

Please note that the Articles are written in Chinese without an official English version. This English version is for reference only. In case of any inconsistency, the Chinese version shall prevail.

China Shipping Development Company Limited

Articles

Chapter 1 General Provisions

Article 1 These Articles of Association are formulated pursuant to the *Company Law of the People's Republic of China* ("Company Law"), *Securities Law of the People's Republic of China* ("Securities Law"), *Special Regulations on Overseas Offerings and Listing of Shares by Joint Stock Limited Companies* ("Special Regulations"), *Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas* ("Mandatory Provisions"), *Standards for the Governance of Listed Companies* (Standards for Governance), *Guide to Articles of Association of Listed Companies*, the *Rules Governing the Listing of Securities on the SEHK* and the *Letter of Opinions regarding the Supplementary Amendment of the Articles of Association by Companies Seeking Listing in Hong Kong* and other relevant regulations, in order to protect the legitimate rights and interests of China Shipping Development Co., Ltd. ("the Company") and shareholders and creditors thereof and to regulate the organization and behaviour of the Company.

Article 2 The Company is a joint-stock company with limited liability incorporated under the *Company Law*, *Securities Law*, *Special Regulations*, and other relevant state laws and regulations.

Established by promotion upon Approval Ti Gai Sheng [1994] No. 54 of State Commission for Restructuring the Economic System, the Company was registered with the Shanghai Administration for Industry and Commerce on 3 May 1994 and obtained Business License Qi Gu Hu Zong Zi No. 022594. On 18 July 1997, China Shipping (Group) Company ("Group") and Shanghai Shipping (Group) Company signed an agreement on the transfer of shares, specifying the transfer of RMB1.4 billion domestic shares of Shanghai Shipping (Group) Company. The aforesaid transfer agreement was approved by Doc Guo Zi Qi Fa (1997) No. 153 of the State Assets Administration on 24 July 1997.

The promoter of the Company is: Shanghai Shipping (Group) Company

Article 3 Registered Name of the Company: 中海發展股份有限公司

Name of the Company in English: China Shipping Development Co., Ltd.

Article 4 Address: Room A-1015, No. 188 Ye Sheng Road, Yangshan Free Trade Port Area,
Shanghai

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Tel: 021-65966666
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Article 5 The registered capital of the Company is RMB3,404,552,270.

Article 6 The Chairman of the Board is the legal representative of the Company.

Article 7 The assets of the Company are divided into equal shares. Shareholders shall bear liability for the Company to the extent of the shares that they hold, and the Company shall bear liability for the debts of the Company with all its assets.

Article 8 The Company is a permanently existing joint-stock company with limited liability.

Article 9 The original Articles of Association took effect after being approved by the extraordinary general meeting held on 4 May 1994 and by relevant government departments, with China's Administration for Industry and Commerce authority approving the registration of the Company.

Pursuant to the *Company Law*, *Special Regulations* and *Mandatory Provisions*, the original Articles of Association were revised at the annual general meeting held on 9 June 1995.

Pursuant to the *Standards for the Governance, Guiding Opinions on Establishing the Independent Director System in Listed Companies* and other relevant state laws and administrative regulations, these Articles of Association were revised again at the annual general meeting 2002 held on 28 May 2003. The original Articles of Association took effect after being approved by the annual general meeting 2002, company examination and approval authority authorised by the State Council and the China Securities Regulatory Commission under the State Council.

Pursuant to the *Standards for the Governance, Notice of Several Issues Concerning the Regulation of Capital Transactions between Listed Companies and Affiliates Thereof and Guarantee Provided to Outside Parties by Listed Companies* and *Listing Rules* revised by SEHK on 31 March 2004, the Company revised the original Articles of Association and submitted them to the annual general meeting 2003 for approval. The original Articles of Association were approved by the company examination and approval authority authorized by the State Council and the Securities Commission of the State Council and registered with the State Administration for Industry and Commerce of the People's Republic of China, and took effect thereafter.

The revised Articles of Association took effect after being approved by shareholders of the Company at the annual general meeting 2003 and filed with State Administration for Industry and Commerce of the People's Republic of China.

Pursuant to Appendix 14 of the Rules Governing the Listing of Securities on the SEHK that took effect from 1 January 2005, the Company revised these Articles of Association and submitted them to the annual general meeting 2004 held on 30 May 2005 for approval. The revised Articles of Association took effect after being approved by the annual general meeting 2004 and by the company examination and approval authority authorized by the State Council and registered with the competent administration for industry and commerce.

Article 10 The previous Articles of Association shall be abolished as from the effective date of these Articles of Association.

Commencing from the date upon which these Articles of Association take effect, these latter will become a binding legal document for regulating the organization and behaviour of the Company, as well as the rights and obligations between the Company and its shareholders and between and among the Company's shareholders. These Articles of Association shall also be binding on the Company and its shareholders, directors, supervisors and senior executives. The aforesaid persons shall all have the right, according to these Articles of Association, to propose claims related to affairs of the Company and to assume corresponding obligations.

Pursuant to these Articles of Association, shareholders may pursue action against other shareholders, against directors, supervisors and senior executives, and against the Company, and the Company may pursue action against its shareholders, directors, supervisors and senior executives.

The aforementioned actions include the instituting of legal proceedings with a competent court or filing for arbitration with a designated arbitral institution.

Article 11 The Company may invest in other enterprises. However, save as otherwise specified in the laws, the Company shall not be an investor bearing joint liability for its invested enterprises.

Chapter 2 Objective and Scope of Business

Article 12 The Company's objectives are: Applying advanced and scientific management methods and flexible operating policies to vigorously develop the shipping industry and improve its profitability, so as to provide satisfactory investment returns for all shareholders and develop the Company into a leading world shipping enterprise.

Article 13 The business scope of the Company shall be as approved by the company registration authorities.

The legally registered business scope of the Company is: Main businesses: transport of coastal, ocean and Yangtze River cargos, ship chartering, agency and forwarding operation of cargos; sideline businesses: ship trading, repair and manufacturing of containers, agency for purchase and sale of accessories and spare parts of ships, consulting on and transfer of ship technologies, marine and mechanical management of domestic coastal bulk carriers and oil tankers, overhaul and maintenance of ships, and management of international ships (with license if required).

The Company may establish subsidiaries, branches, representative offices, etc. based on business needs.

The Company may, according to the market orientation and the Company's business needs and abilities and upon approval of the competent authority and company registration authority, adjust the scope of business in due course and establish branches and offices in Mainland China, Hong Kong, Macao, Taiwan and foreign countries.

The Company shall have the right to raise capital, including (but not limited to) seeking loans, issuing corporate stocks or bonds, mortgaging or pledging the ownership or use right of all or part of the assets of the Company or other rights and interests allowed by Chinese laws and administrative regulations, and to provide guarantees for the debts of a third party in accordance with relevant laws and regulations and these Articles of Association.

Chapter 3 Shares, Registered Capital and Transfer of Shares

Article 14 The Company shall have common shares at any and all times; with the approval of the examination and approval authority authorized by the State Council, the Company may also have other forms of shares when needed.

Article 15 The stock of the Company shall take the form of shares. All shares issued by the Company shall have nominal values, with each share having a nominal value of RMB1 Yuan. The RMB aforementioned refers to the statutory currency of the People's Republic of China.

Article 16 The Company shall issue shares in an open, fair and just manner, and each share of the same category shall have the same right.

All shares of the same category issued at the same time shall be issued under the same conditions and at the same price; any entity or individual shall pay the same price for each share.

Article 17 The Company may offer its shares to both domestic and foreign investors with the approval of the relevant securities regulatory authority of the State Council.

The “overseas investors” referred to above shall mean investors from a foreign country, Hong Kong, Macao or Taiwan, who wish to subscribe to the shares offered by the Company, while “domestic investors” shall mean investors in China other than in the aforementioned regions who wish to subscribe to the shares offered by the Company.

Article 18 Shares issued to domestic investors and subscribed in RMB shall be called “domestic shares”. Domestic shares listed in China shall be called “A shares”. Shares issued to overseas investors and subscribed in a foreign currency shall be called “foreign shares”. Foreign shares offered and listed overseas shall be called “overseas listed foreign shares”.

The aforementioned “foreign currency” shall refer to the statutory currency, other than RMB, of another country or region, which is recognized by the foreign exchange authority of the state and can be used to pay the Company for the shares.

With approval of the securities regulatory authority under the State Council, the holders of domestic shares of the Company may transfer their shares to overseas investors and list the said shares overseas. Listing of the transferred shares on an overseas stock exchange shall also comply with the regulatory procedures, regulations and requirements of the said stock exchange, and need not be resolved by a class general meeting.

Foreign shares issued by the Company and listed in Hong Kong shall be called “H shares”, namely the shares approved by Stock Exchange of Hong Kong Limited (“SEHK”) for listing, with nominal values denominated in RMB, and subscribed and traded in HKD. Domestic shares can be converted into H shares upon the approval of the State Council, or an institution that it has authorized, and the consent of SEHK.

The total number of common shares originally issued by the Company shall be 2,480,000,000, consisting of 1,400,000,000 shares issued to the Group (accounting for 56.45% of the total number of common shares issued by the Company) and 1,080,000,000 shares (overseas listed foreign shares) (H shares) issued to the public.

Article 19 Upon the approval of company examination and approval authority authorized by the State Council, the Company increased the number of domestic shares and overseas listed foreign shares by 20% respectively in 1998. After the additional offering, the Company had a total of 2,976,000,000 shares, consisting of 1,680,000,000 domestic shares (accounting for 56.45% of the total number of common shares issued by the Company) and 1,290,000,000 overseas listed foreign shares (accounting for 43.55% of the total number of common shares issued by the Company).

Upon the approval of the securities regulatory authority under the State Council, in 2002 the Company additionally issued 350,000,000 common shares in RMB to the public, after which the Company had a total of 3,326,000,000 shares, consisting of 1,680,000,000 state-owned legal person shares (accounting for 50.51% of the total

number of common shares issued by the Company), 1,296,000,000 overseas listed foreign shares (accounting for 38.97% of the total number of common shares issued by the Company), and 350,000,000 domestically listed shares targeting the public (accounting for 10.52% of the total number of common shares issued by the Company).

The general meeting of the Company related to the A Shares approved the equity division reform scheme of the Company on 8 December 2005, after which the total 3,326,000,000 shares of the Company remained unchanged, consisting of 2,030,000,000 domestically listed domestic shares (accounting for 61.03% of the total number of common shares issued by the Company), and 1,296,000,000 overseas listed foreign shares (accounting for 38.97% of the total number of common shares issued by the Company).

Article 20 Upon the approval of the China Securities Regulatory Committee (“CSRC”), the Company issued RMB2 billion in convertible corporate bonds to the public in July 2007. The swap and redemption of all convertible corporate bonds ended in April 2008, leading to a change in the number of shares of the Company. Thereafter, the Company’s total number of shares increased to 3,404,552,270, consisting of 2,108,552,270 domestically listed domestic shares (accounting for 61.93% of the total number of common shares issued by the Company) and 1,296,000,000 overseas listed foreign shares (accounting for 38.07% of the total number of common shares issued by the Company). The domestic shares issued by the Company shall be kept under custody of the Shanghai Branch of China Securities Depository and Clearing Corporation Limited. H shares of the Company shall primarily be placed in the custody of the Central Depository under HKSCC Nominees Limited and may be held by shareholders in their own names.

Article 21 The Board of the Company may make arrangement for separately issuing domestic shares and overseas listed foreign shares according to the issue scheme approved by the securities regulatory authority under the State Council.

According to the aforesaid scheme for the issue of overseas listed foreign shares and domestic shares, the Company may issue the shares within 15 months after approval of the securities regulatory authority under the State Council.

Article 22 If the Company separately issues overseas listed foreign shares and domestic shares within the total number specified in the issue scheme, the said shares shall be issued at one time; if it is impossible for special reasons, the shares may be issued several times upon approval by the securities regulatory authority under the State Council.

Article 23 After the initial public offering of domestic shares and/or overseas listed foreign shares, changes in the registered capital of the Company shall be registered with State Administration for Industry and Commerce in light of the actual conditions and shall be reported to the examination and approval authority authorized by the State Council and the securities regulatory authority under the State Council for archiving.

Article 24 The Company shall not accept objects pledged with shares of the Company.

Article 25 The shares of the Company held by the promoters shall not be transferred within one year after the incorporation of the Company. Shares already issued by the Company before public offering shall not be transferred within one year after the shares of the Company are listed on the stock exchange.

The directors, supervisors and senior executives shall report to the Company about their shareholdings and changes thereof and shall not transfer more than 25% of their shares per annum during their terms of office; the shares they hold in the Company shall not be transferred within one year after the shares of the Company are listed. The aforesaid persons shall not transfer their shares in the Company within a year after they terminate service with the Company. If the transfer restrictions in this paragraph involve H shares, the said transfer shall be subject to approval of SEHK.

Article 26 If the directors, supervisors, senior executives, and shareholders holding more than 5% of the total shares of the Company sell shares within 6 months after buying the same or buy shares within 6 months after selling the same, the earnings arising therefrom shall belong to the Company and the Board of the Company will take back the said earnings. If the transfer restrictions in this paragraph involve H shares, the said transfer shall be subject to the approval of SEHK. However, if a securities company comes to hold more than 5% of the shares by buying the shares remaining after an exclusive sale, the said 6-month limitation for selling said shares shall not apply.

If the Board of the Company does not observe the provision of the preceding paragraph, the shareholders shall have the right to require the Board to execute the provision within 30 days. If the Board fails to execute the provision within the aforesaid period, the shareholders shall have the right to directly institute legal proceedings in their own names for the interest of the Company.

If the Board fails to observe the provision in the first paragraph, the responsible directors shall bear joint liability according to law.

Chapter 4 Increase, Decrease and Buyback of Shares

Article 27 The Company may increase its capital by the following means in the light of its business and development needs and in accordance with laws, regulations and resolutions made at general meetings:

- I. Public offering;
- II. Non-public offering;
- III. Issuing bonus shares to existing shareholders;
- IV. Converting the common reserve fund into share capital;
- V. Issuing convertible corporate bonds;
- VI. Other means stipulated by laws and administrative regulations or approved by the China Securities Regulatory Commission (CSRC).

Issues of new shares by the Company shall be subject to approval as specified in these Articles of Association and shall follow the procedures specified in the relevant state laws and administrative regulations.

After issuing convertible corporate bonds, the Company shall permit the holders thereof to convert them into shares in the Company shares according to the conditions and conversion procedures at the time of issue. Matters relating to changes in the Company's equity arising from the conversion of convertible corporate bonds shall be handled in accordance with resolutions passed by the general meeting.

Article 28 Unless otherwise specified in the laws and administrative regulations, the Company's stock can be transferred freely without any lien.

Article 29 The Company may decrease its registered capital pursuant to *Company Law*, other relevant laws and regulations, and these Articles of Association.

Article 30 To reduce its registered capital, the Company must prepare a balance sheet and a list of assets.

The Company shall notify creditors within 10 days after adoption of the resolution to decrease the registered capital and shall within 30 days make at least three announcements on newspapers recognized by the stock exchange on which the Company's shares are listed. The creditors shall have the right to require the Company to repay debts or to provide corresponding guarantees for debt repayment within 30 days after receipt of the notice thereof or within 90 days after the first announcement if the creditors have not received said notice.

The Company's registered capital after capital decrease shall not be lower than the legal minimal amount.

Article 31 The Company may, in the following circumstances, buy back its shares pursuant to laws, regulations and these Articles of Association:

- I. Decreasing the registered capital of the Company;
- II. Merging with another company holding shares in the Company;
- III. Awarding shares to Company staff;
- IV. Shareholders objecting to resolutions of the general meeting concerning the merger or division of the Company, requiring the Company to buy their shares;
- V. Other circumstances stipulated by laws and regulations.

Article 32 The Company may buy back its shares in any of the following ways:

- I. Through open transaction in the stock exchange;
- II. Tender offer;
- III. Repurchase through the entering into of an OTC agreement;
- IV. Any other way approved by CSRC.

Article 33 Buyback of the Company's shares for reasons set out in Clauses (I) to (III) of Article 31 of these Articles of Association shall be subject to a resolution at a general meeting. After the Company has bought back its shares in accordance with Article 31, such shares shall be cancelled within 10 days after buyback in the circumstance set out in (I), or shall be transferred or cancelled within 6 months in the circumstances set out in (II) and (IV).

Shares bought back by the Company pursuant to Clause (III) of Article 31 shall not exceed 5% of the total shares issued by the Company; the buyback cost shall be covered by the after-tax profit of the Company; and the shares bought back shall be transferred to employees within one year.

Article 34 In buying back shares through agreement outside the stock exchange, the Company shall seek prior approval at a general meeting in accordance with these Articles of Association. With prior approval at the general meeting in the same manner, the Company may cancel or change the contract already concluded in the aforesaid manner or waive any right under the contract.

The share buyback contracts mentioned in the preceding paragraph shall include (but not be limited to) agreements for undertaking share buyback obligations and obtaining share buyback rights.

The Company shall not transfer a share buyback contract or any right thereunder.

The price of shares which the Company has the right to buy back or redeem shall not exceed a specific price limit if the said shares are not bought back by public trading or offer; to buy back the shares by offer, the Company shall issue a tender offer to all shareholders under the same conditions.

Article 35 Changes in the registered capital of the Company arising from cancellation of shares due to acquisition shall be registered with the original company registration authority.

The total par value of the cancelled shares shall be deducted from the registered capital of the Company.

Article 36 Unless the Company is under liquidation, the Company shall observe the following regulations when buying back its outstanding shares:

- I. If the Company buys back shares at par value, the payment shall be deducted from the book balance of distributable profit of the Company and the proceeds from the issue of new shares for buying back old shares;

- II. If the Company buys back shares above par value, the portion equivalent to the par value shall be deducted from the book balance of distributable profit of the Company and the proceeds from issues of new shares for buying back old shares; the portion above the par value shall be processed as follows:
 - 1. Deducted from the book balance of distributable profit of the Company if the shares bought back were issued at par value;
 - 2. Deducted from the book balance of distributable profit of the Company and the proceeds from issue of new shares for buying back old shares if the shares bought back were issued above par value; however, the amount deducted from the proceeds from an issue of new shares shall not exceed the total premium obtained at the time of issue of the shares bought back and shall not exceed the amount (including a premium from the issue of new shares) in the premium account (or capital reserve account) of the Company at the time of buyback;
- III. Sums that are paid by the Company for the following purposes should be paid out from the Company's distributable profit:
 - 1. Acquiring the right to buy back its shares;
 - 2. Changing a share buyback contract;
 - 3. Cancelling its obligations under the share buyback contract.
- IV. After the par value of the shares deregistered is deducted from the registered capital of the Company pursuant to relevant regulations, the amount deducted from the distributable profit for paying the par value for the shares bought back shall be stated in the premium account (or capital reserve account) of the Company.

Chapter 5 Financial Assistance for Buying Company Shares

Article 37 The Company or subsidiaries thereof shall not provide any financial support to those who purchase or intend to purchase the Company's stock. The above-mentioned purchasers of the Company's stock shall include those who assume direct or indirect liabilities on account of their purchase of the Company's stock.

The Company or subsidiaries thereof shall not at any time or in any form provide financial assistance to the aforesaid obligors for reducing or exempting their obligations.

The provisions herein do not apply to the circumstances set out in Article 39.

Article 38 Financial assistance as referred to in this chapter shall include (but not be limited to):

- I. Gifts;
- II. Guarantees (including cases of the guarantor's assuming liability or proving property to ensure that the obligor performs its duties), compensation (excluding such compensation as caused by the Company's mistakes), cancellation or waiver of rights;
- III. Provision of loans or conclusion of a contract whereby the Company will perform duties before the other parties, as well as change of the parties to the loan or contract and transfer of the rights in the loan or contract;
- IV. Financial support provided by the Company in any way when the Company is in insolvency, has no net assets, or its net assets are set to decrease by a large margin.

The duties assumed as mentioned in this chapter shall include those assumed by the obligor on account of changes in its financial position through its conclusion of a contract or arrangement (regardless of whether the contract or the arrangement may be executed compulsorily, or whether they are assumed by the obligor individually or jointly by him and any other person(s)) or in any other manner.

Article 39 The following acts shall not be deemed as prohibited under Article 37:

- I. The Company provides the relevant financial assistance for the interest of the Company and the said financial assistance is not primarily intended to buy back the Company's shares or the said financial assistance is part of a general plan of the Company;
- II. The Company distributes its assets as dividends according to the law;
- III. The Company distributes shares as dividends;
- IV. The Company decreases the registered capital, buys back shares and adjusts the equity structure in accordance with these Articles of Association;
- V. The Company provides loans for its normal business activities within its business scope (but it should not result in a net asset decrease for the Company, or despite that, such financial support is paid out from the Company's distributable profit);
- VI. The Company provides a loan for the employee stock ownership plan (but such financial assistance shall not give rise to a decrease of the net assets of the Company, or, even if a decrease occurs, such financial assistance shall be deducted from the distributable profit of the Company).

Chapter 6 Shares and Shareholders' Register

Article 40 The Company's shares shall all be registered shares.

Matters specified in the shares shall include matters required by the stock exchange on which the Company's shares are listed, as well as those specified in *Company Law*.

The Company may issue their overseas listed foreign shares in the form of stock deposit receipts or in other derivate forms pursuant to the laws of the place where the Company is listed and the practices of securities registration and custody.

Article 41 Shares shall be signed by the legal representative. Relevant senior executives of the Company shall also sign the shares if required by the stock exchange on which the Company's shares are listed. The shares shall come into effect after stamping or printing of the Company seal on the share certificates. Stamping of the Company seal on the share certificates shall be authorized by the Board. The signature of the legal representative or other relevant senior executive of the Company may also be printed on the share certificates. The issue or trading of the shares of the Company in a non-paper form shall comply with other regulations of the securities regulatory authority of the location where the Company's shares are listed.

Article 42 The Company shall keep a shareholders' register according to the vouchers provided by the securities registration authority, which register shall bear adequate evidence of the shareholders holding shares in the Company unless there is evidence to the contrary.

The shareholders' register shall record the following matters:

- I. Names (titles), addresses (domiciles), occupation or nature of the shareholders;
- II. Type and quantity of the stock held by the shareholders;
- III. Paid and payable sums for the stock held by the shareholders;
- IV. Numbers of the shares held by the shareholders;
- V. Dates on which the shareholders are registered as such;
- VI. Dates on which shareholders are removed as such.

Article 43 The Company may keep overseas the register of holders of overseas listed foreign shares and entrust it to the care of an overseas agency in accordance with the understanding and agreement reached between the securities regulatory authority under the State Council and the overseas securities regulatory authority. The original of the H shareholders' register shall be kept in Hong Kong.

The Company shall keep at its domicile a copy of the register of holders of overseas listed foreign shares; the entrusted overseas agency shall always ensure that the original and copies of the register of holders of overseas listed foreign shares are consistent.

When there is a discrepancy between the original and copies of the register of holders of overseas listed foreign shares, the original shall prevail.

Article 44 The Company shall keep a complete register of shareholders.

The register of shareholders shall include the following parts:

- I. The register of shareholders kept at the Company's domicile except as specified in Items (II) and (III) of this Article;
- II. The register of holders of overseas listed foreign shares kept at the overseas stock exchange
- III. The registers of shareholders that the Board of Directors decides to keep at other places to meet the requirements for the Company's stock going public.

Article 45 There shall be no overlapping between the parts of the register. Transfer of the stock recorded in one part of the register of shareholders shall not be recorded in other parts of the register of shareholders while the said record still exists.

Revision or correction of the parts of the register of shareholders shall proceed in accordance with the laws of the locations where the specific parts of the register of shareholders are kept.

Article 46 All H shares for which full payment has been made may be transferred freely (other than circumstances not allowed by the HKSE) in accordance with these Articles of Association without any lien; except under the following conditions, the Board may refuse to recognize any transfer instrument without providing any reason:

- I. All the transfer documents and other relevant documents relating to or affecting ownership of any registered securities shall be registered. In the event that any fees shall be charged for the registration, the said cost shall not be higher than the maximum amount stipulated under the Rules Governing the Listing of Securities on SEHK;
- II. The transfer instrument and other relevant documents only involve H shares listed in Hong Kong;
- III. Stamp tax has been paid for the transfer instrument and other relevant documents;
- IV. Relevant shares and evidence reasonably required by the Board to prove that the transferor has the right to transfer the shares have been provided;
- V. If the shares are transferred to joint holders, the number of joint holders shall not exceed four;
- VI. The relevant shares are not subject to lien by any company.
- VII. No shares shall be transferred to any minors or mentally defective persons or any other legally incapacitated persons.

Any shareholder of foreign shares may transfer all or part of his shares in the Company via the common written transfer document of the place where the foreign

shares are listed or via written transfer document in any other form acceptable to the Board. The standard transfer form specified by SEHK may be used for the transfer of H shares. The said transfer document may be signed by hand, or signed by hand or printed if the transferor or the transferee is a recognized clearing institution (“recognized clearing institution”) as defined in the *Securities and Futures Ordinance*, or its proxy.

Article 47 No revision of the register of shareholders shall be registered on account of a share transfer within 30 days before the shareholders’ meeting or within 5 days before the reference date for dividend distribution as decided upon by the Company. This Article shall not be applicable to the registration of changes in shareholder’ register in issuing new shares in accordance with Article 27 of these Articles of Association.

Article 48 If the Company convenes a general meeting, distributes dividends, conducts liquidation or executes any other act requiring identification of shareholders, the convener of the Board meeting or general meeting shall determine the equity registration date, at the end of which the shareholders in the register shall be the shareholders entitled to the relevant interests.

Article 49 When anybody has an objection to the register of shareholders and requests that his name (title) should be recorded in or deleted from such register, he may apply for revision of the register of shareholders with the court that has the jurisdiction over it.

Article 50 Any shareholder recorded in the register of shareholders, or anybody requesting that his name (title) should be recorded in such register, who has lost his share certificates (namely the “original share-certificates”) may apply to the Company for supplementary issue of new share-certificates in respect of the said stock (namely the “related stock”).

Applications for the reissue of shares lost by holders of domestic shares shall be processed pursuant to *Company Law*.

If the Company is granted a mandate to issue warrants to anonymous holders, it shall not issue any new warrants in replacement of the original warrants lost unless it is convinced beyond reasonable doubt the original warrants have been destroyed.

Applications for the reissue of shares lost by holders of overseas listed foreign shares shareholders shall be processed pursuant to the law, regulations of the stock exchange and other relevant regulations of the place where the original of the register of holders of overseas listed foreign shares is kept.

Reissues of shares lost by H shareholders shall meet the following requirements:

- I. The applicant shall file his application in the standard format designated by the Company, and attach thereto a notarial deed or legal announcement. The notarial deed or legal announcement shall contain the reasons for such application, details and evidence on the loss of the share-certificates, as well as a declaration that no other person(s) will ask to be recorded as the shareholder for the related stock.
- II. Before deciding upon the supplementary issue of new share certificates, the Company has not received any request to be recorded as the shareholder for the stock from anyone other than the applicant.
- III. Where the Company decides upon the supplementary issue of new share certificates to the applicant, it shall publish a declaration thereon in the newspapers and magazines designated by the Board, which shall be repeated at least once every 30 days within a period of 90 days. The newspapers and periodicals designated by the Board shall be Chinese and English newspapers and periodicals recognized by SEHK.
- IV. Before publishing an announcement of the reissue of new shares, the Company shall submit a copy of the announcement to the stock exchange on which its shares are listed, and may publish the same only after receiving a reply from the said stock exchange confirming that the said announcement has been displayed in the stock exchange. The duration of the display of the said announcement in the stock exchange shall be 90 days.

If the application for the supplementary issue of share certificates has not been agreed upon by the shareholder of the related stock recorded in the register, the Company shall mail to the shareholder a photocopy of the declaration to be published.
- V. If the Company has not received an objection from anybody regarding the supplementary issue of share certificates upon termination of the 90-day limit for the declaration and its demonstration as specified in Items (III) and (IV), it may carry out the supplementary issue of new share certificates for which the applicant has applied.
- VI. When conducting the supplementary issue of new share certificates pursuant to this regulation, the Company shall cancel the original sharecertificates immediately, and record such cancellation and supplementary issue in the register of shareholders.
- VII. All company expenses arising from the cancellation of the original share certificates and the supplementary issue of new ones shall be borne by the applicant. Until the applicant provides a reasonable guarantee, the Company shall be entitled to refuse to take any action.

Article 51 Good faith purchasers who obtain the said new share certificates or shareholders who are thereafter recorded as owners of the stock (if they are good faith purchasers), shall not have their names (titles) deleted from the register of shareholders after the Company conducts a supplementary issue of new share certificates.

Article 52 The Company shall not assume a duty of indemnity for anyone suffering from damages on account of the cancellation of the original share certificates or the supplementary issue of new share certificates, unless the party involved is able to prove fraudulent conduct on the part of the Company.

Chapter 7 Rights and Duties of Shareholders

Article 53 Company's shareholders are those who hold the Company's stock and have their names (titles) recorded in the register of shareholders.

Shareholders shall enjoy their rights and assume their responsibilities according to the type and proportion of their stock. Shareholders holding the same type of stock shall enjoy equal rights and assume equal responsibilities.

All classes of shareholders of the Company shall have equal rights in any profit distribution in the form of a dividend or any other form.

Where two or more persons are registered as joint holders of any shares, they shall be deemed as the common owners of the said shares subject to the following restrictions:

- I. The Company need not register more than four persons as joint holders of any shares;
- II. All the joint holders of any shares shall bear joint liability for all amounts payable.

As for joint shareholders:

- I. If any of the joint shareholders dies, only the surviving joint shareholders shall be deemed by the Company as owners of the relevant shares, but the Board may, for the purpose of amending the shareholders' register, require the surviving joint shareholders to provide a death certificate as it deems appropriate.
- II. Of the joint holders of any shares, only the foremost joint shareholder in the shareholders' register shall have the right to take possession of the relevant share certificates, receive notices from the Company, and attend and exercise the voting rights for the relevant shares at general meetings, and any notice served to the said person shall be deemed as having been served to all the joint holders of the relevant shares.

If any of the joint shareholders sends the Company a receipt for any dividend, bonus or capital return payable to the said joint shareholders, the said receipt shall be deemed as a valid receipt sent by the said joint shareholders to the Company.

Article 54 Shareholders of company's ordinary stock shall enjoy the following rights to:

- I. Receive dividends and the division of earnings in other forms depending on its stock share;
- II. Require, convene, preside over or attend general meetings either in person or by proxy and exercise the corresponding voting rights in accordance with the relevant laws, regulations and the Articles of Association;
- III. Supervise, present suggestions on or make inquiries about the business activities of the Company;
- IV. Transfer, give or pledge their shares in accordance with laws, regulations, and these Articles of Association;
- V. Obtain relevant information in line with the stipulations in these Articles of Association, including:
 1. Obtaining these Articles of Association after paying the cost;
 2. Consulting free of charge and having the right to consult and copy relevant information after paying reasonable expenses:
 - A. All parts of the register of shareholders;
 - B. Personal data of directors, supervisors and senior executives of the Company, including:
 - (1) Present and previous names and aliases;
 - (2) Main addresses (domiciles);
 - (3) Nationality;
 - (4) Full-time and all part-time occupations and positions;
 - (5) Personal status certificate and its number.
 - C. Report on equity issued by the Company;
 - D. The total face value, amount, ceiling price and bottom price of each category of stock repurchased by the Company since the previous financial year, as well as the report on the Company's payment of all such expenses;
 - E. Stubs of corporate bonds, minutes of general meetings, resolutions of Board meetings, resolutions of Supervisory Committee meetings, and financial reports,

- F. the latest audited financial statements of the Company, and the reports of directors, supervisors and auditors;
 - G. Copy of the latest annual return filed with Chinese State Administration for Industry and Commerce or other competent authorities;
 - H. Special resolutions of the Company; and
 - I. Minutes of shareholders' meetings (only available to shareholders).
 - J. The Company shall place the documents referred to in Item (A), Item (C), Item (D), Item (F), Item (G), Item (H) and Item (I) in Hong Kong for the public and shareholders to consult free of charge, and for them to make copies of the above documents after charging reasonable fees.
- VI. By termination or upon liquidation of the Company, participate in distribution of the Company's remaining assets depending on its stock share;
- VII. Object to resolutions of the general meeting concerning merger or division of the Company, requiring the Company to buy their shares;
- VIII. Other circumstances stipulated by laws, administrative regulations, departmental rules or these Articles of Association.

The Company shall not freeze or otherwise damage the rights attached to any shares directly or indirectly held by any person on the ground that the said person has not disclosed his equity to the Company.

Article 55 If any shareholder needs to access the relevant information as set out in the preceding article, the said shareholder shall provide the Company with written documents bearing evidence of the type and number of shares held by the said shareholder, and the Company shall provide the said information as required by the said shareholder upon authentication of the said shareholder, and may charge a reasonable fee for the provision of the copies of the said documents.

Article 56 If any resolution of the general meeting or Board of the Company runs against the laws and regulations, the shareholders shall have the right to request the court to invalidate the said resolution.

If the meeting convening procedure and voting method of the general meeting or Board meeting run against the laws and administrative regulations or these Articles of Association or if the content of any resolution runs against these Articles of Association, the shareholders shall have the right to request the court to cancel the said procedure, method or resolution within 60 days after adoption of the resolution.

Article 57 If any director or senior executive violates laws and administrative regulations or these Articles of Association in fulfilling his duties, thereby causing any loss to the Company, the shareholder(s) severally or jointly holding 1% or more shares of the Company for more than 180 days continuously shall have the right to submit a written request to the Supervisory Committee to institute legal proceedings; if the Supervisory Committee violates laws and regulations or these Articles of Association in fulfilling its duties, thereby causing any loss to the Company, the shareholders shall have the right to submit a written request to the Court for legal proceedings.

If the Supervisory Committee or Board of Directors refuses to institute legal proceedings after receipt of the aforesaid written request or does not institute legal proceedings within 30 days after receipt of the said request, or if the circumstances are urgent or if any delay of legal proceedings may cause irrecoverable damage to the interests of the Company, the shareholders specified in the preceding paragraph shall have the right to directly institute legal proceedings in their own names for the interest of the Company.

If any other person infringes upon the legitimate rights and interests of the Company, thereby causing any loss to the Company, the shareholders specified in Paragraph 1 of this Article may institute legal proceedings pursuant to the preceding two paragraphs.

Article 58 If any director or senior executive violates the laws and regulations or these Articles of Association, thereby causing any loss to the shareholders, the shareholders may institute legal proceedings.

Article 59 The Company shall include the following statements in all its listing documents and shall instruct and procure its share registrar to reject the registration of the subscription, acquisition or transfer of shares in the name of any individual holder unless and until the individual holder submit the signed form in relation to the shares to the share registrar and the form shall contain the following statements:

- I. The share purchaser and the Company and each of the shareholders, and the Company and each of the shareholders agree to observe and comply with the requirements of the Company Law, Special Regulations and these Articles of Association.
- II. The share purchaser and the Company, each of the shareholders, directors, supervisors, managers and senior management of the Company agree disputes or claims incurred as a result of rights or obligations provided by these Articles of Association or the Company Law or other relevant law or administrative regulations or in relation to the affairs of the Company shall be submitted to arbitration in accordance with these Articles of Association.
- III. The share purchaser and the Company and each of the shareholders agree the shares of the Company may be freely transferred by its holder(s).

- IV. The share purchaser authorizes the Company to enter into a contract on his/her behalf with each of the directors and senior management. Pursuant to the contract, the directors and senior management undertake to observe and fulfil their responsibilities under these Articles of Association to the shareholders.

Article 60 Shareholders of the Company's ordinary stock shall assume the following responsibilities:

- I. Observing laws, regulations and these Articles of Association;
- II. Paying in stock capital according to the subscribed stock and participation form;
- III. Not exiting shares except in the circumstances stipulated by laws and regulations;
- IV. Not abusing shareholder rights to damage the interests of the Company or other shareholders; not abusing the independent status of legal persons or shareholder limited liability to damage the interests of the Company's creditors.

If any shareholder of the Company abuses shareholder rights, thereby causing any loss to the Company or other shareholders, the said shareholder shall be liable for compensation according to law.

If any shareholder abuses the independent status of a legal person or shareholder limited liability or evades debts, thereby damaging the interests of the creditors of the Company, the said shareholder shall bear joint liability for the Company's debts.

- V. Fulfilling other obligations stipulated by laws, regulations and these Articles of Association.

Shareholders do not have the obligation to increase any equity capital except under the conditions accepted by the subscribers at the time of subscription.

Article 61 If any shareholder holding more than 5% of the voting shares of the Company pledges the said voting shares, the said shareholder shall submit a written report to the Company on the date on which the said pledge is executed.

Article 62 The controlling shareholders and effective controllers of the Company shall not use connected relations to damage the interests of the Company; otherwise they shall make compensation for the loss incurred to the Company.

The controlling shareholders and effective controllers of the Company shall be honest to the Company and general public shareholders. The controlling shareholders shall duly exercise contributors' rights according to law, shall not damage the legitimate

rights and interests of the Company and general public shareholders by such means as profit distribution, asset reorganization, external investment, fund appropriations and loan guarantees and shall not abuse its controlling status to damage the interests of the Company and general public shareholders.

Except for their obligations under the relevant laws, regulations or the listing rules at the location where the Company's shares are listed, the controlling shareholders, in exercising their rights as shareholders, shall not make any decision detrimental to all or some shareholders in connection with the following issues:

- I. Relieving the directors or supervisors of their responsibility to behave honestly in the interest of the maximal benefit of the Company;
- II. Approving acts by the directors or supervisors to deprive the Company of its property in any form (for their own interest or for the interest of others), including (but not limited to) any favorable opportunity of the Company;
- III. Approving acts by the directors or supervisors to deprive other shareholders of their personal rights and benefits (for their own interest or the interest of others), including (but not limited to) any right to distribution and right to vote, but excluding company reorganization as submitted to the shareholders' meeting for adoption.

A controlling shareholder referred to herein shall be a person meeting any of the following conditions:

- I. One who holds more than 50% of the total shares of the Company;
- II. One who holds less than 50% of the total shares but holds voting rights sufficient to have a material impact on resolutions of the Company, including but not limited to:
 1. When acting alone or jointly with other parties, the said person can exercise 30% or more of the voting rights of the Company, or control the exercise of 30% or more of the voting rights of the Company;
 2. When acting alone or jointly with other parties, the said person holds 30% or more of the outstanding shares of the Company; or
 3. One who has de facto control of the Company in other ways, when acting by himself or in concert with others.

Chapter 8 Shareholders' Meeting

Section 1 General Provisions of Shareholders' Meeting

Article 63 The shareholders' meeting is the organ of power of the Company and performs its functions according to the law.

Article 64 The shareholders' meeting performs the following functions:

- I. Deciding on the business guidelines and investment plans of the Company;
- II. Electing and changing directors and supervisors other than employees' representatives, and deciding on the remuneration of directors and supervisors;
- III. Considering and approving the reports of the Board of Directors and the Supervisory Committee;
- IV. Examining and approving the Company's annual financial budget scheme and final calculation scheme;
- V. Examining and approving the Company's profit distribution schemes and loss compensation schemes;
- VI. Deciding on increases/decreases of the registered capital of the Company;
- VII. Deciding on the merger, division, dissolution, liquidation or transformation of the Company;
- VIII. Deciding on plans for issue of the Company's bonds or other securities and listing;
- IX. Deciding on the appointment or dismissal of the Company's accounting firm;
- X. Revising these Articles of Association;
- XI. Considering and approving matters relating to the guarantees stipulated in Article 65 hereof;
- XII. Considering and approving the Company's purchase or disposal of major assets within one year with a transaction amount exceeding 30% of the latest audited total assets of the Company; (other than asset disposals between the Company and its controlling subsidiaries, and among the controlling subsidiaries);
- XIII. Considering and approving matters related to changes in the use of proceeds from share offerings;

XIV. Considering and approving equity incentive schemes;

XV. Considering proposals from shareholders representing 3% (inclusive) of the voting shares of the Company;

XVI. Considering other matters which, in accordance with the laws, administrative regulations, departmental rules, and listing rules at the location where the Company's shares are listed or with the Articles of Association, must be approved by a general meeting.

Article 65 The following guarantees to be given by the Company shall be considered and approved by the shareholders' general meeting:

I. Any external guarantee to be given by the Company and subsidiaries in which it has controlling interest, the total amount of which reaches or exceeds 50% of their latest audited net assets;

II. Any external guarantee to be given by the Company, the total amount of which reaches or exceeds 30% of its latest audited total assets;

III. Provision of a guarantee to anyone whose gearing ratio exceeds 70%;

IV. Provision of a single guarantee whose amount exceeds 10% of the latest audited net assets;

V. Provision of guarantees to shareholders, effective controllers and their connected parties;

VI. The cumulative guarantee amount for 12 consecutive months accounting for 50% of the latest audited net assets of the Company and exceeding RMB50 million;

VII. Other guarantees stipulated by the stock exchange on which the Company's shares are listed and by these Articles of Association.

"External guarantee" as mentioned in these Articles of Association shall refer to guarantees provided by the Company for others, including those provided by the Company for its holdings subsidiaries. "Total external guarantees of the Company and its holdings subsidiaries" shall refer to the sum of the Company's total external guarantees including the guarantees provided by the Company for its holdings subsidiaries plus the total external guarantees provided by the holdings subsidiaries of the Company.

Article 66 Unless the Company is in a crisis or subject to any special circumstance, it may not enter into any contract with anyone other than a director, supervisor or senior executive with a significant part of the Company's business under his care, unless otherwise approved by the shareholders at a general meeting by means of special resolution.

- Article 67 General meetings shall be classified as annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once a year within 6 months of the end of the previous fiscal year.
- Article 68 Under any of the following circumstances, the board shall convene an extraordinary general meeting within two months from the date upon which the circumstance in question occurs:
- I. The number of directors falls short of the minimum number required by the *Company Law* or is less than two-thirds of the number required by these Articles of Association;
 - II. The un-recovered losses of the Company amount to one third of the total amount of its paid-up share capital;
 - III. It is required in writing by shareholder(s) individually or jointly holding more than 10% equity of the Company;
 - IV. The Board deems to be necessary, or the Supervisory Committee proposes, the convening of an extraordinary general meeting;
 - V. It is proposed by the independent directors;
 - VI. Other circumstances stipulated by laws, regulations or these Articles of Association.
- Article 69 The venue of general meeting of the Company shall be: the domicile of the Company or another place notified by the convener of the general meeting.
- General meetings shall be held on site at the venue. The Company may also provide a network or any other means for its shareholders to conveniently participate in general meetings. Shareholders participating in the general meetings by any of the aforesaid means shall be deemed as having attended said meetings.
- Article 70 In convening a general meeting, the Company shall engage a lawyer to provide legal opinions and publish an announcement on the following issues:
- I. Whether the convening and procedures of the meeting comply with laws, regulations, the listing rules of the stock exchange(s), these Articles of Association and its annex “Rules of Procedure of Shareholders’ General Meeting;
 - II. Whether the attendees and convener of the meeting are eligible;
 - III. Whether the voting procedures and results of the meeting are valid;
 - IV. Legal opinions on other matters upon request by the Company.

Section 2 Convening of General Meetings

Article 71 Independent directors may propose to the Board the convening of an extraordinary general meeting. Regarding the proposal of the independent director to convene an extraordinary general meeting, the Board shall, pursuant to relevant laws, regulations, the listing rules of the stock exchange(s) and these Articles of Association, give a written reply on whether to convene the extraordinary general meeting within 10 days after receipt of the proposal.

If the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 days after the resolution has been made by the Board. If the Board does not agree to hold the extraordinary general meeting, it shall give its reasons and make an announcement in respect thereof.

Article 72 The Supervisory Committee shall have the right to propose to the Board the convening of an extraordinary general meeting, and shall put forward its proposal to the Board in writing. The Board shall, pursuant to the relevant laws, regulations, the listing rules of the stock exchange(s) and these Articles of Association, give a written reply on whether to convene the extraordinary general meeting within 10 days after receipt of the proposal.

If the Board agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within 5 days after the resolution has been made by the Board. In the event of any change to the original proposal set forth in the notice, the consent of the Supervisory Committee shall be required.

If the Board does not agree to hold the extraordinary general meeting or fails to give a written reply within 10 days after receipt of the proposal, it shall be deemed as being unable to perform or having failed to perform the duty of convening the extraordinary general meeting, and the Supervisory Committee may convene and preside over the meeting by itself.

Article 73 If shareholders require the convening of an extraordinary general meeting or a class general meeting, the following procedures shall be followed:

- I. Shareholders individually or jointly holding more than 10% of the shares with voting rights at the general meeting to be convened may sign one or more written requests with the same format and contents to propose to the Board to the convening of an extraordinary general meeting or class general meeting, and specify the topics thereof. The Board shall, pursuant to the relevant laws, regulations, the listing rules of the stock exchange(s) and these Articles of Association, give a written reply on whether to convene the extraordinary general meeting or class general meeting within 10 days after receipt of the request. The aforesaid amount of shareholding shall be calculated as of the day on which the shareholders have made their request in writing.

When the Board agrees to convene the extraordinary general meeting or class general meeting, it shall serve a notice of such meeting within 5 days after the resolution has been made by the Board. Any change to the original proposal set forth in the notice shall be subject to approval by the shareholder(s).

- II. If the Board does not agree to convene the extraordinary general meeting or class general meeting or fails to give a written reply within 10 days after receipt of the request, the shareholders individually or jointly holding more than 10% of shares with voting rights at the general meeting to be convened shall have the right to request the Supervisory Committee to convene an extraordinary general meeting or class general meeting, and shall put forward such request to the Supervisory Committee in writing.

If the Supervisory Committee agrees to convene the extraordinary general meeting or class general meeting, it shall serve a notice of such meeting within 5 days after receipt of the said request. In the event of any change to the original proposal set forth in the notice, the consent of the shareholder(s) shall be obtained.

If the supervisory committee fails to serve the notice of such meeting within the prescribed period, it shall be deemed as having failed to convene and preside over the general meeting, and the shareholder(s) individually or jointly holding more than 10% equity of the Company for 90 consecutive days may convene and preside over the meeting by themselves.

When the shareholders convene a general meeting because the Board has failed to convene the meeting pursuant to the aforesaid provision, the reasonable expenses incurred shall be borne by the Company and shall be deducted from the monies payable by the Company to the defaulting directors.

Article 74 When the Supervisory Committee or shareholders decide to convene a general meeting by itself/themselves, it/they shall notify the Board in writing and file the decision with the authority appointed by CSRC in the location of the Company and the stock exchange.

Prior to the announcement of the resolution of the general meeting, the shareholding of shareholders who convene the meeting shall not be less than 10%.

The convening shareholders shall, upon issuing a notice of the general meeting and announcing the resolutions thereof, submit the relevant documentation to the authority appointed by CSRC in the location of the Company and the stock exchange.

Article 75 With regard to a general meeting convened by the Supervisory Committee or shareholders on its/their own initiative, the Board and its secretary shall offer cooperation. The Board shall provide a shareholders' register as of the equity registration date. In the event that the Board fails to provide the register of members

of the Company, the convener may apply to the securities registration and clearing institution for obtaining the register of member(s) with the relevant announcement on the convening of the general meeting. The register of the members of the Company obtained by the convener shall not be used for other purpose except the convening of the general meeting.

- Article 76 The Company shall bear the expenses related to general meetings convened by the Supervisory Committee or shareholders on its/their own initiative.

Section 3 Proposals and Notice of General Meetings

- Article 77 The contents of the agenda shall be determined by the general meeting, shall feature definite topics and specific issues for resolution, and shall comply with the relevant provisions of the laws, regulations, the listing rules of the stock exchange(s) and these Articles of Association.

- Article 78 When the Company convenes a general meeting, the board of directors, the supervisory committee and shareholder(s) individually or jointly holding 3% of the equity of the Company shall have the right to propose motions in writing, and the Company shall place such motions on the agenda for said annual general meeting if the said motions fall within the functions and powers of general meetings.

Shareholder(s) individually or jointly holding more than 3% of the equity of the Company may submit written provisional proposals to the convener 10 days before a general meeting is convened. The convener shall serve a supplementary notice of general meeting within 2 days after receipt of the proposal and announce the contents thereof.

Except as specified in the preceding paragraph, the convener shall not change the proposal(s) set out in the notice of the general meeting or add any new proposal after the said notice has been served.

Proposals not set out in the notice of general meeting or not complying with Article 77 of these Articles of Association shall not be voted on or resolved at the general meeting.

- Article 79 When the Company convenes a general meeting, a written notice shall be given 45 days prior to the date of said meeting. Any shareholder intending to attend the meeting shall deliver to the Company a written reply showing his intention to attend at least 20 days before the meeting.

Notices of shareholders' meetings shall be delivered to shareholders (with or without voting power at the shareholders' meeting) in person or by mail with postage paid to the addresses as recorded in the register of shareholders. For holders of domestic shares, the meeting notice may be issued in the form of a public announcement.

The public announcement referred to in the preceding paragraph shall be published in one or more newspaper(s) designated by the regulatory securities authority under the State Council during the period between 45 days to 50 days prior to the date of the meeting. Once the announcement has been published, all holders of domestic shares shall be deemed to have received notice of the relevant meeting.

Article 80 The Company shall, based on the written replies received from shareholders 20 days prior to the date of the general meeting, calculate the number of voting shares held by shareholders intending to attend the meeting. Where the number of voting shares represented by shareholders intending to attend the meeting amounts to more than one-half of the Company's voting shares, the Company may convene the general meeting; if not, the Company shall, within 5 days, notify shareholders again of the issues to be considered, and of date and venue of the meeting in the form of public announcements. The Company may then convene the general meeting after such announcements. An extraordinary general meeting shall not decide to announce matters not specified.

Article 81 Notice of the general meeting shall be in writing and shall cover the following contents:

- I. The time, venue and duration of the meeting;
- II. Matters and proposals submitted for consideration at the meeting;
- III. Providing the shareholders with such information and explanation as necessary for them to make informed decisions in connection with the matters to be discussed; this principle shall include (but not be limited to) proposals made to merge the Company, to repurchase shares of the Company, to reorganize its share capital or to effect any other reorganization of the Company, and detailed conditions of the proposed transaction shall be provided together with contracts (if any), and the causes and effects of any such proposals shall also be properly explained;
- IV. In the event that advice from independent shareholders is required for the matters to be discussed, their advices and reasons shall be disclosed when the notice of the general meetings or supplementary notice are published;
- V. Disclosing the nature and extent of the material interests of any director, supervisor or senior executive in the proposed transaction and the effect which the proposed transaction will have on them in their capacity as shareholders insofar as it differs from the effect on interests of shareholders of the same class;
- VI. The full text of any special resolution to be proposed at the meeting;
- VII. A clear statement that all shareholders are entitled to attend the general meeting and to appoint proxies in writing to attend and vote at such meeting and that such proxies need not be shareholders of the Company;
- VIII. Specification of the time and venue for serving the power of attorney;
- IX. Specification of the equity registration date of shareholders entitled to attend the general meeting;
- X. Specification of the name and telephone number of the coordinator of the meeting;

XI. In the event that the general meeting adopt online transmission or other ways, the time and procedures for voting via internet or by other ways will be specifically stated in the notice of the general meeting.

Article 82 If the election of directors or supervisors is proposed to be discussed at a general meeting, the notice of meeting shall adequately disclose the detailed information on the director or supervisor candidates, which information shall at least include:

- I. Personal particulars, including academic qualifications, work experience, and concurrent positions;
- II. Whether one has any connection with the Company, its controlling shareholders and effective controllers;
- III. The amount of shares of the Company one holds;
- IV. Whether one has been punished by the CSRC or any other relevant department or reprimanded by the stock exchange.

Unless a director or supervisor is elected via the cumulative voting system, each candidate for director or supervisor shall be proposed via a single proposal.

Article 83 The accidental omission to give notice of meeting to, or the non-receipt of notice of meeting by, any person entitled to receive notice shall not invalidate the meeting and the resolutions adopted at the meeting.

Article 84 After the notice of general meeting is issued, the same meeting shall not be postponed or cancelled and the proposals set out in the notice shall not be cancelled without proper reasons. In the case of any postponement or cancellation of the meeting, the convener shall make an announcement and give the reasons therefor at least 2 working days prior to the date on which the meeting was originally scheduled. Where the listing rules at the location where the Company's shares are listed have special requirements for the aforesaid matters, such requirements shall apply.

Section 4 Convening of General Meetings

Article 85 The Board of the Company or any other convener shall take necessary measures to ensure the proper order of the general meeting. The Board or any other convener shall take measures to stop any act disturbing the general meeting, seeking trouble or infringing upon the legitimate rights and interests of shareholders, and shall report such act(s) to the relevant authority for investigation and treatment.

Article 86 All the shareholders in the shareholders' register on the equity registration date shall have the right to attend the general meeting and exercise their voting rights according to the relevant laws, regulations, the listing rules of the stock exchange(s) and these Articles of Association.

Any shareholder entitled to attend and vote at a general meeting of the Company shall be entitled to appoint one or more persons (who need not be a shareholder or shareholders) as his proxies to attend and vote on his behalf. The said proxy(ies) may exercise the following rights granted by the said shareholder:

- I. Shareholder's right to speak at the general meeting;
- II. To severally or jointly request to vote by ballot;
- III. And to exercise voting rights pursuant to the relevant laws, regulations and these Articles of Association. Where there are more than one proxy, the said proxies shall vote by ballot.

Article 87 A personal shareholder attending a general meeting in person shall present his/her identity card or other identity certificate or share account card; a proxy attending a general meeting on behalf of a personal shareholder shall present his/her identity card and power of attorney.

For a corporate shareholder, its legal representative or a proxy appointed thereby shall attend the meeting. The legal representative attending the meeting shall present his/her identity card or valid certificate bearing evidence of his/her qualifications as legal representative; where a proxy is appointed to attend the meeting, said proxy shall present his/her identity card and the power of attorney issued by the legal representative of the corporate shareholder.

Article 88 The power of attorney shall be in writing under the hand of the principal or his proxy duly authorized in writing or, if the principal is a legal person, it shall be under seal or under the hand of the director or proxy duly authorized.

The power of attorney issued by a shareholder to appoint a proxy to attend a general meeting shall specify:

- I. the name of the proxy;
- II. whether or not the proxy has any voting right;
- III. directives to vote for or against or abstain from voting on each and every issue included in the agenda of the general meeting;
- IV. the date of issue and validity period of the power of attorney;
- V. the signature (or seal) of the principal. If the principal is a corporate shareholder, the corporate seal shall be affixed;
- VI. the number of shares held by the principal represented by the authorized proxy;
- VII. If several persons are appointed as the shareholder's proxies, the power of attorney shall specify the number of shares to be represented by each proxy. If the listing rules of the stock exchange(s) on which the Company's shares are listed have other provisions on the power of attorney, such provisions shall be complied with.

Article 89 The power of attorney shall be deposited at the domicile of the Company or such other place as specified in the notice of meeting at least 24 hours prior to the meeting at

which the proxy is authorized to vote or 24 hours before the scheduled voting time. Where such a power of attorney is signed by a person authorized by the principal, the power of attorney authorizing signature or other authorization documents shall be notarized. The notarized power of attorney and other authorization documents shall, together with the power of attorney, be deposited at the Company's domicile or at such other place as specified in the notice of the meeting.

Where the principal is a legal person, its legal representative or a person authorized by the Board or other decision-making body shall attend the general meeting of the Company.

If the shareholder is a recognized clearing house ("recognized clearing house") (agent thereof) as defined in the relevant ordinance enacted from time to time in Hong Kong, the said shareholder may authorize one or more persons as he deems appropriate to act on his behalf at any general meeting or class general meeting; however, where several persons are thus authorized, the power of attorney shall specify the numbers and classes of shares involved by the said persons. The persons thus authorized may exercise rights on behalf of the recognized clearing house (or agent thereof) as if the said persons were the personal shareholders of the Company.

Article 90 Any format issued to a shareholder by the Board for appointing a proxy shall provide the shareholder with the flexibility to instruct the proxy to vote for or against or abstain from voting, and give directives on each of the resolutions to be decided at the meeting. The power of attorney shall specify that, in default of directives, the proxy may vote as he thinks fit.

Article 91 A vote given in accordance with the terms of the power of attorney shall be valid notwithstanding the previous death or loss of capacity of the principal or revocation of the power of attorney or of the authority under which the proxy was executed, or the transfer of the share(s) in respect of which the proxy is given, provided that no written notice of such death, loss of capacity, revocation or transfer has been received by the Company before the commencement of the meeting at which the proxy is issued.

Article 92 An attendees register shall be prepared by the Company, which register shall state the names (or names of the corporations), identification document number and the address of the attendee, the number of voting shares held or represented, the names of the principals (or names of the corporations) and so on.

Article 93 The convener and the lawyer appointed by the Company shall jointly verify the validity of the shareholders' qualifications based on the shareholders' register provided by the securities registration and clearing authority, and shall register the names of the shareholders as well as the amount of their voting shares. The registration for a meeting shall be completed before the person presiding announces the number of shareholders and proxies attending the meeting and the total amount of their voting shares.

- Article 94 All directors, supervisors and the secretary of the Board shall attend general meetings of the Company, and save for justifiable reasons, the general manager and other senior executives shall be present at the meetings without voting rights.
- Article 95 General meetings shall be presided over by the chairman of the Board. Where the chairman cannot or fails to fulfil the duty thereof, the vice chairman shall act as the chairman of the meetings; where even the vice chairman cannot or fails to fulfil the duty thereof, the majority of the directors shall jointly elect a director to preside.
- A general meeting convened by the Supervisory Committee itself shall be presided over by the chief supervisor. If the chief supervisor cannot or does not fulfil the duty thereof, more than half of the supervisors may elect a supervisor to preside over the meeting.
- Where a General Meeting is convened by shareholders themselves, the General Meeting shall be presided over by a representative elected by the conveners. If for any reason the shareholders are unable to elect a chairman, the shareholder with the greatest number of voting shares present at the meeting, whether in person or by proxy, shall act as chairman.
- If the chairman of the meeting violates the rules of procedure during the general meeting so that the meeting is unable to proceed, the shareholders present at the meeting may by majority vote elect a person as chairman to proceed with the meeting. If for any reason the shareholders cannot elect a person to preside over the meeting, the shareholder (including proxy thereof) holding the most voting shares among the attending shareholders shall preside over the meeting.
- Article 96 The Company shall formulate rules of procedure for general meetings defining the convening and voting procedures of general meetings, covering notification, registration, consideration of proposals, voting, counting of ballots, announcement of voting results, formation of resolutions, meeting minutes and signing thereof and announcement, and the principles and contents of the authorization of the Board on general meetings. The rules of procedure for general meetings are appended to these Articles of Association and shall be formulated by the Board and approved at the general meeting.
- Article 97 The Board and the Supervisory Committee shall report on their work during the preceding year at the annual general meeting. Every independent director shall also prepare his work report.
- Article 98 Directors, supervisors and senior executives shall provide explanations in relation to the inquiries and suggestions made by shareholders on general meetings.
- Article 99 The person presiding shall, prior to voting, declare the number of attending shareholders and their proxies as well as the total number of their voting shares, and the number of attending shareholders and their proxies and the total number of their voting shares shall be as recorded in the meeting's register.

- Article 100 Minutes of general meetings shall be kept
- I. The date, place and agenda of the meeting, and the name of the convener;
 - II. The names of the person presiding, and the directors, supervisors and senior executives attending or present at the meeting;
 - III. The number of voting shares held by the attending holders of domestic shares and overseas listed foreign shares (if any) and proxies thereof, and the percentage of the said shares in the total shares of the Company;
 - IV. The process of discussion in respect of each proposal, highlights of speeches and the voting results;
 - V. Details of the inquiries or suggestions of the shareholders, and the corresponding response or explanations;
 - VI. The names of the lawyer, counting officer and monitoring officer; and
 - VII. Other contents that shall be recorded in the minutes in accordance with these Articles of Association.
- Article 101 The convener shall ensure the meeting minutes are true, accurate and complete. The attending directors, supervisors, secretary of the Board, convener or representative thereof, and the person presiding shall sign the minutes of the meeting. The minutes of the meeting and the signed attendance record of those shareholders on the scene and the powers of attorney of those attending by proxy, as well as valid information relating to the voting over the network and by other means shall be kept for at least 10 years.
- Article 102 The convener shall ensure that the general meeting is held continuously until final resolutions are arrived at. If the general meeting is terminated or fails to reach any resolution owing to force majeure or for other special reasons, immediate action shall be taken to resume the general meeting as soon as possible or to directly terminate the general meeting and issue a responsive announcement. Meanwhile, the convener shall report to the authority appointed by the CSRC in the location of the Company and the stock exchange. If the listing rules of the stock exchange(s) on which the Company's shares are listed have special provisions on the termination and extension of the general meeting, such provisions shall be complied with.

Section 5 Voting and Resolutions of General Meetings

- Article 103 Resolutions of general meetings shall be divided into ordinary resolutions and special resolutions.
- Ordinary resolutions shall be passed by votes representing more than half of the voting rights represented by the attending shareholders (including proxies).
- Special resolutions shall be passed by votes representing more than two-thirds of voting rights held by shareholders (including proxies thereof) attending the general meeting.

- Article 104 Shareholders (including proxies thereof) who vote at a general meeting shall exercise their voting rights in proportion to the amount of voting shares they represent. Each share shall carry the right to one vote. The Company shall have no voting rights for the shares it holds, and such portion of the shares shall be excluded from the total number of voting shares represented by the shareholders attending the general meeting. The Board, independent directors and qualified shareholders may collect voting rights from shareholders. Pursuant to governing laws, regulations and listing rules at the location where the Company's shares are listed, if any shareholder must abstain from voting on any resolution or is restricted to declaring only an affirmative vote or only a dissenting vote on any resolution, then any vote declared by the said shareholder (or proxy thereof) against the relevant provision or restriction shall not be counted in the total number of votes.
- Article 105 If the issue required to be voted by ballot relates to election of presider or termination of meeting, voting by ballot shall be conducted immediately; in respect of other issues required to be voted by ballot, the presider may decide the time of voting by ballot, and the meeting may proceed to consider other issue, and the voting results shall be deemed as resolutions passed at the said meeting.
- Article 106 General meetings shall adopt voting by open ballot. In voting, shareholders (including proxies thereof) entitled to two or more votes need not cast all his votes in the same way (pro or con).
- Article 107 In the event of an equality of votes, the person presiding shall be entitled to an additional vote.
- Article 108 All issues under Clauses (I), (II), (III) (IV) (V) (IX) (XI) (XIII) (XVI) of Article 64 of these Articles of Association on the functions of a general meeting, or issues other than those that are to be passed by special resolutions pursuant to the relevant laws, regulations, or these Articles of Association, shall be approved by ordinary resolutions at a general meeting.
- Article 109 Clauses VI, VII, VIII, X, XII and XIV listed in Article 62 above regarding the functions performed by the shareholder's meeting, or clauses specified in applicable laws, rules or regulations or this Articles of Association, or clauses that are confirmed by a general resolution of the shareholder's meeting to have an important influence on the Company and are to be ratified through a special resolution, shall be ratified by a special resolution on the meeting. The above stipulations regarding a general or special resolution shall apply to Article XV, depending on the particulars of the proposal.
- Article 110 The moderator shall decide whether the resolution has been passed or not at the meeting based on the voting result. Such decision shall be final. The voting result shall be announced at the meeting and recorded in the minutes.
- Article 111 Associated shareholders should not be involved in the voting when the meeting is reviewing the associated transactions. Their respective voting shares shall not be considered as valid shares. Voting results of non-associated shareholders shall be fully disclosed in the resolution notice.

- Article 112 The Company shall, on the premise of ensuring a valid shareholders' meeting, facilitate shareholder participation in the general meeting using each and every means and method, including the online voting system and other means of up-to-date information technology.
- Article 113 A proposal listing candidates for directors and supervisors shall be submitted to the meeting for a vote. Based on these Articles of Association or on the resolution(s) passed at the meeting, such voting can be on a cumulative basis. A cumulative voting system means that each share shall enjoy equal voting rights in the selection of directors and supervisors and that such powers can be accumulated for a one-time voting. Shareholders shall be informed by the board of directors of the curriculum vitae and basic data of candidates for directors and supervisors.
- Article 114 Methods and procedures of nominating a candidate for director or supervisor:
- I. Shareholders holding or jointly holding over 3% of all outstanding voting shares may submit a written proposal to the meeting, nominating non-employee representatives as candidates for directors and supervisors. The number of such nominations shall be within the limit specified in these Articles of Association, i.e., no more than the number to be selected. Such proposals are to be received at the Company at least fourteen (14) days prior to the date for which the meeting is scheduled.
 - II. The board of directors or board of supervisors may submit to the meeting a written proposal containing a list of suggested candidates for directors and supervisors. The number of suggested candidates shall be within the limit herein specified, taking consideration of the number to be selected.
 - III. The Company shall form another system for the nomination of independent directors.
 - IV. The written notification allowing the nomination of candidates for directors and supervisors and the notification indicating the candidates' willingness to accept such nominations are to be received at the Company at least seven (7) days in advance.
 - V. The schedule mentioned in Section 4 above shall commence on the date on which the call for a shareholders' meeting is sent at earliest, and shall end more than seven (7) days prior to the date for which such meeting is scheduled.
 - VI. Unless otherwise stipulated, a cumulative voting system shall be used, and the meeting shall vote on candidates for directors and supervisors on an individual basis.
 - VII. Any increase of directors or supervisors on a temporary basis shall be proposed by the board of directors or the board of supervisors to the meeting for election or replacement.
- Article 115 Except for cumulative voting, the meeting shall vote on all proposals on an individual basis. Voting shall be on a "first in, first out" basis in the event that proposals are submitted on the same items. Unless the meeting is suspended or prevented from making a resolution owing to force majeure or other special circumstances, the meeting shall not put the voting aside or refuse to vote on a proposal.

- Article 116 No change of the proposal by the meeting shall be allowed during the reviewing process. Any amendment made during the process shall be considered as a new proposal, which shall not be eligible for a vote at the meeting.
- Article 117 Each voting right shall be exercised either at the meeting, online, or by any of other available means. The first vote shall prevail in cases when a given voting right is exercised repeatedly.
- Article 118 Two representatives shall be appointed for the purpose of counting and monitoring before the voting on proposals. Shareholders or their agents who have an interest in a proposal to be voted on shall not be appointed for such purpose.
- Solicitors and representatives of shareholders and supervisors shall appear for a counting and monitoring when the meeting is voting on proposals. Voting results are to be announced immediately. Voting results on resolutions shall be recorded in the minutes.
- When voting online or through other means, corporate shareholders or their agents shall have the right to check their respective voting results through the system.
- Article 119 The on-site meeting shall not close earlier than that held online or by other means. The moderator shall announce the voting result on each proposal and decide whether a proposal has been passed or not based on its respective result.
- Corporate shareholders, counting and monitoring parties, principal shareholders, the online voting system provider and others involved in on-site, online or other kinds of voting shall not disclose the voting results to any other party before such results are officially announced.
- Article 120 Shareholders appearing at the meeting shall vote in one of following categories on the proposal to be voted on: for, against, and abstention.
- Any unfilled, improperly filled or poorly handwritten votes or votes that are not cast shall be considered as abstentions from voting by the shareholder. Its respective shares shall be counted as “abstentions” in the voting result.
- Article 121 The moderator shall have the right to count the votes if he/she challenges the voting result for any resolution. Shareholders or their agents appearing at the meeting who challenge the result of voting of for which no counting has been organized by the moderator shall have the right to require an immediate count upon the announcement of the result. A second round of counting shall be immediately organized by the moderator.
- Article 122 The results of all vote counting at the meeting shall be recorded in the minutes. Such minutes, together with the signatures of the shareholders appearing at the meeting and of proxies attend the meeting on behalf of others shall be kept at the Company premises.

- Article 123 Shareholders may consult photocopies of the minutes of meetings free of charge during the business hours of the Company. In the event of any shareholder asking for photocopies of such minutes, the Company shall deliver the photocopies in 7 days after receiving a rational expenses.
- Article 124 Resolutions passed at the meeting shall be immediately announced in accordance with the listing rules of the stock exchange where the Company's shares are publicly traded. The notification should list the number of shareholders or their agents appearing at the meeting, the total number of voting shares of such shareholders or agents, the ratio of such voting shares to total voting shares at the Company, the means by which votes were cast, the voting result for each proposal, and the particulars of each resolution passed. Statistics on the attendance and the voting of domestic shareholders and foreign shareholders shall be kept on an individual basis, and announced accordingly.
- Article 125 A special note should be marked in the resolution notice regarding failed proposals or previous resolutions that were amended at this meeting.
- Article 126 The terms of office of newly appointed directors or supervisors shall commence upon the passing of the election proposal at the meeting.
- Article 127 The Company shall implement proposals passed regarding the inclusion of cash dividends, gift shares or capital reserve into share capital within two (2) months after the close of the meeting.

Chapter 9 Special Voting Procedures for Category Shareholders

- Article 128 Category shareholders are holders of category shares issued by the Company. Category shareholders shall enjoy rights and undertake obligations based on the applicable laws, regulations and these Articles of Association. Any non-voting shares included in the share capital at the Company shall bear the wording "non-voting". Any category shares (except shares with the most privileged voting rights) included in the share capital at the Company shall bear the wording "restricted voting" or "limited voting".
- Article 129 The amendment or abolition of rights enjoyed by category shareholders shall not take effect until such amendment or abolition is passed as a special resolution at a shareholders' meeting or at a special meeting convened by the affected category shareholders based on Article 131 to Article 135 herein, except for those resulting from any change in domestic and foreign laws and regulations and listing rules on the stock exchange where the Company is publicly traded, or those resulting from decisions made by domestic and foreign regulatory organs.

Article 130 The following cases shall be deemed as the right to revise or cancel a category shareholder:

- I. The number of the category shares in question has increased or decreased, or the number of a category shares having equal or more voting rights, distribution rights and other privileges as compared with the category shares in question has increased or decreased;
- II. All or part of the category shares in question have been converted to another category, or all or part of other category shares have been converted to the category shares in question or such conversion right has been granted;
- III. The right of the category shares in question to receive the dividends produced or accumulated has been cancelled or reduced;
- IV. The right of the category shares in question to receive preferential dividends or to receive preferential distribution of assets in the Company's liquidation has been reduced or cancelled;
- V. Share conversion rights, option rights, voting rights, transfer rights, preferential placement rights and the right to receive Company securities from the category shares in question have been increased, cancelled or reduced;
- VI. The right of the category shares in question to collect Amounts payable by the Company in a particular currency has been cancelled or reduced;
- VII. A new category has been set up with equal or more voting rights, distribution rights or other privileges compared with the category shares in question;
- VIII. Transfer of ownership of the category shares in question has been restrained, or such restraints have increased;
- IX. Share subscription rights or share conversion rights have been issued for the category shares in question or for another category;
- X. Rights and privileges of other categories of shares have been increased;
- XI. The Company's reorganization scheme will cause non-proportional assumption of responsibilities among different categories of shareholders in the reorganization; and
- XII. The terms of this chapter have been revised or cancelled.

Article 131 Affected category shareholders, regardless of whether they have voting rights at shareholder meetings, shall have voting rights at category shareholder meetings insofar as the matters in Articles 130 (II)-(VIII) and (XI)-(XII) are concerned, but shareholders with related interests shall not have voting rights at category shareholder meetings.

- I. Shareholders with related interests shall refer to controlling shareholders defined herein in cases in which an offer is made by the Company to all shareholders in the same proportion based on Article 32 above or a buy-back is carried out by the Company through the exchange's public trading system.
- II. Shareholders with related interests shall refer to those entering into an OTC buy-back agreement with the Company based on Article 32 above.
- III. In the Company's reorganization scheme, shareholders with related interests shall refer to shareholders assuming a lower proportion of responsibilities than those of other shareholders within the category, or to shareholders holding different interests from those of other shareholders within the category.

Article 132 Resolutions of a category shareholder meeting can only be made after they are passed by a vote of more than 2/3 of the voting shares of the shareholders attending the category shareholder meeting pursuant to Article 131.

Article 133 In convening a category shareholder meeting, the Company shall deliver a written notice 45 days before the convening of the meeting to inform all the registered shareholders of the category shares with regard to the matters to be examined at the meeting as well as to the date and venue of the meeting. Shareholders intending to attend the meeting shall send the Company their written responses regarding their attendance at least 20 days prior to the convening of the meeting.

Where the number of voting shares at the meeting represented by shareholders intending to attend the meeting reaches more 1/2 of the total number of shares in the same category with voting rights at the meeting, the Company may convene a category shareholders' meeting. Otherwise, the Company shall again inform the shareholders within 5 days by public announcement of the matters to be examined at the meeting as well as of the date and location of the meeting. Following such public announcement, the Company may convene a category shareholders' meeting.

Any special listing rules of the stock exchange whereby the stocks of the Company are publicly traded shall prevail.

Article 134 Only voting shareholders shall be notified of category shareholders meetings convened by means of a meeting notice. Such meetings shall to the extent possible be based on same procedures as those for shareholder meetings. Unless otherwise specified in this chapter, the Articles herein regarding the procedures for shareholders' meetings shall apply to category shareholder meetings.

Article 135 Apart from other category shareholders, domestic shareholders and owners of overseas listed foreign shares shall be considered as different category shareholders.

The special procedures for voting by category shareholders shall not apply to the following cases:

- I. By virtue of the approval of a special resolution at the general shareholder's meeting, the Company shall issue domestic shares, overseas listed foreign shares, or both, at intervals of twelve (12) months. Such domestic shares or overseas listed foreign shares to be issued were not in each case to exceed 20% of the outstanding shares.
- II. The plan for issuance of domestic shares or overseas listed foreign shares (or both) was completed within fifteen (15) months from the date of approval by the securities regulatory authority under the State Council.
- III. With the approval by the securities regulatory authority under the State Council, domestic shareholders shall transfer their respective shares in the Company to foreign investors and such shares are to be publicly traded overseas.

Chapter 10 Board of Directors

Section 1 Directors

Article 136 Each board of directors serves the Company for three (3) years. Directors are elected or replaced by the general meeting of shareholders, with its term of office commencing on the date on which the resolution is passed at the meeting and ending on the expiration of the term of office of the Board. Directors may be reelected upon the expiration of their terms.

Where not otherwise provided by law, the issuer in general meeting shall have power by ordinary resolution to remove any director (including a managing or other executive director) before the expiration of his period of office, but such removal shall be without prejudice to any claim for damages under any contract.

A director whose term of office is to expire shall continue with his/her duties as a director before the newly elected director takes office, observing the applicable laws, administrative regulations, rules and regulations, and these Articles of Association.

Any person appointed by the directors to fill a casual vacancy on or as an addition to the board shall hold office only until the next following annual general meeting of the Company, and shall then be eligible for re-election.

The General Manager or other executives can be appointed as a Director on a concurrent basis. Directors holding a concurrent post as General Manager or other executive shall account for less than 50% of the members of the Board.

Directors need not be shareholders of the Company.

Article 137 Any director failing to attend the directors' meeting in person or by proxy twice in succession shall be considered as a director lacking the capacity for his duties. The board of directors shall suggest that the meeting of shareholders remove him from the post.

Article 138 A director may offer to resign before the expiration of the term of office by submitting an application for resignation to the board of directors. Particulars shall be disclosed by the Board within two (2) days.

When the Board is running below the quorum because of such resignation, the director offering to resign shall, before the newly elected director takes office, continue with the duties of a director in accordance with the applicable laws, administrative regulations, rules and regulations and these Articles of Association.

Unless otherwise specified in preceding paragraph, such resignation shall take effect upon the receipt of application by the board of directors.

Article 139 A director not duly authorized by these Articles of Association or the board of directors shall not act on behalf of the Company or the Board in its name. When there exist reasonable grounds for any third party to believe that a director is acting on behalf of the Company or the Board in its name, the director shall declare his position and identity first.

Article 140 A director shall reimburse the Company for its losses resulting from his violation of applicable laws, administrative rules and regulations or these Articles of Association during the performance of his duties at the Company.

Section 2 Independent Directors

Article 141 The Company shall have independent directors. Such directors shall pay close attention to the interests of minority shareholders during the performance of their respective duties.

Unless otherwise specified in this section, independent directors shall be subject to the Articles in Chapter 14 hereof regarding the qualifications and obligations of directors, listing rules of the exchange where shares in the Company are publicly traded and other applicable regulatory rules.

Article 142 Independent director shall refer to a director who holds no other post at the Company and lacks a relationship with the Company or with its principal shareholders (shareholders individually or jointly holding over 5% of the total voting shares at the Company) that may prevent him from an independent and objective judgment and qualifies as a director who complies with the definition of independence in the listing rules of the exchange where the stocks of the Company is publicly traded.

- Article 143 The board of directors at the Company shall consist of at least 1/3 independent directors, including at least one accounting professional. The Company shall elect new independent directors to fill a gap with the number required herein when such independent director fails to meet the requirement of independence or is found not to be fit for duties as an independent director.
- Article 144 Independent directors shall serve the same period for each term of office as that of other directors at the Company. Independent directors may be reelected upon the expiration of their terms of office, however, for a period not exceeding six (6) years in succession.
- Article 145 The Company shall form a working system for independent directors, with a specific definition of the qualifications, nomination, election and replacement, rights and obligations, legal responsibilities, etc. Such system shall take effect upon approval by the general meeting of shareholders.

Section 3 Board of Directors

- Article 146 A board of directors shall be formed at the Company, directly responsible to the general meeting of shareholders.
- Article 147 The board of directors shall consist of 10 members, including a chairman and vice chairmen. Appointment and removal of the chairman and vice chairman shall be subject to a simple majority vote of all members. The chairman and vice chairmen shall serve a term of three (3) years in office, and may be re-elected.
- Article 148 The board of directors shall exercise the following powers:
- I. Convening the general meeting of shareholders and reporting to the meeting;
 - II. Implementing the resolutions passed at the general meeting of shareholders;
 - III. Determining the operational plans and investment methods of the Company;
 - IV. Within the scope of authority of the general meeting of shareholders, deciding on such issues as foreign investment, purchase of assets on sale, mortgage of assets, financing agency, associated transactions, etc;
 - V. Preparing the annual financial budget and the final accounts;
 - VI. Formulating plans for distribution of profits and the recovery of losses;
 - VII. Formulating a plan for the increase or decreases of the registered capital.
 - VIII. Formulating a plan for the listing and issuance of bonds or other securities
 - IX. Formulating plans for substantial acquisitions, buy-backs, mergers, separation, dissolution or change in corporate form;
 - X. Making decisions on the establishment of the Company's internal management system;
 - XI. Appointing or removing the general manager;

- XII. Appointing or removing the secretary of the board of directors appointed by the chairman;
- XIII. Appointing or removing the deputy general manager, the controller and other executives appointed by the general manager, and defining the compensation and bonus-penalty package for such executives;
- XIV. Formulating the basic management system at the Company;
- XV. Defining plans for the amendment of these Articles of Association;
- XVI. Planning the equity incentive packages at the Company;
- XVII. Controlling information disclosure at the Company;
- XVIII. Suggesting the appointment or replacement of the accounting firm working for the Company general meeting of shareholders;
- XIX. Receiving reports from the general manager and reviewing his performance;
- XX. Appointing a chairman and vice chairman;
- XXI. Reviewing and approving the provision of security to foreign parties which, according to Article 63 above, is not subject to review by the general meeting of shareholders;
- XXII. Making decisions on the establishment or abandonment of a branch;
- XXIII. Making decisions on the specific implementation plan for such issues as the merger, division and restructuring of branches;
- XXIV. Making decisions on employees' compensation, benefits and bonus-penalty policy and package;
- XXV. Making decisions on the risk management system, including risk assessment, financial control, internal audit, legal risk control, and monitoring of implementation;
- XXVI. Making decisions on the establishment of board committees and the appointment or removal of the chairmen of such committees;
- XXVII. Making decisions on the establishment of securities and pledges on its assets;
- XXVIII. Making decisions on the provision of loan guarantees for the head office of the Company;
- XXIX. Determining the annual extra costs and expenses at the Company;
- XXX. Other powers or authority specified in applicable laws, administrative rules and regulations or these Articles of Association and authorized by the general meeting of shareholders.

The above powers or functions or any transactions or arrangements at the Company shall be reported to the general meeting of shareholders for its review according to the listing rules of the exchange where the stock of the Company are publicly traded.

Resolutions in the preceding Article shall win a simple majority of votes of all directors, except for Articles 7, 8, 9 and 15, which shall require a two-thirds majority or more of the votes of all the directors, and for Article 21, which shall require a two-thirds majority or more of the votes of all directors appearing at the meeting.

Article 149 The board of directors shall be responsible for the formulation of rules of procedure to ensure that the resolutions passed at the shareholders' meeting are put into practice, to ensure a more productive operation of the board of directors, and to ensure that a scientific decision-making procedure is in place. Such rules of procedure, as the appendix to these Articles of Association, which defines the convening and voting procedure, shall be submitted to the shareholders' meeting for its approval.

Article 150 Board committees shall be formed to provide the board of directors with advice and suggestions on important issues. A strategy committee, audit committee, compensation and evaluation committee and nomination committee and other specialized committees shall be formed at the Company.

Such board committees shall be under the board of directors, all consisting of members of the board of directors. Independent directors shall occupy most seats and act as directors in such committees as the audit committee, compensation and evaluation committee and nomination committee. At least one of the independent directors at the audit committee shall be a professional in the accounting domain, and at least one director shall be equipped with appropriate professional qualifications in the listing rules of major exchanges or other equivalent expertise in accounting or financial management. When necessary, the board of directors may form other committees or restructure existing ones. The board of directors shall formulate specific rules of procedure for such board committees, defining their functions and procedures.

Article 151 The strategy committee under the board of directors shall be mainly responsible for

- I. Studying the long-term development strategy and major investment decisions at the Company, and submitting comments accordingly;
- II. Other powers or authority authorized by the board of directors.

Article 152 The audit committee under the board of directors shall be mainly responsible for

- I. Defining the financial rules and regulations and major control objectives, and steering the financial management at the Company;
- II. Defining the security management policy and reviewing any security transactions;
- III. Reviewing the annual financial budget and final accounts, monitoring the implementation of such budgets, and performing a comparative analysis;
- IV. Reviewing important investment projects from a financial perspective, exercising supervision on how the project is being implemented;
- V. Submitting proposals for the appointment or replacement of external auditors;
- VI. Monitoring the internal audit system and its implementation;
- VII. Serving as a bridge between internal auditors and external auditors;
- VIII. Reviewing the financial information and its disclosure at the Company;
- IX. Reviewing the Company's internal control system;
- X. Other powers or authorities authorized by the board of directors.

- Article 153 The compensation and evaluation committee under the board of directors shall be mainly responsible for
- I. Defining assessment criteria for directors and the general manager, performing such assessments and submitting the comments accordingly;
 - II. Defining and reviewing the compensation policies and packages for directors and executives;
 - III. Other powers or functions authorized by the board of directors.
- Article 154 The nomination committee under the board of directors shall be mainly responsible for
- I. Defining the standards, procedures and methods for the screening of directors, the general manager and other executives, and submitting comments accordingly to the board of directors;
 - II. Conducting an extensive search for qualified candidate directors, the general manager and other executives;
 - III. Assessing candidate directors, general manager and other executives, and submitting an evaluation report to the board of directors;
 - IV. Other powers or authorities authorized by the board of directors.
- Article 155 Should any fixed assets whose expected value, together with its value resulting from any disposal based on such comments within four (4) months, exceed 33% of the value of the fixed assets listed in the balance sheet recently reviewed by the shareholders' meeting, the board of directors shall not dispose of or agree to dispose of such assets without the approval of the meeting.
- The disposal of fixed assets as referred to in this article, shall include actions of transferring capital benefits, but shall not include the action of providing guarantees with fixed assets.
- The effectiveness of the transaction of the Company's disposal of fixed assets will not be affected by violation of Clause 1 of this article.
- Article 156 The board of directors shall submit a statement to the shareholders' meeting regarding the non-standard audit opinion on Company's financial statement.
- Article 157 The chairman of the Board of Directors shall perform the following functions:
- I. Presiding over shareholders' meetings and convening and presiding over meetings of the Board of Directors;
 - II. Checking and supervising the implementation of board resolutions;
 - III. Nominating a candidate for the secretary of the board of directors;
 - IV. Defining the systems necessary for the operation of the board of directors, and coordinating its operation;

- V. Receiving regular and non-regular performance reports from executives, providing the board of directors with steering comments on the implementation of board resolutions;
- VI. Other powers or authorities specified in applicable laws, administrative rules and regulations or these Articles of Association, or authorized by the board of directors.

Should the chairman be unable to perform his duties, a designated vice-chairman may perform such duties in his name.

Article 158 The vice-chairman shall assist the chairman in performing his duties. If the chairman is unable or fails to perform his duties, such duties shall be performed by the vice-chairman. (In the event that there are two or more vice-chairmen, the duties shall be performed by the vice-chairman who is elected by more than half of the directors.) If the vice-chairman is unable or fails to perform his duties, a director shall be elected jointly by more than half of the directors to perform such duties.

Article 159 The Board of Directors shall hold at least two regular meetings every year, which shall be convened by the chairman. All the directors and supervisors shall be informed in writing thereof 10 days prior to the convening of the meeting.

The Board shall convene a provisional meeting when it is deemed necessary by the chairman, proposed by shareholders representing more than 10% of the voting rights, jointly proposed by more than one-third of the directors, jointly proposed by more than half of the independent directors, proposed by the general manager, or proposed by the Supervisory Committee, requested by securities regulatory authorities or under other circumstances stipulated in the Articles of Association. The Board shall convene a provisional meeting within 10 days after the chairman receives notice of the proposal.

Article 160 If the Board convenes a provisional Board meeting, the contents of the notice of such meeting may follow the format stated in Article 238 of these Articles of Association. The Board shall notify all the directors and supervisors within 5 days prior to the convening of the meeting.

Article 161 Notices of Board meetings shall include the following:

- I. time, date and venue of the meeting;
- II. the form of the meeting;
- III. duration of the meeting;
- IV. purpose and agenda;
- V. date of the notice;
- VI. convener and presider of the meeting, proposer of and written proposal for the provisional meeting;
- VII. documents needed for voting of directors;
- VIII. requirements for the directors to attend the meeting in person or by proxy;

IX. coordinator and means of contact;

Article 162 Board meetings can only be held when over half of the directors can attend.

Each director shall have one vote in deciding all resolutions. In the event of equal votes in favor and against, the chairman shall have the right to cast one vote or more.

Article 163 Directors should attend Board meetings personally. In the event that a director is not able to attend for some reason, the director shall entrust another director in writing to attend on the director's behalf. The letter of attorney shall state the name of the entrusted director, the items that are delegated to be handled, the scope of authorization, and the duration of such entrustment. Such letter shall be signed or sealed by the delegating director. A director attending a Board meeting in proxy shall exercise the right of a director within the scope of authorization. In the event that a director fails to attend a Board meeting and entrusts a delegate to attend, the absent director shall be deemed as having abandoned his/her vote at the meeting in question.

Article 164 If any director has a connection with the enterprise involved in the resolution made at a Board meeting, the said director shall not vote on the said resolution for himself/herself or on behalf of other director(s). The Board meeting may be held when more than one half of the non-connected directors attend the meeting. The resolution of the Board meeting shall be passed by more than one half of the non-connected directors. If the number of non-connected directors attending the meeting is less than 3, the issue shall be submitted to the general meeting of shareholders for examination.

Article 165 All resolutions in a Board meeting shall be voted upon by open ballots and recorded. A provisional Board meeting may vote by telecommunication only when the right of the directors to express their opinions can be protected sufficiently, and when the directors in attendance are able to sign.

Article 166 The decisions on the issues considered at Board meetings shall be recorded as minutes. All the attending directors, Secretary to the Board of Directors, and persons recording the minutes shall sign on the minutes.

The directors shall assume responsibilities for the resolutions of the Board of Directors. Where Board resolutions violate the laws, regulations or these Articles of Association, thus causing serious losses to the Company, the directors involved in such resolution shall assume the responsibility for indemnity to the Company. However, a director can be exempted from such responsibilities if it is proved that he or she has raised his or her objections during the voting and that is recorded in the minutes of the meeting. A director who has abstained from voting shall not be exempted from said responsibility of indemnification.

The meeting minutes shall be kept for at least 10 years.

Article 167 Minutes of meetings of the Board of Directors shall include the following:

- I. the time, venue and form of the meeting;
- II. sending of the notice of meeting;
- III. convener and presider of the meeting;
- IV. Agenda of the meeting;
- V. Names of the attending directors and other directors who have been entrusted to attend (proxy);
- VI. The proposals considered at the meeting, chief comments and opinions of directors on relevant issues;
- VII. The voting format and decisions on all resolutions (all decisions shall contain the number of votes that were for and against the resolution and those who abstained from voting and the names of the voters);
- VIII. other issues that the attending directors think should be included into the minutes.

Chapter 11 Secretary to the Board of Directors

Article 168 The Company shall have a secretary to the Board of Directors, who shall be a senior officer.

Article 169 The secretary to the Board of Directors shall be a natural person who has the necessary professional knowledge and experience and shall be appointed by the Board. The principal responsibilities of the secretary to the Board shall be:

- I. Ensuring that the Company has all the necessary organizational documents and records;
- II. Ensuring that the Company shall prepare and submit all reports and documents requested by the relevant authorities according to the law;
- III. Ensuring that the shareholder registration is accurate and ensuring that those who have the right to obtain records and documents of the Company receive those records and documents promptly.

Article 170 Aside from the general manager and the financial supervisor of the Company, a director of the Company or another senior management person may serve as the secretary to the Board of Directors of the Company concurrently. An accountant from the accounting firm appointed by the Company shall not be appointed as the secretary to the Board of Directors of the Company concurrently.

When a director also serves as the secretary to the Board of Directors of the Company, an action that should be made by a director and the secretary to the Board of Directors separately shall not be made by the concurrent director and secretary to the Board in his/her dual status.

The Company shall establish the office of securities representative to assist the secretary to the Board of Directors in fulfilling his/her duties.

Article 171 Directors of the Company, the General Manager, and persons from other internal departments of the Company shall assist the secretary to the Board of Directors in fulfilling his/her duties pursuant to the law. They shall make necessary assurances in areas such as organizational structure, preparation of staff, and budget. All related departments of the Company shall actively coordinate with the work of the secretariat to the Board of Directors.

Article 172 The Company shall establish a working system for the secretary to the Board of Directors and set out in detail the terms of reference, the requirements for the job, legal liabilities, office, evaluation, and mechanisms for awards and punishments, which shall be approved by the Board of Directors before going into effect.

Chapter 12 Managerial Team

Article 173 The Company shall establish a managerial team. Under the direction of the Board of Directors, it shall execute the decisions made by the Board and be responsible for the routine operation of the Company. The managerial team shall be under the charge of a general manager.

The managerial team shall consist of one general manager who shall be appointed or dismissed by the Board, several deputy general managers, and one financial supervisor.

Article 174 The general manager shall serve for a three-year term, after which he/she can be re-appointed for a new term.

The general manager may resign prior to the completion of his/her term. Details regarding the procedures and schemes of such resignation shall be governed by the employment contract entered into by the general manager and the Company. In the event that the general manager cannot perform his/her duties, the Board of Directors shall appoint a deputy general manager to perform such duties on his/her behalf.

A director may serve as the general manager or a deputy general manager concurrently.

Article 175 A controlling shareholder or an effective controller of the Company who serves in positions other than that of director may not serve as a senior executive of the Company.

Article 176 The general manager of the Company shall be accountable to the Board of Directors and shall exercise the following powers:

- I. Presiding over the management of the Company's production and operation and submitting work reports to the Board of Directors;
- II. Implementing resolutions decided upon by the Board of Directors;
- III. Implementing the Company's annual business plan and investment schemes;

- IV. Formulating schemes for the setup of company's internal management organization;
- V. Formulating the Company's basic management regulations;
- VI. Formulating details of the Company's regulations and rules;
- VII. Making proposals regarding the appointment or dismissal of deputy general managers and the financial supervisor of the Company;
- VIII. Appointing or dismissing management personnel other than those who shall be appointed or dismissed by the Board of Directors;
- IX. Drafting proposals regarding the merger, division, and reorganization of the subsidiary of the Company;
- X. Drafting the organizational structure of branches of the Company;
- XI. Drafting policies and proposals concerning the salaries, benefits, and mechanisms of award and punishment of employees;
- XII. Being commissioned by the Board of Directors to handle business operations of the Company pursuant to the laws and regulations and benefits of the Company in the event of force majeure or an emergency in which it is impossible to convene a Board of Directors meeting. A report shall be given to the Board of Directors after such event occurs;
- XIII. Exercising other powers as authorized by the laws, administrative regulations, department charters, or these Articles of Association and the Board of Directors.

The mandate granted by the Board to the general manager can be exercised only after discussion and demonstration by the meeting of the general manager's office.

Article 177 The general manager of the Company shall attend meetings of the Board of Directors. In the event that the general manager is not a director, he/she shall have no voting right in the meeting.

Article 178 The Company shall establish general manager working conference system. The Company shall formulate the working details thereof for the general manager, with implementation to take place upon approval by the Board of Directors.

Article 179 Rules regarding the work of the general manager shall include the following:

- I. Conditions, procedures, and attendees of meetings called by the general manager working conference;
- II. Duties and division of labor among the general manager and other senior executive officers;
- III. Company capital, usage of investment, power to enter into significant contracts, and systems for reporting to the Board of Directors and the Supervisory Committee;
- IV. Other matters deemed necessary by the Board of Directors.

Article 180 The managerial team shall exercise its power in an honest and diligent manner according to the laws, regulations, and these Articles of Association.

Chapter 13 Supervisory Committee

Section 1 Supervisors

- Article 181 Directors and senior management persons of the Company shall not serve concurrently as a supervisor.
- Article 182 Supervisors shall serve for a term of three years, after which the term may be renewed.
- Article 183 If the term of a supervisor expires before re-election or if any supervisor resigns during his/her term, thus causing the membership of the Supervisory Committee to fall short of a quorum, the said supervisor shall continue to fulfill his/her duties as a supervisor pursuant to the laws, administrative regulations, and these Articles of Association until a new supervisor is elected.
- Article 184 Supervisors shall ensure that the information disclosed by the Company is true, accurate, and complete.
- Article 185 Supervisors may attend meetings of the Board of Directors and may make inquiries or suggestions pertaining to the resolutions of the meetings of the Board of Directors.
- Article 186 Supervisors shall refrain from using their relationships and connections to harm the interests of the Company. Compensation shall be made in the event that the Company's interest is harmed as a result of such behavior.
- Article 187 Supervisors shall faithfully perform their duties pursuant to the laws, regulations, and these Articles of Association. In the event that a supervisor has violated the laws, administrative regulations, department charters, or these Articles of Association, thus harming the interests of the Company, such supervisor shall compensate for the loss by the Company.

Section 2 Supervisory Committee

- Article 188 The Company shall establish a supervisory committee. The Supervisory Committee shall be composed of 3 to 9 individual supervisors. The Supervisory Committee shall have one chairman. The Chairman of the Supervisory Committee shall be appointed or dismissed by a majority of more than 2/3 of the supervisors voting.
- Article 189 The Supervisory Committee shall be composed of representatives of the shareholders and the employees. The representatives of the shareholders shall be elected and dismissed at meetings of shareholders. The proportion of representatives of employees in the Supervisory Committee shall not be less than 1/3 of the number of supervisors, not shall it exceed 1/2 of their number. Representatives of the employees shall be elected and dismissed through democratic election by the employees of the Company.

Article 190 The Supervisory Committee shall exercise the following powers:

- I. Examining regular reports of the Company prepared by the Board of Directors and producing written opinions thereon;
- II. Inspecting the finances of the Company;
- III. Supervising the actions of directors and senior executive officers when they carry out their official capacities; proposing the dismissal of directors and senior executive officers who have violated the laws, administrative regulations, these Articles of Association, or resolutions decided upon in shareholder meetings;
- IV. Requiring the Company's directors and senior executive officers to correct their actions when such actions have harmed the interests of the Company;
- V. Introducing motions at general meetings of shareholders;
- VI. Proposing to convene extraordinary shareholder meetings and convene and preside over shareholder meetings in the event that the Board cannot perform the obligations of convening and presiding over shareholder meetings in accordance with the *Company Law* and these Articles of Association;
- VII. Proposing to convene a provisional meeting of the Board of Directors;
- VIII. Electing the chairman of the Supervisory Committee;
- IX. Pursuing legal actions against directors and senior executive officers pursuant to the provisions of the *Company Law*;
- X. Carrying out an investigation in the event that the operation of the Company is out of the ordinary; if necessary, the Supervisory Committee may hire professional organizations such as a public accounting firm or a law firm to assist in its work, with the expenses involved to be borne by the Company;
- XI. Other powers specified in the laws, administrative regulations, and these Articles of Association.

Article 191 The Supervisory Committee shall hold a regular meeting at least once every six months and such meeting shall be called by the chairman of the Supervisory Committee. Supervisors may propose to convene a provisional meeting.

Article 192 The Supervisory Committee shall establish rules for meetings of the Supervisory Committee to ensure that the work done by the Committee is effective and the decisions made are scientific. Rules of the Supervisory Committee regarding the convening and decision-making procedures of the Supervisory Committee shall be attached as an appendix to these Articles of Association, drafted by the Supervisory Committee, and approved at shareholder meetings.

Article 193 Meetings of the Supervisory Committee shall be held only when over 2/3 of the members are in attendance. Resolutions at the meetings of the Supervisory Committee shall be decided by an open and written ballot and each supervisor shall have one vote. A resolution of the Supervisory Committee shall be adopted when over 2/3 of the supervisors are in favor thereof.

Article 194 The Supervisory Committee shall file resolutions as minutes, which shall be signed by the attending supervisors. Any supervisor shall have the right to have an explanatory note entered into the minutes regarding his/her opinion at the meeting. The minutes of meetings of the Supervisory Committee shall be kept for at least 10 years.

Article 195 Notices of Supervisory Committee meetings shall include the following:

- I. time, date, venue and duration of the meeting;
- II. reasons and topics for discussion to considered;
- III. convener and presider of the meeting, proposer of and written proposal for the provisional meeting;
- IV. documents needed for voting of supervisors;
- V. requirements for the supervisors to attend the meeting in person;
- VI. coordinator and means of contact;
- VII. date on which the notice is sent.

A verbal notice of meeting shall at least include (I) and (II) above, and explanation for a provisional meeting of the supervisory meeting in emergency.

Chapter 14 Qualifications and Duties of the Directors, Supervisors, and Senior Management Officers of the Company

Article 196 One may not serve as a director, supervisor, general manager, or other senior management officer in any of the following cases:

- I. Civil incompetence or limited civil competence;
- II. Not more 5 years have passed since termination of the execution period for a penalty imposed based on committing a crime of corruption, bribery, encroachment of property, embezzlement or undermining social economic order, or not more 5 years have passed since termination of the execution period for deprivation of political rights based on the commission of a crime;
- III. Not more 3 years have passed since termination of liquidation owing to the bankruptcy of a company or enterprise on account of poor management where one has served as a director or factory manager and has been held personally responsible for the bankruptcy of such company/enterprise;
- IV. Not over 3 years have passed since the date of cancellation of the business license of a company or enterprise on account of violation of the law where one has served as the legal representative and has been held personally responsible;
- V. A relatively large amount of personal debt is overdue;
- VI. Investigation by the judiciary after a claim has been brought for breaking criminal law, pending conclusion of the case ;
- VII. Being suspended from enter the security market by the securities regulatory authority;
- VIII. Not more 5 years have passed since one has been found guilty of violating related securities regulations and being involved in fraudulent or dishonest behavior;

- IX. One is not a natural person;
- X. Other reasons specified in the laws, regulations, and rules set forth by securities authorities on publicly traded companies and stock exchanges.

Article 197 The validity of actions conducted by directors and senior management officers of the Company towards a good-faith third party shall not be affected by any irregularities with respect to their assumption of duties, election, or qualification.

Article 198 In addition to the duties required by laws, regulations, or the listing regulations of the securities exchange that lists the stock of the Company, and its directors, supervisors, and senior management officers shall assume the following duties to each shareholder when they exercise the rights conferred on them by the Company. They

- I. Shall not cause the Company to act beyond the business scope specified in its business license;
- II. Shall act, in good faith, according to the best interests of the Company;
- III. Shall not injure the property of the Company in any manner, including but not limited to, opportunities that are favorable to the Company;
- IV. Shall not injure the personal interest of shareholders, including but not limited to distribution rights and voting rights and excluding reorganization of the Company submitted to and adopted at the meeting of shareholders pursuant to these Articles of Association.

Article 199 In performing their duties, directors, supervisors, and senior management officers of the Company shall act carefully, diligently, and skillfully, in the way that a reasonable person would have done in similar circumstances, and they shall owe the following responsibilities to the Company:

- I. Exercising the rights given by the Company carefully, solemnly, and diligently to ensure that the business dealings of the Company conform with the laws, regulations, and all economic policies of the State and do not go beyond the scope allowed by its business license;
- II. Treating all shareholders equally;
- III. Understanding and possessing the latest information about the condition of the operation and management of the Company;
- IV. Within the scope of their duties, ensuring that the information released by the Company is true, accurate, and complete;
- V. Reporting related information to the Supervisory Committee honestly and not intervening in the work of the Supervisory Committee and supervisors;
- VI. Diligently fulfilling other duties specified in the laws, regulations, and these Articles of Association.

Article 200 In performing their duties, directors, supervisors, and senior management officers of the Company shall follow the principle of good faith and shall not put themselves in a situation where their own interests may conflict with the duties that they have assumed. This principle shall include (but not be limited to) performance of the following duties:

- I. Behaving honestly from the starting point of the maximal interests of the Company;
- II. Exercising rights within the scope of one's functions, and not going beyond one's authority;
- III. Exercising their discretionary power by themselves and not being manipulated by others; they shall not delegate their discretionary power to another party unless it is permitted by the laws, regulations, or consent of the meetings of shareholders after all the relevant facts have been made known;
- IV. Treating shareholders of the same category equally and shareholders of different categories impartially;
- V. Not concluding a contract or conducting transactions or arrangements with the Company, unless otherwise specified in the Articles of Association or otherwise approved by the shareholders' meeting when the facts are known;
- VI. Not using the property of the Company for their own gains without the consent of the meetings of shareholders after all the relevant facts are made known;
- VII. Not using their power to accept bribes or other kinds of illegal income or infringe upon the property of the Company, including (but not limited to) opportunities that are favorable to the Company;
- VIII. Not accepting commissions related to company's transactions, without the consent of the shareholders' meeting when the facts are known;
- IX. Following the Articles of Association, performing their functions honestly and upholding the Company's interests. They shall not seek private benefits by taking advantage of one's position and power in the Company;
- X. Not using their position to seek business opportunities that belong to the Company for themselves or for others without the consent of the meetings of shareholders after all the relevant facts are made known; companies that are owned by themselves or others and are in the same industry of the Company shall not compete with the Company;
- XI. Not embezzling the funds of the Company and not depositing assets and funds of the Company into their personal account or the accounts of others;
- XII. Not violating these Articles of Association, lending funds of the Company to others or using assets of the Company to act as a guarantor for shareholders of the Company or others without the consent of the meetings of shareholders after all the relevant facts have been made known;
- XIII. Not using their own connections to harm the interests of the Company;
- XIV. Not disclosing confidential information concerning the Company that is obtained during their tenure of office to a third party without the consent of the meetings

of shareholders after all the relevant facts have been made known; not using such information unless it is for the interest of the Company; however, such information may be disclosed to courts or other competent government departments in the following circumstances:

1. When so prescribed by the law;
2. When so required for the public interest;
3. When so required for the interests of the directors, supervisors, or other senior executive officers.

Earnings obtained by the aforementioned personnel in violation of the provisions herein shall belong to the Company and any loss incurred to the Company shall be compensated.

Article 201 Directors, supervisors, and senior management officers of the Company shall not instruct the following persons or organizations (hereinafter “related persons”) to do what directors, supervisors, and senior management officers are not allowed to do:

- I. Spouses and children of the directors, supervisors, and senior management officers of the Company;
- II. Trustees of the directors, supervisors, senior management officers of the Company and related persons listed in subsection (1) of this Article;
- III. Partners of the directors, supervisors, senior management officers of the Company and related persons listed in subsections (1) and (2) of this Article;
- IV. A company under the de facto and exclusive control of the directors, supervisors, and senior executive officers of the Company or a company under de facto and common control listed in subsections (1), (2), and (3) of this Article or other directors, supervisors, or senior management officers of the Company; and
- V. Directors, supervisors, and senior management officers of the controlled company as listed in subsection (4) of this Article.

Article 202 The good faith duties of the directors, supervisors, and senior management officers of the Company does not necessarily terminate upon the end of their tenure of office and their duty to keep the commercial secrets of the Company shall remain valid beyond their tenure of office. The duration of other duties shall be determined by the principle of fairness, the length of time between the occurrence of the event and the end of tenure of office, as well as the circumstances and conditions under which their relationship with the Company ended.

Article 203 Liability assumed by the directors, supervisors, and senior management officers of the Company on account of breach of a certain duty may be released by the meetings of shareholders after all relevant facts have been made known, with the exception of what is specified in Article 60 of these Articles of Association.

Article 204 Where the directors, supervisors, and senior management officers of the Company have major interests, either directly or indirectly, in the contracts, transactions, and arrangements that the Company has concluded or planned (with the exception of appointment contracts of directors, supervisors, and senior management officers), regardless of whether the related matters require approval by the Board of Directors in normal circumstances, they shall disclose the nature and extent of such related interests to the Board of Directors as soon as possible.

Directors shall not vote on contracts, transactions, arrangements or other proposed Board meetings in which the said directors or other persons related to them have material interests in and shall not be counted in the quorum for the meeting.

Unless the directors, supervisors, and senior management officers of the Company that have a material interest that they have already disclosed to the Board of Directors as required in the preceding clause of this Article and the Board of Directors has approved the matter at a meeting without their inclusion in the quorum or without their participation in the voting, the Company shall be entitled to cancel such contract, transaction, or arrangement, except in the event that the other party is a bona fide party that does not know of the facts about the breach of duty on the part of the related directors, supervisors, and other senior management officers.

Where a person related to the directors, supervisors, and senior management officers has related interests in a certain contract, transaction, or arrangement, the related directors, supervisors, and senior management officers shall also be deemed as having related interests.

Article 205 In the event that prior to the Company's first consideration of concluding the relevant contract, transaction, or arrangement, the directors, supervisors, and senior management officers had sent a written notice to the Board of Directors and declared that in view of the content of the notice, the contract, transaction, or arrangement to be concluded by the Company would have related interests with them, then within the scope stated in the notice, the related directors, supervisors, and senior management officers shall be deemed as having made such disclosure as specified in the preceding Article of this Chapter.

Article 206 The Company shall not pay taxes in any manner for its directors, supervisors, and senior management officers.

Article 207 The Company shall not provide loans or security for loans directly or indirectly to directors, supervisors and other senior management officers of the Company and its parent company; it shall not provide loans or security for loans to the related persons of the aforementioned personnel.

The preceding clause shall not apply to the following cases:

- I. The Company is providing a loan or security for a loan to its subsidiary companies;

- II. According to the appointment contracts approved by the meetings of shareholders, the Company is providing loans, security for loans, or other sums to the directors, supervisors, and senior management officers of the Company in order for them to make payments for the purposes of the Company or for expenses incurred during performance of their company duties; and
- III. If the normal business scope of the Company includes the provision of loans and security for loans, the Company may provide loans and security for loans to relevant directors, supervisors, and senior management officers as well as related personnel, provided that the conditions for such provisions shall be compatible with ordinary commercial conditions.

Article 208 Where the Company provides loans in violation of the regulation in the preceding Article, the receiver of the sum shall repay the same immediately, regardless of the conditions for such loans.

Article 209 The Company shall not be forced to implement such loan security provided by it in violation of the regulation in Clause 1 of Article 204, except in the following cases:

- I. When loans are provided to persons related to the directors, supervisors, general managers, deputy general managers and other senior management personnel of the Company or its parent company, without the loan provider knowing the facts;
- II. Where the hypothecated goods provided by the Company have been sold by the loan provider to a bona fide purchaser according to the law.

Article 210 The security as mentioned in the preceding Articles of this chapter shall include such acts as assumption of the duty by the guarantor of the duty or the provision of property to guarantee that the obligor performs its duties.

Article 211 When the Company's directors, supervisors, general manager, deputy general managers and other senior management personnel breach their duties to the Company, in addition to the rights and remedies pursuant to the laws and regulations, the Company shall be entitled to adopt the following measures:

- I. Requiring the related directors, supervisors, general manager, deputy general managers and other senior management personnel to compensate for the losses caused to the Company on account of their neglect of duties;
- II. Canceling any contracts or transactions concluded between the Company and the related directors, supervisors, general manager, deputy general managers and other senior management personnel, and contracts or transactions concluded between the Company and a third person (when the third person knows or ought to know about breach of duties to the Company on the part of the directors, supervisors, general manager, deputy general managers and other senior management personnel who represent the Company);

- III. Requiring the related directors, supervisors, general manager, deputy general managers and other senior management personnel to hand over the benefits obtained through breach of duties;
- IV. Recovering such sums as ought to have been received by the Company but have been received by the related directors, supervisors, general manager, deputy general managers and other senior management personnel, including (but not limited to) commissions;
- V. Requiring the related directors, supervisors, general manager, deputy general managers and other senior management personnel to return the interest that is gained or may have been gained on sums that ought to have been handed over to the Company.
- VI. Adopting rulings on legal procedures to repossess the property of the related directors, supervisors, general manager, deputy general managers, and other senior management personnel that has been obtained through the violation of duties.

Article 212 The Company shall conclude written contracts on matters involving remuneration with its directors and supervisors, being subject to prior approval by the shareholders' meeting. The aforesaid remuneration matters shall include:

- I. Remuneration of the Company's directors, supervisors or senior management personnel;
- II. Remuneration of directors, supervisors or senior management personnel of a subsidiary of the Company;
- III. The sum for compensation for the lost position or retirement of the director or supervisor; and
- IV. Except as specified in the aforesaid contracts, directors or supervisors shall not file lawsuits against the Company for the interests to which they are entitled on account of the aforesaid matters.

Article 213 The contracts on remuneration matters as concluded between the Company and its directors and supervisors shall specify that when the Company is to be purchased, with prior approval by the shareholder's meeting, the Company's directors and supervisors shall be entitled to receive compensation or other sums for their lost position or retirement.

The Company's being purchased as mentioned in the preceding clause refers to one of the following cases:

- I. Anyone makes a purchase offer to all the shareholders;
- II. Anyone makes a purchase offer with a view to make the offeror the controlling shareholder, which is so defined in the Articles of Association.

If the related director or supervisor fails to follow the regulation in this article, any sum so received shall be owned by those who sell their stock by accepting the aforesaid offer, and the director or supervisor shall bear the expenses occurring from proportionate distribution of such sums, which may not be deducted from such sums.

Article 214 The Company shall be allowed to establish necessary liability insurance systems for directors, supervisors, general manager, deputy general managers, and other senior management personnel to reduce possible risks they may encounter as they perform regular duties.

Chapter 15 Accounting regulation and profit distribution

Section 1 Accounting regulation and profits

Article 215 The Company hereby formulates its accounting regulations according to the laws and regulations of relevant national departments.

Article 216 The Company hereby adopts the calendar year as the accounting year, starting on 1 January and ending on 31 December of each calendar year.

The Company shall, upon termination of each accounting year, prepare its financial report, subject to examination according to the law.

The Company's financial reports shall be formulated in accordance with Chinese accounting code and laws and regulations, as well as international accounting code or that of the overseas listing location if the Company issues overseas listed foreign shares. In the event of major discrepancies between the financial reports formulated according to the two accounting codes, these shall be stated in the remarks of such report.

The Company's distribution of the after-tax profits of the relevant accounting year shall be based on the two aforementioned financial reports, whichever has the lower after-tax profit.

Article 217 The Board of Directors of the Company shall, at each annual meeting of shareholders, present to the shareholders a financial report prepared by the Company as specified by relevant laws and regulations.

Article 218 The Company shall submit an annual financial accounting report to the China Securities Regulatory Commission (CSRC) and the Stock Exchange within three months after the end of each accounting year; an interim financial accounting report to CSRC and the Stock Exchange within two months after the end of the first 6 months of the accounting year.

Article 219 The Company shall not establish any accounting books other than those specified by the laws. No savings accounts for assets of the Company shall be established under the name of any individual.

Article 220 The financial report of the Company shall be placed at the Company for the shareholders to consult, 20 days prior to the convening of the annual meeting of shareholders. Each shareholder of the Company shall be entitled to obtain the financial report referred to in this chapter.

The Company shall send a copy of the aforesaid report to each holder of H Shares via mail or other means approved by the Stock Exchange where the Company's shares have been listed at least 21 days before the annual meeting of shareholders at the address recorded in the register of shareholders.

Article 221 The Company shall issue four financial reports every fiscal year, i.e. quarterly financial reports issued within one month after the end of the first quarter and third quarter of the fiscal year, an interim financial report issued within two months after the end of the first 6 months of the fiscal year and an annual financial report issued within three months after the end of the fiscal year.

Article 222 The capital surplus shall include the following sums:

- I. Premium gained from stock issued in excess of the face value;
- II. Other income that should be listed in the capital surplus as specified by competent financial departments of the State Council.

Article 223 When the Company distributes after-tax profits it shall collect 10% to be used for the reserve fund. Such withdrawal may be stopped when the statutory common reserve fund of the Company amounts to more than 50% of the registered capital of the Company.

If the statutory common reserve fund is insufficient to make up for the losses of the preceding year, the profits of the current year shall first be used to make up for the said losses before any statutory common reserve fund is withdrawn as per the preceding paragraph.

After the statutory common reserve fund is withdrawn from the after-tax profits, the discretionary common reserve fund may also be withdrawn pursuant to a resolution passed at a general meeting.

The after-tax profits remaining after recovery of losses and withdrawal of common reserve funds may be distributed as dividends to the shareholders in proportion to their shareholding percentages.

If the meeting of shareholders violates the aforementioned regulations — distributes dividends to the shareholders before the Company recovers its losses and withdraws from the statutory common reserve fund — shareholders must return the unlawfully distributed dividends to the Company.

Article 224 The common reserve funds of the Company shall be used to make up for the losses, enhance the operating scale, or increase the capital of the Company. However, the capital reserve fund may not be used to make up for losses.

When the statutory common reserve fund is converted into capital, the amount of the said fund left shall not be less than 25% of the registered capital of the Company.

Article 225 Any money paid for the shares by the shareholders before being urged is entitled to interest, but prepayment does not confer the right to access subsequently announced dividends.

Article 226 If the Company issues foreign capital stock, the Company shall appoint receiving agents for shareholders holding foreign capital stock. The receiving agent shall, on behalf of the related shareholders, receive dividends distributed by the Company for foreign capital stock as well as other payable sums, and keep the monies to pay the related shareholders at a later time.

The receiving agents appointed by the Company shall meet the requirements of the laws or the securities exchange of the location of the listing.

The receiving agents appointed by the Company for holders of foreign shares listed in Hong Kong shall be trust companies registered pursuant to *Trustee Ordinance* of Hong Kong.

Provided that the relevant PRC laws and regulations are observed, the Company may exercise the right to seize dividends not collected, but the said right shall be exercised only after the expiry of the applicable validity period of the announced shares.

The Company shall have the right to terminate delivery of dividend vouchers by mail to certain holders of foreign capital stock, but the Company may exercise such right only after two vouchers have not been cashed consecutively. However, if the first voucher failed to reach the recipient and was returned, the Company may also exercise the said right.

The Company shall have the right to sell the shares of holders of foreign capital stock whom the Company has failed to contact by means regarded as appropriate by the Board of Directors, but the following provisions must be met:

- I. That dividends on the related shares have been delivered at least 3 times within 12 years and have not been claimed; and
- II. That the Company place advertisements in one or more newspapers of the Company listing location after the 12 years have expired, stating its intention to sell the shares and informing the Stock Exchange of such intention.

- Article 227 After the profit distribution plan has been adopted at the general meeting, the Board shall finish distributing dividends (or shares) within two months after conclusion of the general meeting.
- Article 228 Basic principles of profit distribution policy of the Company
- The profit distribution policy shall be continuous and stable. Profit distribution shall be in full consideration of reasonable return to investors, the long term interests and sustainable development of the Company, and the interests of all shareholders as a whole.
- The profit distribution of the Company shall be based on the distributable profit realized for the year and dividend shall be distributed to shareholders in a sequence in compliance with the statutory requirements and in proportion to their shareholdings. The same shares shall be entitled to the same rights and dividend. Shares of the Company held by the Company are not entitled to distribution.
- The Company shall give priority to profit distribution in the form of cash.
- Article 229 Forms of profit distribution
- The Company may distribute dividends in the forms of cash, shares or a combination of both cash and shares.
- Article 230 Time intervals between profit distributions
- Provided that the Company makes a profit for the year, and its operating cash flow and total undistributed profit are positive, the Company shall make profit distribution at least once a year.
- The Company may distribute interim profit. The Board of the Company may propose distribution of interim dividends based on the scale of profit, cash flows status, stage of development and capital requirements of the Company.
- Article 231 Specific circumstances and proportions of cash dividends
- Profit distributions by the Company in cash shall at least meet the following conditions:
- (1) The realised distributable profit of the Company for the year (the profit after tax of the Company after recovery of losses and allocation to the common reserve) is positive with sufficient cash flows, and the cash dividend distribution will not affect the subsequent continuing operation of the Company;
 - (2) The auditors have issued an audit report with standardized unqualified opinions on the annual financial report of the Company.

Upon the fulfillment of the aforesaid conditions, the Company shall distribute dividend in cash. The total profit to be distributed in cash in any consecutive three years shall not be less than 30% of the average annual distributable profit realized in the three years. The actual proposal relating to the proportion of cash dividend per annum shall be recommended by the Board based on the annual profitability and the future plan of capital utilization.

Article 232 Specific conditions for share dividend distribution

The Company may distribute profit by share dividend according to actual conditions such as the accumulated distributable profit and cash flows of the Company, and on the premise that there is adequate cash dividend and a reasonable share capital structure of the Company. The actual proposal relating to the proportion of share dividends shall be recommended by the Board. In determining the specific amount for the share dividend distribution, the Board shall take full account of whether the total share capital after share dividend distribution is suitable for the current operational scale and the development of the Company, so as to ensure that the profit distribution plan is in the interest of all shareholders as a whole in the long run.

Article 233 The consideration and deliberation procedures and decision-making mechanism for the profit distribution plan

The Company's profit distribution proposal shall be formulated by the management of the Company. In formulating the profit distribution proposal the views of investors shall be taken into account and the proposal so formulated shall be submitted to the consideration of the Board of the Company. The Board of the Company shall fully consider and deliberate the profit distribution proposal pursuant to the provisions of the Articles of Association, having fully taken into account the Company's ability to operate continuously, and the capital required for ensuring routine production, operation and business development as well as reasonable return to investors. In deliberating and decision-making of the profit distribution proposal, the Board of the Company shall take full account of the views of the independent directors. In considering the profit distribution proposal, the Board shall record in detail the advice of the management, key points of the speeches of directors present at the meeting, opinions of independent directors, voting results of Board meetings, etc. and prepare written minutes to be kept properly as the Company's records.

Where the profit distribution proposal is considered by the Board, it requires the consent of more than half of all the directors to be approved. Independent directors shall provide their independent opinion on the profit distribution proposal.

The resolutions formed for the profit distribution proposal shall be submitted to the shareholders general meeting for consideration. Upon receipt of any qualifying profit distribution proposal proposed by other shareholders, the Board shall communicate

with the proposing shareholder to understand the specific reasons and background for proposing the proposal, announce the contents of and reasons for the proposal in accordance with the procedures as required by the Articles of Association, and submit the same to the shareholders general meeting for consideration.

Where the profit distribution proposal is considered at the shareholders general meeting, the Company shall communicate and exchange ideas through multiple channels with shareholders (minority shareholders in particular), take full account of the opinion and demands of minority shareholders, and give timely replies to issues that concern minority shareholders.

Where the profit distribution plan is considered at the shareholders general meeting, it requires the consent of more than half of all shareholders (including proxies of shareholders) carrying voting rights present at the meeting to be approved. Where plans for share dividend distribution or for transfer from the common reserve to share capital is considered at the shareholders general meeting, it requires the consent of more than two thirds of the shareholders (including proxies of shareholders) carrying voting rights present at the shareholders general meeting to be approved.

Article 234 Under circumstances where no cash dividends are paid

Where the Company makes a profit and meets the conditions for cash dividend in the previous accounting year but has not proposed a cash dividend distribution plan, the Board shall disclose in regular reports the reasons for not proposing a cash dividend distribution plan and the purpose for the retained capital, and independent directors shall express their opinion thereon.

Article 235 Adjustments to profit distribution policy

In the event of war, natural disasters and other force majeure, or any material changes to the external business environment or internal operating conditions of the Company, the Company may adjust its profit distribution policy through amendment of the Articles of Association.

In considering the adjustment to the profit distribution policy, the Board shall obtain the consents from more than two thirds of all directors to pass the resolution. Independent directors shall express independent opinion in this regard.

Any adjustment to the profit distribution policy shall only be submitted to the shareholders general meeting for consideration after being approved by the Board, and the Company shall provide access to online-voting for shareholders to facilitate their participation in the shareholders general meeting. The Company shall, for the sake of protecting interests of shareholders, make deliberations and explanations in the proposal to be submitted to the shareholders general meeting. Where the adjustment

to the profit distribution policy is considered at the shareholders general meeting, it requires the consent of more than two thirds of the shareholders (including proxies of shareholders) carrying voting rights eligible for attending the shareholders general meeting to be approved.

Article 236 Payment forms of cash dividends

Cash dividends and other amounts paid by the Company to shareholders of domestic shares shall be paid in RMB. Cash dividends and other amounts paid by the Company to shareholders of overseas listed foreign shares shall be denominated and declared in RMB and paid in foreign currency. The Company shall arrange the foreign currency for payment of cash dividends and other amounts to holders of overseas listed foreign shares and holders of other foreign shares in accordance with foreign exchange management regulations of the PRC.

Except as otherwise specified in relevant laws and regulations, if cash dividends and other monies are paid in other currencies, the exchange rate shall be the exchange rate for RMB to other currencies quoted by the People's Bank of China on the date of the general meeting.

Section 2 Internal Auditing

Article 237 The Company shall conduct an internal audit and assign full-time auditors to conduct internal audit and supervision on the revenues/expenditures and economic activities of the Company.

Article 238 The internal audit system and duties of the auditors shall be subject to the approval of the Board. The auditors shall be accountable to the Board and report their work to the same.

Chapter 16 Appointment of accounting firm

Article 239 The Company shall appoint an independent accounting firm in accordance with the relevant regulations of the state to carry out the audit and review of the Company's annual and other financial reports, the audit of its accounting statements, net assets verification and other related consulting services.

The first accounting firm of the Company may be appointed by the meeting of inauguration before the first annual meeting of shareholders, and its term of office shall be terminated at the end of the first annual meeting of shareholders.

Article 240 The period for which the accounting firm is appointed by the Company shall commence at the end of the current annual meeting of shareholders and terminate at the end of the next annual meeting of shareholders.

- Article 241 The accounting firm appointed by the Company shall have the following rights:
- I. To consult the Company's accounting books, records or vouchers at any time, and to request the Company's directors, general manager, deputy general managers or other senior management personnel to provide relevant information and explanation;
 - II. To request the Company to adopt all rational measures to obtain from its subsidiaries such information and explanations as are needed for the accounting firm to perform its functions;
 - III. To attend shareholder's meetings, obtain any meeting notice or other information about the meeting that any shareholder is entitled to, and speak at any shareholders' meeting on matters concerning its role as the accounting firm of the Company.
- Article 242 The Company's appointment of an accounting firm must be decided upon by the shareholders' meeting. The Board of Directors may not appoint an accounting firm prior to the decision of the shareholder's meeting.
- Regardless of the terms and conditions in the contract concluded between the accounting firm and the Company, the shareholders' meeting may, prior to the completion of the term of any accounting firm, dismiss it by an ordinary resolution. If the related accounting firm has the right to demand reimbursement from the Company on account of its dismissal, such right will not be affected thereby.
- Article 243 Remuneration of the accounting firm appointed by the Board shall be decided upon by the Board.
- Article 244 The Company's appointment, dismissal or non-renewal of the appointment of the accounting firm shall be decided upon by the shareholders' meeting, and shall be submitted to the securities administration in the State Council for the purpose of a record. When the shareholder's meeting intends to adopt a resolution to appoint an accounting firm to fill a vacancy of the position of the accounting firm, or to renew the appointment of an accounting firm by the Board of Directors to fill in the vacancy, or to dismiss an accounting firm prior to completion of its term, the following regulations shall be followed:
- I. Before the shareholders' meeting notice is delivered, the proposal regarding the appointment or dismissal shall be sent to the accounting firm to be appointed or to be dismissed, or to the one that has left its post in the accounting year concerned (leaving the post to be understood to include dismissal, resignation and retirement from the post.)
 - II. If the accounting firm about to leave the post makes a written statement and requests the Company to inform the shareholders thereof, unless the Company receives such statement too late, it shall adopt the following measures:
 1. In the notice delivered for the purpose of making a resolution, state that the accounting firm about to leave the post has made a statement; and

2. Send the duplicate of such statement as an attachment to the notice to each of the shareholders who are entitled to receive the notice of the general meeting in the methods as specified in the Articles of Association.
- III. If the Company fails to send the statement of the accounting firm in question as specified in Item (2) of this Article, the said accounting firm may request such statement to be read out at the shareholders' meeting, and may make further complaints.
- IV. The accounting firm leaving the post shall be entitled to attend following meetings:
 1. The shareholders' meeting when the firm's term is due;
 2. The shareholders' meeting held to fill in the vacancy occurring from the firm's being dismissed;
 3. The shareholders' meeting held on account of the firm's resignation.

The accounting firm leaving the post shall be entitled to receive all notices of the aforesaid meetings or other information relating to such meetings, and speak at the aforesaid meetings about matters involving it as the preceding accounting firm of the Company.

Article 245 If the Company intends to dismiss or not to renew the appointment of an accounting firm, it shall inform the accounting firm in advance. The accounting firm shall be entitled to make a statement to the shareholders' meeting. When the accounting firm resigns, it shall explain to the shareholders' meeting whether the Company has done anything improper.

- I. The accounting firm may resign by placing the written notification of resignation at the domicile or the registered office of the Company. The notification shall come into effect on the date of its being placed at the domicile of the Company or at a later date as stated in the notification. The notification shall include following statements:
 1. A statement that its resignation does not involve anything that should be explained to the Company's shareholders or creditors; or
 2. Any statement about such conditions as should be explained.

Such notifications shall come into effect on the date of their being placed at the domicile of the Company or at a later date as stated in said notifications.

- II. Within 14 days after receiving the written notification referred to in Clause (2), Item (1) of the Articles of Association, the Company shall send photocopies of such notification to the competent authority. If the notification carries such statements as mentioned in Clause (2), Item (1) of the Articles of Association, the Company shall place the duplicate of such statements at the domicile of the Company for shareholders to consult. In addition, the Company shall send the aforesaid duplicate via postage paid mail to each holder of H Shares who are entitled to receive the statement of financial position of the Company, at the addresses recorded in the register of shareholders.

- III. If the resignation notification of the accounting firm carries such statements as mentioned in Clause (2), Item (1) of the Articles of Association, the accounting firm may request the Board of Directors to call a provisional shareholders' meeting to listen to its explanation regarding its resignation.

Chapter 17 Notices

Article 246 The notices of the Company may be sent out in the following ways:

- I. Sent out by courier;
- II. Sent out by mail;
- III. Sent out by fax or E-mail;
- IV. Issued on the website(s) designated by the Company and the stock exchange predicated on compliance with laws and regulations and the listing regulations at the place where the stock of the Company is listed;
- V. Issued by announcement;
- VI. Any other way agreed beforehand by the Company and the party notified or recognized by the party notified on the receipt of a notice; or
- VII. Any other way recognized by the regulatory authority concerned at the place where the stock of the Company is listed or as provided herein.

Unless otherwise stated in the text, the “announcement” referred to herein means an announcement published in the press of China and the press organ in question shall be provided for in the laws and regulations of China or designated by the Securities Regulatory Administration of the State Council insofar as an announcement issued to the shareholders of domestic shares or an announcement to be issued within the territory of China according to relevant provisions and according hereto is concerned; or insofar as an announcement issued to the shareholders of H shares or an announcement to be issued in Hong Kong according to the relevant provisions and according hereto is concerned. All the notices or any other documents of the Company to be submitted to the Hong Kong Stock Exchange according to Chapter 13 of the listing regulations of the HKSE shall either be written in English or accompanied by signed and verified English translations.

Article 247 Unless otherwise provided for herein, such ways of sending out notices as provided for in the previous article shall apply to notices of the Company regarding the convening of general meetings of shareholders and of meetings of the board of directors and board of supervisors.

Article 248 If a notice of the Company is sent out by courier and the served party signs (or seals) on the service receipt, the date when the served party acknowledges the receipt of the notice shall be the date of service. If the notice of the Company is sent out by mail, the 48th hour after the date when the notice is delivered to the post office shall fall within the date of service. If the notice of the Company is sent out by fax or E-mail or issued by a website, the date of sending out or of issuance shall be the date of service. If a notice of the Company is sent out as an announcement, the date of the

publication of the announcement for the first time shall be the date of service. The relevant announcements shall be published in the press in compliance with the relevant provisions. The Company shall give a proper notice so that H shareholders have sufficient time to exercise their rights or act in accordance with the provisions of the notice.

- Article 249 The Company may only deliver the English version or the Chinese version (according to the intention expressed by the shareholder) of any relevant document of the Company within the scope permitted in any applicable law or regulation and in accordance therewith if the Company is required in the listing regulations at the place where the stock of the Company is listed to deliver, mail, distribute, issue or publish both the English and Chinese versions of any such document or provide any such documents in any other way, and if the Company has made appropriate arrangements to determine whether a shareholder wishes to receive only the English version or only the Chinese version of any such document.

Chapter 18 Merger, Separation, Dissolution and Liquidation

Section 1 Merger and Separation

- Article 250 If the Company is to be merged or separated, the board of the Company shall propose a merger or separation plan and after it is passed in accordance with the procedures provided for herein, the relevant examination and approval formalities shall be completed according to law. A shareholder who opposes the merger or separation plan of the Company or a shareholder who agrees thereto shall be entitled to ask the Company to buy his shares at fair prices. The contents of the merger or separation resolution shall be made into a special document for the reference of the shareholders.

If the Company issues any overseas listed foreign shares, the said documents shall also be served on the shareholders of said overseas listed foreign shares by mail.

- Article 251 The merger of the Company may be an absorption-type merger or consolidation.

- Article 252 In the merger of the Company, the parties to the merger shall enter into a merger agreement and work out a balance sheet and a list of properties. The Company shall notify the creditors within 10 days after the date when the resolution on merger is passed and make at least 3 announcements in the newspapers approved by the stock exchange where the stock of the Company is listed within 30 days after the resolution is passed. A creditor shall be entitled to ask the Company to discharge the liabilities or provide an appropriate guarantee for the repayment of the liabilities within 30 days after the date of the receipt of the notice or, if no notice is received, within 45 days after the date when the announcement is issued for the first time.

- Article 253 In the merger of the Company, the claims and liabilities of all the parties to the merger shall be inherited by the company continuing to exist or a newly established company after the merger.

- Article 254 In the separation of the Company, its properties shall be separated appropriately. In its separation, a balance sheet and a list of assets shall be worked out. The Company shall notify the creditors within 10 days after the date when the resolution on separation is made and make at least 3 announcements in the newspapers approved by the stock exchange where the stock of the Company is listed within 30 days thereof.
- Article 255 The liabilities before the separation of the Company shall jointly and severally be assumed by the Company after the separation except for anything otherwise agreed by the Company and the creditor in their written agreement reached prior to the separation for the discharge of the liabilities.
- Article 256 In the merger or separation of the Company, a revised registration shall be completed with the company registration authority according to law if a change occurs with any of the registered matters. If the Company is dissolved, the registration of the Company shall be cancelled according to law. If a new company is established, a company establishment registration shall be completed according to law.

Section 2 Dissolution and Liquidation

- Article 257 If the Company is dissolved for any of the following causes:
- I. The term of business provided for herein expires or any such other cause for dissolution as provided herein occurs;
 - II. The shareholders' meeting passes a resolution on dissolution;
 - III. The Company has to be dissolved on account of the merger or separation thereof;
 - IV. Bankruptcy is declared according to law because of any failure to discharge any liabilities due;
 - V. The business licence has been withdrawn, the Company has been ordered to close, or it has been wound up;
 - VI. A shareholder who holds more than 10% of the voting rights of all the shareholders may request the people's court to dissolve the Company if any serious difficulty occurs in the operation and management of the Company whose continuous existence will cause major losses to the shareholders' interests and the difficulty cannot be solved by any other means.
- Article 258 If the Company is dissolved as provided for in Items (1), (2), (5) and (6) of Article 253 hereof, a liquidation team shall be established within 15 days after the date of the occurrence of the cause for dissolution to start liquidation. The liquidation team shall be composed of the personnel designated by the directors or a general meeting of shareholders. If no liquidation team is established for the liquidation within the time limit, a creditor may apply to the people's court to designate the persons concerned to form the liquidation team for the liquidation.
- If the Company is dissolved as provided in Item (4) of Article 253 hereof, the people's court may organize shareholders, the authorities concerned and the professional personnel concerned to form a liquidation team as provided for in relevant laws.

Article 259 If the board decides to liquidate the Company (except for liquidation owing to the Company's declaration of bankruptcy), the board shall state in the notice that a general meeting of shareholders shall be convened for this purpose that the board has made an overall investigation into the situation of the Company and it considers that the Company may fully discharge the liabilities of the Company within 12 months of the beginning of the liquidation.

After the general meeting of shareholders adopts a resolution of liquidation, the functions and powers of the board of the Company shall be terminated forthwith.

The liquidation team shall follow the instructions from the general meeting of shareholders, make at least one report every year to the general meeting of shareholders on the income and expenditure of the liquidation team as well as the Company's business and progress in the liquidation, and make the final report to the general meeting of shareholders at the end of the liquidation.

Article 260 The liquidation team shall exercise the following functions and powers during liquidation:

- I. Make an inventory of the Company's properties and work out a balance sheet and a list of assets;
- II. Send notices and declarations to the creditors;
- III. Dispose of and clear up any outstanding business of the Company;
- IV. Pay due taxes and taxes accrued during liquidation;
- V. Clear off claims and debts;
- VI. Dispose of the Company's assets remaining after the discharge of its liabilities;
- VII. Attend any civil proceedings on behalf of the Company.

Article 261 The liquidation team shall notify the creditors within 10 days after the date of its establishment and within 60 days thereof make at least 3 announcements in the newspapers approved by the stock exchange where the stock of the Company is listed. The creditors shall report its claims to the liquidation team within 30 days after the date of the receipt of the notice or within 45 days after the date of the announcement if no notice is received.

In reporting claims, a creditor shall explain the relevant particulars of the claims and provide the group with supporting materials. The liquidation team shall register the claims.

In reporting claims, the liquidation team shall make no settlement with creditors.

Article 262 The liquidation team shall work out a liquidation scheme after it liquidates the assets of the Company and works out a balance sheet and a list of assets and report them to the general meeting of shareholders or the people's court for confirmation.

Any assets remaining from the Company assets after the respective payment of liquidation expenses, staff wages, social insurance expenses and statutory compensation, the payment of taxes in arrears and the discharge of the Company's liabilities shall be distributed according to the proportions of the shares held by the shareholders.

During liquidation, the Company shall exist but may not carry out any operation activities that are not related to the liquidation. The assets of the Company shall not be distributed to the shareholders before the discharge of liabilities is made as provided for in the previous clause.

Article 263 The liquidation team shall apply to the people's court for the declaration of bankruptcy according to law if they find that the assets of the Company are insufficient to discharge its liabilities after liquidation of the Company assets and works out a balance sheet and a list of assets. If the Company declares its bankruptcy pursuant to a ruling of the people's court, the liquidation team shall transfer the liquidation affairs to the people's court.

Article 264 After the completion of the liquidation of the Company, the liquidation team shall prepare a liquidation report and a statement of income and expenditure and financial books during liquidation and submit them to a general meeting of shareholders or the people's court for confirmation after they have been audited by an accountant certified in China and then submit the said documents to the company registration authority within 30 days after the date of the confirmation of the general meeting of shareholders or the people's court to apply for the cancellation of the registration of the Company and announce the termination thereof.

Article 265 The members of the liquidation team shall be devoted to their duties and perform their liquidation obligations according to law.

No member of the liquidation team shall accept any bribes or any other illegal income by making use of his functions and powers nor may he seize any assets of the Company.

A member of the liquidation team shall be responsible for compensation should he deliberately or through major negligence cause losses to the Company or to a creditor.

Chapter 19 Amendment of Articles of Association

Article 266 In case of any of the following events, the Company shall modify its articles of association:

- I. Any matter provided herein conflicts with any provision in any modified law or regulation after the amendment of the *Company Law* or any other relevant law or regulation;

- II. A change occurs in the situation of the Company that not does not correspond to the matters recorded herein;
- III. A general meeting of shareholders resolves to amend the articles of association.

Article 267 An amendment hereto herein passed by a resolution of the general meeting of shareholders shall be approved by the competent authority upon the latter's examination and approval thereof. An amended registration shall be completed according to law if it involves the registration of the Company. If the amendment to the Articles of Association does not involve registration, the Company shall submit the amended Articles of Association or the amendment to the Articles of Association to the original company registration authority for filing.

Article 268 The general meeting may grant a mandate to the Board of the Company by passing an ordinary resolution:

- I. If the Company increases the registered capital, the Board of the Company has the right to amend the content relating to the registered capital of the Company in the Articles of Association depending on the circumstances;
- II. If a change in the sequence of the written words or provisions is required when the Articles of Association approved by the general meeting is submitted to the authority authorized by the State council for examination and approval, the Board of the Company has the right to make the corresponding amendment in accordance with the requirements of the securities regulatory authority under the State Council.

The board of directors shall amend these articles of association according to a resolution of amendment by the general meeting of shareholders and to the opinions and suggestions of the competent authority after its examination and approval hereof.

Article 269 Any amended item herein shall be announced as provided if it falls under the information to be disclosed as requested in any law or regulation.

Chapter 20 Settlement of Disputes

Article 270 If the Company issues any overseas listed foreign shares, it shall abide by the following dispute settlement rules:

- I. The parties concerned shall refer any dispute or claim involving the Company's affairs for settlement by arbitration if said dispute or claim occurs between shareholders of overseas listed foreign shares and the Company, between shareholders of overseas listed foreign shares and the directors, supervisors, general managers or any other senior management officers of the Company, between shareholders of the overseas listed foreign shares and the shareholders of domestic shares on the basis of such rights and obligations as provided for in the contract, these Articles of Association and in the *Company Law* and any other relevant laws and regulations.

Upon the reference for arbitration, the said dispute or claim shall refer to all claims or to the overall dispute. All the persons with causes of action for the same subject or anyone required to take part in the settlement of the dispute or claim shall obey the arbitration if he is operating in the capacity of the Company or a Company shareholder, director, supervisor, general manager or any other senior management officer.

Dispute concerning the definition of shareholders and the register of shareholders may be settled by ways other than arbitration.

- II. The arbitration applicant shall select the Shanghai Branch of the China International Economic and Trade Arbitration Commission for arbitration according to its arbitration rules prevailing when applying for arbitration.
- III. The law of the People's Republic of China shall apply to the settlement by arbitration of any dispute or claim stated in Item (I) except for any matter otherwise provided for in any law or regulation.
- IV. The awards made by the arbitration organization shall be final, and shall be binding upon all parties.
- V. The arbitration agreement shall be reached by directors or senior management and the Company which represents both itself and each of the shareholders.
- VI. Any arbitration submitted shall be deemed as authorizing the arbitration tribunal to conduct a public hearing and announce its verdict.

Chapter 21 By-laws

Article 271 The term “senior management officer” referred to herein shall refer to the general manager, deputy general manager, financial controller or board secretary. The “general manager” and “deputy general manager” referred to herein shall just be the “manager” and “deputy manager” referred to in the *Company Law*.

Article 272 Unless specifically stated otherwise, “controlling shareholder” shall refer to the shareholder holding shares amounting to more than 50% of the total share capital of the Company; or any other shareholder enjoying resolution voting rights sufficient to exert a major impact on resolutions of the general meeting of shareholders, even if the proportion of the shares he holds is less than 50% of the total.

The “concerted action” referred to herein shall mean an action in which two or more than two persons reach an agreement (whether oral or written) whereby they obtain voting rights in the Company enabling one of them to achieve or consolidate the goal of controlling the Company.

The “actual controller” stated herein means anyone who can actually control the actions of the Company through investment relationships, agreements or any other arrangements even though he is not a shareholder of the Company.

The “association” stated herein shall refer to the relationship of the Company’s controlling shareholder, actual controller, directors, supervisors, senior management officers with any enterprise under their direct or indirect control and any other relationship liable to lead to the transfer of the Company’s interest. However, the association between enterprises with shares that are controlled by the state shall not be solely based on the fact that their shares are in each case controlled by the state.

- Article 273 Any matter not provided for herein shall be handled in the light of the actual situation of the Company pursuant to laws and regulations and to the listing regulations at the place where the stock of the Company is listed. Law or regulation or the listing regulations at the place where the stock is listed shall prevail if any of these articles of association should conflict therewith.
- Article 274 These Articles of association shall be written in Chinese and if there is any difference between these articles of association and those in any other language or in any different version, the articles of association in Chinese most recently approved and registered with the registration administration of the Company shall prevail.
- Article 275 Unless otherwise provided herein, the figure itself shall be included if these articles of association refer to any such words as “above”, “within” or “before”; the figure itself shall not be included if these articles of association refer to any such words as “lower than”, “less than”, “insufficient”, “more than” or “exceed”.
- Article 276 The right of the arbitration hereof shall be vested in the board of directors of the Company.

(Passed at the AGM on 29 May 2013)