliver by mail to such registered shareholder a copy of the notice to be published.

- (5) If, by the expiration of the 90-day period referred to in paragraphs (3) and (4) of this Article, the Company has not have received any objections from any person in respect of the issuance of the replacement share certificate, it may issue a replacement share certificate to the applicant pursuant to his application.
- (6) Where the Company issues a replacement share certificate pursuant to this Article, it shall forthwith cancel the original share certificate and document the cancellation of the original share certificate and issuance of a replacement share certificate in the register of shareholders accordingly.
- (7) All expenses relating to the cancellation of an original share certificate and the issuance of a replacement share certificate shall be borne by the applicant and the Company is entitled to refuse to take any action until reasonable security is provided by the applicant therefore.

CHAPTER 7: SHAREHOLDERS' RIGHTS AND OBLIGATIONS

Article 44

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

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

In the case of the joint shareholders, if one of the joint shareholders is deceased, only the other existing shareholder of the joint shareholders shall be deemed as the persons who have the ownership of the relevant shares. But the board of directors has the power to require them to provide a certificate of death as necessary for the purpose of modifying the register of shareholders. Only the joint shareholders ranking first in the register of shareholders have the right to accept certificates of the relevant shares, receive notices of the Company, attend and vote at shareholders' meetings of the Company. Any notice that is delivered to the aforesaid shareholder shall be considered as delivered to all the joint shareholders of the relevant shares.

Article 45

When the Company intends to convene a shareholders' meeting, distribute dividends, liquidate and engage in other activities that involve determination of shareholding, the board of directors or the convener of the shareholders' meeting shall decide on a date for the record of shareholding. Shareholders whose names are registered on the share register after the closing of the market on such date shall be the Company's shareholders with the entitlement to the relevant rights. Should the Articles of Association have contrary requirements, the Company shall comply with such requirements.

Article 46

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

- (1) the right to receive dividends and other distributions in proportion to the number of shares held;
- (2) the right to request to convene, convene, preside over, attend or appoint a proxy to attend shareholders' meetings and to speak and vote thereat in proportion to the number of shares in their possession pursuant to the laws;
- (3) the right of supervisory management over the Company's business operations and the right to present proposals or to raise queries;
- (4) the right to transfer, donate or pledge the shares in their possession in accordance with laws, administrative regulations and provisions of the Articles of Association;
- (5) the right to inspect and copy the Articles of Association, register of shareholders, minutes of shareholders' meetings, resolutions of the board of directors, and financial and accounting report, shareholders who meet the requirements may inspect the Company's accounting books and accounting vouchers;

- (6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of surplus assets of the Company in accordance with the number of shares held;
- (7) With respect to shareholders who vote against any resolution adopted at the shareholders' meeting on the merger or demerger of the Company, the right to request the Company to acquire their shares;
- (8) other rights conferred by laws, administrative regulations, departmental rules and regulations and the Articles of Association of the Company.

Where shareholders request for inspection and duplication of the relevant information or demand for materials as mentioned in the preceding paragraphs, they shall comply with the requirements of laws and regulations including the Company Law and the Articles of Association of the Company, and follow the procedural requirements of the Company.

If shareholders who individually or aggregately hold more than 3 percent of the Company's shares for more than 180 consecutive days request to inspect the accounting books and accounting vouchers of the Company, they shall submit a written request to the Company stating the purpose. If the Company has reasonable grounds to believe that the shareholders' requests to inspect the accounting books and accounting vouchers are made for improper purposes and may impair the legitimate interests of the Company, it may reject the request for inspection.

Shareholders and the accounting firm, law firm, or other intermediaries retained by them shall comply with the provisions of laws and administrative regulations on the protection of state secrets, trade secrets, personal privacy and personal information when inspecting and duplicating the relevant material.

Article 47

If the content of a resolution of the shareholders' meeting or the board of directors of the Company violates the laws or administrative regulations, the shareholders shall have the right to submit a petition to the People's Court to render the same invalid.

If the procedures for convening or the method of voting at a shareholders' meeting or meeting of the board of directors violate the laws, administrative regulations or these Articles of Association, or the contents of a resolution violate these Articles of Association, the shareholders shall have the right to submit a petition to the People's Court to revoke the same within sixty (60) days from the date on which such resolution is passed, unless there is only a slight defect in the procedure of convening or the method of voting at the shareholders' meeting or the meeting of the board of directors which has no substantive impact on the resolution.

Where the board of directors, shareholders and other stakeholders have disputes over the validity of a resolution of a shareholders' meeting, they shall promptly file a lawsuit with the People's Court. Before the People's Court makes a judgement or ruling, the stakeholders shall execute the resolution of the shareholders' meeting. The Company, directors and senior officers shall perform their duties diligently to ensure the normal operation of the Company.

Where the People's Court makes a judgement or ruling on the relevant matter, the Company shall fulfil its obligation to disclose information in accordance with the laws, administrative regulations, and the requirements of the CSRC and the stock exchanges to fully explain the impact, and actively co-operate with the enforcement of the judgement or ruling after it has come into effect. Where corrections to prior events are involved, they shall be handled in a timely manner and the corresponding information disclosure obligations shall be fulfilled.

Article 48

Any director or senior officer who, when performing their duties in the Company, violates the laws, administrative regulations, or the provisions contained in these Articles of Association resulting in causing losses to the Company, the shareholders individually or jointly holding 1% or more of the shares of the Company for 180 consecutive days or more shall have the right pursuant to applicable laws, regulations and other normative documents to request in writing the relevant bodies to initiate proceedings at a People's Court. If the relevant bodies refuse to initiate proceedings, or fail to initiate such proceedings, or in case of emergency where failure to initiate such proceedings immediately will result in irreparable damage to the Company's interests, the shareholders described in the preceding paragraph shall have the right to initiate proceedings at a People's Court directly in their own names in the interest of the Company.

If any person infringes the lawful rights and interests of the Company, thus causing any losses to the Company, the shareholders described in the first paragraph of this Article may initiate proceedings at a People's Court in accordance with the provisions of the preceding two paragraphs.

Article 49 If any director or senior officer violates the laws, administrative regulations or these Articles of Association resulting in causing harm to the interests of the shareholders, the shareholders may initiate proceedings at a People's Court.

Article 50 The ordinary shareholders of the Company shall assume the following obligations:

- (1) to comply with the Articles of Association;
- (2) to pay subscription price according to the number of shares subscribed and the method of subscription;
- (3) unless otherwise provided for by the laws and regulations, not to withdraw their share capital;
- (4) not to abuse the rights of the shareholders to impair the interests of the Company or other shareholders; not to abuse the independent legal person status of the Company and the enjoyment of limited liabilities of the shareholders to impair the Company's creditors interest. Should the Company's shareholders abuse their shareholder's rights and cause losses to the Company or other shareholders, the said shareholders shall be liable for damages pursuant to the law. Should the Company's shareholders abuse the Company's independent legal person status and the enjoyment of limited liabilities of the shareholders to evade debt liabilities, resulting in materially impairing the interests of the Company's creditors, the said shareholders shall bear joint and several liabilities to the Company's debts;
- (5) other obligations imposed by laws, administrative regulations and the Articles of Association.

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

Article 51 The controlling shareholders and de facto controller of the Company shall exercise their rights and fulfil their obligations in accordance with laws, administrative regulations, and the requirements of the CSRC and the stock exchanges to safeguard the interests of the Company.

The controlling shareholders and de facto controller of the Company shall comply with the following requirements:

- (1) to exercise their rights as shareholders in accordance with the law and not to abuse their control or use their related relationship to prejudice the legitimate interests of the Company or other shareholders;
- (2) to strictly fulfil their public statements and various undertakings and not to change or waive such statements and undertakings;
- (3) to fulfil their information disclosure obligations in strict accordance with relevant regulations, proactively cooperate with the Company in information disclosure and inform the Company in a timely manner of material events that have occurred or are intended to occur;
- (4) not to appropriate the Company's funds in any way;
- (5) not to order, instruct, or request the Company and its relevant personnel to provide guarantees in violation of laws and regulations;
- (6) not to make use of the Company's undisclosed material information to gain benefits, or disclose in any way undisclosed material information relating to the Company, or engage in insider trading, short-term trading, market manipulation or other illegal and unlawful acts;
- (7) not to prejudice the legitimate interests of the Company and other shareholders through unfair related transactions, profit distribution, asset restructuring, external investment or any other means;
- (8) to ensure the integrity of the Company's assets, and the independence of its personnel, finance, organization and business, and not to affect the independence of the Company in any way;
- (9) to comply with laws, administrative regulations, and provisions of the CSRC, listing rules of securities and other requirements of the Articles of Association.

Where a controlling shareholder or de facto controller of the Company instructs a director or senior officer to engage in an act that is detrimental to the interests of the Company or its shareholders, it shall bear joint and several liability with the director or senior officer.

Article 52

Where a controlling shareholder or de facto controller pledges the shares of the Company that he/she holds or effectively controls, he/she shall maintain control of the Company and the stability of its production and operation.

Where a controlling shareholder or de facto controller transfers the shares of the Company held by him/her, he/she shall comply with the restrictive provisions on the transfer of shares set out in laws, administrative regulations, the regulations of the CSRC and stock exchanges, as well as its undertakings in respect of restrictions on the transfer of shares.

CHAPTER 8: SHAREHOLDERS' MEETINGS

Article 53

The shareholders' meeting of the Company is composed of all shareholders. The shareholders' meeting is the organ of authority of the Company, and shall exercise the following functions and powers in accordance with laws:

- (1) to elect and replace directors (excluding the employee representative director) 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 profit distribution plans and loss recovery plans;
- (4) to decide on the increase or reduction of the Company's registered capital;
- (5) to decide on the issue of bonds by the Company;
- (6) to decide on matters such as merger, division, dissolution, liquidation or change of the form of the Company;
- (7) to amend the Articles of Association of the Company;
- (8) to decide on the appointment and dismissal of the accountants of the Company which undertakes the audit work of the Company;
- (9) to consider and approve external guarantee matters which should be decided by the shareholders' meeting as stipulated by laws, administrative regulations, other regulatory documents and the Articles of Association;

- (10) to consider the material purchase and sale of assets in excess of 30 percent of the most recent audited total assets of the Company during the year;
- (11) to consider and approve the variation of use of proceeds;
- (12) to consider the shares incentive program and employee share ownership plan;
- (13) to decide on other matters which, according to laws, administrative regulations, other regulatory documents and the Articles of Association, need to be approved by the shareholders' meeting.

Article 54

The shareholders' meeting may authorize the board of directors to resolve on matters such as the issuance of Company's shares and bonds in accordance with laws, administrative regulations, departmental rules and listing rules of securities. If the shareholders' meeting authorizes the board of directors to decide on the issuance of new shares, the board resolution must be approved by more than two-thirds of all directors.

If the board of directors decides to issue shares under the authorization which results in changes to the Company's registered capital or the number of issued shares, the corresponding amendments to the Company's Articles of Association do not need to be approved by the shareholders' meeting.

Article 55

Any matters in relation to the provision of guarantee in favour of third parties by the Company shall be approved by the board of directors. The following matters relating to the provision of guarantee shall be submitted to the shareholders' meetings for examination and approval after the same have been considered by the board of directors:

- (1) Any guarantee to be provided by the Company and its controlling subsidiaries, with the total amount of the guarantee provided in favour of third parties that exceeds 50 percent of the most recent audited net assets;
- (2) any guarantee provided by the Company in favour of third parties with the total amount of the guarantee exceeds 30 percent of the most recent audited total assets;
- (3) any guarantee provided by the Company within one year with the amount of guarantee exceeds 30 percent of the most recent audited total assets;
- (4) guarantees to be provided in favour of an entity which is subject to a gearing ratio of over 70 percent;

- (5) any single guarantee with an amount which exceeds 10 percent of the most recent audited net asset value;
- (6) guarantees to be provided in favour of any shareholder, person who exercises effective control over the Company and its affiliates;
- (7) matters relating to the provision of guarantee that need to be submitted to the shareholders' meeting for examination and approval as required by other laws and regulations and the Articles of Association of the Company.

If a director or senior officer personnel commits any act in breach of the provisions governing the authority in respect of the examination and approval of, and the examination procedures in relation to, the provision of guarantee in favour of a third party under the laws, administrative regulations or the Articles of Association of the Company, which results in causing the Company to suffer from loss, such director or senior officer personnel shall be liable for indemnity and the Company may bring an action against the same in accordance with the law.

Article 56

Save as otherwise provided in the laws, administrative regulations, departmental rules and listing rules of securities, the duties and powers of the shareholders' meeting shall not be exercised by the board of directors or other institutions and individuals on its behalf by way of authorization. When necessary or under reasonable circumstances, the shareholders' meeting may authorize the board of directors to make a decision within its scope of authorization granted at a shareholders' meeting on specific issues which are related to matters to be resolved at the shareholders' meeting but cannot be determined immediately at the shareholders' meeting.

With respect to granting authorization to the board of directors at the shareholders' meeting, if a matter for authorization is the matter subject to an ordinary resolution, such authorization shall be adopted by more than half of the voting rights held by shareholders (including their agents) attending the shareholders' meeting; if a matter for authorization is the matter subject to special resolution, such authorization shall be adopted by more than two-thirds (2/3) of the voting rights held by shareholders (including their agents) attending the shareholders' meeting. The content of the scope of authorization shall be clear and specific.

Article 57

Shareholders' meetings are divided into annual shareholders' meetings and extraordinary shareholders' meetings. The annual shareholders' meetings shall be convened once every year and shall be held within 6 months from the end of the preceding financial year. Meeting venues shall be fixed for the shareholders' meetings, and the shareholders' meetings shall be convened in the on-site conference mode. The Company also provides online voting manner and/or other electronic communication options for the convenience of shareholders. Shareholders are deemed to be attending the shareholders' meetings in the aforesaid manners and forms.

The Company shall convene an extraordinary shareholders' meeting within 2 months of the date of 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 two-thirds of the number specified in the Articles of Association;
- (2) where the unrecovered losses of the Company amount to one-third of the total amount of its share capital;
- (3) where shareholders who separately or jointly holds more than 10 percent of the total Company's shares make such request in writing;
- (4) whenever the board of directors deems necessary;
- (5) when the audit and risk management committee (the supervision committee) proposes to convene such meeting;
- (6) under other conditions as provided for by the laws, administrative regulations, departmental rules and regulations or the Articles of Association.

The shareholding mentioned in sub-paragraph (3) above shall be calculated from the date on which a shareholder submits his/her request in writing.

Article 58

The board of directors shall convene a shareholders' meeting within the time limit as stipulated by laws, regulations and the Articles of Association.

More than half of the independent directors, the audit and risk management committee (the supervision committee) or shareholders who separately or jointly hold shares of the Company in excess of 10 percent shall have the right to propose to the board of directors and request for convening an extraordinary shareholders' meeting. The following procedures shall be adopted should the independent directors, the audit and risk management committee (the supervision committee) and shareholders who separately or jointly hold shares of the Company in excess of 10 percent propose to the board of directors and request for convening of an extraordinary shareholders' meeting:

- (1) Sign a copy, or several copies, of written request in the same form and substance, and request the board of directors to convene a meeting, with clearly stated topics for discussion at the meeting. Within 10 days of receiving the aforesaid written request, the board of directors shall reply in writing on whether or not they agree to convene the meeting.
- (2) Should the board of directors agree to convene the meeting, a notice for convening such meeting shall be issued within 5 days after the board of directors has passed the resolution. Prior approval for making amendment to the original proposal contained in the notice shall be obtained from the original proposer.
- (3) Should the board of directors not agree to convene the meeting as proposed by the independent directors, it shall state its reasons and issue an announcement of the same.
- (4) Should the board of directors not agree to convene the meeting as proposed by the audit and risk management committee (the supervision committee), or not provide any reply within 10 days upon receipt of the said request, the board of directors is deemed to be unable to perform or failed to perform its duties in respect of convening such meeting. The audit and risk management committee (the supervision committee) may convene and preside over the meeting by itself. The procedures for convening such meeting shall be identical to those employed by the board of directors for convening a meeting as far as practicable.
- (5) Should the board of directors not agree to convene the meeting as proposed by the shareholders, or not provide any reply within 10 days upon receipt of the said request, the shareholders shall propose to the audit and risk management committee (the supervision committee) in writing to convene the meeting.

Should the audit and risk management committee (the supervision committee) agree to convene the meeting, it shall issue a notice for convening the meeting within 5 days upon receipt of the said request. Prior approval for making amendment to the original proposal contained in the notice shall be obtained from the original proposer.

Should the audit and risk management committee (the supervision committee) not issue a notice for the meeting within the stipulated period, the audit and risk management committee (the supervision committee) shall be deemed to not convene and preside over such meeting and shareholders who separately or jointly hold 10 percent or more of the Company's shares for a consecutive 90 days or more may convene and preside over the said meeting themselves.

Should the audit and risk management committee (the supervision committee) or the shareholders convene and hold a meeting by itself/themselves pursuant to the preceding paragraphs, it/they shall inform the board of directors in writing, and file the same with the relevant stock exchanges of the jurisdictions where the shares are listed in accordance with the applicable listing rules of securities. The audit and risk management committee (the supervision committee) or the convening shareholders shall submit relevant evidence to the stock exchanges upon the issuance of the notice of the shareholders' meeting and the announcement of the resolutions of the shareholders' meeting. Prior to the announcement of the resolutions of the shareholders' meeting, the shareholding ratio of the convening shareholders shall not be less than 10 percent.

The board of directors and the secretary to the board of directors shall provide assistance in connection with the shareholders' meeting convened by the audit and risk management committee (the supervision committee) or the convening shareholders on their own. The board of directors shall provide the share register. The Company shall bear all reasonable costs incurred by the meeting.

Article 59

Where the Company convenes a shareholders' meeting, the board of directors, the audit and risk management committee (the supervision committee) and shareholders who separately or jointly hold 1 percent or more of the shares of the Company may submit proposals to the Company.

Shareholders who hold, separately or jointly, more than 1 percent of the Company's shares can propose an extraordinary resolution in writing to the convenor 10 days prior to the shareholders' meeting. Within 2 days after the receipt of the extraordinary resolution, the convenor shall issue a supplementary notice of the shareholders' meeting to announce the content of the extraordinary resolution, and submit the same to the shareholders' meeting for consideration, unless the extraordinary resolution violates the laws, administrative regulations or provisions of the Articles of Association, or does not fall within the terms of reference of the shareholders' meeting. If it is otherwise provided for under the listing rules of securities, such requirements shall also be complied with.

With the exception of conditions mentioned above, the convenor shall neither amend the proposals specified on the notice of the shareholders' meeting, nor add any new proposals after the issuance of the notice of the shareholders' meeting.

Article 60

Matters for discussion and determination at a shareholder's meeting shall be determined in accordance with the scope of authority of the shareholders' meeting as prescribed under the laws, administrative regulations and the Articles of Association.

Issues not specified in the notice as provided for in Article 62 and Article 59 of the Articles of Association or proposals which do not conform with the requirements contained in Article 61 of the Articles of Association shall not be voted and resolved at the shareholders' meetings.

Article 61

Motions tabled at the shareholders' meeting shall be the specific proposals relating to matters which should be discussed at shareholders' meeting. Motions tabled at a shareholders' meeting shall fulfil the following conditions:

- (1) the content of such motions shall not contravene the requirements stipulated in the laws and regulations as well as in the Articles of Association and shall fall within the scope of business of the Company and within the functions and powers of the shareholders' meeting;
- (2) there shall also have a clear topic for discussion and specific issues for resolution;
- (3) all motions shall be presented to or served on the convenor in writing.

Article 62 Where the Company convenes an annual shareholders' meeting, a written notice of the meeting shall be given to the shareholders entitled to attend this shareholders' meeting 20 days prior to the date of the meeting. Where the Company convenes an extraordinary shareholders' meeting, a written notice of the meeting shall be given to the shareholders entitled to attend this shareholders' meeting 15 days prior to the date of the meeting.

If it is otherwise provided in the laws, administrative regulations, other regulatory documents and the securities regulatory authorities or stock exchanges in the jurisdictions where the shares of the Company are listed, such requirements shall prevail.

Article 63 The notice of a shareholder's meeting shall include the following information:

- (1) the time, the venue and the duration of the meeting;
- (2) matters and proposals submitted to the meeting for consideration;
- (3) contain a conspicuous statement that: all shareholders are entitled to attend the shareholders' meeting, and may appoint proxies in writing to attend the meeting and vote on their behalf. A proxy need not be a shareholder of the Company;
- (4) the record date of shareholding for determining the entitlement of shareholders to attend the shareholders' meeting;
- (5) the name and telephone number of the standing contact person for meeting affairs;
- (6) the voting time and voting procedures for online voting or other means of voting.

Article 64 In the event that the election of directors is to be discussed at a shareholders' meeting, the notice of the shareholders' meeting shall fully disclose the details of candidates for the directors in accordance with the relevant requirements.

Article 65 Notice of shareholders' meeting shall be served on the shareholders (whether or not such shareholder is entitled to vote at the shareholders' meeting), by way of announcement or other ways provided in Article 215. Where a notice is served by way of announcement, upon the publication of such announcement, all relevant persons shall be deemed to have received the notice.

- Article 66 When notice of a shareholders' meeting is dispatched, the shareholders' meeting shall not be postponed or cancelled without proper reasons and the proposals stated in the notice of the shareholders' meeting shall not be cancelled. In the event that the shareholders' meeting is postponed or cancelled, the convener shall make an announcement at least two business days prior to the originally scheduled date of convening the shareholders' meeting and expatiate on the reasons.
- Article 67 All ordinary shareholders registered on the record date of shareholding or their proxies shall be entitled to attend the shareholders' meeting and exercise their voting rights in accordance with the relevant laws, regulations and these Articles of Association.
- Article 68 Shareholders may attend the shareholders' meeting in person or appoint a proxy (whether or not such person is a shareholder) to attend and vote on their behalf.
- If the shareholder is the recognized clearing house defined by the applicable listing rules or other securities laws and regulations, such shareholder is entitled to appoint one or more persons as his proxies to attend on his behalf at a shareholders' meeting, but, if one or more persons have such authority, the letter of authorization shall contain the number and class of the shares in connection with such authorization. Such person can exercise rights equivalent to the rights of other shareholders of the Company on behalf of the recognized clearing house (or its attorney), including the right to speak and to vote.
- Article 69 The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing, or if the appointor is a legal entity, either under seal or under the hand of a director or a duly authorized attorney. The letter of authorization shall contain the number of the shares to be represented by the attorney. The letter of authorization shall specify the number of shares to be represented by the attorney. If several persons are authorized as the attorney of the shareholder, the letter of authorization shall specify the number of shares to be represented by each attorney.
- Article 70 If the instrument appointing a voting proxy is signed by a person under a power of attorney on behalf of the appointor, such power of attorney or other authority shall be notarially certified. A notary certified copy of that power of attorney or other authority shall, together with the instrument appointing the voting proxy, be deposited at the premises of the Company or at such other place as is specified for that purpose in the notice convening the meeting.

If the appointor is a legal person, its legal representative or such person as is authorized by resolution of its board of directors or other governing body may attend any meeting of shareholders of the Company as a representative of the appointor.

Article 71

The authorization letter issued by shareholders to appoint other persons to attend the shareholders' meeting shall clearly state the followings:

- (1) the name of the principal and the class and number of the shares of the Company held by him/her;
- (2) the name of the proxy;
- (3) the specific instruction of the shareholder, including the directive to vote "for", "against" or "abstain" for each resolution in the agenda of the shareholders' meeting;
- (4) date of signing the proxy form and the effective period;
- (5) signature (or seal) of the principal. If the principal is a corporate shareholder, the seal of the corporate shall be affixed.

Such a form shall contain a statement that, in the absence of specific instructions from the shareholder, specifies whether the proxy may vote as he thinks fit.

Article 72

If an individual shareholder attends the meeting in person, he/she shall present his/her identity card or other valid documents or certificates showing his/her identity. A proxy attending the meeting shall present his/her own identification documents and the shareholders' power of attorney.

Legal person shareholders shall be represented at the meeting by the legal representative or the proxy appointed by the legal representative. If the legal representative attends the meeting, he/she shall present his/her identity card and a valid certificate proving his/her qualification as a legal representative. The proxy attending the meeting shall present his/her own identification documents and the power of attorney in written form issued by the legal representative of the legal person shareholders in accordance with laws. If a person is authorized by resolution to attend the shareholders' meeting upon resolutions at the board of directors of a legal person shareholder or other decision making authority, such person shall present his/her own identification documents and the written authorization issued upon resolution by the board of directors of the legal person shareholder or other decision making authority with the legal person seal affixed thereon.

Article 73

The Company's board of directors, independent directors, shareholders who hold 1 percent or more of shares with voting rights or investor protection institutions established in accordance with laws and regulations may solicit voting rights from shareholders publicly. Information including the specific voting intention shall be fully disclosed to the shareholders from whom the voting rights are being solicited. Consideration or de facto consideration for soliciting shareholders' voting rights is prohibited. Except for statutory conditions, the Company shall not impose any minimum shareholding limitation for soliciting voting rights.

Article 74

The Chairman of the board of directors shall preside over and chair every shareholders' meeting. If the Chairman is unable to or does not perform his/her duties, the vice-chairman of the board of directors shall preside over and chair the meeting. If the vice-chairman of the board of directors is unable to or does not perform his/her duties, a director jointly elected by more than half of the number of directors shall preside over and chair the meeting. If more than half of the number of directors are unable to elect a director to preside over and chair the meeting, then shareholders attending the meeting may elect one (1) person to act as the chairman of the meeting. If for any reason, the shareholders fail to elect a chairman, then the shareholder (including a proxy) holding the largest number of shares carrying the right to vote thereat shall be the chairman of the meeting.

A shareholders' meeting convened by the audit and risk management committee (the supervision committee) on their own shall be presided by the convener of the audit and risk management committee (the supervision committee). If the convener of the audit and risk management committee (the supervision committee) is unable to or does not perform his/her duties, a member of the audit and risk management committee (the supervision committee) jointly elected by more than half of the members of the audit and risk management committee (the supervision committee) shall preside over the said meeting.

Where the shareholders' meeting is convened by the shareholders on their own, the convener shall elect a representative to preside over the meeting.

When convening a shareholders' meeting, should the chairman of the meeting violates the rules and procedures, resulting that the shareholders' meeting becomes unable to proceed, a person may, subject to the consent of more than half of the number of shareholders with voting rights attending the meeting at the scene, be elected at the shareholders' meeting to act as the chairman of the shareholders' meeting such that the meeting may be continued.

- Article 75 At the annual shareholders' meeting, the board of directors shall report to the shareholders' meeting on their respective work over the past year.
- Article 76 Prior to voting, the chairman of the meeting shall announce the number of shareholders and proxies attending the meeting and the total number of voting shares held by them. The number of shareholders and proxies attending the meeting and the total number of voting shares held by them shall be subject to registration of the meeting.
- Article 77 The convener shall ensure that the shareholders' meeting is held continuously until a final resolution is formed. If the shareholders' meeting is suspended or no resolution can be made due to force majeure and other special reasons, necessary measures shall be taken to resume the shareholders' meeting as soon as possible or to terminate this shareholders' meeting directly, and an announcement shall be made promptly. At the same time, the convener shall report to the local office of the CSRC and the stock exchange in the locality of the Company.
- Article 78 Resolutions of shareholders' meetings shall be divided into ordinary resolutions and special resolutions.
- An ordinary resolution must be passed by votes representing more than half of the voting rights represented by the shareholders (including proxies) attending the shareholders' meeting.
- A special resolution must be passed by votes representing more than two-thirds of the voting rights represented by the shareholders (including proxies) attending the shareholders' meeting.
- Article 79 A shareholder (including a proxy), when voting at a shareholders' meeting, may exercise such voting rights as are attached to the number of voting shares which he represents. Except provided for the election of directors in laws, administrative regulations and the Articles of Association in connection with the adoption of the cumulative voting system, each share shall have one (1) vote.
- Where material issues affecting the interests of small and medium investors are being considered in the shareholders' meeting, the votes by small and medium investors shall be counted separately. The separate counting results shall be disclosed to the public in a timely manner.
- The shares held by the Company itself shall have no voting rights and shall not be counted towards the total number of voting shares attending the shareholders' meeting.

If a shareholder buys voting shares of the Company in violation of the provisions of Article 63 (1) and (2) of the Securities Law, such shares in excess of the prescribed proportion are not entitled to exercise voting rights for a period of thirty-six (36) months after the purchase, and shall not be counted towards the total number of voting shares attending the shareholders' meeting.

Article 80 In the course of considering matters relating to connected transactions at a shareholders' meeting, the connected shareholders shall abstain from voting. The number of shares carrying the voting rights held by such shareholders shall be excluded from the total number of valid votes. The voting result of the non-connected shareholders shall be fully disclosed in the announcement of the resolution of the shareholders' meeting.

The said connected shareholders means the following shareholders: shareholders who are connected parties or, in case of non-connected parties, persons who have material interests in transactions pending for resolution or their associates pursuant to the applicable securities listing rules as amended from time to time.

Article 81 Unless the Company is in a crisis or other special circumstances, it shall not, without approval by a special resolution at a shareholders' meeting, enter into a contract to handover all or material business management of the Company to a person other than a director or senior officer.

Article 82 Except for the cumulative voting system, the shareholders' meeting shall vote on all proposals one by one, and if there are different proposals on the same matter, they shall be voted in chronological order in which the proposals are made. Except for force majeure and other special reasons that cause the shareholders' meeting to be suspended or unable to come to resolution, the shareholders' meeting shall not set aside the proposals or withhold from voting.

Article 83 When a proposal is considered at a shareholders' meeting, no amendment shall be made to the proposal, otherwise, the relevant change shall be regarded as a new proposal and cannot be voted on at this shareholders' meeting.

Article 84 Each voting right shall be exercised either at the meeting, by online voting or any of other available means. In case of repeated voting on the same voting right, the result of the first vote shall prevail.

Article 85 Before voting takes place on a proposal at a shareholders' meeting, two shareholders' representatives shall be elected to participate in vote counting and scrutinizing. In the event that a shareholder is related to the matter to be considered, the relevant shareholder and his/her proxy shall not participate in the vote counting and scrutinizing.

When voting takes place on a proposal at a shareholders' meeting, lawyers and representatives of shareholders shall be jointly responsible for vote counting and scrutinizing, and shall announce the voting results on the spot. The voting results of resolutions shall be recorded in the minutes.

The shareholders of the Company or their proxies who cast votes by online voting or other means shall be entitled to check their respective voting results through corresponding voting systems.

Article 86 A shareholders' meeting shall not conclude earlier at the venue than over the network or otherwise. The chairman of the meeting shall announce the voting details and result of every proposal and announce whether a proposal has been passed or not based on the voting result.

Before the voting result is officially announced, the relevant parties including the Company, counting officer, monitoring officer, substantial shareholders and network service provider involved at the venue of the shareholders' meeting, over the network or otherwise shall be obliged to keep the voting details confidential.

Article 87 A shareholder attending the shareholders' meeting shall express its opinion of "for", "against" or "abstain" on the proposal submitted for voting, except that securities registration and settlement institutions, being the nominal holders of shares that can be traded through the mutual stock market access between the Mainland and Hong Kong, may make declarations according to the intention of actual holders.

Where a shareholder is, under the applicable listing rules as amended from time to time, required to abstain from voting on any particular resolution or to vote only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

Votes that are not filled in, incorrectly filled in, or not legible, or votes that are not cast are considered to be abstention by the voter, and the result of the vote on the number of shares held by such voter shall be counted as "abstained".

- Article 88 The following matters shall be resolved by an ordinary resolution at a shareholders' meeting:
- (1) work reports of the board of directors;
 - (2) profit distribution plans and loss recovery plans formulated by the board of directors;
 - (3) election or removal of members of the board of directors, their remuneration and manner of payment;
 - (4) matters other than those which are required by the laws and administrative regulations or by the Company's Articles of Association to be adopted by special resolution.
- Article 89 The following matters shall be resolved by a special resolution at a shareholders' meeting:
- (1) the increase or reduction in registered capital of the Company;
 - (2) the demerger, spin-off, merger, dissolution and liquidation of the Company;
 - (3) amendment of the Articles of Association;
 - (4) the material purchase or sale of assets or the provision of guarantee by the Company during the year that is in excess of 30 percent of the most recent audited total assets value of the Company;
 - (5) the shares incentive program;
 - (6) any other matter as provided for by the laws, administrative regulations or the Articles of Association, and as determined at a shareholders' meeting by way of an ordinary resolution to have a material impact on the Company and should be adopted by special resolution.
- Article 90 Any resolution adopted by a shareholders' meeting shall comply with relevant provisions of PRC laws, administrative regulations and these Articles of Association.
- Article 91 The Company shall make a public announcement on the resolutions of the shareholders' meeting in accordance with the applicable laws and the relevant provisions stipulated by the stock exchange(s) on which the shares of the Company are listed and traded.

- Article 92 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 organize a vote count. If the chairman of the meeting has not counted the votes, any shareholder who is attending 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 93 If votes are counted at a shareholders' meeting, the result of the count shall be recorded in the minute book.
- The convenor shall ensure that the particulars included in the record of the meeting are true, accurate and complete. The directors, secretary to the board, convenor or their representatives and the chairman of the meeting who have attended or observed the meeting shall sign the record of the meeting.
- Resolutions adopted by a shareholders' meeting shall be included in the record of the meeting. The record of the meeting shall be in Chinese. Such record shall be kept together with the attendance lists of shareholders attending the meeting, proxy forms as well as valid information on the results of voting online or by other means (if any) for a period of not less than 10 years.
- Article 94 For any resolutions on the distribution of cash or share dividends or conversion of capital reserve into share capital adopted at the shareholders' meeting, the specific proposal shall be implemented by the Company within two (2) months after the conclusion of the shareholders' meeting.

CHAPTER 9: THE PARTY COMMITTEE

- Article 95 According to the requirements of the Constitution of the Communist Party of China and subject to the approval by upper Party organization, the Company shall establish the Chinese Communist Party Committee of Air China Limited. The Party Committee is comprised of one secretary and several other members. The Company shall establish discipline inspection and supervision bodies in accordance with the requirements.

The Party Committee of the Company shall play a leading role, set the right direction, keep in mind the big picture, ensure the implementation of Party policies and principles, discuss and decide on major issues of the Company in accordance with the regulations. The list of major operation and management matters shall be established in accordance with relevant regulations. Decisions relating to major operation and management matters shall be made in accordance with the functions and powers and the required procedures of the board of directors after the pre-study and discussion by the Party Committee. The main duties of the Party Committee are as follows:

- (1) to enhance the political building of the Party in the Company, adhere to and implement the fundamental system, basic system and important system of socialism with Chinese characteristics, educate and guide all Party members to closely align with the Party Central Committee with Comrade Xi Jinping at its core in terms of political stance, direction, principles and path;
- (2) to thoroughly study and implement Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, study and propagate the Party's theory, thoroughly implement the Party's line, principles and policies, supervise and guarantee the implementation of major strategy deployments of the Party Central Committee and the resolutions of the Party organization at a higher level in the Company;
- (3) to investigate and discuss major issues relating to the operation and management of the Company and support the shareholders' meeting, board of directors and the management in exercising their powers and performing their duties in accordance with the laws;
- (4) to strengthen the leadership and gatekeeping role in the process of selection and appointment of personnel of the Company, and enhance the building of the leadership team, the cadre team and the talent team of the Company;
- (5) to undertake the main responsibility in improving Party conduct and upholding integrity, support and cooperate with the work of the discipline inspection and supervision bodies as well as exercise strict administrative discipline and political rules and promote Party self-governance exercised fully and with right into the grassroots level;
- (6) to strengthen the building of primary- level Party organizations and of its contingent of Party members, unite and lead employees to devote themselves into the reform and development of the Company;

- (7) to lead the Company's ideological and political work, the spirit and civilization progress, the United Front work and lead the mass organizations such as the Labour Union, the Communist Youth League and the Women's Organization of the Company;
- (8) to discuss and decide on other material matters within the scope of duties of the Party Committee.

Article 97

By insisting on and improving the leadership mechanism of "Dual Entry and Cross Appointment", eligible members of the Party Committee may take seats in the board of directors and the management through statutory procedures, while eligible members of the board of directors and the management who are also Party members may take seats in the Party Committee in accordance with relevant requirements and procedures.

Generally, the position of the secretary of the Party Committee and the chairman of the board of directors shall be assumed by the same person. The president who is a Party member shall serve as the deputy secretary of the Party Committee. The full-time deputy secretary should generally take seat in the board of directors and hold no positions in the management.

CHAPTER 10: BOARD OF DIRECTORS

Article 98

The Company shall have a board of directors. The board of directors shall consist of 7 to 13 directors, at least half of which shall be outside directors (those who do not assume any position within the Company), and of which at least 1/3 of the overall directors shall be independent directors. At least one independent director shall have appropriate professional qualification prescribed by the securities regulatory authority and the listing rules of securities, or expertise in accounting or related financial management; the board of directors shall have one (1) employee representative director.

The board of directors shall have one (1) Chairman and one (1) Deputy Chairman.

An independent director refers to a director who does not hold any position other than a director in the Company and has no direct or indirect interest relationship with the Company, its substantial shareholders and de facto controllers, or any other relationship that may affect his independent and objective judgment.

Article 99

Directors (excluding the employee representative director) shall be elected or replaced at the shareholders' meeting and the employee representative director shall be elected or dismissed by the employee representative meeting each for a term of 3 years (starting from the election date to the date on which a new board of directors is elected at a shareholders' meeting). At the expiry of a director's term, the term is renewable upon re-election, provided that the term of reappointment of an independent director shall not be more than 6 years.

If the term of office of a director expires but re-election is not made promptly, the said director shall continue fulfilling the duties as director pursuant to relevant laws, administrative regulations, departmental rules and the Articles of Association until a new director is elected.

The list of candidates for the director (excluding the employee representative director) shall be submitted in form of a motion to a shareholders' meeting for consideration. Candidates for director shall be nominated by the board of directors or shareholder(s) holding, alone or together, more than one percent (1%) of the total amount of voting shares in the Company and elected at the shareholders' meeting.

The outside directors shall have sufficient time and necessary knowledge and ability to perform its duties. When an outside director performs his duties, the Company must provide necessary information and independent directors may directly report to the shareholders' meeting, the CSRC and other relevant departments thereon.

If a director is a natural person, he or she may not be required to hold shares in the Company.

Article 100

The following procedures shall be carried out prior to the election of the non-independent directors:

- (1) The nominator of a candidate for the non-independent directors shall seek the consent of such candidate prior to nomination and shall have a full understanding towards the profession, education, job position, detailed working experience and all other positions held concurrently as well as preparing written materials containing the said information to the Company. Candidates shall undertake to the Company in writing that they have agreed to accept the nomination and that all disclosed information relating to them are true and complete and shall guarantee that they will conscientiously perform the director's responsibilities after being elected.

- (2) If the nomination of a candidate for the non-independent directors is taken place before the board meeting of the Company was convened and if the applicable laws, regulations, other regulatory documents and/or the relevant regulatory authorities of the jurisdictions where the shares are listed and the listing rules of securities contain relevant provisions, the written materials concerning the nominee set out in sub-paragraph (1) of this Article shall be publicly announced together with the resolutions of the board meeting in accordance with such provisions.
- (3) If a shareholder holding, alone or together, more than one percent (1%) of the total voting shares of the Company proposes an ex tempore motion on the election of non-independent directors (excluding the employee representative director) at the shareholders' meeting of the Company, the written notice specifying the intention to propose a person for election as a director and the willingness of the nominee to accept nomination together with the written materials and undertakings containing such particulars of the nominee as set out in sub-paragraph (1) of this Article shall be despatched to the Company within ten (10) days prior to the shareholders' meeting. Such notice shall commence no earlier than the day after the despatch of the notice of the meeting for election of directors and end no later than seven (7) days prior to the date of such meeting.

Article 101 At a shareholders' meeting, the cumulative voting system shall be adopted for voting on the motions for election of directors (excluding the employee representative director). In other words, when electing directors at a shareholders' meeting, the number of voting rights carried by each of the shares held by a voting shareholder is the same as the number of directors to be elected such that a shareholder may exercise the voting rights in a way to concentrate all his votes on a particular candidate or to spread his votes on several candidates.

Article 102 The Chairman and the deputy Chairmen shall be elected and removed by more than one-half of all members of the board of directors. The term of office of each of the Chairman and the deputy chairmen shall be 3 years, which term is renewable upon re-election.

Article 103 The board of directors shall make inquiries with the Party committee before making decisions on major issues of the Company.

The board of directors undertakes the functions of formulating strategies, making decisions and preventing risks and shall exercise the following duties and powers in accordance with statutory procedures and the Articles of Association:

- (1) to convene the shareholders' meeting and to report on its work to the shareholders' meetings;
- (2) to implement the resolutions passed by the shareholders' meetings;
- (3) to determine the development strategy and planning of the Company;
- (4) to determine the Company's business plans and investment proposals;
- (5) to determine the Company's preliminary and final annual financial budgets;
- (6) to formulate the Company's profit distribution proposal and loss recovery proposal;
- (7) to formulate proposals for the increase or reduction of the Company's registered capital, the issuance and listing of the debentures or other securities;
- (8) to draw up the proposals for major acquisitions of the Company, acquisition of the shares of the Company or merger, division, dissolution and change of the form of the Company;
- (9) to decide on other issues relating to the provision of guarantee in favor of a third party other than those must be approved at a shareholders' meeting pursuant to the laws, regulations, other regulatory documents and these Articles of Association;
- (10) to decide on the external investments, purchase and sale of assets, creation of mortgage over assets, entrusted asset management, connected transactions, external donations and other matters within the scope of authorization conferred by the shareholders' meeting;
- (11) to decide on the Company's internal management structure and the establishment and cancellation of major branches and subsidiaries;

- (12) to decide on the appointment or dismissal of the president of the Company, secretary to the board of directors and other senior officers, conduct appraisal on their performance and determine remunerations, rewards and punishments; and to appoint or dismiss, with reference to the nomination by the president, the vice presidents, chief accountant, chief pilot, general legal counsel and other senior officers, conduct appraisal on their performance and determine remunerations, rewards and punishments;
- (13) to formulate the basic management structure of the Company;
- (14) to manage matters relating to the disclosure of information by the Company;
- (15) to decide on major accounting policies and plans of change in accounting estimates of the Company;
- (16) to make recommendations to the shareholders' meetings on the appointment or change of the accounting firm which performs the audit work for the Company;
- (17) to hear from the Company's president reports on work performed and to inspect the work of the president;
- (18) to formulate proposals for any amendment of the Company's Articles of Association;
- (19) to decide on proposals for major income distribution of the Company, determine the major matters in relation to employee income distribution;
- (20) to establish and improve the internal supervision, management and risk control system, enhance internal compliance management, determine the risk management system, the internal control system, the accountability system for non-compliance operation and investment and the compliance management system of the Company, and monitor and evaluate the risk management, internal control and legal compliance management systems of the Company and their effective implementation as a whole;
- (21) to guide, inspect and assess the internal audit works of the Company, and review and approve the annual audit plan and important audit reports;
- (22) to consider the plans for addressing the Company's major litigation, arbitration and other legal affairs;

(23) to exercise any other powers stipulated by laws, regulations, other regulatory documents and these Articles of Association and conferred by the shareholders' meetings.

Saved as otherwise provided by the laws, administrative regulations and the Articles of Association, resolutions by the board of directors on the matters referred to in the preceding paragraphs shall be passed by the affirmative vote of more than half of all of the directors with the exception of resolutions to formulate the proposals on the increase or reduction of the Company's registered capital and the proposals on the issuance of corporate bonds, and the resolutions to formulate the plans for merger, division and dissolution of the Company and to formulate the proposals for the amendment to the Articles of Association, which shall require the affirmative vote of at least two-thirds of all of the directors for adoption.

If any director is connected with the enterprises or individuals that are involved in the matters to be resolved by the board meetings, he/she shall promptly report in writing to the board of directors. The director who has a related relationship shall not exercise his voting rights for such matters, nor shall he exercise voting rights on behalf of other directors. Such board meetings shall be convened by a majority of the directors attending thereat who are not connected. Resolutions made by the board meetings shall be passed by a majority of the directors that are not connected. The aforementioned matters that must be passed by two-thirds or more of the directors shall be passed by votes of two-thirds or more of the directors that are not connected. If the number of non-connected directors attending the board meetings falls short of three, such matters shall be submitted to the shareholders' meeting of the Company for approval.

Article 105 The Chairman of the board of directors and the president may exercise part of the functions and powers of the board of directors upon authorization by the board of directors. The authorization by the board of directors and the exercise of the authorized functions and powers by the authorized person shall comply with the relevant regulations of the Measures for Authorization Management, which is formulated by the board of directors.

Article 106 The board of directors shall not, without the prior approval of shareholders' meeting, dispose of or agree to dispose of any fixed assets of the Company where the estimated value of the consideration for the proposed disposal and the value of the consideration for any such disposal of any fixed assets of the Company that has been completed in the period of 4 months immediately preceding the proposed disposal, on an aggregate basis exceeds 33 percent of the value of the Company's fixed assets as shown in the latest balance sheet which was considered at a shareholders' meeting.

For the purposes of this Article, “disposition” includes an act involving the transfer of an interest in assets but does not include the usage of fixed assets for the provision of security.

The validity of a disposition by the Company shall not be affected by any breach of the first paragraph of this Article.

Before the board of directors makes a decision on market development, merger and acquisition, investment in new areas, etc., in relation to projects involving investment or acquisition or merger exceeding a certain proportion (to be determined by shareholders’ meeting) of the total assets of the Company, an independent consulting agency shall be engaged to provide professional opinions which shall be an important basis of the decisions of the board of directors.

Article 107

Unless otherwise provided for in the laws, regulations, other regulatory documents and/or the relevant requirements of regulatory authorities of the jurisdictions where the shares are listed and the listing rules of securities, the board of directors shall, within the scope of authority as conferred by the shareholders’ meeting, have the right to decide on an investment (including risk investment) or acquisition project. For any major investment or acquisition project which is beyond the limits of authority of the board of directors to examine and approve thereof, the board of directors shall organize the relevant experts and professionals to conduct an evaluation thereof and report the same to the shareholders’ meeting for approval.

Article 108

The Chairman of the board of directors shall exercise the following powers:

- (1) to preside over shareholders’ meetings and to convene and preside over meetings of the board of directors;
- (2) to convey the spirit of the Central Committee and state-owned assets supervision policies to the board of directors, and to inform the board of the tasks requiring the board’s advancement and implementation as well as the issues requiring rectification as identified in relevant supervision and inspection;
- (3) to oversee and check on the implementation of resolutions passed by the board of directors at directors’ meetings;
- (4) to receive reports on operation and management and study related issues;

- (5) in the event of emergency due to force majeure or major crisis that makes it impossible to convene a board meeting in a timely manner, to exercise special disposal powers within the authority of the board of directors in accordance with laws and regulations and in the interests of the Company, and to report to the board of directors after exercising such power so as to ratify the same in accordance with the procedures;
- (6) to exercise other powers prescribed by the state-owned assets supervision and administration authority of the State Council, the CSRC and the stock exchanges or those conferred by the board of directors.

The vice chairman of the board of directors shall assist the chairman of the board of directors with his/her duties. Should the chairman of the board of directors be unable to perform or fail to perform his/her duties, the vice chairman of the board of directors shall perform the said duties. Should the vice chairman of the board of directors be unable to perform or fail to perform his/her duties, a director jointly elected by more than half of the number of Directors shall perform the said duties.

Article 109

Meetings of the board of directors shall be held at least four times every year and shall be convened by the Chairman of the board of directors. All directors shall be notified of the meeting fourteen days beforehand. The notice of the board meetings shall contain:

- (1) date, venue and duration of the meeting;
- (2) reasons and matters for discussion;
- (3) date of issuance of the notice.

Extraordinary meeting of the board of directors shall be convened by the Chairman within ten days of the occurrence of any of the following events and shall not be subject to the abovementioned period of notice:

- (1) where shareholders representing more than 10 percent of the voting rights propose to do so;
- (2) where the chairman of the board of directors deems it necessary;
- (3) where one-third or more of the directors jointly propose to do so;
- (4) where one half or more of the independent directors jointly propose to do so;

- (5) where the audit and risk management committee (the supervision committee) proposes to do so;
- (6) where the president proposes to do so;
- (7) where the securities regulatory authority requires to do so; and
- (8) where other circumstances specified in the Articles of Association of the Company occur.

The meetings of the board of directors shall be conducted in Chinese and where necessary, may have an interpreter to provide Chinese and English translation during the meetings.

Article 110

The notice of board meeting shall be issued via the following methods:

- (1) For periodic meetings of the board of directors of which the time and venue have been stipulated by the board of directors beforehand, no notice of the convening of such meetings will be needed.
- (2) For meetings of the board of directors of which the time, venue and agenda have not been decided by the board of directors beforehand, the secretary of the board of directors shall notify the directors of the time and venue of such meeting at least 14 days in advance by telex, by telegram, by facsimile, by express service or by registered mail or in person or by email, unless otherwise provided for in Article 109 herein.
- (3) Notice of meetings may be served in Chinese, with an English translation attached thereto when necessary. A director may waive his right to receive notice of a board meeting.

Article 111

All directors must be notified about the important matters that shall be decided by the board of directors within the time limit stipulated in Article 110 of these Articles of Association and sufficient materials shall be provided at the same time in strict compliance with the required procedures. Directors may request for supplementary information. If more than one-fourth of the directors or more than two outside directors consider that the materials provided are not sufficient or supporting arguments are not clear, they may jointly propose to postpone the board meeting or postpone the discussion of certain matters on the agenda of the board meeting and the board of directors shall accept such proposal.

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

In principle, the board meetings shall be convened in the form of on-site meetings. When the directors have sufficient information to vote, they may also pass the resolution by forms of communication such as video conference and teleconference, or a combination of onsite meeting and other forms of communication or present such information in writing to be considered separately as a written resolution. If a board meeting is held in the form of a teleconference, with the aid of similar communication equipment or a combination of onsite meeting and the afore-mentioned forms of communication, so long as the directors participating in the meeting can clearly hear and communicate with each other, they shall be deemed to be attending the meeting in person.

Article 112

A board of directors meeting shall only be convened if a majority of the number of the board members are attending (including any directors appointed pursuant to Article 113 of these Articles of Association to attend the meeting as the representatives of other directors). Each director has one vote. Any resolution requires the affirmative votes of more than half of all the board of directors in order to be passed, unless otherwise specified in Article 104.

Article 113

Directors shall attend the meetings of the board of directors in person. Where a director is unable to attend a meeting for any reason, he may by a written power of attorney appoint another director to attend the board meeting on his behalf. The power of attorney shall set out the names of the proxies, the matters to be dealt with by the agents, the scope of the authorization and the effective term thereof. The powers of attorney shall be signed or sealed by the principals.

A Director appointed as the representative of another director to attend the meeting shall exercise the rights of a director within the scope of authority conferred by the appointing director. Where a director is unable to attend a meeting of the board of directors and has not appointed a representative to attend the meeting on his behalf, he shall be deemed to have waived his right to vote at the meeting.

Expenses incurred by a director for attending a meeting of the board of directors shall be paid by the Company. These expenses include the costs of transportation between the premises of the director and the venue of the meeting in different cities and accommodation expenses during the meeting. Rent of the meeting place, local transportation costs and other reasonable out-of-pocket expenses shall be paid by the Company.

- Article 114 The board of directors may accept a written resolution in lieu of a board meeting provided that a draft of such written resolution shall be delivered to each director in person, by mail, by telegram, by facsimile or by email. If the board of directors has delivered such proposed written resolution to all the directors and the directors who signed and approved such resolution have reached the required quorum, and the same have been delivered to the secretary of the board of directors, then such resolution shall take effect as a resolution of the board meeting, without having to hold a board meeting.
- Article 115 The board of directors shall keep minutes of resolutions passed at meetings of the board of directors in Chinese. The directors attending the board meeting shall have the right to request to have the descriptive information on their speech given thereat to be recorded in the minutes. Opinions of the independent (non-executive) directors shall be clearly stated in the resolutions of the board of directors. The minutes of each board meeting shall be provided to all the directors promptly. Directors who wish to amend or supplement the minutes shall submit the proposed amendments to the Chairman in writing within one week after receipt of the meeting minutes. The minutes shall be signed by the directors attending the meeting and the person who recorded the minutes after they are finalised. The minutes of board meetings shall be kept at the premises of the Company in the PRC and a complete copy of the minutes shall be promptly sent to each director. Documents of meetings shall be kept as permanent records.
- Article 116 Where a written resolution is reached in the absence of the statutory procedures but has been signed by the directors, even if each director has expressed his/her view in different ways, such resolution of the board meeting shall have no legal effect.
- If a resolution of the meeting of the board of directors violates the laws, regulations, other regulatory documents, the Company's Articles of Association and resolutions of shareholders' meetings, the directors who participated in the passing of such resolution shall be directly liable therefor. However, if it can be proven that a director had expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from such liability. A director who abstained from voting or was absent from the meeting without appointing a proxy to attend on his or her behalf may not be released from such liability. A director who had expressly objected to the resolution during discussion but had not clearly vote against such motion may not be released from such liability.

Article 117 Subject to all relevant laws and administrative regulations, the shareholders' meeting may remove any director (excluding the employee representative director) by an ordinary resolution before the expiration of his term of office. However, the director's right to claim for damages arising from his removal shall not be affected thereby.

Article 118 A director may resign prior to the expiration of his term of office. If a director resigns from his office, he shall submit a written report of his resignation to the board of directors, which will be effective from the date of receipt of the resignation report by the Company. The board of directors shall disclose such matter within two (2) days. Independent directors shall provide an explanation on the circumstances which are relevant to his resignation and which in his opinion are necessary to bring to the attention of the shareholders and creditors of the Company.

If the resignation of a director will result in the number of directors of the Company falling below the statutory minimum number of directors, then such director shall perform his/her duties as a director in accordance with laws, administrative regulations, departmental rules and the Articles of Association before a new director is elected to take office.

If the resignation of an independent director will result in the board of directors of the Company or the special committees having less than the minimum required proportion of independent directors as required by the relevant laws, administrative regulations, other regulatory documents, the Articles of Association or relevant rules of the special committees or result in lack of accounting professionals among the independent directors, then such independent director shall continue to fulfil the relevant duties.

CHAPTER 11: INDEPENDENT DIRECTORS

Article 119 Candidates for the independent directors shall be nominated by the board of directors, audit and risk management committee (the supervision committee) or shareholder(s) holding, whether alone or together, one percent (1 percent) or more of the total amount of voting shares in the Company and elected at shareholders' meeting. The investor protection institution established according to laws may publicly request the shareholders to entrust it to exercise the right to nominate independent directors on their behalf.

- (1) The nominator of a candidate for the independent directors shall seek the consent of such candidate prior to nomination and shall have a full understanding towards the profession, education, job position, detailed working experience and all other positions held concurrently, and whether there is any gross dishonesty or other adverse records as well as preparing written materials containing the said information to the Company. Candidates shall undertake to the Company in writing that they have agreed to accept the nomination and that all disclosed information relating to them are true and complete and shall guarantee that they will conscientiously perform the director's responsibilities when elected.
- (2) The nominator shall provide his opinion in connection with the qualification and independency of such nominees for acting as an independent director. If the applicable laws, regulations, other regulatory documents and/or the listing rules of securities contain the relevant provisions, the nominee shall make a public statement in accordance with such provisions that there does not exist any relationship between himself and the Company which may influence his independent objective judgement.
- (3) If the nomination of a candidate for the independent directors is taken place before the board meeting of the Company is convened and if the applicable laws, regulations, other regulatory documents and/or the listing rules of securities contain the relevant provisions, the written materials concerning the nominee set out in subparagraphs (1) and (2) of this Article shall be publicly announced together with the resolutions of the board meeting in accordance with such provisions.
- (4) If a shareholder holding, alone or together, more than 1 percent of the voting right of the Company or the audit and risk management committee (the supervision committee) proposes an ex tempore motion at the shareholders' meeting on the election of non-independent directors, the written notice specifying the intention to propose a person for election as a director and the willingness of the nominee to accept nomination together with the written materials and undertakings containing such particulars of the nominee as set out in subparagraphs (1) and (2) of this Article shall be despatched to the Company within ten (10) days prior to the shareholders' meeting.

- (5) Before a shareholders' meeting is convened to elect independent directors, if the applicable laws, regulations, other regulatory documents and/or the listing rules of securities contain the relevant provisions, the Company shall in accordance with such provisions submit relevant materials regarding all nominees to the stock exchanges on which the Company is listed. If the board of directors of the Company objects to the qualifications of the nominees, a written opinion of the board of directors in connection therewith shall also be submitted at the same time. If the stock exchanges on which the securities of the Company are listed has an objection to a nominee, such nominee shall not qualify to be a candidate for election as an independent director. When convening a shareholders' meeting to elect independent directors, the board of directors of the Company shall explain whether or not there is any objection to any of the candidates for independent directors.

Article 120

In accordance with the requirements of the laws, administrative regulations, regulations of the CSRC, the stock exchanges and the Articles of Association, independent directors shall diligently perform their duties, play the roles in decision-making, supervise checks and balances, and provide professional advice to the board of directors, safeguard the overall interests of the Company, and protect the legitimate rights and interests of minority shareholders.

Article 121

A person acting as an independent director shall fulfil the following basic requirements:

- (1) he or she shall possess the qualifications to act as the director of a listed company in accordance with the laws, regulations and other relevant requirements;
- (2) he or she conforms with independence required by the relevant laws, regulations, other relevant requirements and the Articles of Association;
- (3) he or she possesses the basic knowledge of operation of a listed company and is familiar with relevant laws, regulations and rules (including but not limited to the accounting principles);
- (4) he or she shall have not less than 5 years of law, accounting, economics or other working experience necessary for performing duties of an independent director;
- (5) he or she shall have good character traits and shall not have any gross dishonesty or other adverse records;

- (6) he or she shall fulfil other conditions as prescribed by the laws, administrative regulations, securities regulatory authority in the place where the Company is listed, the stock exchanges where the securities of the Company are listed and the Articles of Association.

Article 122

Independent directors shall have independence. Unless otherwise required by the relevant laws, regulations, other regulatory documents and/or the listing rules of securities, none of the following persons shall act as independent directors:

- (1) persons working in the Company or its subsidiaries, as well as their spouses, parents, children and major social relations;
- (2) natural person shareholders as well as their spouses, parents and children who directly or indirectly hold not less than one percent of the issued shares of the Company or who are ranked as the top ten shareholders of the Company;
- (3) persons as well as their spouses, parents and children who work in entities which are such shareholders of the Company directly or indirectly holding not less than five percent of the shares of the Company in issue or which are ranked as the top five shareholders of the Company;
- (4) persons as well as their spouses, parents and children who work in the subsidiary of the Company's controlling shareholder and de facto controller;
- (5) persons who have material business transactions with the Company and its controlling shareholders, de facto controllers or their respective subsidiaries, or persons who hold positions in such entities and their controlling shareholders or de facto controllers that have material business transactions with the same;
- (6) persons who provide financial, legal, consulting, recommendation and other services for the Company, its controlling shareholders, de facto controllers or their respective subsidiaries, including but not limited to all personnel of the project team, reviewers at all levels, personnel signing the report, partners, directors, senior officers and principal responsible persons of the intermediary institutions providing services;
- (7) persons who have satisfied the conditions stated in sub-paragraph (1) to sub-paragraph (6) in the last 12 months;

- (8) other persons without independence as stipulated by laws, administrative regulations, the CSRC, stock exchanges and these Articles of Association.

The subsidiaries of the controlling shareholders and de facto controllers of the Company mentioned in preceding subparagraphs (4) to (6) do not include the enterprises controlled by the same state-owned assets management institution as the Company and not forming a connected relationship with the Company according to relevant regulations.

Independent directors shall conduct self-examination on their independence every year and submit the self-examination results to the board of directors. The board of directors shall evaluate the independence of the independent directors in office and issue special opinions every year, which shall be disclosed together with the annual report.

Article 123

If an independent director fails to attend two consecutive board meetings in person and to appoint other independent directors to attend on his/her behalf, the board of directors shall propose at the shareholders' meeting that such independent director should be removed. Where an independent director is removed from office prior to the expiration of his/her term of office by the Company through statutory procedures, the Company shall make special disclosure. The removed independent director may make a public statement if he believes that he has been improperly removed from his office.

Article 124

Independent directors, as members of the board of directors, shall have the duty of loyalty and diligence to the Company and all shareholders to prudently perform the following duties:

- (1) to participate in the decision-making of the board of directors and express clear opinions on the matters discussed;
- (2) to supervise the potential material conflicts of interest between the Company and its controlling shareholders, de facto controllers, directors and senior officers in accordance with the relevant provisions of the Measures for the Administration of Independent Directors of Listed Companies, so as to ensure that the decisions of the board of directors are in line with the overall interests of the Company and protect the legitimate rights and interests of minority shareholders;
- (3) to provide professional and objective suggestions on the operation and development of the Company, and promote the improvement of the decision-making level of the board of directors;

- (4) other duties as stipulated by laws, regulations and the Articles of Association.

Article 125

Apart from such powers as conferred on a director under the Company Law and other relevant laws, regulations, other regulatory documents and the Articles of Association, an independent director shall exercise the following special functions and powers:

- (1) to independently engage an intermediary to audit, consult on or verify specific matters of the Company;
- (2) to propose to the board of directors to convene an extraordinary shareholders' meeting;
- (3) to propose to convene a board meeting;
- (4) to publicly solicit shareholders' rights from shareholders according to laws;
- (5) to express independent opinions on matters that may damage the rights and interests of the Company or minority shareholders;
- (6) other functions and powers as stipulated by laws, administrative regulations, the CSRC and these Articles of Association.

An independent director shall obtain the consent from more than half of all independent directors in the case of exercising his/her functions as described in preceding sub-paragraphs (1) to (3).

If an independent director exercises the functions and powers as described in the sub-paragraph (1) of this Article, the Company shall timely disclose the same. If the aforesaid functions and powers cannot be normally exercised, the Company shall disclose the specific circumstances and reasons.

Article 126

The following matters shall be submitted to the board of directors for consideration after being approved by more than half of all independent directors:

- (1) connected transactions that should be disclosed;
- (2) plans on changes in or waivers of commitments by the Company and related parties;

- (3) the decisions made and measures taken by the board of directors in connection with the acquisition of the Company;
- (4) other matters as stipulated by laws, administrative regulations, the CSRC and these Articles of Association.

Article 127

The Company shall establish a mechanism of special meetings attended by all independent directors. Matters such as related transactions to be considered by the board of directors shall be approved in advance by a special meeting of independent directors. The independent directors shall hold special meetings on a regular or irregular basis, and the matters as described in sub-paragraphs (1) to (3) of paragraph 1 of Article 125 and Article 126 of these Articles of Association shall be considered at special meetings of independent directors.

The special meeting of independent directors may study and discuss other matters of the Company as required.

The special meeting of independent directors shall be convened and presided over by an independent director jointly recommended by more than half of the independent directors; if the convener does not perform his duties or is unable to perform his duties, two or more independent directors may convene the meeting and elect a representative to preside over the meeting on their own.

The minutes of the special meeting of independent directors shall be prepared in accordance with the regulations, and the opinions of independent directors shall be recorded in the minutes of the meeting. The independent directors shall sign to confirm the minutes of the meeting.

The Company shall provide convenience and support for the convening of special meetings of independent directors.

Article 128

Independent directors shall submit an annual working report to the shareholders' meeting to give an account of the performance of their duties.

CHAPTER 12: SPECIAL COMMITTEES OF THE BOARD OF DIRECTORS

- Article 129 The board of directors of the Company shall establish the audit and risk management committee (the supervision committee), the strategy and investment committee, the nomination committee, the remuneration and appraisal committee, the aviation safety committee and other special committees, which shall perform their duties in accordance with these Articles of Association and the authorization of the board of directors. The resolutions of the special committees shall be submitted to the board of directors for deliberation and decision. The working rules of the special committees shall be formulated by the board of directors.
- Article 130 The audit and risk management committee (the supervision committee) shall be composed of three to five members, who shall be directors who do not hold senior officer positions in the Company, of whom more than half shall be independent directors, with accounting professionals among the independent directors serving as the convenor; the strategy and investment committee shall be composed of three to seven directors, with the chairman of the board of directors or his/her designated committee member serving as the convenor; the nomination committee shall be composed of three to seven directors, of whom a majority shall be independent directors, with the chairman of the board of directors serving as the convenor; the remuneration and appraisal committee shall be composed of three to seven directors, of whom a majority shall be independent directors, with the independent directors serving as the convenor; and the aviation safety committee shall be composed of three members, with the convenor being elected by the members of the aviation safety committee.
- Article 131 The audit and risk management committee (the supervision committee) under the board of directors shall exercise the powers and functions of the supervisory committee as stipulated in the Company Law.
- Article 132 The audit and risk management committee (the supervision committee) shall be responsible for reviewing the Company's financial information and its disclosure, supervising and evaluating the internal and external auditing work and internal control. The following matters shall be submitted to the board of directors for deliberation with the approval of more than half of all members of the audit and risk management committee (the supervision committee):
- (1) disclosure of financial information and internal control evaluation reports in financial accounting reports and periodic reports;
 - (2) appointment or dismissal of an accounting firm that undertakes the audit business of the Company;

- (3) appointment or dismissal of the Company's financial controller;
- (4) changes in accounting policies, accounting estimates or corrections of major accounting errors due to reasons other than changes in accounting standards;
- (5) other matters stipulated by laws, administrative regulations, provisions of the CSRC and these Articles of Association.

Article 133

The audit and risk management committee (the supervision committee) shall hold meetings at least once a quarter. Extraordinary meetings may be convened at the proposals of two or more members or when the convener considers it necessary. Meetings of the audit and risk management committee (the supervision committee) shall be held with the presence of more than two thirds of the members.

Resolutions of the audit and risk management committee (the supervision committee) shall be passed by more than half of the members of the audit and risk management committee (the supervision committee).

Each person shall have one vote for a resolution of the audit and risk management committee (the supervision committee).

The audit and risk management committee (the supervision committee) shall prepare the minutes of the meeting with respect of resolutions in accordance with the regulations, and the minutes shall be signed by the members of the audit and risk management committee (the supervision committee) attending the meeting.

Article 134

The strategy and investment committee shall be responsible for studying and supervising the Company's long-term development strategy, major investment and financing decisions and environmental, social and governance work, etc., and making recommendations to the board of directors on the following matters:

- (1) conducting studies and making recommendations on the Company's long-term development strategic planning;
- (2) conducting studies and making recommendations on the Company's annual investment plan;
- (3) conducting studies and making recommendations on plans for major investment and financing projects subject to the approval of the board of directors;

- (4) formulating the Company's environmental, social and governance structure, objectives, management approach and strategy;
- (5) conducting supervision and inspection of the implementation of matters within the scope of the proposed authority;
- (6) other matters authorized by laws, administrative regulations, provisions of the CSRC, these Articles of Association and the board of directors.

Article 135

The nomination committee shall be responsible for formulating criteria and procedures for the selection of directors and senior officers, selecting and reviewing candidates for directors and senior officers and their qualifications, and making recommendations to the board of directors on the following matters:

- (1) nomination or appointment or dismissal of directors;
- (2) appointment or dismissal of senior officers;
- (3) other matters authorized by laws, administrative regulations, provisions of the CSRC, these Articles of Association and the board of directors.

If the board of directors does not adopt or does not fully adopt the recommendations of the nomination committee, it shall record the opinions of the nomination committee and the specific reasons for their non-adoption in the resolution of the board of directors and disclose the same.

Article 136

The remuneration and appraisal committee shall be responsible for formulating the appraisal standards for directors and senior officers, conducting appraisal, formulating and reviewing the remuneration determination mechanisms, decision-making processes, payment and payment cessation and recovery arrangements, and other remuneration policies and plans for directors and senior officers, and making recommendations to the board of directors on the following matters:

- (1) the remuneration of directors and senior officers;
- (2) the formulation or amendment of equity incentive plans, employee stock ownership plans, and the granting of rights to incentive recipients and the achievement of conditions for the exercise of such rights by incentive recipients;
- (3) the arrangement of stock ownership plans for directors and senior officers in the event of a proposed spin-off of a subsidiary;

- (4) other matters authorized by laws, administrative regulations, provisions of the CSRC, these Articles of Association and the board of directors.

If the board of directors does not adopt or does not fully adopt the recommendations of the remuneration and appraisal committee, it shall record the opinions of the remuneration and appraisal committee and the specific reasons for their non-adoption in the resolution of the board of directors and disclose the same.

Article 137 The aviation safety committee shall be responsible for supervising the management of aviation safety of the Company, providing support to the board of directors in making decisions on aviation safety, and making recommendations to the board of directors on the following matters:

- (1) analysis of the Company's security situation;
- (2) major problems in the Company's aviation safety work;
- (3) other matters authorized by the board of directors of the Company.

Article 138 Where the relevant competent department of the State Council makes other provisions regarding special committees, such provisions shall prevail.

CHAPTER 13: SECRETARY OF THE BOARD OF DIRECTORS

Article 139 The Company shall have one (1) secretary of the board of directors. The secretary shall be a senior officer of the Company and be present at the shareholders' meetings, the board of directors' meetings, the president's office meetings and other important decision-making meetings of the Company as well as the special committee meetings of the board of directors. When the party committee studies and discusses major operation and management matters, the secretary of the board of directors shall attend.

The board of directors shall establish the office of the board of directors as the administrative organization of the board of directors, which shall be headed by the secretary of the board of directors.

Article 140 The secretary of the Company's board of directors shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the board of directors.

The main tasks and duties of the secretary of the board of directors include:

- (1) assist the board of directors of the Company to strengthen the development of modern enterprise system and corporate governance mechanism with Chinese characteristics, organize research on corporate governance and organize the formulation of rules and regulations in relation to corporate governance;
- (2) to organize the implementation of the corporate governance system and manage the relevant affairs;
- (3) assist the directors in the day-to-day work of the board of directors, continuously provide the directors with, advise the directors of and ensure that the directors understand the regulations, policies and requirements of the foreign and domestic regulatory authorities on the operation of the Company, assist the directors and the president in effectively complying with relevant foreign and domestic laws, regulations, the Company's Articles of Association and other relevant regulations;
- (4) responsible for the organization and preparation of documents for board meetings and shareholders' meetings, take proper meeting minutes, ensure that the resolutions passed at the meetings comply with statutory procedures and supervise the implementation of the resolutions of the board of directors;
- (5) responsible for the organization and coordination of information disclosure, coordinate the relationship with investors and enhance transparency of the Company;
- (6) participate in arranging of financing through capital markets;
- (7) deal with intermediaries, regulatory authorities and media, maintain good public relations work;
- (8) assist the Chairman in formulating major proposals, establishing or amending various rules and regulations for the operation of the board of directors;
- (9) execute other tasks assigned by the board of directors or the chairman of the board of directors;

(10) other duties as stipulated by laws, regulations, other regulatory documents (including the listing rules of securities) and the Articles of Association.

Article 141 A director or other senior officer personnel of the Company may also act as the secretary of the board of directors.

Where the office of secretary is held concurrently by a director, and an act is required to be done by a director and a secretary separately, the person who holds the office of director and secretary may not perform the act in a dual capacity.

Article 142 The secretary of the board of directors shall diligently exercise his duties in accordance with the laws, administrative regulations, departmental rules and the relevant provisions of these Articles of Association.

The secretary of the board of directors shall assist the Company in complying with the relevant PRC laws and the rules of the securities exchange on which the shares of the Company are listed.

CHAPTER 14: SENIOR OFFICERS

Article 143 The Company shall have a president who shall be appointed or dismissed by the board of directors.

The Company shall have several vice presidents, one chief financial officer, one chief pilot and one general legal counsel who shall assist the president. The vice presidents, chief financial officer, chief pilot and general legal counsel shall be nominated by the president and appointed or dismissed by the board of directors.

Article 144 The term of office for a president shall be 3 years and is renewable if re-appointed.

Article 145 The president shall be accountable to the board of directors and shall exercise the following functions and powers:

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

- (3) subject to applicable laws and these Articles of Association, to decide on transactions, which are related to the Company's main business, and the value of which shall not exceed certain amount, or certain proportion of the Company's latest audited net assets;
- (4) to sign contracts and agreements on behalf of the Company in accordance with the authorization granted by the board of directors or the legal representative;
- (5) to draft plans for the establishment of the Company's internal management structure, and where necessary, make plans for general institutional adjustment;
- (6) to draft the Company's basic management system;
- (7) to formulate specific rules and regulations for the Company;
- (8) to propose to the board of directors the appointment or dismissal of the vice presidents, chief accountant, chief pilot and general legal counsel of the Company;
- (9) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the board of directors;
- (10) to propose to convene an extraordinary meeting of the board of directors;
- (11) other powers conferred by the Articles of Association or the board of directors.

Article 146

The president shall formulate the president's working rules and submit the same to the board of directors for approval before implementation.

The president's working rules shall include the following:

- (1) the conditions and procedures for the convening of the president's meeting and the persons participating in it;
- (2) the use of funds and assets of the Company, the authority to sign major contracts, and the reporting system to the board of directors;
- (3) other matters deemed necessary by the board of directors.

- Article 147 The president shall attend meetings of the board of directors. If the matters deliberated by the board of directors involve legal issues, the general legal counsel shall attend and give legal opinions. The president who is not a director shall not have the right to vote at board meetings.
- Article 148 If the senior officers, in performing their duties for the Company, cause damage to others, the Company shall bear the liability for compensation; the senior officers shall also bear the liability for compensation if there is any willfulness or gross negligence on their part. Senior officers who violate laws, administrative regulations, departmental rules or the provisions of these Articles of Association in the course of performing their duties for the Company and cause damage to the Company shall be liable for compensation.
- Article 149 Senior officers of the Company shall faithfully perform their duties and safeguard the best interests of the Company and all shareholders. Senior officers of the Company who fail to perform their duties faithfully or violate their obligations of good faith and cause damage to the interests of the Company and public shareholders shall be liable for compensation in accordance with laws.

CHAPTER 15: THE QUALIFICATIONS AND DUTIES OF THE DIRECTORS, SENIOR OFFICERS OF THE COMPANY

- Article 150 A person may not serve as a director or senior officers 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 sentenced for corruption, bribery, infringement of property or misappropriation of property or disruption of the social economic order, or a person who has been deprived of his political rights and not more than 5 years have elapsed since the sentence was served, or, in the case of a probation, less than 2 years have elapsed since the date of expiry of the period of probation;
 - (3) a person who is a former director, factory manager or manager 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 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 licence of which was revoked or which has been ordered to be closed due to violation of law and who are personally liable therefor, where less than 3 years have elapsed since the date of the revocation of the business licence or the ordering of being closed;
- (5) a person who has been listed as a dishonest debtor by the People's Court due to a relatively large amount of debts which have become overdue;
- (6) a person who has been subject to measures imposed by the CSRC in relation to the ban on the entry into the securities market for a period of time that has not expired;
- (7) a person who has been publicly recognized by the stock exchange as unsuitable to serve as a director, senior officers, etc. of a listed company for a period of time that has not expired;
- (8) a person who, according to laws, administrative regulations or departmental rules, cannot act as a leader of an enterprise;
- (9) other contents as provided for by the laws, administrative regulations or departmental rules.

If a director is elected or appointed in violation of the provision of this Article, such election, appointment or employment shall be null and void. If any of the above circumstances occurs on the part of a director during his term of office, the board of directors shall, starting from the date on which they are aware thereof, forthwith cease the performance of duties by the relevant director and propose to remove such director from his post at the shareholders' meeting. If any of the above circumstances occurs on the part of a senior officer during his term of office, the board of directors shall, starting from the date on which they are aware thereof, forthwith cease the performance of duties by the relevant senior officer and convene a board meeting to dismiss such senior officer.

Article 151

No director may act in his own name or on behalf of the Company or the board of directors without legal authorization pursuant to the provisions of the Articles of Association or by the board of directors. In the course of acting in his own name, a director shall state his position and identity insofar as a third party may reasonably believe that such director is acting on behalf of the Company or the board of directors.

The directors of the Company shall comply with the laws, administrative regulations and these Articles of Association, and bear fiduciary duties to the Company, take measures to avoid any possible conflict of interests with the Company and may not abuse their authority to seek illicit benefits.

The directors shall have the following loyalty obligations to the Company:

- (1) not to misappropriate the property of the Company, misappropriate the funds of the Company;
- (2) not to open an account in his own name or in the name of any other individual to deposit the funds of the Company;
- (3) not to abuse their authority to accept any bribe or other illicit income;
- (4) not to enter into contracts or conduct transactions with the Company without reporting to the Board or the shareholders' meeting or approval of resolutions of the Board or shareholders' meeting directly or indirectly pursuant to the provisions of these Articles of Association;
- (5) not to take advantage of his authority to seek for himself or others business opportunities that belong to the Company, except where they reported to the Board or the shareholders' meeting and received approval of shareholders' meeting resolutions or such business opportunities can not be exploited by the Company according to laws, regulations or these Articles of Association;
- (6) not to engage in business of the same kind as that of the Company for himself or others without reporting to the Board or the shareholders' meeting and obtaining approval by a resolution of the shareholders' meeting;
- (7) not to accept commissions from others' transactions with the Company for his own benefit;
- (8) not to disclose the secrets of the Company without authorization;
- (9) not to damage the interests of the Company by taking advantage of its connected relationship;
- (10) other loyalty obligations stipulated by laws, administrative regulations, departmental rules and these Articles of Association.

The income obtained by a director in violation of the provisions of this Article shall belong to the Company; If any loss is caused to the Company, he/she shall be liable for compensation.

The provisions in subparagraph (4) of the second paragraph of this Article shall apply to contracts or transactions entered into by close relatives of directors or the senior officer, enterprises directly or indirectly controlled by directors or senior officer personnel or their close relatives, and associates with whom directors or senior officer personnel have other related relationships.

Article 153

Directors shall abide by laws, administrative regulations and these Articles of Association, and owe a duty of diligence to the Company, and shall perform their duties with the reasonable care that a person in a governance role would ordinarily exercise for the Company's best interests.

Directors shall have the following diligence obligations to the Company:

- (1) to exercise the rights granted by the Company cautiously, conscientiously and diligently to ensure that the business activities of the Company comply with the requirements of national laws, administrative regulations and various national economic policies, and that the business activities do not exceed the business scope specified in the business license;
- (2) to treat all shareholders fairly;
- (3) to keep abreast of the business operation and management status of the Company;
- (4) to sign a written confirmation opinion on the periodic report of the Company. Ensure that the information disclosed by the Company is true, accurate and complete;
- (5) to provide the audit and risk management committee (supervision committee) with relevant information and materials truthfully, and not to hinder the audit and risk management committee (supervision committee) from exercising their powers;
- (6) other diligence obligations stipulated by laws, administrative regulations, departmental rules and these Articles of Association.

Article 154

Directors shall be deemed to be failed to carry out their duties if they fail to attend two consecutive board meetings in person and to appoint other directors to attend board meetings on their behalf. The board of directors shall propose at the shareholders' meeting for the removal of such directors.

- Article 155 The provisions in Article 152 on the loyalty obligation of directors and in subparagraphs (4), (5) and (6) of Article 153 on the diligence obligation shall also apply to senior officers.
- Article 156 When a shareholders' meeting is convened, where the shareholders' meeting requires directors, senior officer personnel to attend the meeting, the directors and senior officer personnel shall attend the meeting and answer the inquiries of shareholders.
- Article 157 The Company has established a management system for directors' and senior officers' resignations, clearly specifying the accountability and compensation measures for unfulfilled public commitments and other outstanding matters.
- If the resignation of a director or senior officer of the Company takes effect or his or her term of office expires, he or she shall complete all handover procedures to the board of directors, his or her fiduciary duty owed to the Company and shareholders do not automatically terminate upon the expiration of his or her term of office, and shall remain effective for a reasonable period determined by the Company at the time of his or her resignation or the expiry of his or her term of office. Responsibilities that a director shall assume due to the performance of his duties during his term of office shall not be exempted or terminated due to his separation from the Company. The survival of a director's fiduciary duties shall be determined in accordance with the principles of fairness as well as taking into consideration the time interval between the occurrence of the event concern and the timing of his or her departure together with the circumstances and conditions under which the said person terminates his or her relationship with the Company.
- Article 158 Any director or senior officer personnel who, when performing their duties in the Company, violates the laws, administrative regulations, departmental rules and regulations or the provisions contained in the Articles of Association resulting in causing losses to the Company shall be liable for indemnifying the Company. Any director or senior officer whose term of office has not expired shall be liable for compensation of any losses incurred by the Company due to his or her absence from duty without permission.
- Article 159 Subject to the exceptions provided by these Articles of Association, a director shall not vote at the relevant meeting of the board of directors in respect of any contract, transaction or arrangement in which he, or his connected persons (as defined in the applicable listing rules as amended from time to time), are materially interested and he shall not be counted as part of the quorum of such meeting.

Article 160 Subject to the approval by the shareholders' meeting, the Company may take out liability insurance for any director and senior officer of the Company, except for those liability resulting from the violation of laws, regulations, other regulatory documents and the Articles of Association by such director and senior officer of the Company.

CHAPTER 16: FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION AND AUDIT

Article 161 The Company shall establish its financial and accounting systems in accordance with laws, administrative regulations and provisions of the relevant authorities of the state.

Article 162 The fiscal year of the Company shall be on the basis of the solar calendar beginning on 1 January and ending on 31 December of the same year.

The Company shall use Renminbi as its standard unit of account. The accounts shall be prepared in Chinese.

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

Article 163 The board of directors of the Company shall place before the shareholders at every annual shareholders' meeting such financial reports which the relevant laws, administrative regulations, rules and other directives require the Company to prepare. Such reports must be audited and reviewed.

Article 164 The Company's financial reports shall be made available for shareholders' inspection at the Company twenty (20) days before the date of every annual shareholders' meeting. Each shareholder shall be entitled to obtain a copy of the financial reports referred to in this Chapter.

The Company shall send to each holder of Overseas-Listed Foreign Shares by prepaid mail at the address registered in the register of shareholders the said reports not later than twenty-one (21) days before the date of every annual shareholders' meeting of the shareholders.

Provided that the laws and regulations and the listing rules of securities of the jurisdictions where the shares of the Company are listed are complied with, the abovementioned report may also be issued or provided to the holders of Overseas- Listed Foreign Shares by other means as specified in Article 215 herein.

- Article 165 The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards, or that of the place outside the PRC where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in the financial statements. In distributing its after-tax profits, the lower of the two amounts shown in the financial statements shall be adopted.
- Article 166 Any interim results or financial information published or disclosed by the Company must also be prepared and presented in accordance with PRC accounting standards and regulations, and also in accordance with either international accounting standards or that of the place overseas where the Company's shares are listed.
- Article 167 The Company shall publish its financial reports four times every fiscal year, that is, the first quarterly financial report shall be published within thirty (30) days after the expiration of the first 3 months of each fiscal year; the interim financial report shall be published within sixty (60) days after the expiration of the first 6 months of each fiscal year; the third quarterly financial report shall be published within thirty (30) days after the expiration of the first 9 months of each fiscal year; and the annual financial report shall be published within one hundred and twenty (120) days after the expiration of each fiscal year.
- Article 168 The Company's financial reports shall be prepared pursuant to the relevant laws, administrative regulations and departmental rules and regulations.
- Article 169 The Company shall not keep accounts other than those required by law.
- Article 170 When distributing its after-tax profits in a given year, the Company shall contribute 10 percent of such profits to the Company's statutory common reserve fund. Where the accumulated amount of the statutory common reserve fund reaches 50 percent or more of the registered capital of the Company, no further contribution is required.
- Where the statutory common reserve fund is insufficient to make for the losses of the Company in the previous year, before making contribution to the statutory common reserve fund, the profits made in the current year shall be used to make up for the losses first.
- After making contribution to the statutory common reserve fund from its after-tax profits, the Company may, subject to resolutions adopted at a shareholders' meeting, make contributions to discretionary common reserve funds from its after-tax profits.

Article 171 The common reserve funds (including the statutory common reserve fund, discretionary common reserve funds and capital surplus fund) of the Company shall be applied for making up for losses, expanding the Company's production and operation or converting into increased registered capital.

When the statutory common reserve fund is converted into increased registered capital, the balance of such fund shall not be less than 25 percent of the registered capital prior to capitalisation.

Article 172 After making up for the losses and making contributions to the common reserve fund, any remaining profits shall be distributed to the shareholders in proportion to their respective shareholders.

The Company shall not allocate dividends or carry out other allocations in the form of bonuses before it has compensated for its losses and made allocations to the statutory common reserve fund. No shares of the Company held by the Company shall participate in these allocations.

If the shareholders' meeting distributes profit to shareholders in violation of the Company Law, the shareholders shall return such distributed profits to the Company; if losses are caused to the Company, shareholders and directors and senior officers held accountable shall be liable for damages.

Dividends paid by the Company shall not carry any interest except where the Company has failed to pay the dividends to the shareholders on the date on which such dividends become payable.

Any amount paid up in advance of calls on a share shall carry interest, but shall not entitle the holder of the share to receive, by way of advance payment, the dividend declared and distributed thereafter.

Article 173 Basic principles for dividends distribution policy:

- (1) the Company shall fully consider the returns to investors and implement proactive dividends distribution policy;
- (2) the dividends distribution policy of the Company shall remain continuous and stable, and take into account long-term interests of the Company, interests of all shareholders as a whole and sustainable development of the Company;
- (3) the Company shall distribute its dividends by way of cash as priority. The Company may distribute interim dividends if the conditions permit.

(1) The form of dividends distribution:

The Company may distribute dividends in cash, shares or a combination of cash and shares or other methods permitted by the laws, administrative regulations, departmental rules and the regulatory rules of the jurisdictions in which the shares of the Company are listed.

The board of directors of the Company shall have comprehensive consideration of the factors, including its industry characteristics, development stage, operation mode, profitability level and whether there is any significant expenditure payment arrangement, make the differentiated cash bonus policy according to the procedures prescribed by the Articles of Association, and identify the proportion of the cash bonus in the profit distribution in the current year, with proportion in compliance with the relevant stipulations of laws, administrative regulations, normative documentation and stock exchanges.

(2) Specific conditions, proportions and intervals for distributing cash dividends by the Company:

Save as special circumstances, the dividends shall be distributed in cash by the Company provided that the distributable profits (i.e. the balance of profit after tax, after making up for the losses and making contributions to the common reserve fund in accordance with the provisions of these Articles of Association as well as deducting otherwise approved by the relevant national departments) realized for the current year in the financial statement of the parent company prepared in accordance with applicable domestic and overseas accounting standards and regulations are positive, and the cash dividends to be distributed each year shall not be less than 15 percent of the applicable distributable profits.

The applicable distributable profits shall be the lower of the distributable profits in the financial statements of the parent company prepared by the Company in accordance with applicable domestic and overseas accounting standards and regulations.

Special circumstances refer to the circumstances under which the board of directors considers that cash dividend distribution may influence the Company's continuing operation and long-term development.

When the aforesaid conditions of cash distribution are met, cash dividends shall be distributed once a year. The board of directors of the Company can propose the annual shareholders' meeting to consider and approve the conditions of the distribution of interim cash dividend, the proportional limits, and the upper amount limits and etc. for the subsequent year according to the Company's status of profitability and capital needs, and the board of directors shall formulate a specific interim dividend plan based on the resolution of the annual shareholders' meeting, and distribute interim cash dividend, provided that the conditions for profit distribution are met. The interim dividend distribution of the Company shall not exceed the net profit attributable to shareholders of the listed company for the corresponding period.

- (3) Specific conditions under which the Company may issue shares in lieu of dividends:

Where the Company is in a sound operating condition, and the board of directors considers that the Company's stock price does not reflect the Company's scale of capital, and issuing shares in lieu of dividends will be in the interests of all shareholders of the Company as a whole, a proposal for the issuance of shares in lieu of dividends may be proposed upon fulfillment of the above conditions concerning cash dividends.

Article 175

Alteration of the Company's dividend distribution policy:

In the event of war, natural disasters and other incidents of force majeure, or changes to the Company's external operating environment resulting in material impact on its production and operation, or considerably significant changes to the Company's own operating conditions, the Company may adjust its profit distribution policy.

The board of directors shall formulate a written report concerning the adjustment of the Company's profit distribution policy upon a special discussion with detailed verification and reasons provided. Such written report shall be submitted to the Shareholders' meeting for approval by way of a special resolution. In considering the changes to the profit distribution policy, the Company may actively communicate and exchange ideas with the Shareholders, in particular the non-substantial and minority Shareholders, through various channels (such as providing online voting and inviting non-substantial and minority Shareholders to participate in the meeting), duly listen to the opinions and demands of non-substantial and minority Shareholders and provide prompt responses to their questions.

Procedures for considering and approving the dividend distribution proposal of the Company:

- (1) The dividends distribution plan of the Company shall be drawn up by the management of the Company and submitted to the audit and risk management committee (the supervision committee) and the board of directors of the Company for consideration. The board of directors shall thoroughly discuss the rationality of the dividends distribution plan, formulate a special resolution and then submit it to the shareholders' meeting for consideration.
- (2) When formulating specific plan for distribution of cash dividends by the Company, the board of directors shall study and identify with caution the timing, conditions and minimum proportion, conditions for adjustment and requirements for decision-making procedures involved in implementing the distribution of cash dividends, etc.

If independent directors believe that the specific plan for distribution of cash dividends may harm the interests of the Company or minority shareholders, they have the right to express an independent opinion. If the Board does not adopt or only partially adopts the opinions of independent directors, the independent directors' opinions and the specific reasons for not adopting them shall be included in the Board resolution and be disclosed.

- (3) Where the Company needs to adjust or amend the cash dividends policy as determined in these Articles of Association under the special circumstances as prescribed in the foregoing Article 174, the board of directors shall conduct a detailed verification of the specific reasons for the adjustment or amendment, the exact purpose for the retained profit and the estimated investment return. The board of directors shall then follow the corresponding decision-making procedures, and the adjustment or amendment shall be approved by at least two-thirds of the voting rights held by the shareholders attending the shareholders' meeting.

Before the specific plan for distribution of cash dividends is considered at the shareholders' meeting, the Company shall communicate with the shareholders, especially the minority shareholders, through various channels, such that the opinions and requests of the minority shareholders can be fully heard, and their concerns can be responded in a timely manner.

- Article 177 After the resolution of profit distribution has been adopted by the shareholders at a shareholders' meeting, or after the board of directors of the Company has determined a specific plan for the next year's interim dividend based on the conditions and caps approved by the annual shareholders' meeting, the board of directors of the Company is required to complete the distribution of dividends (or shares) within 2 months.
- In case of the Shareholders' illegal occupation of company funds, the Company shall deduct the cash dividends distributed to such Shareholders, in order to repay the Shareholders' funds occupied.
- Article 178 The Company shall declare and pay cash dividends and other amounts which are payable to holders of A Shares in Renminbi. The Company shall calculate and declare cash dividends and other payments which are payable to holders of Foreign Shares in Renminbi, and shall pay such amounts in the local currency of the jurisdiction where Overseas-Listed Foreign Shares are listed (in case there are more than one jurisdictions of listing, such amounts shall be paid in the local currency of the jurisdiction which the board determines as the main listing place of the Company). The foreign exchange required by the Company to pay cash dividends and other amounts to holders of Overseas-Listed Foreign Shares shall be obtained in accordance with the relevant foreign exchange administrative regulations of the State.
- Article 179 Unless otherwise provided for in relevant laws, regulations and other regulatory documents, where cash dividends and other amounts are to be paid in Hong Kong dollars, the applicable exchange rate shall be the average closing rate for the relevant foreign currency announced by the People's Bank of China during the week prior to the announcement of payment of dividend and other amounts.
- Article 180 When distributing dividends to its shareholders, the Company shall withhold and pay on behalf of its shareholders the taxes levied on the dividends in accordance with the provisions of the PRC tax law.
- Article 181 The Company shall appoint receiving agents for holders of the Overseas-Listed Foreign 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 Overseas-Listed Foreign Shares on such shareholders' behalf.
- The receiving agents appointed by the Company shall meet the relevant requirements of the laws of the place at which the stock exchange on which the Company's shares are listed or the relevant regulations of such stock exchange.

The receiving agents appointed for holders of Overseas-Listed Foreign Shares listed in Hong Kong shall each be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

- Article 182 The Company shall establish an internal audit system, which specifies the leadership system, responsibilities and authorities, staffing, funding security, use of audit results, and accountability in relation to internal audit work. The internal audit system of the Company shall be implemented upon approval by the board of directors.
- Article 183 The internal audit department of the Company shall supervise and inspect the business activities, risk management, internal control, financial information and other matters of the Company.
- Article 184 The Company's basic systems for internal audit and internal control assessment shall become effective after the approval of the board of directors. The establishment of the internal audit institution of the Company and the person in charge, who shall be accountable to the board of directors and shall report to the board of directors, are determined by the board of directors.
- Article 185 The internal audit department is accountable to the board of directors. The internal audit department shall be subject to the supervision and guidance of the audit and risk management committee (the supervision committee) in the course of its supervising and inspecting the Company's business activities, risk management, internal control and financial information. The internal audit department shall immediately and directly report to the audit and risk management committee (the supervision committee) upon discovering any relevant major issues or leads.
- Article 186 The internal audit department shall be responsible for the specific organization and implementation of the Company's internal control evaluation. The Company shall issue an annual internal control evaluation report based on the evaluation report and related information issued by the internal audit department and reviewed by the audit and risk management committee (the supervision committee).
- Article 187 When the audit and risk management committee (the supervision committee) communicates with external audit units such as accounting firms and national audit agencies, the internal audit department shall proactively cooperate with them and provide necessary support and collaboration. The audit and risk management committee (the supervision committee) shall participate in the appraisal of the person in charge of the internal audit.

CHAPTER 17: APPOINTMENT OF ACCOUNTANCY FIRM

- Article 188 The Company shall engage accountants' firms that comply with the requirements of the Securities Law and the listing rules of securities, to perform the tasks of auditing accounting statements, verifying the net assets and other relevant consulting services. The accounting firm shall hold office for 1 year and may be renewed at expiry.
- Article 189 The appointment or removal of an accounting firm by the Company shall be decided by an ordinary resolution of the shareholders' meeting. The board of directors shall not appoint an accounting firm before the decision is made at the shareholders' meeting.
- Article 190 The Company undertakes to provide true and complete accounting vouchers, account books, financial accounting reports and other accounting information to the appointed accounting firm, and shall not refuse to provide, conceal or provide any false information.
- Article 191 The audit fees payable to an accounting firm shall be determined by way of an ordinary resolution by the shareholders in a shareholders' meeting.
- Article 192 Notice should be given ten (10) days in advance to the accounting firm if the Company decides to remove such accounting firm or not to renew the appointment thereof. Such accounting firm shall be entitled to make representations at the shareholders' meeting. Where the accounting firm resigns from its position, it shall make clear to the shareholders in a shareholders' meeting whether there has been any impropriety on the part of the Company.

CHAPTER 18: MERGER AND DEMERGER OF THE COMPANY

- Article 193 The Company may conduct merger or demerger in accordance with the law.
- In the event of the merger or demerger of the Company, the Company shall adopt necessary measures to protect the legal rights and interests of shareholders who object to the merger or demerger of the Company.
- A shareholder who objects to the plan of merger or demerger shall have the right to demand the Company or the shareholders who consent to the plan of merger or demerger to acquire such dissenting shareholders' shareholding at a fair price.

The contents of the resolution of merger or demerger of the Company shall constitute special documents which shall be available for inspection by the shareholders of the Company. Such special documents shall be sent by mail to holders of Overseas-Listed Foreign Shares.

Article 194 The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

Article 195 Where the price paid by the Company for a merger does not exceed ten percent of the Company's net assets, the merger may be effected without a resolution of the shareholders' meeting, unless otherwise provided for in these Articles of Association. Where the Company merges pursuant to the aforesaid provision without a resolution of the shareholders' meeting, it shall be resolved by the board of directors.

Article 196 In the event of a merger, 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 of the date of the Company's merger resolution and shall publish a public notice in a newspaper or on the National Enterprise Credit Information Publicity System within thirty (30) days of the date of the Company's merger resolution.

A creditor has the right, within thirty (30) days upon receipt of the notice, or for those who have not received the notice, within forty-five (45) days from the date of the public announcement, to demand the Company to repay its debts or provide a corresponding guarantee for such debt.

Article 197 Upon the merger, rights in relation to debtors and indebtedness of each of the merged parties shall be assumed by the company which survives the merger or the newly established company.

Article 198 Where there is a demerger of the Company, its assets shall be divided up accordingly.

In the event of demerger of the Company, the parties to such demerger shall execute a demerger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days of the date of the Company's division resolution and shall publish a public notice in a newspaper or on the National Enterprise Credit Information Publicity System at least three (3) times within thirty (30) days of the date of the Company's demerger resolution.

Article 199 Debts of the Company prior to demerger shall be assumed by the companies which exist after the division on a joint and several basis except to the extent that prior to demerger, the Company has otherwise reached a written agreement with its creditors in respect of the settlement of debts.

Article 200 The Company shall, in accordance with law, apply for change in its registration with the companies registration authority where a change in any item in its registration arises as a result of any merger or division. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with law. Where a new company is established, the Company shall apply for registration thereof in accordance with law.

CHAPTER 19: DISSOLUTION AND LIQUIDATION

Article 201 The Company shall be dissolved upon the following reasons:

- (1) the term of operation of the Company prescribed in these Articles of Association has expired, or other causes for dissolution as stipulated in these Articles of Association occur;
- (2) a resolution for dissolution is passed by shareholders at a shareholders' meeting;
- (3) dissolution is necessary due to a merger or demerger of the Company;
- (4) the company has its business licence revoked, or is ordered to close up or to have its business cancelled in accordance with the law; or
- (5) If a company has encountered serious difficulties in its operations and management and the company's continued existence may materially harm the interests of the shareholders, and if the same fails to be resolved by any other means, shareholders holding ten percent or more of the aggregate voting rights of the Company may request a People's Court to dissolve the Company.

The Company shall, within ten (10) days of the occurrence of any of the reasons for dissolution as stipulated in the preceding paragraph, make public such reason for dissolution through the National Enterprise Credit Information Publicity System.

Article 202 Under the circumstances described in sub-paragraphs (1) and (2) of Article 201 in these Articles of Association and no asset has been distributed to the shareholders, the Company may continue to exist through amendment of these Articles of Association or by a resolution of the shareholders' meeting.

Amendment of these Articles of Association or a resolution made at a shareholders' meeting in accordance with the above paragraph shall be passed by no less than two-thirds of the voting rights held by the shareholders attending the shareholders' meeting.

Article 203

The Company shall be liquidated if it is dissolved pursuant to sub-paragraphs (1), (2), (4) and (5) of Article 201 in these Articles of Association. The directors are the Company's liquidators and shall establish a liquidation committee to carry out liquidation within fifteen (15) days after the occurrence of the cause for dissolution. The liquidation committee shall be composed of directors, except where otherwise provided by these Articles of Association or resolved at a shareholders' meeting to appoint others.

If the liquidators fail to fulfill the liquidation obligations in a timely manner and cause losses to the Company or creditors, they shall be liable for compensation.

Article 204

The liquidation committee shall, within ten (10) days of its establishment, send notices to creditors and shall, within sixty (60) days of its establishment, publish a public announcement in a newspaper or on the National Enterprise Credit Information Publicity System. Creditors should, within thirty (30) days upon receipt of the notice, or for those who have not received the notice, within forty-five (45) days from the date of the public announcement, declare their claims to the liquidation committee.

When declaring claims, creditors shall state relevant particulars of their claims and provide supporting materials. The liquidation committee shall register the claims.

The liquidation committee shall not make repayment to creditors during the claims declaration period.

Article 205

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

- (1) to sort out 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 the liquidation process;

- (5) to settle claims and debts;
- (6) to deal with the surplus assets remaining after the Company's debts have been repaid;
- (7) to represent the Company in any civil proceedings.

Article 206 After it has sorted out the Company's assets and after it has prepared the balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to a shareholders' meeting or to the People's Court for confirmation.

After the payment of liquidation expenses, salaries, social insurance premiums and statutory compensation payments, outstanding taxes, and debts of the Company, the remaining assets of the Company shall be distributed to its shareholders according to the proportion of their shareholding. The Company's assets shall not be distributed to shareholders before repayments are made in accordance with the requirements under the preceding paragraph. During the liquidation period, the Company survives and shall not commence any business activities that are not related to liquidation.

Article 207 If after putting the Company's assets in order and preparing a balance sheet and an inventory of assets, the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, the liquidation committee shall apply to the People's Court for bankruptcy and liquidation in accordance with laws.

After the People's Court accepts the bankruptcy application, the liquidation committee shall transfer all matters arising from the liquidation to the bankruptcy administrator designated by the People's Court.

Article 208 Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report and submit it to the shareholders' meeting or the People's Court for confirmation and to the companies registration authority to apply for cancellation of registration of the Company.

Article 209 Members of the liquidation committee shall perform their liquidation obligation and bear duties of loyalty and diligence. If any member of the liquidation committee is negligent in performing its liquidation duties and causes losses to the Company, or causes losses to the creditors due to intentional misconduct or gross negligence, he/she shall be liable for compensation.

Article 210 Where it is declared bankrupt by law, the Company shall implement bankruptcy and liquidation in accordance with the law on corporate bankruptcy.

CHAPTER 20: PROCEDURES FOR AMENDMENT OF THE COMPANY'S ARTICLES OF ASSOCIATION

Article 211 The Company will amend these Articles of Association under any of the following circumstances:

- (1) following the amendments to the Company Law or other relevant laws or administrative regulations, the matters provided for in these Articles of Association conflict with the requirements of the amended laws or administrative regulations;
- (2) following the change in the state of the Company's affairs, its conditions become inconsistent with matters provided for in these Articles of Association;
- (3) following a resolution passed at a shareholders' meeting, it is determined to amend the Articles of Association.

Article 212 Any amendment to the Articles of Association approved by a resolution of the shareholders' meeting subject to review and approval by the competent authorities shall be submitted to the competent authorities for approval. Where amendments of the Articles of Association involve the registered particulars of the Company, procedures for alteration of registration shall be handled in accordance with the law.

Article 213 The board of directors shall make amendments to these Articles of Association in accordance with the resolution of the shareholders' meeting on the amendments to the Articles of Association and the review comments from the relevant competent authorities.

Article 214 Matters on amendment to the Articles of Association shall be publicly disclosed if so required by laws, regulations and the listing rules of securities, and regulatory authorities.

CHAPTER 21: NOTICES AND PUBLIC ANNOUNCEMENTS

Article 215

The Company's notices (for the purpose of this chapter, the term "Notice" shall include the notice of any meetings, corporate communications or other written materials issued by the Company to its shareholders) may be delivered by the following means: (1) by designated person; (2) by mail; (3) by way of public announcement; (4) by other means as recognised by the securities regulatory authority and stock exchange in the jurisdictions where the shares of the Company are listed or by other means as provided in Articles of Association.

The Company's notices delivered by way of public announcement shall be published in the newspapers designated by the securities regulatory authority and stock exchange of the jurisdictions where the shares of the Company are listed (if any) and/or in other designated media (including websites).

As for the methods in which the corporate communications are provided and/or distributed by the Company to holders of Overseas-Listed Foreign Shares as required by Hong Kong Listing Rules, the corporate communications may, subject to compliance with the laws and regulations and the listing rules of securities of the jurisdictions where the shares of the Company are listed, be sent or provided by the Company to the holders of Overseas-Listed Foreign Shares by any electronic means or by publishing such corporate communications on the Company's website and the designated website of the Stock Exchange.

The term "Corporate Communication" refers to any document issued or to be issued by the Company to the holders of its securities for their information or action, including but not limited to:

- (1) the directors' report, annual accounts of the Company together with the accounting firm's report and, where applicable, the summary of its financial report;
- (2) the interim report and, where applicable, the summary of its interim report;
- (3) the notice of meeting;
- (4) the listing document;
- (5) the circular; and
- (6) the proxy form.

- Article 216 If the notice of the Company is given in person, the recipient shall sign (or seal) on the return receipt and the date of signing the return receipt by the recipient shall be deemed to be the date of delivery.
- If a notice of the Company is made by public announcement, the date of service shall be the date on which the first announcement is published. If the corporate communication is made or provided at the Company's website and the designated website of the Stock Exchange to holders of Overseas-Listed Foreign Shares, such corporate communication shall be deemed to be made and served on the date it is first published on the websites. The corporate communication shall be deemed to have been received at the time it is sent by way of e-mail as recorded by the computer.
- Article 217 Where a notice is sent by post, the notice shall be put into a clearly addressed and prepaid postage envelope. Such notice shall be deemed to have been issued on the date on which the envelope containing the notice has been delivered to the post office and served on the third working day commencing from the date of issue.
- Article 218 The accidental omission to give notice of the meeting to, or the non-receipt of notice of the meeting by, any person entitled to receive notice shall not invalidate the meeting or the resolutions made at the meeting.

CHAPTER 22: SUPPLEMENTARY

- Article 219 Definitions:
- (1) A "controlling shareholder" means a shareholder who holds shares representing over 50 percent of the total share of the joint stock company; or a shareholder having sufficient voting rights in respect of the shares he/she holds to pose a significant influence on the resolutions of the shareholders' meetings despite not holding over 50 percent of the total share capital of the Company.
 - (2) A "de facto controller" means a natural person, legal person or other organisation able to actually control the acts of the Company through an investment, agreement or other arrangement.
 - (3) "Related relationship" means the relationship between the controlling shareholders, de facto controller, directors and senior officer personnel of the Company and the enterprises under their direct or indirect control, as well as other relationships that may lead to the transfer of the Company's

interests. However, there is no related relationship between state-controlled enterprises only because they are under the common control of the state.

- (4) “CSRC” means the China Securities Regulatory Commission.
- (5) A “stock exchange” means any of the stock exchanges on which the Company’s shares are listed, which means the Shanghai Stock Exchange and/or the Stock Exchange, as the context may require.
- (6) The “listing rules of securities” means, according to the context, the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange currently in force issued by the Shanghai Stock Exchange and/or the Hong Kong Listing Rules, and the relevant provisions of the Shanghai Stock Exchange and/or the relevant provisions of the Stock Exchange.

Article 220 The formulation and amendment of these Articles of Association shall come into force after being passed by a special resolution at a shareholders’ meeting.

Article 221 The matters not covered in these Articles of Association shall be dealt with in accordance with relevant laws, administrative regulations, rules and the listing rules of securities, in conjunction with the actual circumstances of the Company. In the event that these Articles of Association is in conflict with the newly promulgated relevant laws, administrative regulations, rules and the listing rules of securities, such newly promulgated laws, administrative regulations, rules and the listing rules of securities shall prevail.

Article 222 These Articles of Association are written in Chinese and English. If there is any discrepancy between the Chinese version and the English version, the Chinese version shall prevail.

Article 223 The board of directors of the Company shall be responsible for the interpretation of these Articles of Association. The board of directors may, in accordance with the provisions of these Articles of Association, develops detailed rules for implementation, which shall not violate the provisions hereof.

Article 224 In these Articles of Association, reference to “accounting firm” shall have the same meaning as “auditor” in Hong Kong Listing Rules.

Article 225 For the purpose of these Articles of Association, the terms “not less than” and “within” are all inclusive terms and the terms “more than” “beyond” “below” and “above” are exclusive terms.