

## **COSCO SHIPPING HOLDINGS CO., LTD.**

### **ARTICLES OF ASSOCIATION**

First amendment	Approved in the First Extraordinary General Meeting in 2005 dated 7 March 2005
Second amendment	Approved in the Extraordinary General Meeting dated 20 November 2006 and the Annual General Meeting dated 15 May 2007
Third amendment	Approved in the First Extraordinary General Meeting in 2007 dated 23 October 2007
Fourth amendment	Approved in the Annual General Meeting for 2008 dated 9 June 2009
Fifth amendment	Approved in the Annual General Meeting for 2011 dated 22 May 2012
Sixth amendment	Approved in the Second Extraordinary General Meeting in 2012 dated 12 November 2012
Seventh amendment	Approved in the Second Extraordinary General Meeting in 2016 dated 25 August 2016
Eighth amendment	Approved in the Annual General Meeting for 2017 dated 8 June 2018
Ninth amendment	Approved in the Second Extraordinary General Meeting in 2018 dated 30 August 2018
Tenth Amendment	Authorized in the Fourth Extraordinary General Meeting, the First A Share Class Meeting and the First H Share Class Meeting in 2018 dated 17 December 2018, and approved in the twenty-third meeting of the fifth session of the Board of Directors dated 6 March 2019
Eleventh Amendment	Approved in the First Extraordinary General Meeting in 2020 dated 30 November 2020
Twelfth amendment	Authorized in the 2019 First Extraordinary General Meeting, the 2019 First A Share Class Meeting, the 2019 First H Share Class Meeting and the 2020 Annual General Meeting, and approved in the tenth meeting of the sixth session of the Board of Directors dated 29 October 2021
Thirteen amendment	Approved in the 2022 Annual General Meeting of the Company dated 25 May 2023
Fourteenth amendment	Approved in the 2023 Annual General Meeting of the Company dated 29 May 2024
Fifteenth amendment	Approved in the 2024 Annual General Meeting of the Company dated 28 May 2025

*(The Articles of Association is made in Chinese and English language, both versions having equal legal effects. In the event of conflicts or inconsistent meaning between the versions, the Chinese version shall prevail.)*

## CONTENTS

Chapter 1	General Provisions . . . . .	1
Chapter 2	Purpose and Scope of Business . . . . .	3
Chapter 3	Shares and Registered Capital . . . . .	3
Chapter 4	Reduction of Capital and Repurchase of Shares . . . . .	9
Chapter 5	Share Certificates and Register of Shareholders . . . . .	11
Chapter 6	Rights and Obligations of the Shareholders . . . . .	17
Chapter 7	General Meetings . . . . .	22
Chapter 8	Special Voting Procedures for Class Shareholders . . . . .	33
Chapter 9	Party Committee . . . . .	36
Chapter 10	Board of Directors . . . . .	36
Chapter 11	Independent Directors . . . . .	44
Chapter 12	Special Committees of the Board of Directors . . . . .	50
Chapter 13	Secretary of the Board of Directors . . . . .	53
Chapter 14	Senior Management . . . . .	55
Chapter 15	Qualifications and Obligations of the Company’s Directors and Senior Management Officers . . . . .	56
Chapter 16	Financial Accounting System and Profit Distribution and Auditing . . . . .	62
Chapter 17	Engagement of an Accounting Firm . . . . .	69
Chapter 18	Insurance . . . . .	71
Chapter 19	Labour and Personnel System . . . . .	71
Chapter 20	Labour Union Organization . . . . .	72
Chapter 21	Merger and Division of the Company . . . . .	72
Chapter 22	Dissolution and Liquidation of the Company . . . . .	74
Chapter 23	Procedures for Amendment of the Company’s Articles of Association . . . . .	76
Chapter 24	Notice and Public Announcement . . . . .	77
Chapter 25	Resolution of Disputes . . . . .	78
Chapter 26	Supplementary Provisions . . . . .	79

Notes: In the side notes of Articles of Association, Company Law refers to the amended Company Law of the People’s Republic of China which came into effect on 26 October 2018. Listing Rules refers to Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited issued by the Stock Exchange of Hong Kong Limited; Hong Kong Clearing House Advices refers to Advices of Hong Kong Clearing House issued by Hong Kong Securities Clearing Company Limited; Zheng Jian Hai Han refers to Letter on Supplementary Amendments on Articles of Association of Companies to be listed in Hong Kong (Zheng-Jian-Hai-Han [1995] No. 1) jointly issued by Overseas Listing Department of China Securities Regulatory Commission (the “CSRC”) and former Productive System Department of State Commission for the Restructuring of the Economy; Advices refers to Advices on Further Promotion for Regularized Operation and Deepening Reform of Overseas Listing Companies jointly issued by State Economic and Trade Commission and China Securities Regulatory Commission; Guidelines of Secretary Work refers to Working Guidelines for Secretary of Board of Directors of Overseas Listing Companies issued by China Securities Regulatory Commission; Guidelines for the Articles, Code of Corporate Governance, General Meeting Rules, the Administrative Measures for Independent Directors refer to, respectively, Guidelines for the Articles of Associations of the Listed Company (Revised in 2023), Code of Corporate Governance for the Listed Company (Revised in 2018), Rules for General Meetings of Listed Company (Revised in 2022), the Measures for the Administration of Independent Directors of Listed Companies, which are all issued by China Securities Regulatory Commission.

In the main body of the Articles of Association, the Listing Rules include the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited and the Rules Governing the Listing of Stocks on Shanghai Stock Exchange issued by the Shanghai Stock Exchange; In the main body of the Articles of Association, the Hong Kong Listing Rules refers to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited issued by The Stock Exchange of Hong Kong Limited.

**ARTICLES OF ASSOCIATION**

**CHAPTER 1. GENERAL PROVISIONS**

**Article 1** COSCO SHIPPING Holdings Co., Ltd. (“Company”) is a joint stock limited company incorporated in accordance with Company Law, and other relevant state laws and administrative regulations.

Approved by State-owned Assets Supervisory and Management Commission of the State Council on 18th February 2005 by (Guo-Zi-Gai-Ge [2005] No.191 Document) Approval Reply on Incorporation of China COSCO Holdings Company Limited, the Company was incorporated by means of promotion and was registered with State Administration for Industry and Commerce on 3 March 2005 and obtained a business license as a company.

The Company’s uniform social credit code is 91120118MA0603879K.

The promoter of the Company is China Ocean Shipping Company Limited (formerly known as China Ocean Shipping (Group) Company).

**Article 2** Registered name of the Company:  
Chinese: 中遠海運控股股份有限公司  
English: COSCO SHIPPING Holdings Co., Ltd.

**Article 3** Address: 2nd Floor, 12 Yuanhang Business Centre, Central Boulevard and East Seven Road Junction, Tianjin Pilot Free Trade Zone (Airport Economic Area), Tianjin  
Postal code: 300461  
Tel: 0086-22-66270898  
Fax: 0086-22-66270899

**Article 4** The chairman of the Board of Directors of the Company, being the director who acts on behalf of the Company in respect of the Company’s affairs, shall be its legal representative.

If the chairman is elected through election of the Board of Directors or is changed, it shall be deemed as election of or change in legal representative. If the chairman resigns, he/she shall be deemed to have resigned from the position of the legal representative simultaneously. Where the legal representative resigns, the Company shall determine a new legal representative within thirty days from the date of the resignation of the legal representative.

The legal consequences of civil activities conducted by the legal representative in the name of the Company shall be borne by the Company. The limitation on the functions and powers of the legal representative in the Articles of Association or by the general meeting shall not be asserted against a bona fide counterpart. Where the legal representative causes damage to any other person in the performance of his/her duties, the Company shall bear civil liability for such damage. The Company may, after discharging such civil liability, seek indemnification from the legal representative at fault in accordance with laws or the Articles of Association.

**Article 5** The Company is a joint stock limited company existing in perpetuity. The nature of the Company is a joint stock limited company (invested by Hong Kong, Macau and Taiwan and a listed company).

The liability of shareholders of the Company shall be limited to the extent of the shares they subscribe and the Company shall be liable for its indebtedness with all its assets.

Article 3  
Company  
Law

The Company is an independent corporate body governed and protected by laws and administrative regulations of the People's Republic of China.

**Article 6** Pursuant to the Company Law, Guidelines for the Articles, Code of Corporate Governance and other relevant state laws and administrative regulations and Constitution of the Communist Party of China, amendments were made to the company's former Articles of Association, and these Articles of Association (The "Articles" or the "Articles of Association") were formulated, which had been approved and authorized at the 2024 Annual General Meeting of the Company.

**Article 7** The Articles shall take effect upon a special resolution by Company's general meeting and registration with the market entities registration authorities. Upon effecting the Articles, the former Articles of Association shall be superseded thereby.

Upon the effective date of the Articles, the Articles of Association shall become a legally binding document on the Company's organization and activities, and the rights and obligations between the Company and shareholders and among shareholders.

**Article 8** The Articles of Association of the Company shall be binding upon the Company, its shareholders, directors and senior management officers. All the aforementioned persons may make claims related to Company matters in accordance with the Articles of Association.

Subject to Chapter 25 of the Articles, shareholders may sue the Company in accordance with the Articles of Association of Company. The Company may sue shareholders, directors and senior management officers of the Company in accordance with the Articles of Association. Shareholders may sue other shareholders in accordance with the Articles of Association of the Company. Shareholders may sue directors and senior management officers of the Company in accordance with the Articles of Association of the Company.

Article 10  
Guidance  
for the  
Articles

For the purposes of the above paragraph, the term "sue" shall include the initiation of proceedings in a court or the application to an arbitration institution for arbitration.

The senior management officers in the Articles refer to the general manager, vice general managers, chief accountant or financial executive, general legal counsel, the secretary of the Board of Directors and other officers as stipulated in the Articles.

**Article 9** The Company may invest in other enterprises. If it is stipulated by law that the Company shall not make capital contribution to its investee enterprises whose debts the Company has to bear joint liability on, the Company shall comply with such law.

Article 15  
Company  
Law

- Article 10** Subject to Chinese laws, administrative regulations and the Articles, the Company is entitled to finance or borrow funds by means including (but not limited to) issuing company bonds and mortgaging or pledging its property.
- Article 11** The Company may establish relevant organizations, assign necessary staff thereto and include them in its enterprise management and personnel establishment pursuant to relevant laws and statutes.
- Article 12** In accordance with the requirements of the Constitution of the Communist Party of China, an organization of the Communist Party of China shall be established to conduct related Party activities. The Party committee shall perform the leadership functions to provide right directions, manage overall situations and ensure implementation. The Company shall establish a working mechanism for the Party, equipped with sufficient staff to deal with Party affairs, and provide sufficient funds to operate the Party organization. The Company shall provide necessary conditions for its Party organization to carry out its activities.

## **CHAPTER 2. PURPOSE AND SCOPE OF BUSINESS**

- Article 13** The objectives of the Company are to: observe state laws and administrative regulations, implement state policies, carry out production and operation autonomously in accordance with law, optimize resource allocation and sharpen competitiveness in both domestic and overseas markets.
- Article 14** The business scope of the Company includes: investment in and management of international shipping companies, provision of supporting services linked with international shipping business; investment in and management of industrial projects, investment in and management of dock construction; engagement in the international marine, air and land shipping agency business; production, sales, leasing and repairs of ships and containers; storage, loading and unloading; shipping planning; and information service. (Items that require approval under the law may commence operating activities only after approval has been granted by the relevant authorities).

The scope of business of the Company shall be in accordance with the items approved by the company registry.

- Article 15** The Company may, for the purpose of its business development, adjust its business scope and operational mode (subject to prior approval by relevant government authorities if required) in accordance with law, and to establish wholly-owned subsidiaries, subsidiaries, associate companies, branch offices, representative offices and so forth inside or outside the People's Republic of China.

## **CHAPTER 3. SHARES AND REGISTERED CAPITAL**

- Article 16** The Company shall have ordinary shares at all times. The ordinary shares issued by the Company include domestic capital shares and foreign capital shares. With regard to its needs, the Company may have other kinds of shares in accordance with the relevant requirements.
- Article 17** Shares of the Company are in form of share certificates. Each of the shares issued by the Company shall have a par value of RMB1.

The abovementioned Renminbi (RMB) refers to the legal currency in the People's Republic of China.

Article 15  
Guidance  
for the  
Articles

**Article 18** The issue of shares by the Company shall adhere to the principles of openness, fairness and impartiality, and each of the shares of the same class shall carry the same rights.

Shares of the same class issued at the same time shall carry the same terms and price. The same amount of price shall be payable by subscribers subscribing the share.

**Article 19** The Company may issue shares to both investors inside the People's Republic of China and investors outside the People's Republic of China in accordance with the relevant requirements.

For the purpose of the preceding paragraph, the term "investors outside the People's Republic of China" shall refer to investors from foreign countries or regions of Hong Kong, Macao or Taiwan that subscribe to shares issued by the Company, and the term "investors inside the People's Republic of China" shall mean investors inside the People's Republic of China, excluding the above said regions, that subscribe to shares issued by the Company.

**Article 20** Shares subscribed to in Renminbi and issued by the Company to investors inside the People's Republic of China shall be referred to as "domestic investment shares". Shares subscribed to in foreign currency and issued by the Company to investors outside the People's Republic of China shall be referred to as "foreign investment shares". Foreign investment shares listed outside the People's Republic of China shall be referred to as "foreign investment shares listed outside the People's Republic of China". Shareholders of domestic investment shares and foreign investment shares listed outside the People's Republic of China are both shareholders of ordinary shares with the same obligations and rights.

The abovementioned foreign currency refers to the legal currency of other countries or regions other than Renminbi, which is accepted by the State Administration of Foreign Exchange of the People's Republic of China and payable for subscription of shares of the Company.

The Company's domestic shares are placed under the unified trust of China Securities Depository and Clearing Corporation Limited Shanghai Branch; the Company's foreign investment shares listed in Hong Kong are mainly placed under the trust of Hong Kong Securities Clearing Company Limited.

**Article 21** Foreign investment shares listed in Hong Kong ("H Shares") refer to the listed with the approval by the Stock Exchange of Hong Kong Limited ("HKEX"), with their par value in Renminbi, and subscribed and traded in Hong Kong dollar.

The domestic shares issued by the Company and listed domestically ("A Shares") refer to the shares that are issued with the approval of or registration with China Securities Regulatory Commission (CSRC) and listed on the domestic stock exchanges, with their par value in Renminbi, and subscribed to and traded in Renminbi.

**Article 22** With the approval by the authorities authorised by the State Council to examine and approve companies, the total number of ordinary shares that the Company may issue is 4,100,000,000. The number of shares issued to the promoters at the time of establishment is 4,100,000,000, representing 100% of the total number of ordinary shares that can be issued by the Company.



**Article 23** The company issued 2,244,000,000 ordinary shares after its establishment, 2,040,000,000 of which are new shares and the promoter sold 204,000,000 original shares, all of which are H shares.

After the above-mentioned issue, the corporate equity structure is as follows: the total number of ordinary shares is 6,140,000,000, of which the promoter China Ocean Shipping Company Limited holds 3,896,000,000 shares, accounting for 63.5% of the total shares; H-share shareholders hold 2,244,000,000 shares, accounting for 36.5% of the total shares.

After the completion of the listing of abovementioned foreign investment shares outside the People's Republic of China, China Ocean Shipping Company Limited's exclusively state-owned capital surplus was turned into the Company's capital, which had been approved by the Extraordinary General Meeting and the regulatory authority. The corporate equity structure after the above-mentioned capital replenishment is as below:

The total number of ordinary shares is 6,204,756,337, of which the promoter China Ocean Shipping Company Limited holds 3,960,756,337 shares, accounting for 63.83% of the total shares; H-share shareholders hold 2,244,000,000 shares, accounting for 36.17% of the total shares.

After the completion of turning China Ocean Shipping Company Limited's exclusively state-owned capital surplus into the Company's capital, which had been approved by the shareholders' meeting with special resolution and certified by the authorized approval body under the State Council, a special distribution in shares and dividends was made by the Company to China Ocean Shipping Company Limited and H-share shareholders, after the abovementioned special distribution, the corporate equity structure is as below:

The total number of ordinary shares is 7,135,469,787, of which the promoter China Ocean Shipping Company Limited holds 4,554,869,787 shares, accounting for approximately 63.83% of the total shares; H-share shareholders hold 2,580,600,000 shares, accounting for 36.17% of the total shares.

After the above-mentioned special distribution, the Company issued 1,783,867,446 A-shares, which had been approved by the shareholders' meeting, the shareholders' meeting of domestic capital stocks, and the shareholders' meeting of foreign capital stocks with special resolution respectively, and certified by the authorized regulatory and approval body under the State Council. After the above-mentioned capital replenishment and A-share issue, the corporate equity is as below:

The total number of ordinary shares is 8,919,337,233, of which the promoter China Ocean Shipping Company Limited holds 4,554,869,787 shares, accounting for 51.07% of the total shares, H-share shareholders hold 2,580,600,000 shares, accounting for 28.93% of the total shares, and A-share shareholders hold 1,783,867,446 shares, accounting for 20.00% of the total shares.

After the above-mentioned capital replenishment and A-share issue, the Company offered 864,270,817 A-shares non-publicly to China Ocean Shipping Company Limited at the first time, and offered not more than 432,666,307 A-shares to less than 10 specific investors that include China Ocean Shipping Company Limited, both of which had been approved by the shareholders' meeting, the shareholders'

meeting of domestic capital stocks, and the shareholders' meeting of foreign capital stocks with special resolution respectively, and certified by the authorized regulatory and approval body under the State Council. After the above-mentioned non-public offering of A-share issue, the corporate equity structure is as below:

The total number of ordinary shares is 10,216,274,357, of which the promoter China Ocean Shipping Company Limited holds 5,472,806,911 shares, accounting for 53.57% of the total shares, H-share shareholders hold 2,580,600,000 shares, accounting for 25.26% of the corporate equity, and A-share shareholders hold 2,162,867,446 shares, accounting for 21.17% of the total shares.

After completion of above-mentioned non-public issuance of A-shares, the Company issued a maximum of 2,043,254,870 A-shares non-publicly to not more than ten target subscribers (including China COSCO Shipping Corporation Limited), pursuant to the approval by way of special resolutions at the shareholders' meetings, the shareholders' meetings of domestic investment shares, and the shareholders' meetings of foreign investment shares respectively, and the approval by the regulatory authorities authorized by the State Council. After completion of the above-mentioned non-public issuance of A-shares, the shareholding structure of the Company is as below:

The total number of ordinary shares of the Company is 12,259,529,227 shares, of which China COSCO Shipping Corporation Limited holds 1,021,627,435 A-shares, accounting for 8.33% of the total shares of the Company, and it also holds 4,557,594,644 A-shares through its wholly-owned subsidiary, China Ocean Shipping Company Limited, accounting for 37.18% of the total shares of the Company. Therefore, China COSCO Shipping Corporation Limited holds 5,579,222,079 A-shares in total, accounting for 45.51% of the total shares of the Company; other A-share shareholders hold 4,099,707,148 shares, accounting for 33.44% of the total shares of the Company; and H-share shareholders hold 2,580,600,000 shares, accounting for 21.05% of the total shares.

After completion of above-mentioned non-public issuance of A-shares, the Company has implemented the share option incentive scheme, pursuant to the approval by way of special resolutions at the shareholders' meetings, the shareholders' meetings of domestic investment shares and the shareholders' meetings of foreign investment shares. The first exercise period in respect of the first batch of the options granted has commenced on 3 June 2021, which is effective from 3 June 2021 to 2 June 2022. As at 30 June 2021, the Company has issued additional 56,469,662 A-shares due to the exercise of the share options. After exercise of the above-mentioned share options, the shareholding structure of the Company is as below:

The total number of ordinary shares of the Company is 12,315,998,889 shares, of which China COSCO Shipping Corporation Limited holds 1,021,627,435 A-shares, accounting for 8.30% of the total shares of the Company, and it also holds 4,557,594,644 A-shares through its wholly-owned subsidiary, China Ocean Shipping Company Limited, accounting for 37.01% of the total shares of the Company. Therefore, China COSCO Shipping Corporation Limited holds 5,579,222,079 A-shares in total, accounting for 45.30% of the total shares of the Company; other A-share shareholders hold 4,156,176,810 shares, accounting for 33.75% of the total shares of the Company; and H-share shareholders hold 2,580,600,000 shares, accounting for 20.95% of the total shares of the Company.



As approved by way of a special resolution at the shareholders' meeting, the Company implemented the 2020 capitalization issue plan under which 13 July 2021 was the record date, and issued 3 shares for every 10 shares to all shareholders of the Company by way of capitalization of the capital reserve. After completion of the above-mentioned capitalization issue, the shareholding structure of the Company is as below:

The total number of ordinary shares of the Company is 16,010,798,556 shares, of which China COSCO Shipping Corporation Limited holds 1,328,115,666 A-shares, accounting for 8.30% of the total shares of the Company, and it also holds 5,924,873,037 A-shares through its wholly-owned subsidiary, China Ocean Shipping Company Limited, accounting for 37.01% of the total shares of the Company. Therefore, China COSCO Shipping Corporation Limited holds 7,252,988,703 A-shares in total, accounting for 45.30% of the total shares of the Company; other A-share shareholders hold 5,403,029,853 shares, accounting for 33.75% of the total shares of the Company; and H-share shareholders hold 3,354,780,000 shares, accounting for 20.95% of the total shares of the Company.

After completion of the above-mentioned capitalization issue up to 29 February 2024, the Company has issued additional 161,788,185 A-shares due to the exercise of the share options.

During the period from 18 October 2021 to 18 May 2023, China COSCO Shipping Corporation Limited increased its shareholdings by 181,331,194 A-shares in total, and by 266,074,500 H-Shares in total through its wholly-owned subsidiaries.

On 9 October 2022, China COSCO Shipping Corporation Limited and Shanghai Automotive Industry Corporation (Group) Co., Ltd. (上海汽車工業(集團)有限公司) entered into the Gratuitous Transfer Agreement, pursuant to which China COSCO Shipping Corporation Limited gratuitously transferred 804,700,000 A shares of the Company directly held by it to Shanghai Automotive Industry Corporation (Group) Co., Ltd. On 11 November 2022, registration of such gratuitous transfer with China Securities Depository and Clearing Corporation Limited had been completed.

On 30 August 2023, with authorization from the shareholders' general meeting, A share class meeting and H share class meeting, the Board of the Company considered and approved the proposal for share repurchase. As of 29 February 2024, the Company repurchased 59,999,924 A Shares and 155,000,000 H Shares, all of which have been canceled.

During the period from 1 March 2024 to 9 April 2025, the Company issued additional 4,099,349 A Shares due to exercise of the share options.

As authorized by the A share class meeting and H share class meeting and approved by way of a special resolution at the general meeting, the Company implemented a share repurchase plan. As of 9 April 2025, the Company repurchased 99,999,943 A Shares and 227,960,500 H Shares, all of which have been canceled.

After exercise of the above-mentioned share options, shareholding increase, gratuitous transfer, repurchase and cancellation, the shareholding structure of the Company as of 9 April 2025 is as below:

The total number of ordinary shares of the Company was 15,633,725,723 shares, of which China COSCO Shipping Corporation Limited held 704,746,860 A Shares, accounting for 4.51% of the total shares of the Company, and held 5,924,873,037 A Shares through its wholly-owned subsidiary, China Ocean Shipping Company Limited, accounting for 37.90% of the total shares of the Company, held 221,672,000 H Shares through its wholly-owned subsidiary, Peaktrade Investments Ltd., accounting for 1.42% of the total shares of the Company, held 158,328,000 H Shares through its wholly owned subsidiary, COSCO SHIPPING (Hong Kong) Co., Limited, accounting for 1.01% of the total shares of the Company. Therefore, China COSCO Shipping Corporation Limited directly and indirectly held 7,009,619,897 shares in total, accounting for 44.84% of the total shares of the Company, including 6,629,619,897 A Shares, accounting for 42.41% of the total shares of the Company and 380,000,000 H Shares, accounting for 2.43% of the total shares of the Company; other A Share shareholders held 6,032,286,326 shares, accounting for 38.59% of the total shares of the Company; and other H Share shareholders held 2,591,819,500 shares, accounting for 16.58% of the total shares of the Company.

As of 9 April 2025, the shares of the Company comprised of 15,633,725,723 ordinary shares, including 12,661,906,223 domestic investment shares (80.99% of the total ordinary shares) and 2,971,819,500 foreign investment shares listed outside the People's Republic of China (19.01% of the total ordinary shares).

- Article 24** If the Company issues H shares and A shares separately within the total number of shares specified in the issuance plan, each of the issues shall be fully subscribed to for once. If special circumstances make it impossible for the issue to be fully subscribed to for once, the shares may be issued in installments, subject to the execution of the relevant procedures of China Securities Regulatory Commission.
- Article 25** The registered capital of the Company is RMB15,633,725,723.
- Article 26** The Company may approve capital increases depending on its business and development requirements in accordance with the relevant provisions of the Articles of Association of the Company.

The Company may increase its capital by the following methods:

- (1) issuance of shares to non-specific targets;
- (2) issuance of shares to specific targets;
- (3) allotment of bonus shares to existing shareholders;
- (4) capitalizing the common reserve fund; or
- (5) other methods permitted by laws, administrative regulations and requirements of the CSRC.

Article 22  
Guidance  
for the  
Articles

If the Company is to increase its capital by issuing new shares, the issuance shall be implemented in accordance with the procedures provided for in relevant state laws and administrative regulations after such increase has been approved in accordance with the Articles of Association of the Company.

When the Company issues new shares to increase its registered capital, shareholders do not have preemptive rights, unless otherwise stipulated in the requirements of the stock exchanges where the Company is listed or the Articles or granted by a resolution of the general meeting.

**Article 27** Save as otherwise provided for in laws and administrative regulations, shares in the Company may be transferred freely and clear of any lien.

**Article 28** The Company or its subsidiaries (including affiliates of the Company) shall not give financial assistance, in the form of gift, advance, guarantee or loan, to any person who purchases shares of the Company or its parent company, except when the Company implements employee stock ownership plan(s).

In the interests of the Company, by resolution of the general meeting, or by resolution of the board of directors in accordance with the Articles or the authorization of the general meeting, the Company may give financial assistance to any person who purchase shares of the Company or its parent company, provided that it is in compliance with laws, administrative regulations and the requirements of the CSRC and the securities regulatory authorities at the place where the Company is listed, and the cumulative total amount of the financial assistance shall not exceed 10% of the total issued share capital. Such resolution made by the Board of Directors shall be passed by more than two-thirds of all directors.

#### **CHAPTER 4. REDUCTION OF CAPITAL AND REPURCHASE OF SHARES**

**Article 29** The Company may reduce its registered capital in accordance with the provisions of its Articles of Association.

**Article 30** If the Company is to reduce its capital, it shall prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors of the reduction of registered capital within 10 days of the date of adoption of the resolution at the general meeting and publish a public announcement in newspapers or on the National Enterprise Credit Information Publicity System and by means as stipulated in Article 244 within 30 days of the said date. Creditors shall, within 30 days of receiving the notice, or within 45 days of the date of the public announcement if the notice has not been received, be entitled to request the Company to repay its debts or to provide a guarantee to the extent of the debts.

Article 177  
Company  
Law

When the Company reduces its registered capital, it shall reduce the amount of capital contributions or shares in proportion to the shareholders' shareholdings, unless otherwise stipulated in the laws or the Articles.

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

**Article 31** If the Company still has losses after making up for them in accordance with the provisions of paragraph 2 of Article 192 of the Articles, it may reduce its registered capital to make up for such losses. Where the registered capital is reduced to make up for losses, the Company shall not make distributions to shareholders, nor shall it exempt shareholders from their obligations to make capital contributions or pay for shares.

Where the registered capital is reduced in accordance with the provisions of the preceding paragraph, the provisions of paragraph 2 of Article 30 of the Articles shall not apply. However, the Company shall announce the reduction in newspapers or on the National Enterprise Credit Information Publicity System and by means as stipulated in Article 244 within 30 days from the date on which the general meeting passes a resolution to reduce the registered capital.

After the Company reduces its registered capital in accordance with the provisions of the preceding two paragraphs, it shall not distribute profits until the accumulated amount of the statutory common reserve fund and the discretionary common reserve funds reaches 50% of the Company's registered capital.

**Article 32** If the registered capital is reduced in violation of the Company Law or other relevant regulations, shareholders shall return the funds received, and any reduction or exemption of shareholders' capital contributions shall be restored to their original status; in case of losses caused to the Company, shareholders and responsible directors and senior management officers shall be liable for compensation.

**Article 33** The Company may, in the following circumstances, in accordance with the provisions of laws, administrative regulations, departmental regulations, other normative documents and the Articles, repurchase its own issued and outstanding shares following legal procedures:

Article 142  
Company  
Law

- (1) reduction of registered capital of the Company;
- (2) merger with other companies holding shares of the Company;
- (3) grant of shares under employee stock ownership plans or as share incentive;
- (4) circumstances where any shareholder holds different opinion with regard to the resolution of the general meeting on merger or division of the Company and requests the Company to purchase his/her/its shares;
- (5) conversion of the convertible corporate bonds issued by the Company into its shares;
- (6) when it is necessary for the Company to safeguard the corporate value and the interests of its shareholders;
- (7) other circumstances which laws or administrative regulations so permit.

Save for the foregoing situations, the Company shall not purchase its shares.

Article 24  
Guidance for  
the Articles

The Company shall repurchase its own issued and outstanding shares in accordance with relevant laws, administrative regulations and provisions of Articles 32 to 35 hereof.

**Article 34** If the Company is to purchase its own shares, it may proceed by means of public centralized trading or in other manners which laws, administrative regulations, the CSRC and securities regulatory authorities at the place where the Company is listed so approve.

If the Company repurchases its shares due to the circumstances specified in Article 31 (3), (5) and (6) of the Articles, it shall do so by means of public centralized trading.

**Article 35** If the Company purchases its shares due to the circumstances specified in paragraph 1 (1) and (2) of Article 33 of the Articles, resolutions related thereto shall be passed at the general meeting; if the Company purchases its shares due to the circumstances specified in paragraph 1 (3), (5) and (6) of Article 33 of the Articles, resolutions related thereto shall be passed at the meeting of Board of Directors which is attended by more than two-thirds of the Directors subject to a mandate granted at the general meeting.

Article 142  
Company  
Law

After the Company repurchases its shares in accordance with the laws, it shall write off or transfer the shares within the period specified by law and administrative regulations. After the Company purchases the shares in accordance with laws, it shall write off the shares within 10 days after the repurchase if the purchase falls within Article 33 (1) of the Articles; it shall transfer or write off the shares within six months if the purchase falls within Article 33 (2) and (4) of the Articles; the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company and such shares shall be transferred or canceled within 3 years if it falls within Article 33(3), (5) and (6) of the Articles.

The amount of the Company's registered capital shall be reduced by the total par value of the shares canceled.

Notwithstanding the aforesaid provisions, if the relevant laws, administrative regulations and the laws of the place where the shares are listed or the securities regulatory authority have other requirements on the aforesaid matters related to the acquisition of the Company's shares, the Company shall comply with such requirements.

## **CHAPTER 5. SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS**

**Article 36** The Company's shares shall be in registered form.

The share certificates of the Company in paper form shall clearly state the following particulars:

- (1) name of the Company;
- (2) date of incorporation or date of issuance of share certificate;



- (3) class, par value and share number of the share;
- (4) serial number of the share;
- (5) such other particulars as are required to be specified by the Company Law and securities exchange(s) on which the Company's shares are listed.

**Article 37** The Company's share certificate may be assigned, donated, inherited and pledged in accordance with relevant laws, administrative regulations and provisions hereof.

Assignment and transfer of the share certificates shall be registered at the share registry appointed by the Company.

**Article 38** The share certificates shall be signed by the legal representative. If the signatures of other senior management staff of the Company are required by the securities exchange(s) on which the Company's shares are listed, the share certificates shall also be signed by such other senior management staff. The share certificates shall become effective after the Company seal (including the seal of the Company's securities) is affixed thereto. Affixing the Company seal (including the seal of Company's securities) to the share certificates shall be authorized by the Board of Directors. The signature of the chairman of the Board of Directors or of other senior management staff on the share certificates may also be in printed form.

Article 1  
Zheng  
Jian Hai Han

In the event the Company's shares are issued and traded in scripless manner, separate provisions of the securities regulatory authorities at the place where the shares are listed shall apply.

**Article 39** The Company shall not accept its shares being held as security under a pledge.

Article 28  
Guidance for  
the Articles

**Article 40** The directors and senior management officers of the Company shall report to the Company their respective shareholdings in the Company and any changes thereto; during their term of office as determined at the time of their appointment, the shares transferred each year shall not exceed 25% of the total number of shares of the same class they respectively held in the Company; the shares they held in the Company shall not be transferred within 1 year from the date on which the shares of the Company are listed and traded. Any of the aforesaid persons shall not transfer the shares of the Company held by him/her within half a year after leaving his/her office. Unless otherwise stipulated in the Articles, the transfer of shares by the aforesaid persons shall be conducted in accordance with the provisions of laws, regulations and/or the securities regulatory authorities at the place where the Company is listed.

Article 141  
Company  
Law

**Article 41** If the Company's directors, senior management officers or shareholders holding more than 5% of the Company's shares sell their shares or other equity securities held by them within six months after buying them, or repurchase the shares or equity securities within six months after selling them, the proceeds obtained therefrom shall belong to the Company, and the Board of Directors of the Company will withdraw such proceeds, except where the security companies hold more than 5% of the shares upon purchasing the remaining underwritten shares and other circumstances required by the CSRC.

Article 30  
Guidance for  
the Articles  
Article 44  
Security Law

Shares or other equity securities held by directors, senior management officers or natural person shareholders referred to in the paragraph above include shares or other equity securities held by their spouses, parents, children in their own names and under others' account.

If the Board of Directors of the Company fails to comply with the provisions of the first paragraph of this article, shareholders are entitled to request the Board of Directors to comply with such provisions within 30 days. If the Board of Directors of the Company fails to comply with such provisions within the aforementioned period, shareholders can directly initiate legal proceedings to the People's Court in his/her/its own name for the interests of the Company.

If the Board of Directors of the Company fails to comply with the provisions of the first paragraph of this article, the directors shall be jointly and severally liable.

**Article 42** The Company shall set up a register of shareholders based on the evidence provided by the securities registration institutions, in which the following particulars shall be recorded:

- (1) the name, address (domicile) of each shareholder;
- (2) the class and quantity of shares held by each shareholder;
- (3) the serial numbers of the shares held by each shareholder (for share certificates issued in paper form); and
- (4) the date on which each shareholder acquired shares.

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

**Article 43** The Company may, pursuant to an understanding or agreement reached between the China Securities Regulatory Commission and the securities regulatory organization outside the People's Republic of China, keep outside the People's Republic of China its register of holders of H shares, and entrust the administration hereof to an agent outside the People's Republic of China. The original of the register of holders of H shares shall be kept in Hong Kong.

The Company shall keep at its domicile a duplicate of the register of holders of H shares. The appointed agent outside the People's Republic of China shall ensure that the original of the register of holders of H shares and its duplicate are consistent at all times.

If the original and duplicate of the register of holders of H shares and its duplicate are inconsistent, the original shall prevail.

Article 2  
Zheng  
Jian Hai Han  
  
Sec.1 (b),  
Appendix 13d  
Listing Rules

**Article 44** The H shares listed in Hong Kong for which all share capital is paid in full may be assigned freely under this Articles of Association. Unless it complies with the following conditions, the Board of Directors may refuse to recognize any assignment instrument without giving any reason:

- (1) a fee has been paid to the Company for register of assignment instrument of the shares and other documents in relation to title of the shares or that may effect title of the shares, such fee shall not exceed the maximum fees prescribed by the HKEX from time to time in the Hong Kong Listing Rules;
- (2) the assignment instrument only involves in the H shares listed in Hong Kong;
- (3) stamp tax for the assignment instrument is paid;
- (4) relevant shares and any evidence indicating assignor is entitled to assign such shares as the Board of Directors may reasonably require shall be made available;
- (5) if the shares shall be assigned to joint holders, the number of joint holders shall be no more than 4; and
- (6) the relevant shares have no additional lien of any company.

In case the Company refuses to register the assigned shares, it shall, within two months of the formal submission of the assignment application, issue a notice on the refusal to register the assignment of the shares to the assignor and assignee.

The H shares listed in Hong Kong shall be assigned in the common or usual writing form or other form of assignment instrument as the Board of Directors may accept; and the assignment instrument shall only be signed by hand or may be signed by hand or printing signature if the assignor or the assignee is a clearing institution or its agent. All assignment instruments must be kept at the legal address of the Company or other locations as the board of directors may designate from time to time.

Changes to and corrections of each part of the register of shareholders shall be carried out in accordance with the laws of its situs.

**Article 45** With respect to the period of closure of register of members prior to a general meeting or prior to the record date for the purpose of distribution of dividends by the Company, the relevant provisions of laws, regulations and the Listing Rules, if any, shall prevail. However, the aforesaid book closure period shall not exceed 30 days in total within one year, but may be extended by up to 30 days after consideration and approval at general meeting. Where the Company receives an application for inspection of the register of members during the book closure period, it shall, at the request of the applicant, issue to the applicant a certificate signed by the company secretary of the Company stating the approval authority for and the period of closure of register of members.

**Article 46** When the Company is to convene a general meeting, to distribute dividends, to be liquidated or to carry out other acts requiring confirmation of equity interests, the Board of Directors or convener of the general meeting shall decide a date as the date for registration of equity interests. Shareholders whose names appear on the register at the end of that date of registration of equity interests shall be the shareholders of the Company enjoying such interests.

**Article 47** Any person that challenges the register of shareholders and requests his name to be entered into or removed from the register may apply to a competent court for rectification of the register.

**Article 48** Any shareholder who is registered in the register of shareholders or requests that his name be entered into the register of shareholders may, if his share certificate (the “original share certificate”) is lost, apply to the Company for issuance of a replacement certificate in respect of such shares (the “relevant shares”).

Applications for the replacement of share certificates from holders of A shares who have lost their certificates shall be dealt with in accordance with Article 164 of the Company Law.

Applications for the replacement of share certificates from holders of H shares who have lost their certificates may be dealt with in accordance with the laws, securities exchange regulations or other relevant regulations of the place where the original of the register of holders of H shares is kept.

Where holders of H shares who have lost their share certificates apply for replacement of their certificates, such replacement shall comply with the following requirements:

- (1) The applicant shall submit the application in the form prescribed by the Company accompanied by a notarial certificate or statutory declaration. The notarial certificate or statutory declaration shall include the applicant’s reason for the application, the circumstances and proof of the loss of the share certificate and a declaration that no other person may require registration as a shareholder in respect of the relevant shares.
- (2) The Company have not received any declaration requiring registration as a shareholder in respect of the shares from any person other than the applicant before it decides to issue a replacement share certificate.
- (3) If the Company decides to issue a replacement share certificate to the applicant, it shall publish a public announcement of its intention to do so in the newspapers or periodicals designated by the Board of Directors; the period of the public announcement shall be 90 days, during which its publication shall be repeated at least once every 30 days.

- (4) Before publishing the public announcement of its intention to issue a replacement share certificate, the Company shall submit a copy of the announcement to be published to the securities exchange where it is listed and may proceed with publication after having received a reply from the securities exchange confirming that the announcement has been displayed on the securities exchange. The Company shall display the public announcement on the securities exchange for a period of 90 days.
- (5) If the application for issuance of a replacement share certificate is made without the consent of the registered holder of the relevant shares, the Company shall mail to such a shareholder a photocopy of the public announcement that it intends to publish.
- (6) If, at the expiration of the 90-day periods provided for in items (3) and (4) hereof, the Company has not received any objection to the issuance of a replacement share certificate from any person, it may issue a replacement share certificate in accordance with the application of the applicant.
- (7) When the Company issues a replacement share certificate under this Article, it shall immediately cancel the original share certificate and record such cancellation and the issuance of the replacement share certificate in the register of shareholders.
- (8) All expenses of the Company for the cancellation of the original share certificate and the issuance of a replacement share certificate shall be borne by the applicant. The Company shall be entitled to refuse to take any action until the applicant provides reasonable security.

The Company shall have the right to terminate sending dividend warrants to shareholders by mail after a dividend warrant fails to be redeemed for two consecutive occasions. However, the Company can exercise the right after the first occasion when such a dividend warrant is returned undelivered.

The Company shall not exercise the power to sell the shares of a shareholder who is untraceable unless:

- (1) at least three dividends in respect of the relevant shares have become payable in a period of 12 years and no person has claimed the dividends during that period; and
- (2) on the expiry of the 12 years, the Company gives notice of its intention to sell the shares by way of an advertisement published in newspapers and notifies the HKEX of such intention.

**Article 49** The Company shall not be liable for any damage suffered by any person from the cancellation of the original share certificate or the issuance of the replacement share certificate, unless the claimant can prove fraud on the part of the Company.



## CHAPTER 6. RIGHTS AND OBLIGATIONS OF THE SHAREHOLDERS

**Article 50** The Company's shareholders are persons that lawfully hold shares of the Company and whose names are entered in the register of shareholders.

Shareholders shall enjoy rights and have obligations according to the class and quantity of shares held by them. Holders of shares of the same class shall enjoy equal rights and have equal obligations.

In the event that one of the joint shareholders is deceased, only the survivors of joint shareholders shall be deemed as owner of the relevant shares of the Company, however, the Board of Directors reserves the right to require for a certificate of death as it may think appropriate for the purpose of amendment of register of shareholders. In respect of joint shareholders of any shares, only the first shareholder in the name list of joint shareholders is entitled to receive relevant share certificate and Company's notice, attend general meeting of the Company and exercise the right of voting. Any notice served to such persons shall be deemed as properly served to the joint shareholders of relevant shares.

Hong Kong  
Clearing  
House  
Advice

**Article 51** Holders of ordinary shares of the Company shall enjoy the following rights:

- (1) to collect dividends and other distributions according to the quantity of shares held by them;
- (2) to lawfully request, convene, chair, participate or to appoint proxies to participate in general meetings and to exercise voting rights;
- (3) to supervise and control the Company's operations, and to make recommendations or inquiries;
- (4) to transfer, bestow or pledge shares held by him/her/it in accordance with laws, administrative regulations and the Company's Articles of Association;
- (5) to review and copy the Articles of Association, the register of shareholders, minutes of general meetings, resolutions of board meetings and financial and accounting reports. Eligible shareholders can examine account books and accounting documents of the Company;
- (6) upon termination or liquidation of the Company, to distribute, on a pro rata basis to their shareholdings, the remaining property of the Company;
- (7) circumstances where any shareholder holds different opinion with regard to the resolution of the general meeting on merger or division of the Company and requests the Company to purchase his/her/its shares;
- (8) other rights conferred by laws, administrative regulations and the Company's Articles of Association.

Article 33  
Guidance for  
the Articles

Article 11  
Code of  
Corporate  
Governance

**Article 52** If a shareholder requests to review and copy relevant materials of the Company, such shareholder shall comply with the requirements of laws and administrative regulations such as the Company Law and the Securities Law. A shareholder who requests to review and copy relevant materials of the Company shall give prior notice to the Company, and submit to the Company written documents evidencing the class and number of shares he holds. The Company shall provide relevant materials in accordance with relevant rules after verifying the identity of such shareholder, and such shareholder shall proceed with relevant confidentiality procedures for matters subject to confidentiality provisions and pay the Company a reasonable charge to cover costs.

**Article 53** Where the contents of a resolution of the general meeting or the Board of Directors violate the laws or administrative regulations, shareholders are entitled to request the People's Court to declare them invalid.

Where the convening procedures or voting method of a general meeting or a meeting of the Board of Directors violate the laws, administrative regulations or the Articles or the contents of a resolution violate the Articles, shareholders are entitled to apply to the People's Court for revocation within 60 days from passing of such resolution, except that there are only minor defects in the convening procedures or voting method of a general meeting and a meeting of the Board of Directors, which do not materially affect the resolution.

Where the Board of Directors, shareholders and other relevant parties dispute the validity of a resolution of a general meeting, they shall promptly file a lawsuit with the People's Court. Before the People's Court makes a judgment or ruling on revocation of a resolution, the relevant parties shall execute the resolution of the general meeting. The Company, directors and senior management shall perform their duties diligently to ensure the normal operation of the Company.

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

**Article 54** Resolutions of the general meeting or the Board of Directors of the Company shall not be valid under any of the following circumstances:

- (1) no general meetings or board meetings has been convened to pass a resolution;
- (2) the resolution is not voted on at the general meeting or board meeting;
- (3) the number of persons attending the meeting or the number of voting rights held does not reach the number of persons or the number of voting rights held as provided for in the Company Law or the Articles;

- (4) the number of persons agreeing to the resolution or the number of voting rights held does not reach the number of persons or the number of voting rights held as provided for in the Company Law or the Articles.

**Article 55** Where the directors (other than members of the audit committee) or senior management officers violate the provisions of laws, administrative regulations or the Articles during the performance of their duties and cause losses to the Company, the shareholders severally or jointly holding 1% or more of the Company's shares for a period of 180 consecutive days or longer are entitled to request the audit committee to initiate legal proceedings to the People's Court in writing; where a member of the audit committee violates the provisions of laws, administrative regulations or the Articles in the performance of duties and cause losses to the Company, the aforesaid shareholders may request the Board of Directors to initiate legal proceedings to the People's Court in writing.

Upon receipt of shareholders' written request stipulated in the preceding paragraph, if the audit committee or the Board of Directors refuses to initiate legal proceedings or fails to initiate such legal proceedings within 30 days from receipt of such request, or in the event of emergency where the interests of the Company will suffer irreparable damages if legal proceedings is not initiated immediately, the shareholders stipulated in the preceding paragraph shall have the right to initiate legal proceedings directly to the People's Court in their own name for the interests of the Company.

If any third parties infringe upon the legitimate rights and interests of the Company and cause losses to the Company, the shareholders specified in the first paragraph of this Article may initiate legal proceedings to the People's Court according to the provisions of the preceding two paragraphs.

Where the directors, supervisors or senior management officers of a wholly-owned subsidiary of the Company violate the provisions of laws, administrative regulations or the Articles during the performance of their duties and cause losses to the Company, or if any third parties infringe upon the legitimate rights and interests of a wholly-owned subsidiary of the Company and cause losses, the shareholders severally or jointly holding 1% or more of the Company's shares for a period of 180 consecutive days or longer, in accordance with the provisions of the first three paragraphs of Article 189 of the Company Law, are entitled to request the supervisory board or the board of directors of the wholly-owned subsidiary to initiate legal proceedings to the People's Court in writing or directly initiate legal proceedings to the People's Court in their own name.

If a wholly-owned subsidiary of the Company has no supervisory board or supervisor but has an audit committee, the first and second paragraphs of this Article shall prevail.

**Article 56** Where any director or senior management officer violates the provisions of laws, administrative regulations or the Articles, and causes damages to the interests of shareholders, shareholders may initiate legal proceedings to the People's Court.

**Article 57** Holders of ordinary shares of the Company shall have the following obligations:

- (1) to abide by the Articles of Association of the Company;
- (2) to pay subscription monies according to their subscribed shares and the method of capital injection;
- (3) not to withdraw their share capital unless otherwise stipulated by laws and regulations;
- (4) not to abuse the shareholders' rights to jeopardize the interests of the Company or other shareholders; not to abuse the Company's independent corporate legal status and the shareholders' limited liabilities to jeopardize the interests of the Company's creditors; the shareholders of the Company who abuse the shareholders' rights, thereby causing losses to the Company or other shareholders shall be liable for compensation in accordance with law. Shareholders who abuse the company's independent corporate legal status and the shareholders' limited liabilities in order to evade debts, thereby seriously jeopardizing the creditor's rights of the Company, shall bear joint and several liabilities on the Company's debts; and
- (5) other obligations imposed by laws, administrative regulations and the Company's Articles of Association.

Article 38  
Guidance for  
the Articles

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

**Article 58** The controlling shareholder and the actual controller of the Company shall exercise their rights and perform their obligations in accordance with the law, administrative regulations, the provisions of the CSRC and the stock exchanges where the Company's securities are listed, and safeguard the interests of the listed company.

Article 40  
Guidance for  
the Articles

**Article 59** The controlling shareholder and the actual controller of the Company shall comply with the following provisions:

- (1) to exercise their rights as shareholders in accordance with the law and not abuse their control or use their connected relations to damage the lawful interests of the Company or other shareholders;
- (2) to strictly implement the public statements and undertakings made and shall not change or waive them;
- (3) to fulfil information disclosure obligations in strict accordance with the relevant regulations, to proactively cooperate with the Company in information disclosure and to inform the Company in a timely manner of material events that have occurred or are proposed to occur;
- (4) not to appropriate the Company's funds in any way;

- (5) not to order, instruct or request the Company and relevant personnel to provide guarantees in violation of laws and regulations;
- (6) not to make use of the Company's undisclosed material information to gain benefits, not to disclose in any way undisclosed material information relating to the Company, and not to engage in insider trading, short-swing trading, market manipulation and other illegal and unlawful acts;
- (7) not to damage the lawful interests of the Company and other shareholders through unfair related transactions, profit distribution, asset restructuring, foreign investment or any other means;
- (8) to ensure the integrity of the Company's assets, and the independence of personnel, finance, organization and business, and not to affect the independence of the Company in any way;
- (9) to comply with laws, administrative regulations, the provisions of the CSRC, the business rules of the stock exchanges where the Company is listed, and other provisions of the Articles.

Where the controlling shareholder or the actual controller of the Company does not act as a director of the Company but actually carries out the affairs of the Company, the provisions of the Articles relating to the duties of loyalty and diligence of directors shall apply.

Where the controlling shareholder or the actual controller of the Company instructs a director or senior management officer to engage in an act that is detrimental to the interests of the Company or shareholders, he shall be jointly and severally liable with such director or senior management officer.

**Article 60** Where the controlling shareholder or the actual controller pledges the shares of the Company that he/she/it holds or actually controls, he/she/it shall maintain the stability of the Company's control and production operations.

**Article 61** Where the controlling shareholder or the actual controller transfers the shares of the Company held by him/her/it, he/she/it shall comply with the restrictive provisions on the transfer of shares set out in the laws, administrative regulations, the provisions of the CSRC and the stock exchanges where the Company is listed, as well as his/her/its undertakings in respect of the restriction on the transfer of shares.

**Article 62** The "controlling shareholder" referred to in the Articles refers to a shareholder whose shares account for 30% or more of the Company's total share capital; or a shareholder who holds less than 30% of the Company's shares but whose voting rights on the basis of their shareholdings are sufficient to exercise a significant influence on the resolutions of the general meetings, or able to exercise control over the majority of the members of the Board of Directors.

The "actual controller" referred to in the Articles refers to a natural person, legal person or other organization that can effectively control the activities of the Company through investment, agreement or other arrangements.



The “connected relation(s)” referred to in the Articles refers to the relationship between any controlling shareholder, actual controller, director or senior management officer of the Company and any entity controlled by it or him directly or indirectly, or other relationship that may cause any transfer of the interests of the Company. However, the entities controlled by the state shall not be deemed to be connected to each other solely because they are under common control of the state.

## **CHAPTER 7. GENERAL MEETINGS**

**Article 63** The general meeting of the Company comprises of all shareholders. The general meeting shall be the organ of authority of the Company and shall exercise its functions and powers according to law.

**Article 64** The general meeting shall exercise the following functions and powers:

- (1) to elect and replace directors and decide on matters concerning the remuneration of directors;
- (2) to consider and approve reports of the Board of Directors;
- (3) to consider and approve the Company’s profit distribution plans and plans for making up losses;
- (4) to pass resolutions concerning the increase or reduction of the Company’s registered capital;
- (5) to pass resolutions on matters such as the merger, division, dissolution, liquidation or change in the nature of the Company;
- (6) to pass resolutions on the issuance of bonds by the Company;
- (7) to pass resolutions on the engagement or dismissal of the accounting firm which undertakes the Company’s audit engagements by the Company;
- (8) to amend the Articles of Association of the Company;
- (9) to resolve on the Company’s external guarantees which shall be approved by a general meeting as provided for under Article 66 of the Articles of Association;
- (10) to consider the purchase or sale of significant assets by the Company within 12 consecutive months in excess of 30% of the latest audited total assets of the Company;
- (11) to consider the incentive share option scheme and the employee share ownership plan;
- (12) to consider and approve changes to the use of fund raised;
- (13) to resolve on other matters which, in accordance with the laws, administrative regulations, department rules, listing rules and the Articles of Association, must be approved by a general meeting.

General meeting may authorize the Board of Directors to resolve matters in relation to corporate bond issuance, and authorize or entrust the Board of Directors to proceed the matters as authorized or entrusted.

**Article 65** Unless the Company is in a crisis or other special circumstances, without the approval of the general meeting by way of special resolution, the Company may not conclude any contract with any person other than directors or senior management officers of the Company whereby such a person is put in charge of the management of the whole or a substantial part of the Company's business.

**Article 66** Any external guarantee granted by the Company shall be approved by the Board of Directors. A guarantee granted under any of the following circumstances shall be approved by the general meeting after being considered and passed by the Board of Directors:

- (1) any provision of guarantee, where the total amount of external guarantees provided by the Company or its subsidiaries exceeds 50% of the latest audited net assets;
- (2) provision of guarantee to anyone whose liability-asset ratio exceeds 70%;
- (3) provision of a single guarantee whose amount exceeds 10% of the latest audited net assets;
- (4) provision of guarantees to shareholders, de facto controllers and their related parties;
- (5) any external guarantees of the Company and its holding subsidiaries the amount of which exceeds 30% of latest audited total assets of the Company;
- (6) the accumulated guaranteed amount provided to others by the Company and its controlled subsidiaries within 12 consecutive months exceeds 30% of the latest audited total assets of the Company;
- (7) other guarantee matters that shall be approved by the general meeting as stipulated by laws and regulations and the Company's Articles of Association.

Article 42  
Guidance for  
the Articles

If the directors and senior management officers of the Company have committed any violations of the laws, administrative regulations or their authorities of approval and examination procedures for the external guarantees prescribed in the Company's Articles of Association, they shall be liable for any losses suffered by the Company arising therefrom, and the Company may institute legal proceedings against them in accordance with law.

**Article 67** Matters subject to decisions by general meetings as required by law, administrative regulations and the Company's Articles of Association shall be considered by general meetings with a view to protecting the right of shareholders. Where necessary and reasonable, any matter which is relevant to matters subject to resolution but unable to be decided immediately at a general meeting may be, with the authority granted by the general meeting, decided by the Board of Directors within the scope authorized by the general meeting.

Article 14  
Code of  
Corporate  
Governance

**Article 68** Where the authority granted by the general meeting to the Board of Directors is related to a matter subject to an ordinary resolution, such a resolution shall be passed by votes from a majority of the shareholders with voting rights and who are present at the general meeting (including proxies); where it is related to a special resolution, such a resolution shall be passed by votes of more than two-thirds of the shareholders with voting rights and who are present at the general meeting (including proxies). The substance of the authorization shall be clear and specific.

Article 103  
Company  
Law

**Article 69** General meetings shall be divided into annual general meetings and extraordinary general meetings. General meetings shall be convened by the Board of Directors. Annual general meetings shall be convened once a year and shall be held within six (6) months of the end of the preceding fiscal year.

Article 43  
Guidance for  
the Articles  
Articles 20  
General  
Meeting  
Rules

The venue for the Company to hold the general meeting is the place of domicile of the Company or any other place specified in the notice of the general meeting.

General meetings shall be organized in physical venues and convened in the form of physical meetings. The Company shall also provide online voting as a convenient means for shareholders in accordance with the listing rules of the places where the shares of the Company are listed. Shareholders who attend the general meeting through the aforesaid means are deemed to be present at the meeting.

The Board of Directors shall convene an extraordinary general meeting within two months of the occurrence of any of the following circumstances:

Article 44  
Guidance for  
the Articles

- (1) the number of directors is less than five;
- (2) the losses of the Company that have not been indemnified reach one-third of the total share capital of the Company;
- (3) shareholders individually or jointly holding more than 10 percent of the Company's shares request;
- (4) the Board of Directors considers it necessary or the audit committee proposes such a meeting be held;
- (5) a majority of independent directors propose such a meeting; or
- (6) any other circumstance so specified by laws, administrative regulations, departmental rules and regulations or the Articles occurs.

Article 100  
Company  
Law

Article 6  
Advices

The number of the shares held by the shareholder(s) referred to in the preceding subparagraph (3) shall be calculated as at the date on which the relevant written request is made.

**Article 70** When the Company is to hold an annual general meeting, it shall issue a written notice 20 days prior to the meeting, and when the Company is to hold an extraordinary general meeting, it shall issue a written notice 15 days prior to the meeting, informing all the registered shareholders of matters to be considered, the time and place of the meeting. The date of the meeting shall not be counted for the purpose of determining the commencement date of such period.

However, if the Company has only promoter shareholder(s), the provision of the previous paragraph regarding the deadline for notice can be waived with an agreement in writing by all the promoter shareholder(s).

**Article 71** When the Company is to hold a general meeting, the Board of Directors, the audit committee, shareholders individually or jointly holding more than 1% of the shares shall be entitled to propose motions to the Company.

Article 54  
Guidance for  
the Articles

The shareholders individually or jointly holding more than 1% of the Company shares may propose provisional motions, which shall be submitted or delivered to the convenor in written form 10 days prior to the date of the shareholders' general meeting; within 2 days after the receipt of the motions, the convenor shall issue supplementary notice of the general meeting to announce the contents of the provisional motions to the public, and submit such provisional motions to the general meeting for consideration, however, except for those that violate the laws, administrative regulations or the Articles, or fall outside the scope of terms of reference of a general meeting.

Article 54  
Guidance for  
the Articles  
Article 13.73  
Listing Rules

In addition to the provisions of the preceding paragraph, the convenor shall not, after issuing the notice of the general meeting, modify the motions already specified in the notice of the general meeting or add new motions.

The general meeting shall not vote and approve a resolution on any motion that is not listed in the notice of the general meeting or does not comply with the Articles.

**Article 72** Motions in a general meeting refer to specific motions regarding issues which shall be discussed in a general meeting. The motions shall conform to the following conditions:

Article 53  
Guidance for  
the Articles

- (1) Contents of motions shall comply with provisions of the laws, administrative regulations and the Articles and shall fall within the terms of reference of a general meeting;
- (2) Motions shall cover a specific subject with specific issues to be resolved;
- (3) Motions shall be submitted or delivered to the convenor in written form.

**Article 73** The notice of a shareholders' general meeting shall meet the following requirements:

- (1) be made in writing;
- (2) specify the place, date and time of the meeting;

- (3) describe the matters to be discussed at the meeting;
- (4) provide the shareholders with the information and explanations necessary to make informed decisions on the matters to be discussed; without limiting the generality of the foregoing, when the Company proposes a merger, repurchase of shares, restructuring of share capital or other restructuring, it shall provide the specific conditions and contract (if any) of the transaction contemplated and earnestly explain the cause and effect of the transaction;
- (5) contain a disclosure of the nature and extent of the material interests, any of the directors or senior management officers has in any matter to be discussed; and an explanation of the difference, if any, between the way in which matter to be discussed would affect such director or senior management officer in his/her capacity as a shareholder and the way in which such matter would affect other shareholders of the same class;
- (6) contain the full text of any special resolution proposed to be moved at the meeting;
- (7) contain conspicuously a statement that shareholders entitled to attend and vote have the right to appoint one or more proxies to attend and vote on their behalf and that such proxies need not be a shareholder;
- (8) contain the share registration date of shareholders who are entitled to attend the general meeting;
- (9) state the time and place for serving the powers of attorney to vote at the meeting;
- (10) the names and the contact numbers (if necessary) of the contact persons of the shareholders' general meeting; and
- (11) Time and procedures for voting on the internet or by other means.

**Article 74** Notice of a general meeting shall be delivered to the shareholders (whether or not entitled to vote thereat) in the manner prescribed in Chapter 24 of the Articles of Association or in other manners as permitted by the Listing Rules.

For holders of H shares, subject to the fulfilment of the requirements of the laws and the Listing Rules, such notice of meeting may be published on the website of the Company and the website of the HKEX.

For holders of A shares, notice of a shareholders' general meeting may also be given by a public announcement. The aforesaid public announcement shall be published on the website of the Shanghai Stock Exchange and media which fulfills the criteria prescribed by China Securities Regulatory Commission. Once the announcement is made, all holders of A shares shall be deemed to have received notice of the relevant shareholders' meeting.



**Article 75** A meeting and the resolutions adopted thereat shall not be invalidated due to the accidental omission to give notice of the meeting to, or the non-receipt of the notice of the meeting by, a person entitled to receive notice.

**Article 76** All ordinary shareholders (including preference shareholders with restored voting rights), shareholders holding special voting shares, and other shareholders whose names appear on the register on the date of registration of equity interests, or their proxies are entitled to attend the general meeting and exercise their voting rights in accordance with relevant laws, regulations and the Articles. Any shareholder entitled to attend and vote at a general meeting may attend the general meeting in person or appoint one or more persons (which need not be shareholders) as his/her/its proxies to attend and vote on his/her/its behalf. Such proxies may exercise the following rights in accordance with his/her/its entrustment by the shareholder:

- (1) the shareholder's right to speak at the general meeting;
- (2) the right to demand or join in the demand for a ballot; and
- (3) the right to vote by show of hands or by ballot, except that if a shareholder has appointed more than one proxy, such proxies may only exercise their voting rights by ballot.
- (4) if the shareholder is a recognized clearing house or its proxy as defined in the relevant provisions of Hong Kong Laws in force from time to time, the shareholder may authorize one or more persons as it thinks fit to be its representative at any general meeting or any class meeting and creditors' meeting. The authorized person may exercise rights on behalf of the recognized clearing house (or its proxy) and enjoy the same statutory rights as other shareholders, including the right to speak and vote, as if it is an individual shareholder of the Company.

Hong Kong  
Clearing  
House  
Advices

**Article 77** Shareholders shall entrust their proxies by written instruments, which shall be under the hand of the appointors or their agents entrusted in writing. If the appointor is a legal person, the instrument shall be under the seal of the legal person or the signature of its director(s) or duly authorized agent(s). Such power of attorney shall specify the number of shares the proxies shall represent. If a number of person are authorized as proxies, the power of attorney shall specify the number and class of shares each proxy shall represent.

Hong Kong  
Clearing  
House  
Advices

**Article 78** If the instrument appointing a proxy is signed by another person authorized by the appointor, the power of attorney or other documents authorizing the signature shall be notarized. The notarized power of attorney or other authorizing documents shall be deposited together with the instrument appointing the voting proxy at the domicile of the Company or at such other places as specified in tile notice of the meeting.

**Article 79** Any form issued by the Board of Directors of the Company to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies to cast an affirmative or negative vote and enable the shareholders to give separate instructions on each matter to be voted on in connection with each point of discussion of the meeting.

**Article 80** A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or decease, or loss of capacity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the relevant shares, as long as the Company did not receive any written notice of the event before the relevant meeting commenced.

**Article 81** When the matters relating to the connected transactions are being considered at the general meeting, the connected shareholders shall not participate in the voting, and the number of voting shares represented by them will not be counted in the total number of valid votes; the announcement of the general meeting resolutions shall fully disclose the voting by the non-connected shareholders.

**Article 82** If a natural person shareholder attends meeting in person, he/she shall produce his/her identity card or other valid document or proof of identity; proxies, when attending the general meeting on behalf of the natural person shareholders, shall show their proof of identity and power of attorney signed by appointors by hand. The power of attorney shall stipulate the date of issuance.

A corporate body shareholder shall be represented by its legal representative or the proxy appointed by its legal representative to attend the meeting and vote at the meeting. Such corporate body shareholder shall be deemed to be present in person if the corporate body shareholder has appointed a representative to attend any meeting. Such legal person may execute a proxy through a person duly authorized by it. The legal representative of corporate body shareholders, when attending the meeting, shall show his/her own identification card, and proof of his/her legal representative identity such as legal representative ID; the appointed proxies, attending the meeting on behalf of corporate body shareholders, shall show their own identification cards, and proof of the appointor's shareholder identity such as power of attorney signed by legal representative and stamped by the corporate body shareholder, and share ownership certificate.

**Article 83** The Company shall be responsible for preparing an attendance register of persons attending the meeting in person. The attendance register shall state the names (or names of the corporations), identity card numbers, the number of voting shares held or represented, name of the principal (or names of the corporations) and so on.

**Article 84** The convenor and the attorney engaged by the Company will jointly verify the lawfulness of shareholders' qualifications against the register of shareholders provided by the securities registration and settlement institutions and register the shareholders' names and the number of voting shares that they hold. Registration shall be completed by the time the chairman of the meeting announces the number of shareholders and proxies present at the meeting in person and the total number of voting shares that they hold.

**Article 85** The Board of Directors, independent directors and shareholders holding more than 1% of the voting shares or investor protection institutions established in accordance with laws, administrative regulations or the provisions of the CSRC may publicly collect voting rights at a general meeting from the shareholders. Information including the specific voting intention shall be fully disclosed to the shareholders from whom voting rights are being collected. Collection of voting rights from shareholders by means of compensation or compensation in disguised form is prohibited. In addition to statutory conditions, the Company must not set a minimum limit on shareholding ratio in the collection of voting rights.

Article 79  
Guidance for  
the Articles

**Article 86** Resolutions of the general meeting can be ordinary resolutions or special resolutions.

Ordinary resolutions by the general meeting shall be passed by a majority of the voting rights held by the shareholders (including proxies) present at the meeting.

Article 76  
Guidance for  
the Articles

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

**Article 87** When voting at a general meeting, a shareholder (including his or her proxy) shall exercise his or her voting right by virtue of the number of voting shares represented by her/him. Saving for the stipulations of Article 114 on adopting a cumulative voting system in electing the directors, each share shall entitle the holder thereof to one vote.

Article 79  
Guidance for  
the Articles

When any material issues that could affect the interests of minority shareholders are considered at the general meeting, the votes of minority shareholders shall be counted separately. The results of such separate vote counting shall be disclosed publicly in a timely manner.

The shares of the Company held by the Company itself do not have voting rights, and such shares are not counted in the total number of voting shares held by shareholders attending the general meeting.

In accordance with the Listing Rules, when any shareholder has to abandon voting on any resolution or limit the vote only for or only against particular resolutions, any vote cast by the shareholder or her/his proxy in violation of the regulation or limit shall not be counted.

Article 79  
Guidance for  
the Articles

Where a shareholder buys the Company's voting shares in violation of the provisions of paragraphs 1 to 2 of Article 63 of the Securities Law, the voting rights attached to the shares exceeding the prescribed proportion shall neither be exercised within 36 months after the purchase, nor be included in the total number of shares with voting rights attending the general meeting.

**Article 88** Any vote of the Shareholders at a general meeting must be taken by poll except where the chairman of the meeting, in good faith, decides to allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands.

**Article 89** If the matter demanded to be voted upon by ballot is the election of the chairman or the adjournment of the meeting, a ballot shall be taken immediately. If a ballot is demanded for any other matter, such a ballot shall be taken at the time decided upon by the chairman and the meeting may proceed with the discussion of other matters; the result of the ballot shall still be regarded as a resolution passed at that meeting.

**Article 90** Shareholders attending the general meeting shall express one of the following opinions on the motions put to the vote: for, against or abstain, except for the securities registration and settlement institutions which, being the nominee holders of shares subject to the Mainland-Hong Kong Stock Connect and other shares, if any, shall make declarations according to the intentions of beneficial holders.

**Article 91** The following matters shall be resolved by way of an ordinary resolution of the general meeting:

- (1) work reports of the Board of Directors;
- (2) plans for the distribution of profits and making up losses drafted by the Board of Directors;
- (3) appointment and dismissal of the members of the Board of Directors, their remuneration and the method of payment thereof;
- (4) matters other than those that laws, administrative regulations or the Company's Articles of Association require to be passed by way of a special resolution; and
- (5) other matters as required by Listing Rules save and except matters that require special resolutions.

Article 77  
Guidance for  
the Articles

**Article 92** The following matters shall be resolved by way of a special resolution of the general meeting:

- (1) increase or reduction of the Company's registered capital and issuance of any class of shares, warrants or other similar securities;
- (2) issuance of Company's bonds;
- (3) division, spin-off, merger, dissolution and liquidation of the Company;
- (4) the purchase or sale of significant assets by the Company or the amount of guarantees within 12 consecutive months in excess of 30% of latest audited total assets of the Company;
- (5) amendment of the Articles of Association of the Company;
- (6) approval of incentive share option scheme;
- (7) other matters that, if resolved by way of an ordinary resolution of the general meeting, may have a significant impact on the Company and require adoption by way of a special resolution; and

Article 78  
Guidance for  
the Articles

- (8) other matters that require special resolution as specified in Listing Rules, laws and administrative laws.

**Article 93** Any resolution adopted by general meeting shall comply with Chinese law, administrative regulations and provisions hereof.

**Article 94** In case a majority of independent directors, or the audit committee, or shareholders individually or jointly holding more than 10 percent of the Company's shares request to convene an extraordinary general meeting or class meeting, the following procedures shall be followed:

Article 6  
Advices

- (1) One or several copies of a written proposal of the same format and content with a clear statement of the topics of the extraordinary general meeting or class meeting shall be signed and submitted to the Board of Directors for convening an extraordinary general meeting or class meeting. In accordance with the laws, administrative regulations, General and the provisions of the Company's Articles of Association, the Board of Directors shall give a written feedback as for the agreement or disagreement for convening an extraordinary general meeting or class meeting within 10 days after the receipt of the above-mentioned written request.

Article 48  
Guidance for  
the Articles

- (2) In case the board agrees to convene an extraordinary general meeting or class meeting, the Board of Directors shall issue a notice calling for an extraordinary general meeting or class general meeting within 5 days of the relevant board resolution. In case changes are made to the original proposal, agreement on the changes shall be sought from the original proposing party.

General  
Meeting  
Rules

- (3) In case the Board of Directors declines the proposal, the specific circumstances and reasons thereof shall be disclosed.

- (4) In case the Board of Directors disagrees with the audit committee on convening an extraordinary general meeting or class meeting, or it does not give any feedback within 10 days after receiving the proposal, the board shall be deemed as incapable of performing or not performing its duty to convene a general meeting. Under this circumstance, the audit committee shall convene and chair the general meeting at its discretion. Then the procedures of convening, shall, as much as possible, be the same as those adopted by the Board of Directors.

- (5) In case the Board of Directors disagrees with a shareholder on convening an extraordinary general meeting or class meeting, the shareholder shall propose in writing to the audit committee for convening the extraordinary general meeting or class meeting.

- (6) When the audit committee agrees to convene the extraordinary general meeting or class meeting, the audit committee shall issue a notice calling for the extraordinary general meeting or class meeting within five days after the receipt of the proposal. In case changes are made to the original proposal, agreement on the changes shall be sought from the original proposing party.

- (7) In case the audit committee fails to issue a notice calling for the extraordinary general meeting or class meeting within the stipulated period, the inaction shall be deemed as not convening and chairing the extraordinary general meeting or class meeting. Shareholders individually or collectively holding more than 10 percent of the Company's shares for more than 90 consecutive days in a row may convene and chair the extraordinary general meeting or class meeting. Then the procedures of convening, shall, as much as possible, be the same as those adopted by the Board of Directors.

When the audit committee or shareholders convene the meeting in accordance with the stipulation of the prior provisions, the Board of Directors shall be informed in writing, and filing shall be made to the competent stock exchanges on which the Company is listed.

The audit committee or convening shareholders shall submit relevant supporting documents to the competent stock exchanges on which the Company is listed when issuing the notice of the general meeting and the announcement of the resolutions of the general meeting.

Prior to the announcement of the resolutions of the general meeting, the convening shareholders shall hold no less than 10% of the shares.

When the audit committee or shareholders convene a general meeting, the Board of Directors and its secretary shall stand cooperative for the meeting and the Board of Directors will provide the register of shareholders as of the date of registration of equity interests. The Company shall defray the necessary expenses as they arise from the meeting, and such expenses may be deducted by the Company from the fund of the directors whose behavior constituted a breach of duty.

## **Article 95**

General meetings shall be chaired by the chairman of the board. In the event the chairman of the board fails to or does not perform his/her duties, the meeting shall be chaired by the vice chairman of the board. In the event the vice chairman of the board fails to or does not perform his/her duties, a director shall be elected by over half of the directors to chair the meeting.

Article 68  
Guidance for  
the Articles

The general meeting convened by the audit committee shall be chaired by the chairman of the audit committee. In case the chairman fails to or does not perform his/her duty, a member of the audit committee shall be elected by a majority of the members of the audit committee to chair the meeting.

General meeting convened by a shareholder/shareholders shall be chaired by the convener or a representative elected by him/her. If no chairman of the meeting is elected, the attending shareholders can elect one as chairman; if shareholders cannot elect chairman due to any reason, the attending shareholders (including shareholders' proxies) who have the most voting shares shall chair the meeting.

If, during the general meeting, the chairman of the meeting violates the rules of procedures, thereby disrupting the meeting, a person may be elected by the general meeting to chair the meeting by votes representing a majority of the voting rights of shareholders present at the meeting, and the meeting shall proceed.



**Article 96** The chairman of the meeting shall, prior to voting, announce the number of shareholders and proxies attending the meeting in person as well as the total number of their voting shares, which shall be the number of shareholders and proxies attending the meeting in person and the total number of their voting shares as indicated in the registration record of such meeting.

**Article 97** If the chairman of the meeting has any doubts about the result of a resolution put to the vote, he may count the number of votes cast. If the chairman of the meeting has not counted the votes, a shareholder or proxy attending the meeting who challenges the result announced by the chairman of the meeting shall have the right to request a vote count immediately after such an announcement, and the chairman of the meeting shall forthwith conduct such a count.

**Article 98** If a vote count is held at a general meeting, the result of the count shall be recorded in the minutes of the meeting.

Minutes of general meeting shall be made by the secretary of the Board of Directors and signed by the chairman of the meeting, directors present at or attending the meeting, secretary to the Board of Directors and the convenor or his/her representatives.

Article 107  
Company  
Law

The resolution adopted in a general meeting shall be taken as minutes. Minutes of meetings shall be written in Chinese. The minutes of meetings and the attendance records signed by the attending shareholders and proxies, valid information of voting on the internet or by other means shall be kept at the Company's domicile for at least 10 years.

General  
Meeting  
Rules

**Article 99** The resolutions of the general meeting shall be announced in a timely manner. The announcement shall specify the number of shareholders and proxies attending the meeting, the total number of shares with voting rights held by them and their proportion to the total number of shares with voting rights of the Company, the method of voting, the voting results of each proposal and the details of each resolution passed.

Article 91  
Guidance  
for the  
Articles

## **CHAPTER 8. SPECIAL VOTING PROCEDURES FOR CLASS SHAREHOLDERS**

**Article 100** Shareholders who hold different classes of shares shall be class shareholders. Class shareholders have rights and obligations in accordance with law, administrative regulations, and the Articles of Association of the Company.

**Article 101** If the Company intends to vary or abrogate the rights of class shareholders, it may do so only after such variation or abrogation has been approved by way of a special resolution of the general meeting and by a separate shareholders' meeting convened by the affected class shareholders in accordance with Articles 103 to 108 hereof. Where any changes in domestic and foreign laws, regulations and the Listing Rules, as well as decisions of domestic and foreign regulatory authorities which lead to the variation or abrogation of the rights of class shareholders, approval of the general meeting or class meeting shall not be required.

**Article 102** The rights of shareholders of a certain class shall be deemed to be varied or abrogated in the following circumstances:

- (1) an increase or decrease in the number of shares of such class, or increase or decrease in the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (2) the change of all or part of the shares of such class into shares of another class, or the conversion of all or part of the shares of another class into shares of such class or the grant of the right to such a change;
- (3) the removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;
- (4) the reduction or removal of a dividend preference, or a property distribution preference during liquidation of the Company, attached to shares of such class;
- (5) the addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, preemptive rights and rights to acquire securities of the Company attached to shares of such class;
- (6) the removal or reduction of rights to receive amounts payable by the Company in particular currencies attached to shares of such class;
- (7) the creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of that class;
- (8) the imposition of restrictions or additional restrictions on the transfer or ownership of shares of such a class,
- (9) the issuance of rights to subscribe to or convert into shares of such a class or another class;
- (10) the increase in the rights and privileges of shares of another class;
- (11) restructuring of the Company as would cause shareholders of different classes to bear disproportionate liabilities under the restructuring;
- (12) the amendment or cancellation of the provisions hereof.

**Article 103** Any class shareholders affected, whether or not otherwise having the right to vote at general meetings, shall have right to vote at class meetings in respect of matters referred to in items (2) to (8) or (11) to (12) of Article 102, except for interested shareholders.

For the purposes of the preceding paragraph, the term “interested shareholders” shall have the following meaning:

- (1) if, pursuant to the Articles, the Company has issued, on a pro rata basis, a repurchase offer to all shareholders or has repurchased its own shares through open transactions on a securities exchange, controlling shareholders as defined in Article 62 hereof shall be “interested shareholders”;
- (2) if, pursuant to the Articles, the Company has repurchased its own shares by agreements outside a securities exchange, holders of shares to which such agreements relate shall be “interested shareholders”;
- (3) shareholders that, under a proposed restructuring of the Company, would bear liabilities in a proportion smaller than the liabilities borne by other shareholders of the same class or shareholders that have an interest in a proposed restructuring of the Company different from the interest in such proposed restructuring of other shareholders of the same class shall be “interested shareholders”.

**Article 104** Resolutions of a class meeting may be passed only by more than two-thirds of the voting rights of that class present at the meeting in accordance with Article 103 hereof.

In accordance with applicable Listing Rules (as amended from time to time), when any shareholder is required to waive to vote on any specific resolution of a class meeting or be limited only to vote for or against any specific resolution of a class meeting, any vote against this regulation or restraint by such a shareholder or its representative shall not be counted.

Article 14  
Appendix 3  
Listing Rules

**Article 105** When the Company is to hold a class meeting, it shall issue a written notice in accordance with the requirements regarding the notice of a general meeting set out in Article 70 of the Articles, informing all the registered shareholders of the relevant class of the matters to be considered, the time and place of the meeting.

**Article 106** The quorum required for a class meeting (not including adjourned meeting) held for the purpose of amending the right to the shares of any class shall be at least one third of the total shares of this class already issued.

**Article 107** Notice of class meetings shall be delivered only to the shareholders entitled to vote thereat.

The procedure according to which class meetings are held shall, as much as possible, be identical to the procedure according to which general meetings are held. Provisions of the Articles of Association of the Company relevant to procedures for the holding of general meetings shall be applicable to class meetings.

**Article 108** In addition to holders of other classes of shares, holders of A shares and H shares shall be deemed to be shareholders of different classes.

The special voting procedures for class shareholders’ resolution shall not apply:

Article 3  
Zheng  
Jian Hai Han

- (1) where, as approved by way of a special resolution of the general meeting, the Company issues, either separately or concurrently, A shares and H shares every 12 months, and the quantity of the A shares and H shares intended to be issued does not exceed 20 percent of the issued and outstanding shares of the respective classes; or
- (2) where the plan for issuance of A shares and H shares upon the establishment of the Company is completed within 15 months of the date of approval by the State Council Securities Commission.

## CHAPTER 9. PARTY COMMITTEE

**Article 109** The Company shall establish a Party Committee. Eligible members of the Party Committee can become members of the Board of Directors and the senior management through legal procedures, while eligible party members of the Board of Directors and the senior management can also join the Party Committee in accordance with relevant rules and procedures. Meanwhile, the Disciplinary Committee shall be established as required.

**Article 110** The Party Committee meeting is the procedural prerequisite for the Board of Directors when making key decisions. The Party Committee shall perform its duties in accordance with the Constitution of the Communist Party of China and the Regulations on the Work at Primary-level Party organizations of State-owned Enterprises (Trial) etc.

## CHAPTER 10. BOARD OF DIRECTORS

**Article 111** The Company shall establish a board of directors and be accountable to the general meeting. The Board of Directors shall be composed of 7 to 15 directors, subject to the composition of directors elected by the shareholders' general meeting. External directors (referred to as those who neither hold any position other than a director at the Company nor have any relationship of interest, directly or indirectly, with the Company and its substantial shareholder(s) or actual controller(s), or other relationships that may affects their independent and objective judgment, as below) shall account for more than half of the number of directors. There shall be at least 3 independent (non-executive) directors (referred to as directors who are independent from the shareholders of the Company and do not take a post in the Company, as below), who shall account for at least one-third of the number of directors, of which at least one independent director shall (1) have appropriate professional qualification or have appropriate accounting or relevant financial management skills, and (2) meet the qualification requirements for an accounting professional of the stock exchanges where the Company's securities are listed.

Article 105  
Guidance  
for the  
Articles  
Article 6  
Advices  
Articles 4 and  
10  
Independent  
Directors'  
Opinion

The Board of Directors shall have one chairman and one vice chairman.

**Article 112** The directors shall be elected or re-elected at the general meeting. The term of office of each of the directors is three years, and may be removed from their office prior to the expiration of their term by the general meeting. They shall be eligible for re-election upon the end of term. However, the consecutive term of office of independent directors shall not exceed 6 years.

Article 107  
Guidance  
for the  
Articles  
Article 3.25  
Listing Rules  
Article 15  
Independent  
Directors'  
Opinion  
Article 45  
Company  
Law

If the proposal of the election of a director is approved at the general meeting, the newly elected director shall take office upon the approval of the relevant election proposal at the general meeting.

The term of office of a Director shall be calculated from the date when he/she takes office, until expiration of the term of office of the session of the Board. In case of failure to timely elect a Director upon expiration of the such Director's term of office, the existing Directors shall continue to perform their duties in accordance with laws, administrative regulations and department rules and the Articles of Association until the new Director(s) assume office.

Article 96  
Guidance for  
the Articles

The position of Directors may be held by the senior management, but the total number of Directors who concurrently hold the positions of senior management shall not exceed one-half of the total number of Directors of the Company.

The list of candidates for directors shall be proposed to the general meeting for resolution in the form of proposal. The candidates for directors other than independent directors shall be nominated by Board of Directors, audit committee, or by shareholder(s) who alone or jointly hold(s) more than 1% of total shares with voting rights and shall be elected in the general meeting.

The written notice of the directors' intention to nominate a candidate and the candidates' acceptance of such nomination shall be submitted to the Company within the period stipulated in the relevant laws and regulations and the Listing Rules.

Article 4  
Zheng  
Jian Hai Han

The candidates for directors of the first Board shall be nominated by the promoters, and elected during the incorporation meeting. The number of directors elected for each term shall be determined by the general meeting in the form of an ordinary resolution. In case the number of elected candidates exceeds the proposed maximum number, the candidates receiving the larger number of votes shall become the directors.

The appointment and removal of the chairman and vice-chairman require consent by the majority of all the directors. The term of office of the chairman and vice-chairman is three years. They are eligible for re-election.

External directors shall have adequate time, necessary knowledge and ability to perform their duties. When the external directors perform their duties, the Company shall provide necessary information. Among the directors, the independent (non-executive) directors can directly report to the general meeting, CSRC, and other relevant departments.

Article 6  
Advices

The board may authorize the executive directors (referred to as those who take a post in the Company) or other institutions to deal with the relevant matters in accordance with law.

The directors do not have to hold shares of the Company.

**Article 113** Where the election of directors is to be discussed at the general meeting, the notice of the general meeting shall fully disclose the particulars of the director candidates and shall at least include the following:

- (1) personal particulars such as educational background, work experience and part-time jobs;
- (2) whether or not the candidates have any connected relationship with the Company or its controlling shareholder(s) and actual controller(s);
- (3) the number of shares held in the Company;
- (4) whether or not the candidates have been subject to penalties by the CSRC and other relevant authorities as well as sanctions by any stock exchange.

Save for elections of directors by cumulative voting system, each director candidate shall be proposed by way of a single proposal.

The Company shall disclose the particulars of the director candidates before convening a general meeting, enabling shareholders to have a sufficient understanding of the candidates.

A director candidate shall make a written undertaking before the notice of the general meeting is published, indicating his/her consent to the nomination, guaranteeing the truthfulness, accuracy and completeness of the publicly disclosed materials of the candidate and undertaking to perform the director's duties with due diligence.

**Article 114** Cumulative voting system shall be adopted when the general meeting casts votes on the proposal to elect directors, namely, when a general meeting is electing more than two directors, each share held by the voting shareholders is entitled as many votes as the number of seats to be elected; shareholders can cast all votes to elect one candidate or different candidates.

**Article 115** The Board of Directors shall assume the responsibilities to “formulate strategies, make decisions and prevent risks”, be accountable to the general meeting and shall exercise the following functions and powers:

- (1) to be responsible for convening general meetings and to report on its work to the general meeting;
- (2) to implement the resolutions of general meetings;
- (3) to decide on the business plans and investment schemes of the Company;
- (4) to review and approve the proposed annual financial budgets and final accounts of the Company,
- (5) to formulate the profit distribution plans and plans for making up losses of the Company;



- (6) to formulate plans for the increase or reduction of the registered capital of the Company and for the issue of the Company's bonds or other securities and listing;
- (7) to draft plans for the major acquisition, merger, division or dissolution or changes to the form of the Company;
- (8) to decide on other external guarantees in accordance with provisions of laws, administrative regulations and the Articles of Association of the Company except for those requiring approval from the general meeting;
- (9) to decide on matters such as the Company's investment, asset acquisition or disposal, pledge of assets, entrusted wealth management, connected transactions and external donations under the authorization of the general meeting;
- (10) to decide on the establishment of the Company's internal management organization;
- (11) to engage or dismiss the general manager of the Company, to engage or dismiss vice general manager(s), chief accountant or financial executive, general counsel as proposed by the general manager, to engage or dismiss the secretary of the Board of Directors, and to decide on their remuneration: to assign or replace members of the Board of Directors and Supervisory Board of wholly-owned subsidiaries, assign, replace and recommend shareholder representatives, directors, supervisors of subsidiaries and associate companies;
- (12) to decide on establishing subsidiaries of the Company;
- (13) to formulate proposals for amendment of the Articles of Association of the Company;
- (14) to formulate the basic management system of the Company;
- (15) to formulate share option incentive schemes and implement share option incentive schemes (including share options plans permitted by laws and regulations);
- (16) to manage information disclosure of the Company;
- (17) to propose the appointment or reappointment of the accounting firm(s) of the Company for audit purposes at general meeting;
- (18) to listen to the work reports from the general manager of the Company and inspect his/her work;
- (19) to decide on other material matters and executive matters and sign other principal agreements save and except those requiring resolutions of general meetings as specified by laws and regulations and the Articles;

- (20) to promote corporate governance and decision making in accordance with laws, to supervise the construction planning of legal corporate governance, to develop and implement the general counsel system, and to guide the study of resolving major issues on construction of legal corporate governance, so as to provide the conditions and protection for the construction of legal corporate governance, and to listen to the reports on the construction of corporate governance in accordance with laws by the Company;
- (21) to promote the improvement of the Company's risk management system, internal control system, compliance management system and accountability system for illegal operation and investment, decide on major matters in the above aspects, establish and improve mechanisms such as legal compliance review of major decisions, follow-up and implementation of resolutions of the Board of Directors and post-assessment to enhance the asset and liability constraints of the Company, effectively identify, review, promote prevention and resolution of major risks, and conduct overall monitoring and evaluation of relevant systems and their effective implementation;
- (22) other duties as set out by the laws, administrative regulations, departmental regulations, the Articles or the general meeting.

Resolutions by the Board of Directors on matters referred to in the preceding paragraph shall be passed by the affirmative votes from more than half of the directors, among which, resolutions on matters referred to in items (6), (7) and (13) shall also require the affirmative votes from more than two-thirds of all the directors, and matters on external guarantees shall also require the affirmative votes from more than two-thirds of the directors present at the meeting.

Article 119  
Guidance for  
the Articles

Any director of the Company who is related to an enterprise or an individual that is involved in matters to be resolved on by the Board of Directors shall promptly report in writing to the Board of Directors. Such director shall not exercise his/her voting right on the resolution on his/her own behalf or on behalf of another director. The board meeting can be held with the attendance of a majority of non-related directors, and the resolutions made at the board meeting shall be passed by a majority of the non-related directors. Where the number of non-related directors present at the board meeting is less than three, the matter shall be submitted to the general meeting for review.

Article 124  
Company  
Law

The decision made by the Board of Directors in relation to connected transactions of the Company shall not take effect unless it is signed by independent (non-executive) directors.

Article 6  
Advices

**Article 116** Before deciding key issues of the Company, the Board of Directors should listen to the suggestions of Party Committee of the Company first.

**Article 117** With the authorization of the Board of Directors, the chairman of the board may exercise part of the functions and powers of the board when the meeting is not in session, and the contents of the authorization shall be specific and detailed.

Article 33  
Code  
of Corporate  
Governance

**Article 118** In case the board is making decisions on market development, mergers and acquisitions, investment in new area and so forth if the investment amount or value of assets involved in a merger and acquisition is more than 10 percent of the total assets of the Company, the external counseling institutions shall be hired to offer professional opinions, which will be used as an important decision basis for the board.

Article 4  
Advises

**Article 119** The Board of Directors shall set the limits and establish strict reviewing and decision-making processes for external investment, assets acquisition and disposal, pledges of assets, external guarantees, entrusted wealth management and connected transactions, external donations. Major projects shall be assessed by relevant experts and professionals and approved by the general meeting.

Article 110  
Guidance for  
the Articles

**Article 120** The chairman of the board shall exercise the following functions and powers:

- (1) to preside over general meetings and to convene and preside over meetings of the Board of Directors;
- (2) to supervise and examine the implementation of resolutions of the Board of Directors;
- (3) to sign bond certificates issued by the Company;
- (4) to listen to the work report on the construction of legal corporate governance of the Company; and
- (5) other functions and powers granted by the Board of Directors.

The vice chairman of the board of the Company assists the chairman of the board in his/her work. If the chairman of the board is unable to or fails to perform his/her functions and powers, he may instruct the vice chairman of the board to exercise such functions and powers on his/her behalf. In the event that the deputy chairman is unable or fails to perform their functions and powers, a director shall be elected jointly by a majority of the directors to perform such functions and powers.

Article 113  
Guidance for  
the Articles

**Article 121** The Board should meet regularly and meetings of the Board of Directors shall be held at least four times every year at approximately quarterly intervals and shall be convened by the chairman of the Board of Directors. Regular board meetings shall be called by 14 days' notice to all the directors.

Article C.5.3  
Appendix 14  
Article 114  
Guidance for  
the Articles

The chairman of the Board of Directors shall, without subject to the period of notification, convene an extraordinary general meeting of the Board of Directors within 10 days in any of the following circumstances:

Article 110  
Company  
Law

- (1) shareholder(s) representing more than 10% of the voting rights so request(s);
- (2) the chairman of the Board of Directors considers necessary;
- (3) more than one-third of the directors so jointly request;
- (4) a majority of independent directors so jointly request;

Article 22  
Independent  
Directors'  
Opinion

(5) the audit committee so requests;

(6) the general manager so requests.

Meetings of the board of directors in principal shall be held at the place where the Company is located or listed.

Meetings of the Board of Directors shall be held in Chinese language and simultaneous interpretation of Chinese and English languages may be provided at the meetings when necessary.

Listing  
Rules

**Article 122** Where the Board of Directors convenes an extraordinary board meeting, the Administrative and Management Department of the Board of Directors shall directly deliver the notice of meeting of the Board of Directors at least 10 days in advance to all directors and other attendees by hand, fax, email or any other method, or if not delivered by hand, to be confirmed by telephone calls afterwards with respective records. In case of emergency, if an extraordinary board meeting is required to be held, notice of such meeting can be given by phone or any other verbal method. However, the convenor shall make such statement in the meeting.

**Article 123** The notice of a board meeting shall set out the following:

- (1) the date and venue of the meeting;
- (2) the duration of the meeting;
- (3) relevant subject matters and agenda;
- (4) the date of the notice.

Notice shall be made in Chinese. Any director may waive the demand for the notice of a meeting of the Board of Directors.

**Article 124** Any material matter subject to decisions made by the Board of Directors must be proceeded strictly as specified. Notice shall be given to all executive directors and external directors within the time limit as set out in Article 122 hereof and sufficient information shall be given at the same time. Directors may request for provision of supplementary information. When a quarter of directors or more than two external directors consider that the information available is incomplete, insufficiently justified or not provided in a timely manner, they may jointly propose to postpone the meeting or delay the discussion of some matters in the meeting. The Board of Directors shall adopt the relevant proposal and the Company shall disclose relevant information in a timely manner.

Article 3  
Advices

When a director has come to a meeting, he shall be deemed to have been served with a notice of the meeting if he fails to state he did not receive the notice of the meeting before or when attending the meeting.

A regular or extraordinary general meeting of the Board of Directors may be held in the form of teleconference or by means of telecommunications as long as the directors present can clearly hear the speech made by other directors and exchange views. All the directors present shall be deemed as attending such a meeting in person.

**Article 125** A board meeting shall only be convened if more than half of the Board of Directors are present (including any directors appointed in writing pursuant to Article 126 to attend the meeting as the representatives of other directors). Each director has one vote. Any resolution shall be passed by affirmative votes of more than half of all the Board of Directors.

Article 111  
Company  
Law

**Article 126** Meetings of the Board of Directors shall be attended by the directors in person. If a director cannot attend a meeting for any reason, he may authorise in writing another director to attend the meeting on his behalf. The authorisation shall indicate the name of proxy, the matters involved, the scope of authority and the valid term, and the proxy shall sign or affix his/her chop to such instrument.

Article  
121  
Guidance  
for the  
Articles

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

In case that a director has failed to be present in person at any two consecutive board meetings without authorizing another director to be present at the board meeting on his/her behalf, he shall be considered as unable to fulfill his/her responsibilities as a director, and the Board of Directors shall accordingly recommend the general meeting to make a replacement.

Article 99  
Guidance for  
the Articles

The expenses incurred by directors to attend the meeting of the Board of Directors shall be borne by the Company. Such expenses include transport cost from the address of the directors to the venue of the meeting and accommodation during the meeting. Rental of the venue, local transport expenses and other miscellaneous expenses shall also be paid by the Company.

**Article 127** The Board of Directors may accept proposals in writing instead of holding a meeting of the Board of Directors but the draft of such a proposal must be sent to each director by person, mail, cable, facsimile or email. If the Board of Directors has distributed the proposal to all the directors and the number of directors who agree on the proposal by giving their signatures satisfy the quorum required for decision making and the proposal is submitted to secretary of the board in the aforesaid way, it shall become a resolution of the Board of Directors and no further meeting of the Board of Directors shall be required.

**Article 128** The Board of Directors shall keep minutes in Chinese of resolutions passed at meetings of the Board of Directors and meetings of the Board of Directors that have not been convened. Opinions of the independent (non-executive) directors (including counterviews) shall be clearly stated in the resolutions of the Board of Directors. The minutes of each board meeting shall be provided to all the directors to review promptly. Directors who wish to amend or supplement the minutes shall submit the proposed amendments to the chairman in writing within one week after the receipt of the meeting minutes. The minutes shall be signed by the directors present at the meeting and the person who recorded the minutes after they are finalised. The minutes of board meetings shall be kept at the premises of the Company in the PRC and a complete copy of the minutes shall be sent to each director promptly. The meeting minutes shall be kept for at least 10 years.

Article 6  
Advises

Article 122  
Guidance for  
the  
Articles

**Article 129** The directors shall bear liability for the decisions of the Board of Directors. If a resolution of the Board of Directors is in violation of laws, administrative regulations, the Company's Articles of Association or resolutions of the general meeting, thereby causing serious losses to the Company, the directors who took part in the resolution shall be liable to the Company for damages. If a director can prove that he expressed his/her opposition to such a resolution when it was put to the vote, and such opposition is recorded in the minutes of the meeting, the director may be absolved from such liability.

**Article 130** Subject to laws and regulations, general meeting may remove any director by an ordinary resolution (without prejudice to any claim for damage made by the director under any contract), which shall take effect on the date of the resolution. If a director is removed before the expiration of his/her term of office without justifiable reasons, such director may claim compensation from the Company.

Article 4  
Zheng  
Jian Hai Han

Article 100  
Guidance for  
the Articles

**Article 131** A director may resign before his/her term of office expires. Any director who intends to resign shall submit a written letter of resignation to the Company. The resignation shall take effect on the date the Company receives the resignation report. The Company shall disclose the relevant particulars as soon as practicable and no later than two trading days thereafter. Upon the resignation taking effect or the expiration of the term of office, the director shall complete all handover procedures with the Board of Directors.

If a director's resignation results in the number of members of the Board of Directors falling below the minimum required quorum of the Board of Directors, the said director shall continue to perform the duties as a director in accordance with the laws, administrative regulations, departmental rules and the Articles until the new director assumes office. The Board of Directors shall convene an extraordinary general meeting to elect a new director therefor as soon as possible.

## CHAPTER 11. INDEPENDENT DIRECTORS

**Article 132** Independent directors shall diligently perform their duties in accordance with the laws, administrative regulations, the provisions of the CSRC and the stock exchange, and the Articles, give full play to their roles in participating in decision-making, supervision and balancing and professional consultation of the Board of Directors, safeguard the overall interests of the Company, and protect the legitimate rights and interests of minority shareholders.

Independent  
Directors'  
Opinion



**Article 133** An independent director candidate of the Company shall be nominated by the Board of Directors, the audit committee, or shareholder(s) individually or jointly holding more than 1% of the issued shares, and shall be elected by a general meeting of the Company. Investor protection institutions established in accordance with the laws may publicly request shareholders to entrust them to exercise the right to nominate independent directors on their behalf.

- (1) The party nominating any independent director shall not nominate any person with whom he/she/it has interested or other close relationships that may affect the independent performance of such person's duties as independent director candidate;
- (2) The party nominating any independent director shall have obtained the nominee's consent prior to the nomination, and shall be fully aware of such particulars of the nominee in terms of his/her occupation, academic background, professional title, detailed work experience and all information regarding his/her positions held concurrently, whether he/she has material default and other adverse records, and be responsible for providing to the Company written materials in relation to such particulars. The candidate shall undertake to the Company in writing that he/she agrees to accept the nomination, and that the disclosed information about him/her is true and complete. He/she shall also undertake to conscientiously perform his responsibilities as a director upon being elected;
- (3) The party nominating any independent director shall give his/her/its opinions on the nominee's compliance with independence requirement and other requirements for serving as an independent director. The nominee shall make a public announcement on his/her compliance with independence requirement and other requirements for serving as an independent director;
- (4) The party nominating any independent director and the independent director candidate shall submit the following documents to the Company within the period stipulated in the relevant laws and regulations and the Listing Rules: the written notice of the intent to nominate a director candidate and the nominee expressing his willingness to accept the nomination, and the written materials pertaining to the particulars of the nominee and the nominee's undertakings as mentioned in the preceding sub-paragraphs (2) and (3) of this Article;
- (5) The nomination committee shall review the qualifications of the nominees and form clear review opinions thereon;
- (6) Before the general meeting for the election of the independent director, the Company shall disclose the relevant information as prescribed in the preceding sub-paragraphs (2), (3) and (5) of the Articles of Association and submit the relevant materials concerning the nominee to the stock exchanges on which the Company's shares are listed. The information so submitted shall be true, accurate and complete. If the Board of Directors disputes the particulars pertaining to the nominee, it shall also submit its written opinions to the aforementioned organizations. The stock exchanges on which the shares of the Company are listed shall review the relevant information of the nominee

in accordance with the relevant regulations, and prudently determine whether the nominee is qualified and has the right to raise any objection. If the stock exchanges raise any objection thereto, the nominee shall not be submitted to general meeting for election;

- (7) Where the general meeting of the Company elects two or more independent directors, the cumulative voting mechanism shall be adopted. The votes of minority shareholders shall be counted separately and disclosed accordingly.

**Article 134** The independent director shall meet the following basic requirements:

- (1) He shall be qualified to take the position of a director of listed companies in accordance with the laws, administrative regulations and other relevant provisions;
- (2) He shall be independent as is required by applicable laws, administrative regulations, departmental provisions, the Listing Rules and Article 135 of the Articles of Association;
- (3) He shall have basic knowledge of the operation of a listed company, and be familiar with relevant laws, administrative regulations, provisions and rules (including but not limited to accounting principles);
- (4) He shall have more than five (5) years' working experience in the fields of law, accounting or economics or other working experience necessary for the discharge of the duties of an independent director;
- (5) He shall have good personal character, and no material default or other adverse records;
- (6) He shall meet the requirements under the laws, administrative regulations, the requirements of China Securities Regulatory Commission, the listing rules of the stock exchanges, and other conditions provided for under the Company's Articles of Association.

In principle, an independent director may serve as an independent director in no more than three domestic listed companies, and shall ensure that he/her can commit sufficient time and effort to effectively perform his/her duties as an independent director.

**Article 135** The independent director shall remain independent. Unless otherwise provided for under applicable laws, regulations and/or the Listing Rules, the following persons shall not be the Company's independent directors:

- (1) Staff of the Company or its subsidiaries, their lineal relatives or persons who have a significant social relationship with any of them (lineal relatives refer to the spouse, parents and children, as below; and significant social relationship refers to relationship of brothers and sisters, spouse's parents, children's spouses, parents of children's spouses, spouses of brothers and sisters, and the spouse's brothers and sisters);

- (2) Any natural person who directly or indirectly holds more than 1% of the Company's issued and outstanding shares, or any natural person shareholder who is among the ten largest shareholders of the Company, and his lineal relatives;
- (3) Any employee of any corporate shareholder that directly or indirectly holds more than 5% of the Company's issued and outstanding shares, or any employee of any of the five largest corporate shareholders of the Company, and his lineal relatives;
- (4) Any employee of the subsidiaries of controlling shareholder(s) and actual controller(s) of the Company and his/her lineal relatives;
- (5) Any person who has significant business transactions with the Company and its controlling shareholder(s), actual controller(s), or any of their respective subsidiaries, or any employee of an entity that has significant business transactions with the Company and the controlling shareholder(s) or actual controller(s) of such entity;
- (6) Any person who provides financial, legal, advisory or sponsorship services to the Company and its controlling shareholder(s), actual controller(s), or any of their respective subsidiaries, including but not limited to all members of the project team, reviewers at all levels, persons who sign the reports, partners, directors, senior management officers, and the persons in charge of intermediary entity that provides services;
- (7) Any person who has ever had the circumstances mentioned in sub-paragraphs (1) to (6) during the last twelve months;
- (8) Other personnel who is not independent as specified in laws, administrative regulations, requirements of China Securities Regulatory Commission, listing rules of the stock exchanges and the Articles of Association.

The subsidiaries of the controlling shareholder(s) and actual controller(s) of the Company as mentioned in the preceding subparagraphs (4) to (6) shall not include an enterprise controlled by the same state-owned assets management authority as the Company and not affiliated with listed companies according to the relevant provisions.

Independent directors shall conduct annual self-evaluation on their independence and submit the evaluation result to the Board of Directors. The Board of Directors shall assess the independence of incumbent independent directors on an annual basis and issue specific opinions thereon, which shall be disclosed concurrently with the annual report.

**Article 136** Before the expiration of the term of an independent director, the Company may remove him/her from office in accordance with legal procedures. In the event of such early removal, the Company shall promptly disclose the specific reasons and grounds thereof. If the independent directors have any objections thereto, the Company shall disclose the same in a timely manner.

If an independent director fails to comply with the provisions of Article 134 (1) or (2) of the Articles of Association, he/she shall immediately cease to perform his/her duties and resign from his/her position. Where such resignation has not been tendered, the Board of Directors shall immediately dismiss the independent directors in accordance with the regulations upon the time when they become aware of, or should be aware of, the occurrence of such event.

Where an independent director resigns from, or is dismissed from, his/her office as a result of the circumstances set forth in the preceding paragraph, resulting in the proportion of independent directors on the Board of Directors or its special committees failing to comply with the provisions of the relevant regulatory authorities or the Articles of Association, or a shortage of accounting professionals among the independent directors, the Company shall complete the by-election of such independent director within sixty days from the date of the occurrence of the foregoing event.

**Article 137** An independent director may tender his/her resignation before the expiration of his/her term of office. Such independent director who intends to resign shall submit a written resignation report to the Board of Directors stating any circumstances related to his/her resignation or which he/she deems necessary to be brought to the attention of the shareholders and creditors of the Company. The Company shall disclose the reasons for the resignation of the independent directors and the matters of concern.

If, as a result of the resignation of an independent director, the proportion of independent directors on the Board of Directors or its special committees fails to comply with the requirements of the relevant regulatory authorities or of the Articles of Association, or if there is shortage of accounting professionals among the independent directors, the independent director who intends to resign shall continue to perform his/her duties until the date on which a new independent director is appointed. The Company shall complete the by-election within sixty days from the date of the resignation of the independent director.

**Article 138** The Board of Directors shall propose to convene a general meeting for dismissal of the independent director who has failed to attend the board meeting in person for twice consecutively without authorizing another independent director to attend on his/her behalf within thirty days from the date of the occurrence of such event.

**Article 139** As members of the Board of Directors, independent directors assume loyalty and diligence obligations to the Company and all shareholders, and prudently perform the following duties:

- (1) Participating in the decision-making of the Board of Directors and expressing explicit opinions on the matters considered;
- (2) Supervising potential material conflicts of interests between the Company and its controlling shareholder(s), actual controller(s), directors and senior management officers in accordance with the relevant requirements of the Measures for the Administration of Independent Directors of Listed Companies, ensuring that the decisions made by the Board of Directors are in the overall interests of the Company and protecting the legitimate rights and interests of minority shareholders;

- (3) Providing professional and objective advice on the operation and development of the Company and promoting the improvement of the decision-making standard of the Board of Directors;
- (4) Performing other duties prescribed by laws, administrative regulations, China Securities Regulatory Commission, stock exchanges and the Articles of Association.

**Article 140** In addition to the functions and powers stipulated by the Company Law, other relevant laws, administrative regulations and the Articles of Association, the independent directors shall exercise the following specific functions and powers:

- (1) Independent directors shall independently engage agency firm to provide audit, consulting or inspection services in respect of specific matters of the Company;
- (2) Independent directors shall propose to the Board of Directors to convene extraordinary general meetings;
- (3) Independent directors shall propose to convene board meetings;
- (4) Independent directors may publicly canvass shareholders' rights from shareholders;
- (5) Independent directors shall express independent opinions on matters that may harm the rights and interests of the Company and its minority shareholders;
- (6) Independent directors shall exercise other powers and functions prescribed by laws, regulations, China Securities Regulatory Commission, stock exchanges, and the Articles of Association.

The exercise of the functions and powers listed in preceding sub-paragraphs (1) to (3) shall be subject to the consent of a majority of independent directors.

The Company shall disclose the exercise of the functions and powers listed in the sub-paragraph (1) by any independent director in a timely manner. If the above-mentioned functions and powers are not able to be exercised normally, the Company shall disclose the specific circumstances and reasons thereof.

**Article 141** The following matters shall be submitted to the Board of Directors for consideration after being approved by a majority of all independent directors of the Company:

- (1) Disclosable connected transactions;
- (2) Proposals of the Company and related parties to change or waive commitments;
- (3) Decisions made and measures taken by the Board of Directors of the acquired listed company in response to the acquisition;
- (4) Other matters stipulated by laws, administrative regulations, the provisions of the CSRC and securities regulatory authorities of the places where the Company is listed and the Articles.

**Article 142** The Company shall establish a special meeting mechanism attended by all independent directors. Matters to be reviewed by the Board of Directors, such as connected transactions, shall obtain prior approval from the special meeting of independent directors.

The Company shall convene special meetings of independent directors on a regular or irregular basis. Matters listed in Articles 140(1) to (3) and Article 141 of the Articles shall be considered at a special meeting of independent directors.

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

A special meeting of independent directors shall be convened and presided over by an independent director jointly elected by a majority of the independent directors; in the event that the convener fails to or is unable to perform his/her duties, two or more independent directors may convene and elect a representative to preside over the meeting at their discretion.

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

The Company shall facilitate and support the convening of a special meeting of independent directors.

**Article 143** The independent directors shall submit their annual report of the work undertaken to the shareholders' general meeting of the Company explaining their performance of duties.

## **CHAPTER 12. SPECIAL COMMITTEES OF THE BOARD OF DIRECTORS**

**Article 144** The Board of Directors of the Company shall establish an audit committee to exercise the functions and powers of the Supervisory Board as stipulated in the Company Law and the securities regulatory authorities of the places where the shares of the Company are listed.

**Article 145** The audit committee shall comprise not less than 3 members, all of whom shall be non-executive directors who are not senior management of the Company, and a majority of whom shall be independent directors. The chairman of the audit committee shall (1) have appropriate professional qualifications, or be an independent non-executive director with appropriate accounting or related financial management expertise, and (2) meet the qualification requirements for an accounting professional of the stock exchanges where the Company's securities are listed.

**Article 146** The audit committee is responsible for reviewing the Company's financial information and its disclosure, overseeing and evaluating the internal and external audit and internal controls, and exercising such other functions and powers delegated by the Board of Directors. The specific functions and power of the audit committee are stipulated in the Articles and its working rules.

The following matters shall be submitted to the Board of Directors for consideration after being approved by a majority of all members of the audit committee:



- (1) Disclosure of financial information in financial and accounting reports and periodic reports, and internal control evaluation report;
- (2) Engagement or dismissal of the accounting firm which handles the accounting matters of the listed company;
- (3) Engagement or dismissal of the Company's chief accountant or chief financial officer;
- (4) Changes in accounting policies and accounting estimates or correction of major accounting errors for reasons other than changes in accounting standards;
- (5) Other matters stipulated by laws, administrative regulations, securities regulatory authorities of the places where the shares of the Company are listed and the Articles.

**Article 147** Meetings of the audit committee shall be convened at least once a quarter. An extraordinary meeting may be convened upon the request of two or more members, or when deemed necessary by the chairman of the audit committee. The quorum of an audit committee meeting shall be over two-thirds of the members.

Resolutions of the audit committee shall be approved by a majority of the members of the audit committee.

Each member of the audit committee shall have one vote for a resolution to be approved.

Resolutions of the audit committee shall be recorded in the minutes in accordance with regulations. The minutes shall be signed by the members of the audit committee present at the meeting.

The working procedures of the audit committee shall be formulated by the Board of Directors.

**Article 148** In addition to the audit committee, the Board of Directors of the Company shall set up a remuneration committee, and set up special committees including strategic development, nomination, risk control committees, in light of its needs. All members of the special committees shall be directors. Independent directors shall account for the majority of members of the audit committee, the nomination committee and the remuneration committee, and shall serve as the chairmen. Special committees shall perform their duties in accordance with the Articles and the authorization of the Board of Directors, and the proposals of such committees shall be submitted to the Board of Directors for review and consideration. The Board of Directors shall be responsible in formulating the rules of procedures or working rules of the special committees to regulate their operation.

**Article 149** The nomination committee is responsible for formulating the standards and procedures for the selection of directors and senior management, selecting and reviewing director and senior management candidates and their qualifications, exercising such other functions and powers delegated by the Board of Directors, and making recommendations to the Board of Directors on the following matters:

- (1) Nomination, appointment or removal of directors;
- (2) Engagement or removal of senior management;
- (3) Other matters stipulated by laws, administrative regulations, securities regulatory authorities of the places where the shares of the Company are listed and the Articles.

The specific functions and power of the nomination committee are stipulated in the Articles and its working rules. If the recommendations of the nomination committee are not adopted or fully adopted by the Board of Directors, the opinion of the nomination committee and the specific reasons for its non-adoption shall be recorded in the resolutions of the Board of Directors and disclosed accordingly.

**Article 150** The remuneration committee is responsible for formulating the appraisal criteria for directors and senior management and conducting appraisals, formulating and reviewing the remuneration policies and schemes for directors and senior management, including compensation determination mechanisms, decision-making process, payment, termination payment and recourse arrangements, exercising such other functions and powers delegated by the Board of Director, and making recommendations to the Board of Directors on the following matters:

- (1) Remuneration of directors and senior management;
- (2) Formulation or changes of incentive share option schemes, the employee share ownership plans and share schemes, grant of entitlements to scheme participants, and fulfillment of exercise conditions;
- (3) Arrangement of share ownership plans at subsidiaries proposed to be spin-off for directors and senior management;
- (4) Other matters stipulated by laws, administrative regulations, securities regulatory authorities of the places where the shares of the Company are listed and the Articles.

The specific functions and power of the remuneration committee are stipulated in the Articles and its working rules. If the recommendations of the remuneration committee are not adopted or fully adopted by the Board of Directors, the opinion of the remuneration committee and the specific reasons for its non-adoption shall be recorded in the resolutions of the Board of Directors and disclosed accordingly.

**Article 151** The strategic development committee is responsible for researching and making recommendations on the Company's long-term development strategies and major investment decisions. The main duties of the strategic development committee include:

- (1) Researching the Company's strategic plans and business development directions, and considering relevant special proposals;
- (2) Reviewing major strategic matters related to the Company's strategic plans and business development directions;

- (3) Other matters related to strategic plans authorized by the Board of Directors.

**Article 152** The risk control committee is responsible for standardizing the Company's risk control procedures, improving the corporate governance structure, and ensuring the realization of the Company's sustainable development strategies and goals. The main duties of the risk control committee include:

- (1) Reviewing risk control strategies and major risk control solutions;
- (2) Reviewing and evaluating the effectiveness of the Company's risk management and internal control systems, as well as the internal audit functions;
- (3) Reviewing major decision-making and major project risk assessment reports;
- (4) Guiding the formulation of sustainable development strategies, goals, and management policies (including the process of assessing, prioritizing, and managing important sustainable development-related matters (including risks to the Company's business)), coordinating the allocation of resources and implementation of sustainable development goals, keeping track of the implementation of sustainable development strategy goals, monitoring and examining the progress of sustainable development-related goals and sustainable development activities, and reviewing the Company's annual sustainable development report, which is then submitted to the Board of Directors for approval;
- (5) Responsible for promoting the construction of legal corporate governance of the Company and reviewing the work report on the construction of legal corporate governance of the Company;
- (6) Other risk control matters authorized by the Board of Directors.

### **CHAPTER 13. SECRETARY OF THE BOARD OF DIRECTORS**

**Article 153** The Company shall have a secretary of the Board of Directors. The secretary of the Board of Directors shall be a member of the senior management staff of the Company.

The Board of Directors may set up a secretariat for the board when it is necessary.

**Article 154** The secretary of the Board of Directors shall be a natural person with the necessary professional knowledge and experience. He shall be appointed by the Board of Directors.

The secretary to the Board is responsible to the Company and the Board of Directors and performs the following duties:

- (1) handling disclosure of information of the Company, coordinating the disclosure of company information, organizing the formulation of a management system for the Company's information disclosure affairs and supervising the Company and the relevant information disclosure obligators to comply with the relevant regulations on information disclosure;

- (2) managing investor relations, coordinating communication between the Company and securities regulators, investors and actual controllers, intermediaries, media, etc.;
- (3) preparing and organizing meetings of the Board of Directors and general meetings, attending shareholders' general meetings, meetings of the Board of Directors and relevant meetings of the senior management, and taking and signing minutes of meetings of the Board of Directors;
- (4) handling matters in respect of confidentiality of information disclosure of the Company, and reporting and making disclosure to the Stock Exchange immediately in the event of leakage of material undisclosed information;
- (5) keeping track of media reports and taking the initiative to seek confirmation of the actual situation, and supervising the Company and other relevant entities to respond to enquiries of the Stock Exchange in a timely manner;
- (6) organizing training for Directors and senior management of the Company on relevant laws and regulations and relevant provisions of the stock exchanges, and assisting the aforesaid persons to understand their respective responsibilities in information disclosure;
- (7) supervising the Directors and senior management to comply with the laws and regulations, relevant regulations of the stock exchanges and the Articles of Association and to effectively fulfill their commitments; in case they become aware that the Company, its Directors and senior management have made or may make resolutions that violate the relevant regulations, they shall remind them and immediately and truthfully report to the stock exchanges;
- (8) handling matters relating to the management of changes in the Company's shares and its derivatives;
- (9) exercising other functions and powers as conferred by the board, as well as other duties as required by laws and regulations and the stock exchanges in the jurisdiction where the shares of the Company are listed and the stock exchanges.

**Article 155** Directors or other senior management staff of the Company may concurrently hold the office of secretary of the Board of Directors. No accountant of the accounting firm engaged by the Company shall concurrently hold the office of secretary of the board of directors.

If the office of secretary of the Board of Directors is held by a director of the Company and a certain act is to be done by a director and the secretary of the Board of Directors separately, the person who concurrently holds the offices of director and secretary of the Board of Directors shall not perform the act in both capacities.

**Article 156** Secretary of the Board of Directors shall diligently fulfill his duties in compliance with the provisions under the Articles and relevant provisions.

Secretary of the Board of Director shall assist the Company in complying with the relevant Chinese laws and regulations in respect of the listing of securities of the Company as set out by securities exchanges.

## CHAPTER 14. SENIOR MANAGEMENT

**Article 157** The Company shall have one general manager, who shall be appointed or dismissed by the Board of Directors.

The Company shall have a number of vice general managers, one chief accountant or financial executive, and one general counsel to assist the general manager in work. Vice general managers, the chief accountant or financial executive and general counsel shall be nominated by the general manager and appointed or dismissed by the Board of Directors.

Article 124  
Guidance  
for the  
Articles

The controlling shareholders of the Company who hold administrative positions other than directors and supervisors shall not serve as a member of the Company's senior management staff.

Article 126  
Guidance for  
the Articles

The senior management of the Company is paid only by the Company (including its holding subsidiaries) and shall not be paid by the controlling shareholder(s) on behalf of the Company.

**Article 158** The Company general manager shall be accountable to the Board of Directors and shall exercise the following functions and powers:

- (1) to be in charge of the production, operation and management of the Company and to organize the implementation of the resolutions of the Board of Directors, to carry out economic activities related to Board of Directors' resolutions such as assets disposal and investment and to report to the Board of Directors;
- (2) to organize the implementation of the Company's annual business plans and investment plans;
- (3) to draft the plan for the establishment of the Company's internal management organization;
- (4) to draft the plan for the establishment of subsidiaries of the Company;
- (5) to draft the Company's basic management system;
- (6) to formulate the rules and regulations of the Company;
- (7) to request the engagement and dismissal of the vice general manager (or vice general managers), chief accountant or financial executive and general counsel of the Company;
- (8) to engage or dismiss management personnel other than those to be engaged or dismissed by the Board of Directors; and

- (9) other functions and powers granted by the Company's Articles of Association and the Board of Directors.

**Article 159** A non-director general manager shall attend meetings of the Board of Directors and is entitled to receive notice and relevant documents of the meeting; a non-director general manager shall have no right to vote at such meetings.

**Article 160** The senior management officers shall not change any resolution adopted by general meeting and the Board of Directors or go beyond their authority in performance of their functions and powers.

**Article 161** In the exercise of their functions and powers, the senior management officers shall perform their duties of good faith and diligence in accordance with laws, administrative regulations and the Company's Articles of Association.

**Article 162** Senior management officers may resign before the expiry of their term of service. The specific procedures and measures for resignation of the senior management officers shall be stipulated in the labor contract or employment agreement between the senior management and the Company; and the specific procedures and methods for the resignation of the department manager shall be stipulated in the labor contract between the department manager and the Company.

**Article 163** The general manager shall formulate detailed work rules, which shall be implemented upon approval by the Board of Directors.

**Article 164** The working rules of general managers shall contain the following:

- (1) conditions for the convening of and the procedure for the general managers' meeting, and the personnel to attend the meeting;
- (2) specific duties and division of work of the general managers and other senior management;
- (3) the authority to utilize the Company's funds and assets and to enter into material contracts, and the reporting system to the Board;
- (4) other matters which the Board considers necessary.

Article 130  
Guidance for  
the Articles

## **CHAPTER 15. QUALIFICATIONS AND OBLIGATIONS OF THE COMPANY'S DIRECTORS AND SENIOR MANAGEMENT OFFICERS**

**Article 165** Directors and senior management officers of the Company shall be natural persons. None of the following persons may serve as a director or senior management officers of the Company:

- (1) persons without capacity or with limited capacity for civil acts;

Article  
146  
Company  
Law



- (2) persons who were sentenced to criminal punishment for the crime of corruption, bribery, seizure of property or misappropriation of property or for disrupting social and economic order, where not more than 5 years has elapsed since the expiration of the period of punishment; or persons who were deprived of their political rights for committing a crime, where not more than 5 have elapsed since the expiration of the period of deprivation; or persons who were declared on probation, where not more than 2 years have elapsed since the date of the expiration of the period of probation;
- (3) directors, or factory directors or managers, who bear personal liability for the bankruptcy liquidation of their companies or enterprises, where not more than 3 years have elapsed since the date of completion of the bankruptcy liquidation;
- (4) the legal representatives of companies or enterprises that had their business licenses revoked and were ordered to close down for breaking the law, where such representatives bear personal liability therefor and not more than 3 years have elapsed since the date of revocation of the business license and forced closedown;
- (5) persons with comparatively large individual debts that have fallen due but have not been settled and have been listed as a dishonest debtor by the People's Court;
- (6) persons whose cases have been placed on the docket and are being investigated by the judicial authorities because they violated the criminal law, where the cases have not been closed;
- (7) persons who cannot serve as leaders of enterprises by virtue of laws and administrative regulations;
- (8) non-natural persons; and
- (9) persons ruled by a relevant regulatory authority to have violated securities-related regulations, where such violation involved fraudulent or dishonest acts and not more than 5 years have elapsed since the date of the ruling;
- (10) persons banned from the access to the securities market by CSRC, where the term has not expired;
- (11) persons who have been publicly ascertained by stock exchanges of the places where the Company is listed as being not suitable for serving as a director and senior management officer of a listed company, where the term has not expired;
- (12) other persons as required by the relevant laws and regulations and stock exchanges of the places where the Company's shares are listed.

Any election or appointment of Directors or engagement of the senior management officers in violation of this provision shall be invalid.

Article 95  
Guidance for  
the Articles

Articles 125  
and 136  
Guidance  
for the  
Articles

In case of the circumstances as stipulated in paragraph 1 of this Article, the Company shall, from the day on which it is aware of the occurrence of the circumstance, immediately suspend the duties of the directors or senior management officers concerned, and adopt relevant procedures to replace or remove such personnel.

**Article 166** Unless otherwise stipulated under the Articles or legally authorized by the Board of Directors, a director shall not act on behalf of the Company or the Board of Directors in his own name. When a director acts in his own name and a third party could reasonably believe that he is acting on behalf of the Company or the Board of Directors, he shall first declare his position and status.

Article 102  
Guidance for  
the Articles

**Article 167** The Company's directors and senior management officers shall comply with the laws, administrative regulations and the Articles, perform their duties of diligence to the Company, and perform duties with reasonable care that managers should ordinarily exercise in the best interests of the Company.

Directors and senior management officers shall diligently perform their following obligations to the Company:

- (1) to exercise the rights conferred by the Company in a prudent, serious and diligent manner so as to ensure that the business activities of the Company are in compliance with the requirements of national laws, administrative regulations and various economic policies, and the business activities do not exceed the scope of business stipulated in its business license;
- (2) to treat all shareholders equally;
- (3) to timely understand the business operation and management of the Company;
- (4) to sign written confirmation on regular reports of the Company, ensuring the truthfulness, accuracy and completeness of the information disclosed by the Company;
- (5) to provide the audit committee with relevant information and materials truthfully and not hinder the audit committee from exercising its powers; and
- (6) other duties of diligence stipulated by laws, administrative regulations, departmental rules and the Articles.

**Article 168** The Company's directors and senior management officers shall comply with the laws, administrative regulations and the Articles, faithfully perform their obligations to the Company. They shall take measures to avoid conflicts between their own interests and the Company's interests, and shall not use their position to gain illegitimate benefits.

Directors and senior management officers shall faithfully perform their following obligations to the Company:

- (1) to act honestly in the best interest of the Company;

- (2) to exercise powers within the scope of their functions and powers and not to exceed such powers;
- (3) to exercise in person the discretion vested in him/her and not allow himself/herself to be manipulated by another person and, unless permitted by laws and administrative regulations or with the informed consent of the general meeting, not to delegate the exercise of his/her discretion;
- (4) without reporting to the Board of Directors or the general meeting, and without being approved by the Board of Directors or the general meeting by way of resolutions in accordance with the provisions of the Articles, not to conclude any contract or enter into any transaction with the Company directly or indirectly;
- (5) not to use Company property for his/her own benefit in any way without the informed consent of the general meeting;
- (6) not to use his/her functions and powers as a means to accept bribes or other forms of illegal income, and not to illegally appropriate Company property in any way;
- (7) not to take advantage of their positions to seek business opportunities for themselves or others that are available to the Company, except when reported to the Board of Directors or the general meeting and approved by a resolution of the general meeting, or when the Company, according to laws, administrative regulations, or the Articles, cannot utilize such business opportunities;
- (8) not to accept and retain commissions from transactions between other parties and the Company;
- (9) not to compete with the Company in any way (including any business similar to that of the Company for themselves or others) without reporting to the Board of Directors or the general meeting and approved by the general meeting by way of resolutions;
- (10) not to misappropriate the Company's funds or lend them to others, not to deposit the Company's funds in accounts opened in his/her own or in another name, and not to use the Company's assets as security for the debts of the Company's shareholders or other individuals;
- (11) not to disclose secrets of the Company without authorization;
- (12) not to use their connected relationship to harm the interests of the Company;
- (13) other faithful duties stipulated by laws, administrative regulations, departmental rules and the Articles.

Incomes obtained in violation of the provisions of this Article by any director and senior management officers shall belong to the Company; and losses thus caused to the Company shall be subject to liability to compensate.

Article 97  
Guidance for  
the Articles

The provisions of subparagraph (4) of paragraph 2 of this Article shall apply to the close relatives of directors and senior management officers, enterprises directly or indirectly controlled by directors or senior management officers or their close relatives, and connected persons with other connected relations with directors or senior management officers, who enter into contracts or conduct transactions with the Company.

**Article 169** When general meeting requires the directors and senior management officers to attend the meeting, the directors and senior management officers shall so attend and answer shareholders' questions.

Article 150  
Company  
Law  
Article 71  
Guidance for  
the Articles

**Article 170** The Company has established a management system for resignation of directors and senior management officers, clearly specifying the accountability and compensation measures for unfulfilled public commitments and other outstanding matters. The Company's directors and senior management officers have faithful duties to the Company and its shareholders, which do not automatically cease at the end of their term of office. The terms for which such obligations shall continue shall be decided upon in accordance with the principle of fairness, depending on the time lapse between the termination and the occurrence of the matter and the circumstances and conditions under which the relationship with the Company is terminated.

**Article 171** Where a director or senior management officer causes damage to others during the performance of his/her duties, the Company shall be liable for compensation; where a director or senior management officer acts with willful or material default, he shall also be liable for compensation.

Any director and senior management officer of the Company who violate the provisions of laws, administrative regulations, department rules or the Articles in his/her discharge of the Company's duties, thus causing losses to the Company, shall be liable for compensation. The responsibility that a director bears during his/her term of office due to the performance of his/her duties shall not be waived or terminated upon leaving office.

Any director and senior management officer of the Company who has left his/her office without authorization before his/her term of office expires and thereby causing the Company to incur a loss shall be liable to the Company for compensation.

**Article 172** Senior management officers of the Company shall faithfully perform their duties, and protect the best interests of the Company and all shareholders.

If any senior management officer of the Company fails to faithfully perform his/her duties or violates his/her duty of good faith, causing harm to the interests of the Company and public shareholders, he shall be liable for compensation in accordance with laws.

**Article 173** If a director or senior management officer of the Company is, directly or indirectly, materially interested in a contract, transaction or arrangement concluded or planned by the Company (excluding his/her contract of service with the Company), he shall disclose the nature and extent of his/her interest to the Board of Directors at the earliest opportunity, whether or not the matter is normally subject to the approval of the Board of Directors.

A director shall not vote on any board resolution approving any contract, arrangement or any other proposal in which he or his close associate (as defined in the Hong Kong Listing Rules) has a material interest, nor be counted in the quorum of a meeting.

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

A director or senior management officer of the Company shall be deemed to be interested in any contract, transaction or arrangement in which a related person of that director or senior management officer is interested.

**Article 174** If a director or senior management officer of the Company gives a written notice to the Board of Directors before the contract, transaction or arrangement is first considered by the Company stating that, by reason of the contents of the notice, he is interested in the contract, transaction or arrangement that may subsequently be made by the Company, such director or senior management officer of the Company shall be deemed for the purposes of the preceding Article of this Chapter to have declared his/her interest, insofar as attributable to the scope stated in the notice.

**Article 175** The Company shall not in any manner pay tax on behalf of its directors and senior management officers.

**Article 176** The Company shall not directly or indirectly provide a loan to its directors, supervisors (if any) and senior management officers or those of its parent company; If the Company provide loan guarantees for directors, supervisors (if any) and senior management officers of the Company or those of its parent company, it shall comply with the requirements of laws, administrative regulations, departmental rules and the Listing Rules.

**Article 177** Subject to the approval of the general meeting, the listed company may purchase liability insurance for its directors. The liability insurance coverage shall be agreed by contract, except for liabilities arising from the violation of laws, administrative regulations or the Articles of Association of the Company by directors.

Article 24  
Code of  
Corporate  
Governance

**Article 178** If the Company's director or senior management officer breaches his/her obligations to the Company, the Company shall, in addition to any rights and remedies provided for by laws and administrative regulations, have a right to:

- (1) require the relevant director or senior management officer to compensate for the losses sustained by the Company as a consequence of his/her dereliction of duty;

- (2) rescind any contract or transaction concluded by the Company with the relevant director or senior management officer and contracts or transactions with a third party (where such a third party knows well or should have known that the director or senior management officer representing the Company was in breach of his/her obligations to the Company);
- (3) require the relevant director or senior management officer to surrender the gains derived from the breach of his/her obligations;
- (4) recover any moneys received by the relevant director or senior management officer that should have been received by the Company, including (but not limited to) commissions; and
- (5) require the relevant director or senior management officer to return the interest earned or possibly earned on the moneys that should have been given to the Company.

**Article 179** The Company shall conclude written contracts with each director of the Company concerning his/her emoluments. Such contracts shall be approved by the general meeting before they are entered into. The above-mentioned emoluments shall include:

- (1) emoluments in respect of his/her service as a director or senior management officer of the Company;
- (2) emoluments in respect of his/her service as a director, supervisor or senior management officer of a subsidiary of the Company;
- (3) emoluments otherwise in connection with the management of the Company or any subsidiary thereof;
- (4) the payment by way of compensation for his/her loss of office or retirement to the aforementioned directors in respect of redundancy or retirement.

A director shall not sue the Company for benefits due to him on the basis of the above-mentioned matters, except under a contract as mentioned above.

**Article 180** For compensation in relation to early dismissal of director or senior management officer in accordance with the Articles of Association or relevant contracts, such compensation shall conform to the principle of fairness and shall not impair the legitimate rights and interests of the Company nor involve any transfer of benefits.

## **CHAPTER 16. FINANCIAL ACCOUNTING SYSTEM AND PROFIT DISTRIBUTION AND AUDITING**

**Article 181** The Company shall formulate its own financial and accounting systems in accordance with laws, administrative regulations and China's accounting standards formulated by the State Council's department in charge of finance.

**Article 182** Calendar year shall be used in fiscal year of the Company, i.e. the fiscal year commences from 1st January of a calendar year and ends on 31st December of the year.



Renminbi is used as standard money in accounting by the Company and accounts shall be written in Chinese.

The Company shall prepare financial reports at the end of each fiscal year. Such reports shall be audited by accountancy firm in accordance with the law. Financial reports shall be compiled according to the requirements of the laws, administrative regulations and fiscal authorities of the State Council.

Article 164  
Company  
Law

**Article 183** The Board of Directors of the Company shall place before the shareholders at each annual general meeting such financial reports as relevant laws, administrative regulations and normative documents promulgated by the local government and the authorities-in-charge require the Company to prepare, subject to verification.

**Article 184** The financial reports of the Company shall be made available for inspection by shareholders 20 days prior to an annual general meeting. Each shareholder of the Company shall have the right to obtain a copy of the financial reports referred to in this Chapter.

The Company shall send copies of the said reports and directors' report to each holder of H shares at least 21 days prior to the date of an annual general meeting by delivery to or by prepaid mail at the recipient's address shown in the register of shareholders. Subject to the fulfilment of requirements of laws and regulations and the Listing Rules, the Company may also deliver the said reports in electronic form to holders of H Shares in accordance with Hong Kong Listing Rules, or publish the said reports on its website and the website of the HKEX in order to meet the requirement of dispatch.

Article 7  
Zheng  
Jian Hai Han

**Article 185** The financial statements of the Company shall be prepared not only in accordance with China's accounting standards, laws and regulations but also in accordance with international accounting standards or the accounting standards of the place(s) outside the People's Republic of China where the shares of the Company are listed. If there are material differences in the financial statements prepared in accordance with two sets of accounting standards, such differences shall be stated in the notes appended to such financial statements. For the purposes of the Company's distribution of after-tax profits of a given fiscal year, the lesser of the amounts of after-tax profits shown in the above-mentioned two kinds of financial statement shall prevail.

**Article 186** Interim results or financial information published or disclosed by the Company shall be prepared in accordance with China's accounting standards, laws and regulations as well as international standards or the accounting standards of the place(s) outside the People's Republic of China where the shares of the Company are listed.

**Article 187** The Company shall deliver its annual financial report to the CSRC branches and the stock exchanges within 4 months from the ending date of each fiscal year, shall deliver its half-yearly financial report to the CSRC branches and stock exchanges within 2 months from the ending date of the first 6 months of each fiscal year, and shall disclose its quarterly financial report within 1 month from the ending dates of the first 3 months and first 9 months respectively of each fiscal year.

Article 151  
Guidance for  
the Articles

The Company shall disclose its financial reports according to the laws, regulations or requirements of the regulatory authorities.

**Article 188** The Company shall not establish any account books other than statutory account books. The Company's funds may not be deposited in accounts opened in the name of any individual.

**Article 189** When distributing its after-tax profits in a given year, the Company shall contribute 10% of the profits to the Company's statutory common reserve fund. Where the accumulated amount of the statutory common reserve fund reaches more than 50% of the registered capital of the Company, no further contribution is required.

Article 166  
Company  
Law

When the statutory common reserve fund of the Company is insufficient to cover the loss of the Company incurred in previous years the loss shall first be covered with the profit of the current year before contributing to the statutory common reserve fund as specified above.

Article 153  
Guidance for  
the Articles

After making contribution to the statutory common reserve fund from its after-tax profits, the Company may, subject to resolutions adopted at a general meeting, make contributions to discretionary common reserve funds.

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

If the general meeting distributes profits to shareholders in violation of the Company Law, the shareholders shall return the profits distributed in violation of the preceding paragraph to the Company; in case of losses caused to the Company, shareholders and responsible directors and senior management officers shall be liable for compensation.

The shares of the Company held by the Company shall not participate in the distribution of profits.

**Article 190** No distribution of dividend or other distribution in form of dividend shall be made before the Company covers any loss and contributes to the statutory common reserve fund. The company's dividends do not bear interest unless they are not duly distributed to the shareholders by the Company on the payment date.

Article 166  
Company  
Law

**Article 191** The capital common reserve shall include the following funds:

- (1) the premiums obtained from the issue of shares above their par value;
- (2) other revenues required by the State Council's department in charge of finance to be included in the capital common reserve.

**Article 192** The common reserve funds (including the statutory common reserve fund, discretionary common reserve fund and capital reserve fund) of the Company may be used to make up for losses, expand the Company's production and operation or increase the Company's registered capital.

Article 168  
Company  
Law

When the common reserve fund is used to make up for the Company's losses, the discretionary common reserve fund and statutory common reserve fund shall be utilized at first; if still insufficient, the capital reserve fund may be used according to regulations.

When the Company transfers some common reserve fund into capital pursuant to a resolution adopted by general meeting, the placement of new shares or increase in par value of each share shall be made in the proportion of the original shares held by the shareholders. However, the balance of the common reserve fund shall remain no less than 25% of the registered capital of the Company prior to the increase when transferring the statutory common reserve into increased registered capital.

**Article 193** The profit distribution policy of the Company is as follows:

Article 156  
Guidance for  
the Articles

- (1) Principles: The Company should implement vigorous profit distribution policies and value investors' reasonable investment return and the Company's sustainable development to maintain the continuity and stability of profit distribution policies.
- (2) Intervals: In principle, the Company distributes profit once per year. Under permitted circumstances, the Board of Directors of the Company may recommend the Company to distribute interim cash dividend according to the earnings and capital requirement of the Company. When the Company convenes an annual general meeting to consider annual profit distribution plan, the conditions, maximum proportion and amount of the interim cash dividend for the next year may be considered and approved, and the maximum limit of interim dividend for the following year shall not exceed the net profits attributable to shareholders of the Company for the corresponding period. The Board of Directors shall, in accordance with the resolution passed at the general meeting, formulate a specific interim dividend distribution plan in line with the conditions of profit distribution.
- (3) Decision-making mechanisms and procedures: Except for the specific plan formulated by the Board of Directors in line with the conditions and the maximum limit of interim dividend distribution for the following year as considered and approved at the annual general meeting of the Company, the profit distribution proposal of the Company shall be formulated and reviewed by the Board of Directors and submitted to the general meeting for approval. In proposing a profit distribution plan, the Board shall take into consideration the opinions of relevant stakeholders, especially independent directors and minority shareholders. The audit committee shall supervise the implementation of the profit distribution proposal.
- (4) In case of no proposal of profit distribution in cash being made at any profitable year with available distributable profit of the Company, the Board of Directors shall explain the reasons. Disclosure in this regard shall be made in a timely manner. Upon the approval by the Board of Directors, it shall be submitted to the general meetings for review and the Board of Directors shall provide explanation at the general meeting.

- (5) When determining the particulars of the cash dividend proposal of the Company, the Board of Directors shall study and discuss the timing, conditions as well as the minimum ratio of the cash dividend, conditions on adjustments and other factors as required for making the decisions. The independent directors shall have the right to express independent opinion if they consider that the specific plan of cash dividend distribution may harm the interests of the Company or its minority shareholders. If the opinion of the independent directors is not adopted or fully adopted by the Board of Directors, the opinion of the independent directors and the specific reasons for its non-adoption shall be recorded in the resolution of the Board of Directors and be disclosed. Before considering the particulars of the profit distribution proposal at a general meeting, the Company shall communicate with the shareholders proactively, especially the minority shareholders, through various channels (including but not limited to hotlines, mailbox to the Secretary of the Board of Directors and inviting minority investors to attend the meeting), in order to gather sufficient opinions from the minority shareholders and respond to their concerns in a timely manner.
- (6) Adjustments to cash dividend policy: The Company shall strictly implement the cash dividend policy stipulated in the Articles of Association of the Company and the cash dividend proposal considered and approved at the general meetings. Necessary adjustments or amendments to the cash dividend policy stipulated in the Articles of Association of the Company shall only be made after detailed discussion and the corresponding decision-making procedure according to the Articles of Association of the Company and approval shall be obtained by more than two thirds of the total voting rights present at the general meeting.
- (7) The Company shall disclose in detail in its annual report the formulation and implementation of the cash dividend policy, and state the following matters, including: (1) whether the policy is in compliance with the requirements of the Articles of Association or the resolutions passed at the general meeting; (2) whether the basis and ratio of the distribution of dividends are clear; (3) whether the relevant decision-making procedures and systems are sound; (4) the specific reasons for not distributing cash dividends by the Company, if applicable, and measures to be taken to enhance the investors' level of return; (5) whether there are enough channels for minority shareholders to express their opinions and concerns, and whether their legal interests are sufficiently protected. If the cash dividend policy is to be adjusted or amended, it shall be disclosed in detail whether the conditions and procedures of such adjustments or amendment is in compliance with laws and transparent.

The distribution of dividends (in cash or in the form of shares) shall be completed within two months after the resolution approving the relevant profit distribution proposal has been passed at a general meeting or the formulation of specific plan by the Board of Directors in line with the conditions and the maximum limit of interim dividend distribution considered and approved at the annual general meeting of the Company.

**Article 194** Conditions for distribution of dividends and distribution of dividends in cash: If the Company has recorded a profit for that year, and after compensating for losses in previous years and withdrawing reserves according to law, the cumulative undistributed profits is positive, and auditors issue an audit report with standard unqualified opinion for the Company's financial report for the latest year, then the Company may distribute dividends in the following manner:

- (1) cash;
- (2) shares;
- (3) combination of cash and shares.

If the Company satisfies the conditions for cash dividends, priority shall be given to profit distribution by means of cash dividends. The objective of the cash dividend policy of the Company is that the cumulative profit distributed in cash by the Company in the last three years should not, in principle, be less than 30% of the average annual distributable profits in the last three years.

If the Company distributes dividend in cash, it shall follow the rules below:

- (1) Where the Company is in a developed stage with no substantial capital expenditure arrangement, the dividend to be distributed in cash shall not be less than 80% of the total profit distribution;
- (2) Where the Company is in a developed stage with substantial capital expenditure arrangement, the dividend to be distributed in cash shall not be less than 40% of the total profit distribution;
- (3) Where the Company is in a developing stage with substantial capital expenditure arrangement, the dividend to be distributed in cash shall not be less than 20% of the total profit distribution.

Where it is difficult to identify the development stage of the Company but there is substantial capital expenditure arrangement, dividend distribution may be dealt with in accordance with the preceding provisions. Significant capital expenditure refers to: the proposed external investment, acquisition of assets (including land use rights) or purchase of equipment by the Company in the coming twelve months with accumulated expenses amounting to or exceeding 10% of the latest audited net assets of the Company.

Conditions of distributing dividends in shares: After taking into account of the distributable profits, common reserve fund and cash flow status, the Company may distribute dividends in the form of shares for profit distribution, provided that there are sufficient liquidity for cash dividend distribution and a reasonable shareholding structure, and the Board considers that distributing dividends in shares will be in the interest of all Shareholders of the Company as a whole. The dividend payout ratio shall be submitted to the general meeting for consideration and approval after being reviewed and adopted by the Board of Directors.

**Article 195** The Company shall pay dividends and other sums in cash to holders of A shares in Renminbi and payment for dividends and other sums in cash to holders of H shares shall be calculated and declared in Renminbi but paid in Renminbi or Hong Kong dollar. The foreign currency for payment for dividends, in cash and other sums to holders of H Shares shall be disposed of under the relevant provisions of foreign exchange management of the State.

**Article 196** Unless otherwise specified by the relevant law and administrative regulations, in relation to payment for dividends in cash and other sums in HK dollar, the exchange rate shall be the average mid-point rate between the relevant foreign exchanges published by People's Bank of China last calendar week before the day of declaration of such dividends and other sums distribution.

**Article 197** In accordance with the Articles, interim or special dividends can be distributed upon approval or authorization by the general meeting.

**Article 198** When distributing dividend to shareholders, the Company shall withhold and pay the payable tax of the dividend income for the shareholders based on the amount distributed pursuant to the provisions of China's tax law.

Save and except the rights attached to any share or as required by the provisions on issuance, dividends shall be declared and paid based on the paid shares entitled to the dividend. In this respect, any payment for the share made before the calling of payment shall not be deemed as paid shares, but any amount paid up in advance of calls on any Company's share may carry interest.

**Article 199** The Company shall appoint receiving agents for holders of H shares to collect on behalf of the relevant shareholders the dividends distributed and other moneys payable in respect of the shareholding in H shares.

Sec. 1(c),  
Appendix 13d  
Listing Rules

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

The receiving agent for shareholders of H shares appointed by the Company shall be a trust company incorporated under the Trustee Ordinance of Hong Kong.

Article 8  
Zheng  
Jian Hai Han

Subject to China's relevant laws and statutes, the Company may exercise the right of confiscation to the dividend that is not claimed but such right shall not be exercised before the expiration of the period of 6 years from the dividend announcement date.

**Article 200** The Company shall implement an internal audit system, which clearly stipulate the leadership structure, duties and authorization, personnel allocation, finance support, audit results application, accountability and other matters in relation to internal audit.

Article 157  
Guidance for  
the Articles

The internal audit system of the Company shall be implemented upon approval by the Board of Directors, and disclosed publicly.

**Article 201** The Company's internal auditor shall monitor and examine the Company's business activities, risk management, internal control, financial information, and other matters.



**Article 202** The internal auditor is accountable to the Board of Directors.

When monitoring and examining the Company's business activities, risk management, internal control, and financial information, the internal auditor shall be subject to the oversight and guidance of the audit committee. If the internal auditor discovers any significant issues or leads, it shall immediately report directly to the audit committee.

**Article 203** The internal auditor is responsible for the specific organization and implementation of the Company's internal control evaluation. Based on the evaluation report issued by the internal auditor and reviewed by the audit committee, as well as relevant materials, the Company shall issue its annual internal control evaluation report.

**Article 204** When the audit committee communicates with external audit entities such as accounting firms and national audit agencies, the internal auditor shall actively cooperate and provide necessary support and collaboration.

**Article 205** The audit committee participates in the appraisal of the head of internal audit.

## **CHAPTER 17. ENGAGEMENT OF AN ACCOUNTING FIRM**

**Article 206** The Company shall engage an independent accounting firm that complies with relevant state regulations to audit the annual financial reports and other financial reports of the Company.

The first accounting firm of the Company may be engaged by the incorporation meeting prior to the first annual general meeting. Such an accounting firm shall hold office until the conclusion of the first annual general meeting.

If the incorporation meeting does not exercise its power under the preceding paragraph, the Board of Directors shall exercise such power.

**Article 207** The Company's engagement and dismissal of an accounting firm shall be decided upon by the general meeting. The Board of Directors shall not appoint any accounting firm prior to a decision made by the general meeting.

**Article 208** The accounting firm appointed by the Company shall hold office from the conclusion of the annual general meeting at which they were appointed until the conclusion of the next annual general meeting. At the expiry of the term, the relevant accounting firm may be re-appointed.

**Article 209** An accounting firm engaged by the Company shall have the following rights:

- (1) the right of access at all times to the account books, records or vouchers of the Company and the right to require the directors and senior management staff of the Company to provide relevant information and explanations;
- (2) the right to require the Company to take all reasonable measures to obtain from its subsidiaries the information and explanations necessary for the accounting firm to perform its duties: and

- (3) the right to attend general meetings, to receive notices of meetings which shareholders have a right to receive or information concerning any meeting which shareholders have a right to receive, and to be heard at any general meetings on any matter which relates to it as the accounting firm of the Company.

**Article 210** The Company guarantees that the accounting documents, account books, financial and accounting reports and other accounting materials provided to the accounting firm are true and complete. The Company shall not refuse to provide or conceal information and shall not provide false information.

Article 161  
Guidance for  
the Articles

**Article 211** The general meeting may by ordinary resolution dismiss any accounting firm prior to the expiration of its term of engagement, regardless of the terms contained in the contract between the accounting firm and the Company, without prejudice to such an accounting firm's right, if any, to claim damages from the Company in respect of such dismissal.

**Article 212** The audit fees of an accounting firm shall be decided upon by the general meeting.

**Article 213** When a general meeting proposes to pass a resolution to engage a new accounting firm to fill the vacancy of accounting firm, the following provisions shall be complied with:

Article 9  
Zheng  
Jian Hai Han  
Sec.1e,  
Appendix  
13d  
Listing  
Rules

- (1) the proposal of engagement or dismissal shall be delivered to the accounting firm to be engaged or that is to leave or has left in the fiscal year before the service of the notice of the general meeting. Leaving includes dismissal, resignation and recall.
- (2) If the leaving accounting firm makes a presentation in writing and demands the Company to inform the shareholders of the presentation, unless the Company receives the presentation in writing too late the following steps shall be taken:
  - (a) to state the leaving accounting firm made a presentation on the notice given for a resolution;
  - (b) to attach a copy of the presentation to the notice and deliver to shareholders in the form as required herein.
- (3) If the Company fails to deliver the presentation of the relevant accounting firm as specified above in paragraph (2) the relevant accounting firm may request for reading of to read the presentation at the general meeting and make a further claim.
- (4) The leaving accounting firm is entitled to attend the following meetings:
  - (a) general meetings before the expiry of its term;
  - (b) general meetings for filling the vacancy after its dismissal;
  - (c) general meetings held for its resignation.

The leaving accounting firm is entitled to receive all the notices of the aforementioned meetings or other information related to the meetings and deliver speech on matters in relation to it as the previous accounting firm of the Company at the above said meetings.

**Article 214** When the Company dismisses or does not renew the engagement of an accounting firm, it shall give a notice to the accounting firm 10 days in advance. The accounting firm shall have the right to present its views at the general meeting. If an accounting firm resigns, it shall inform the general meeting as to whether or not there is any irregularity in the Company.

Article 163  
Guidance  
for the  
Articles

An accounting firm may resign by delivering its resignation notice in writing to the address of the Company. The notice shall take effect on the later date of the date when it is delivered at the address of the Company and the date indicated therein. The notice shall include the following statements:

Article 10  
Zheng Jian  
Hai Han

- (1) its resignation does not involve in any statement to be made to shareholders or creditors of the Company; or
- (2) any such presentation to be made.

Sec.1e,  
Appendix  
13d  
Listing  
Rules

Within 14 days upon the receipt of the above said notice in writing, the Company shall submit the copy of the notice to the relevant authority. If the notice contains the presentation referred to in the above 2 items, the Company shall make the copy of the presentation available at the Company for the reference for the shareholders and send the copy to each shareholder of H shares at the recipient's address shown in the register of shareholders by prepaid mail. However, subject to the compliance of laws and regulations of the places where the shares of the Company are listed and the relevant Listing Rules, the aforesaid notice may also be delivered or provided to the holders of H shares in other ways as stipulated in Chapter 24 of the Articles of Association.

If the resignation notice of the accounting firm contains any statement to be made to the Company, the accounting firm may request the Board of Directors to hold an extraordinary general meeting for its explanation in relation to its resignation.

## CHAPTER 18. INSURANCE

**Article 215** The Company shall purchase various insurances in the specified form and from the designated institutions under the regulations of the relevant authorities in China, including insurance companies that are registered in China and permitted to provide insurance service to companies in China by PRC law.

## CHAPTER 19. LABOUR AND PERSONNEL SYSTEM

**Article 216** Pursuant to provisions of Labour Law of the People's Republic of China the Company shall formulate its labour and personnel system applicable to the specific conditions of the Company.

**Article 217** The Company shall employ and dismiss its employees and exercise the contractual system under the relevant state laws and statutes according to the development of its business.

**Article 218** The Company shall decide on its labour remuneration system and methods of payment according to the relevant regulations of the State and economic efficiency of the Company.

The Company shall endeavour to improve benefits of the employees and continuously improve the working and living conditions for the employees.

The Company shall adopt relevant incentive mechanisms to sharpen the competitive edge of the Company in accordance with the relevant laws of the State.

**Article 219** The Company shall withhold funds for pension, medical care, unemployment and industrial injury insurance for employees, set up its labour and insurance system and deposit housing reserve funds for employees under relevant laws and statutes of the State.

## **CHAPTER 20. LABOUR UNION ORGANIZATION**

**Article 220** Employees of the Company are entitled to organize their labour union and carry out activities of their labour union to safeguard the legal rights and interests of the employees in accordance with Labour Union Law of the People's Republic of China and relevant laws and statutes. The Company shall support the work of Company's labour union, establish necessary organization, assign staff to the union work and provide necessary space and facilities for its office work, meetings, collective welfare, cultural and sports activities under the provisions of Labour Union Law of the People's Republic of China.

**Article 221** When the Company formulates, modifies or makes decision on the rules and regulations or material issues directly involving the vital interests of employees such as issues in relation to labour remuneration, working hours, off days and paid leave, labour safety and health, insurance and welfare, staff training, labour discipline and management of head counts, the issues shall be discussed at the general meeting of employee representatives or by all employees to come up with proposals and opinions, and shall be finalized after consultation with trade unions or employee representatives on equality basis.

Article 4  
Labour  
Contract Law

**Article 222** After employees of the Company set up their labour union in accordance with the law, the Company shall allocate a sum of labour union fund every month at a rate of 2% of the total salary of employees of the Company for the use by the labour union of the Company in accordance with Use Method of Grass-root Labour Union Fund issued by All China Federation of Labour Unions.

**Article 223** The Company shall listen to comments and suggestions of the labour union of the Company when making decisions in relation to major issues of production and operation and formulating principal regulations and systems.

## **CHAPTER 21. MERGER AND DIVISION OF THE COMPANY**

**Article 224** The Company shall be merged or divided in accordance with the law.

The merger or division of the Company shall be proposed by the Board of Directors. After such proposal has been adopted in accordance with the procedures specified in the Articles of Association of the Company, relevant examination and approval procedures shall be carried out according to law. Shareholders that disagree with the resolution of the general meeting on the merger or division of the Company shall have the right to require the Company to purchase their shares.

The payment for the Company's merger that does not exceed 10% of the Company's net assets may be made without a resolution from the general meeting, unless otherwise provided for by the Articles or the securities regulatory authorities of the places where the Company is listed. If the Company merges in accordance with the aforesaid provisions without a resolution from the general meeting, it must be resolved by the Board of Directors.

The contents of resolutions approving the merger or division of the Company shall be compiled in a special document for inspection by shareholders.

**Article 225** Merger of the Company may take the form of merger by absorption or merger by new establishment. A company that absorbs other company is known as merger by absorption whereby the company being absorbed shall be dissolved. The merger of two or more companies by the establishment of a new company is known as merger by new establishment whereby the merged companies shall be dissolved.

Article 173  
Company  
Law

If the Company is to merge, the parties to the merger shall enter into a merger agreement and prepare balance sheets and asset lists. The Company shall notify its creditors within a period of 10 days from the date on which the merger resolution is passed and make an announcement of the merger in newspapers or on the National Enterprise Credit Information Publicity System and by means as stipulated in Article 244 within 30 days of that date.

Article 173  
Guidance  
for the  
Articles

A creditor has the right, within 30 days from the receipt of the notice; or, for creditors who do not receive the notice, within 45 days from the date of the public notice, to demand the Company to pay its debts or to provide a guarantee for such debts.

After the merger, the surviving company or the newly established company shall succeed to the claims and debts of the parties to the merger.

**Article 226** If the Company is to be divided, its property shall be divided accordingly.

If the Company is to be divided, it shall prepare balance sheets and asset lists. The Company shall notify its creditors within a period of 10 days from the date on which the division resolution is passed and make an announcement of the division in newspapers or on the National Enterprise Credit Information Publicity System and by means as stipulated in Article 244 within 30 days of that date.

Debts of the Company prior to the division shall be assumed by the company after the division, except where there exists any agreement between the Company and the creditors prior to the division.

Article 176  
Company  
Law

**Article 227** If the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the company registry according to law. If the Company is dissolved, it shall cancel its registration according to law. If a new company is established, its establishment shall be registered according to law.

## **CHAPTER 22. DISSOLUTION AND LIQUIDATION OF THE COMPANY**

**Article 228** The Company shall be dissolved and liquidated according to law:

- (1) if the general meeting resolves to dissolve the Company;
- (2) if dissolution is necessary as a result of the merger or division of the Company;
- (3) the Company is ordered to close down or its business licence is suspended or revoked pursuant to laws because of its violation of laws and administrative regulations;
- (4) where there is severe difficulty in the operation and management of the Company, the subsistence of the Company will incur substantial damage to the shareholders' interests and such severe difficulty may not be solved by other means, shareholders holding over 10% of the total voting rights of shareholders of the Company may request the People's Court to dissolve the company, and the People's Court dissolves the Company according to laws.

Articles 180  
and 182  
Company  
Law

If the Company encounters the cause of dissolution as stipulated in the preceding paragraph, it shall announce the reasons of dissolution through the National Enterprise Credit Information Publicity System and by means as stipulated in Article 244.

**Article 229** The Company shall be liquidated if it is dissolved pursuant to sub-paragraphs (1), (3) and (4) of the preceding Article.

The directors are the Company's liquidators and shall establish a liquidation committee to carry out the liquidation within 15 days after the occurrence of the cause for dissolution.

The liquidation committee shall be composed of directors, except where otherwise provided by the Articles or resolved by the general meeting to appoint others.

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

**Article 230** The liquidation committee shall, within 10 days of its establishment, send notices to creditors and shall, within 60 days of its establishment, publish a public announcement in a newspaper or on the National Enterprise Credit Information Publicity System and by means as stipulated in Article 244. Creditors shall declare their claims to the liquidation committee within 30 days from the date of receipt of the written notice or, if they have not received any written notice, within 45 days from the date of the announcement.

Article 183  
Guidance for  
the Articles  
Article 185  
Company  
Law



When declaring their claims, creditors shall explain the particulars relevant to their claims and submit supporting documents. The liquidation committee shall register the creditors' rights.

During the period of the claim for creditors' rights, the liquidation committee shall not repay the creditors.

**Article 231** The liquidation committee shall exercise the following functions and powers during liquidation:

- (1) to thoroughly examine the assets of the Company and prepare, respectively, a balance sheet and asset list;
- (2) to notify creditors by notice or public announcement;
- (3) to dispose of and liquidate relevant unfinished business of the Company;
- (4) to pay all outstanding taxes in full;
- (5) to clear up claims and debts;
- (6) to dispose of the assets remaining after full payment of the Company's debts; and
- (7) to engage in civil litigation on behalf of the Company.

**Article 232** After the liquidation committee has thoroughly examined the Company's assets and prepared a balance sheet and asset list, it shall formulate a liquidation plan and submit the plan to the general meeting or people's court for confirmation.

After the payment for the cost of liquidation, the payment of debts out of the Company's assets shall be made in the following order of priority: (i) salary of employees and costs for labour insurance and statutory compensation; (ii) outstanding taxes; (iii) bank loans, the Company's bonds and other company indebtedness.

Article 186  
Company  
Law

The Company's assets remaining after full payment in accordance with the provisions of the preceding paragraph shall be distributed to the Company's shareholders according to the proportion of their shareholdings.

During the liquidation period, the Company shall not commence any new business activities not related to liquidation. The Company's property shall not be distributed to shareholders before repayment is made in accordance with paragraph (2) of this Article.

Article 186  
Company  
Law

**Article 233** If the Company is liquidated by reason of dissolution and the liquidation committee, having thoroughly examined the Company's assets and prepared a balance sheet and asset list, discovers that the Company's assets are insufficient to pay its debts in full, it shall immediately apply to the People's Court for a declaration of bankruptcy.

After the People's Court accepts the bankruptcy application, the Company's liquidation committee shall transfer the liquidation matters to the bankruptcy administrator appointed by the People's Court.

**Article 234** Following the completion of the Company's liquidation, the liquidation committee shall formulate a liquidation report. The liquidation committee shall submit the same to the general meeting or the People's Court for confirmation, and shall deliver the same to the company registry to apply for cancellation of the Company's registration.

**Article 235** Members of the liquidation committee perform liquidation duties and bear the obligations of fiduciary and diligence.

Article 187  
Guidance  
for the  
Articles

Members of the liquidation committee who fail to fulfill their liquidation duties and cause losses to the Company shall be liable for compensation, and are liable to indemnify any loss caused to the Company or creditors arising from their willful or material default.

**Article 236** Liquidation of a company that is declared bankrupt in accordance with the laws shall be processed in accordance with the laws of corporate bankruptcy.

Article 188  
Guidance for  
the Articles

### **CHAPTER 23. PROCEDURES FOR AMENDMENT OF THE COMPANY'S ARTICLES OF ASSOCIATION**

**Article 237** The Company may amend its Articles of Association in accordance with laws, administrative regulations and its Articles of Association.

**Article 238** Amendments of the Articles of Association of the Company shall be made in the following procedures:

- (1) the Board of Directors shall resolve and prepare a plan for amendments of the Articles of Association under the Articles;
- (2) shareholders shall be notified of the amendment proposals and general meeting shall be held to vote for the amendment;
- (3) a special resolution shall be adopted in relation to the amendment by shareholders' general meetings.

**Article 239** The Articles of Association of the Company shall be amended upon the occurrence of any of the following events:

Article 189  
Guidance for  
the Articles

- (1) After any amendment to the Company Law of the People's Republic of China or other relevant laws and administrative regulations, any provision under the Articles of Association conflicts with the provisions of the amended law or regulations;
- (2) A change occurs to the Company resulting in an inconsistency with the Articles of Association;
- (3) The Company's general meetings decide to amend the Articles of Association of the Company.

**Article 240** Any amendment to the Company's Articles of Association shall become effective after approval by the general meeting of the Company and registration with the authority for market entities registration and administration.

**Article 241** If an amendment to the Company's Articles of Association involves matters of company registration, the registration shall be amended according to law.

## **CHAPTER 24. NOTICE AND PUBLIC ANNOUNCEMENT**

**Article 242** The Company's notices shall be delivered by the following means:

Article 164  
Guidance for  
the Articles

- (1) by designated person;
- (2) by mail;
- (3) by way of public announcement;
- (4) by electronic means or by posting on the website of the Company; and
- (5) by other means as required by the Listing Rules and the requirements of the securities regulatory authorities or in accordance with the Articles of Association.

**Article 243** Corporate communication refers to any documents issued or to be issued by the Company for the information or action of any holders of its securities, including but not limited to: (a) the directors' report, its annual accounts together with a copy of the auditors' report and, where applicable, its summary financial report; (b) the interim report and, where applicable, its summary interim report; (c) a notice of meeting; (d) a listing document; (e) a circular; and (f) a proxy form.

Unless otherwise specified herein notices, information or statements in writing to shareholders of H shares may be sent by person or by prepaid mail to the registered address of each shareholder of H shares or by electronic means or by posting on the website of the Company, subject to the compliance with laws and regulations of the places where the shares of the Company are listed and the relevant Listing Rules.

**Article 244** Unless otherwise provided for any notice or report that is required or permitted to be issued by the Company by way of public announcements under the Articles must be published on the website of the Shanghai Stock Exchange and media which fulfills the criteria prescribed by China Securities Regulatory Commission, and must simultaneously be published on the same day in the English and Chinese languages, respectively, in at least one major English newspaper and one major Chinese newspaper in Hong Kong, or by electronic means or by posting on the website of the Company as stipulated by the Articles or other means as stipulated by the Hong Kong Listing Rules.

**Article 245** When a notice is served by mail as long as the address is made clear, postage is prepaid, the notice is put into the envelope and the envelope containing the notice is put into a mailbox, it is deemed as delivered and it shall be deemed to be received 48 hours after delivery. Where a notice is served by way of announcement, after the publication of such announcement, all related persons shall be deemed to have received the notice. The date of the first announcement shall be the date of service. Where a notice is served 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 Listing Rules require the Company to send, mail, issue, dispatch, publish or otherwise provide relevant company documents in both English and Chinese versions, the Company may, to the extent permitted by laws and regulations and in accordance with applicable laws and regulations, (if a shareholder has so indicated) only send the shareholder the English versions or Chinese versions of documents provided that the Company has made sufficient arrangements to ascertain whether the shareholder wishes to only receive English versions or Chinese versions of documents. In the arrangement by which the Company determines its shareholders' choice of which language version of the corporate communications to receive, it must offer its shareholders three options: to receive only the English version; to receive only the Chinese version; or both the Chinese version and the English version.

## **CHAPTER 25. RESOLUTION OF DISPUTES**

**Article 246** The Company shall comply with the following rules for solving disputes:

- (1) If any dispute or claim that concerns the Company's business or is based on the rights or obligations provided for in the Articles of Association of the Company or the Company Law or other relevant laws or administrative regulations arises between a holder of H shares and the Company, between a holder of H shares and a director or senior management staff of the Company or between a holder of H shares and a holder of A shares, the parties concerned shall submit the dispute or claim to arbitration.

Article 11  
Zheng Jian  
Hai Han

When a dispute or claim as described above is submitted to arbitration, the dispute or claim shall be submitted in its entirety, and all persons (being the Company or shareholders, directors or senior management staff of the Company) that have a cause of action due to the same facts or whose participation is necessary for the resolution of such a dispute or claim shall submit to arbitration. Disputes regarding the definition of shareholders and the register of shareholders shall not be required to be settled through arbitration.

- (2) A dispute or claim submitted to arbitration may be arbitrated, at the option of the arbitration applicant, by either the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. After the arbitration applicant submits the dispute or claim to arbitration, the other party must submit to the arbitration institution selected by the applicant.

- (3) If the arbitration applicant opts for arbitration by the Hong Kong International Arbitration Centre, either party may request arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.
- (4) Unless otherwise provided for by laws or administrative regulations, the laws of the People's Republic of China shall apply to the resolution by arbitration of disputes or claims referred to in sub-paragraph (1).
- (5) The award of the arbitration institution shall be final and binding upon each party.

## CHAPTER 26. SUPPLEMENTARY PROVISIONS

- Article 247** The Articles is made in Chinese and English languages, both versions having equal legal effects. In the event of conflicts or inconsistent meanings between the versions, the Chinese version shall prevail. Article 195  
Guidance for  
the Articles
- Article 248** The right of interpretation of the Articles is attributed to the Board of Directors of the Company and the right of amendments is attributed to general meetings. Any matter uncovered herein shall be implemented in accordance with the relevant laws, administrative regulations and the requirements of the securities regulatory authorities of the places where the shares of the Company are listed in effect from time to time, and shall be submitted by the Board of Directors to general meetings for resolutions. Article 197  
Guidance for  
the Articles
- Article 249** “Accounting firm” referred to herein shall have the same meaning as “auditor”. The phrases “more than”, “within” and “below” herein for the numbers include the numbers indicated themselves, while the phrases “over”, “fall short”, “beyond”, “exceed”, “less than” and “in excess” exclude the numbers indicated themselves. Article 196  
Guidance for  
the Articles
- Article 250** The appendix(es) to the Articles include(s) Rules and Procedures for Shareholders’ General Meetings and Rules and Procedures for the Board of Directors.
- Article 251** If the applicable laws, administrative regulations and the laws of the place where the shares are listed or the securities regulatory authorities have other provisions on the relevant matters stipulated in the Articles, the Company shall comply with such provisions.