

**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

(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.)

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Notes: In the sidenotes 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. Mandatory Provisions refers to Mandatory Provisions for the Articles of Association of Companies to be Listed Outside the People's Republic of China jointly issued by former State Council Securities Commission and former State Commission for the Restructuring of the Economy; 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 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, Public Shareholders, Independent Directors' Opinion and Circular on Guarantees refer to, respectively, Guidelines for the Articles of Associations of the Listed Company (Revised in 2019), Code of Corporate Governance for the Listed Company, Rules for General Meetings of Listed Company, Several Provisions on Strengthening the Protection of the Public Shareholders, Guidance on the Establishment of Independent Director System in Listed Company and Circular on Regularizing External Guarantees of Listed Company, 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.

# COSCO SHIPPING HOLDINGS CO., LTD. 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, Special Regulations of State Council Concerning Share Offerings and Listings Outside the People’s Republic of China of Joint Stock Limited Companies (“Special Regulations”) and other relevant state laws and administrative regulations. Article 1  
Mandatory  
Provisions
- 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: Article 2  
Mandatory  
Provisions  
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 Article 3  
Mandatory  
Provisions  
Postal code: 300461  
Tel: 0086-22-66270898  
Fax: 0086-22-66270899
- Article 4** Legal representative of the Company shall be Chairman of its Board of Directors. Article 4  
Mandatory  
Provisions
- Article 5** The Company is a joint stock limited company existing in perpetuity. The nature of the Company is a joint stock limited company (a domestic joint venture with Taiwan, Hong Kong and Macau and a listed company). Article 5  
Mandatory  
Provisions
- All capital of the Company is divided into shares of equal value. The liability of shareholders of the Company shall be limited to the extent of the shares they hold 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, Special Provisions, Mandatory Provisions, Guidelines for the Articles, Code of Corporate Governance and other relevant state laws and administrative regulations, 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 First Extraordinary General Meeting in 2020 of the Company.

**Article 7** The Articles shall take effect upon a special resolution by Company’s Extraordinary Shareholders’ General Meeting, approval by the approving department authorized by the State Council and the listing of the Company’s A shares on the stock exchange in China. Upon effecting the Articles, the former Articles of Association shall be superseded thereby.

Article 6  
Mandatory  
Provisions

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, supervisors, general manager, vice general managers and other senior management officers. All the aforementioned persons may make claims related to Company matters in accordance with the Articles of Association.

Article 7  
Mandatory  
Provisions

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, supervisors, the general manager, vice general managers and other 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, supervisors, the general manager, vice general managers and other 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.

**Article 9** The Company may invest in other limited liability companies and joint stock limited companies. Its liability towards an investee company shall be limited to the extent of the amount of capital contributed thereto.

Article 8  
Mandatory  
Provisions  
Article 15  
Company  
Law

However, unless otherwise stipulated by law, the Company shall not make capital contribution to its investee enterprises whose debts the Company has to bear joint liability on.

**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.

## CHAPTER 2. PURPOSE AND SCOPE OF BUSINESS

**Article 12** 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 9  
Mandatory  
Provisions

**Article 13** 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).

Article 10  
Mandatory  
Provisions

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

**Article 14** 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 15** 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 upon approval by the authorities that are authorized by the State Council to examine and approve companies.

Article 11  
Mandatory  
Provisions  
Art.9,  
Appendix  
3 Listing  
Rules

**Article 16** Each of the shares issued by the Company shall have a par value of RMB1.

Article 12  
Mandatory  
Provisions

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

**Article 17** The Company may issue shares to both investors inside the People's Republic of China and investors outside the People's Republic of China subject to prior approval by China Securities Regulatory Commission ("CSRC").

Article 13  
Mandatory  
Provisions

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 18** 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.

Article 14  
Mandatory  
Provisions  
Art.9,  
Appendix  
3 Listing  
Rules

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 19** 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 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 20** 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 15  
Mandatory  
Provisions

**Article 21** 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.

Article 16  
Mandatory  
Provisions  
Art.9,  
Appendix  
3 Listing  
Rules

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, exercise of the options during the first exercise period in respect of the first batch of the options granted under the share option incentive scheme of the Company has resumed. As at 31 July 2021, the Company has issued additional 2,118,693 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 16,012,917,249 shares, of which China COSCO Shipping Corporation Limited holds 1,328,115,666 A-shares, accounting for 8.29% 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 37.00% of the total shares of the Company. Therefore, China COSCO Shipping Corporation Limited holds 7,252,988,703 A-shares in total, accounting for 45.29% of the total shares of the Company; other A-share shareholders hold 5,405,148,546 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.

The shares of the Company is comprised of 16,012,917,249 ordinary shares, including 12,658,137,249 domestic investment shares (79.05% of the total ordinary shares) and 3,354,780,000 foreign investment shares listed outside the People's Republic of China (20.95% of the total ordinary shares).

**Article 22** After the plan to issue H shares and A shares has been approved by China Securities Regulatory Commission, the Board of Directors of the Company may arrange for implementation of such plan by means of separate issues. Article 17  
Mandatory  
Provisions

The Company's plan for separate issuance of H shares and A shares in accordance with the preceding paragraph can be implemented separately within 15 months of the date of approval by China Securities Regulatory Commission.

**Article 23** 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 prior approval of China Securities Regulatory Commission. Article 18  
Mandatory  
Provisions

**Article 24** The registered capital of the Company is RMB16,012,917,249. Article 19  
Mandatory  
Provisions

**Article 25** 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. Article 20  
Mandatory  
Provisions

The Company may increase its capital by the following methods:

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

Article 21  
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.

**Article 26** Save as otherwise provided for in laws and administrative regulations, shares in the Company may be transferred freely and clear of any lien.

Article 21  
Mandatory  
Provisions  
Art.1(2)  
Appendix 3  
Listing Rules

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

**Article 27** The Company may reduce its registered capital in accordance with the provisions of its Articles of Association.

Article 22  
Mandatory  
Provisions

**Article 28** If the Company is to reduce its capital, it shall prepare a balance sheet and an inventory of assets.

Article 23  
Mandatory  
Provisions

The Company shall notify its creditors of the reduction of registered capital within 10 days of the date of adoption of the resolution and publish a public announcement in newspapers for at least three times within 30 days of the said date. Creditors shall, within 30 days of receiving the written notice, or within 45 days of the date of the first public announcement if the written 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

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

**Article 29** 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 24  
Mandatory  
Provisions

- (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 shares;

Article 142  
Company  
Law

- (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.

Article 23  
Guidance for  
the Articles

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

The Company shall repurchase its own issued and outstanding shares in accordance with relevant laws, administrative regulations and provisions of Articles 30 to 33 hereof.

**Article 30** If the Company is to repurchase its own shares upon the approval by the relevant state authorities, it may proceed in any of the following manners:

Article 25  
Mandatory  
Provisions

- (1) issue a repurchase offer, on a pro rata basis, to all the shareholders of the Company;
- (2) repurchase through open transactions on a securities exchange;
- (3) repurchase by agreement outside a securities exchange;
- (4) other manners which laws, administrative regulations or the securities administration authority of the State Council so permits.

Article 24  
Guidance  
for the  
Articles  
Article 142  
Company  
Law

If the Company repurchases its shares due to the circumstances specified in Article 29 (3), (5) and (6) of the Articles, it shall do so by means of public centralized trading or other ways as permitted by laws and regulations or rules of the stock exchanges.

**Article 31** If the Company is to repurchase shares by an agreement outside a securities exchange, prior approval shall be obtained from the shareholders' general meeting in accordance with the provisions under the Company's Articles of Association. Upon prior approval by the shareholders' general meeting obtained in the same manner, the Company may rescind or vary contracts concluded in the manner set forth above or waive any of its rights under such contracts.

Article 26  
Mandatory  
Provisions

Contracts for the repurchase of shares mentioned in the previous paragraph shall include (but not be limited to) agreements whereby repurchasing obligations are undertaken and repurchasing rights are acquired.

The Company shall not assign contracts for the repurchase of its own shares or any of its rights thereunder.

**Article 32** If the Company purchases its shares due to the circumstances specified in paragraph 1 (1) and (2) of Article 29 of the Articles, resolutions related thereto shall be passed at the shareholders' general meeting; if the Company purchases its shares due to the circumstances specified in paragraph 1 (3), (5) and (6) of Article 29 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 shareholders' general meeting.

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 29 (1) of the Articles; it shall transfer or write off the shares within six months if the purchase falls within Article 29 (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 29(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.

**Article 33** Unless the Company has already entered into liquidation, it must comply with the following provisions in repurchasing its issued and outstanding shares:

- (1) If the Company repurchases shares at their par value, the amount thereof shall be deducted from the book balance of distributable profit and/or from the proceeds of a new issue of shares made to repurchase the old shares;
- (2) If the Company repurchases shares at a price higher than their par value, the portion to the extent of their par value shall be deducted from the book balance

of distributable profit and/or from the proceeds of a new issue of shares made to repurchase the old shares; and the portion in excess of the par value shall be handled by the following methods:

- (i) if the shares repurchased were issued at their par value, the amount shall be deducted from the book balance of distributable profit;
  - (ii) if the shares repurchased were issued at a price higher than their par value, the amount shall be deducted from the book balance of distributable profit and/or the proceeds of a new issue of shares made to repurchase the old shares; however, the amount deducted from the proceeds of the new issue of shares shall not exceed the total premium obtained at the time of the issuance of the old shares nor shall it exceed the amount of the Company's capital common reserve account (including the premium from new issue of shares) at the time of repurchase;
- (3) The sums paid by the Company for the purposes set forth below shall be paid out of the Company's distributable profits:
- (i) acquisition of the right to repurchase its own shares;
  - (ii) modification of any contract for repurchase of its own shares;
  - (iii) release from any of its obligations under any repurchase contract.
- (4) After the total par value of the cancelled shares has been deducted from the registered capital of the Company in accordance with relevant regulations, the amount deducted from the distributable profit to repurchase shares to the extent of the total par value shall be included in the Company's capital common reserve account.

## CHAPTER 5. FINANCIAL ASSISTANCE FOR THE PURCHASE OF SHARES

**Article 34** The Company or its subsidiaries shall not at any time provide any financial assistance in any form to purchasers or prospective purchasers of the shares in the Company. Purchasers of shares in the Company as referred to above shall include persons that directly or indirectly undertake obligations for the purpose of purchasing shares in the Company.

Article 29  
Mandatory  
Provisions

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

The provisions of this Article shall not apply to the circumstances described in Article 36 hereof.

**Article 35** For the purposes of this Chapter, the term “financial assistance” shall include (but not be limited to) the financial assistance in the forms set out below:

- (1) gift;
- (2) guarantee (including the undertaking of liability or provision of property by the guarantor in order to secure the performance of the obligation by the obligor), indemnity (excluding indemnity arising from the Company’s own fault), release or waiver of rights;
- (3) provision of a loan or conclusion of a contract under which the obligations of the Company are to be fulfilled before the obligations of the other party to the contract, or the novation of or the assignment of rights under such loans or contracts;
- (4) financial assistance in any other form when the Company is insolvent or has no net assets or if such assistance would lead to a major reduction in the Company’s net assets.

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

**Article 36** The acts listed below shall not be regarded as acts prohibited under Article 34 hereof:

- (1) where the Company provides the relevant financial assistance genuinely for the benefit of the Company and the main purpose of the financial assistance is not to purchase shares of the Company, or the financial assistance is an incidental part of an overall plan of the Company;
- (2) lawful distribution of the Company’s property in the form of dividends;
- (3) distribution of dividends in the form of shares;
- (4) reduction of registered capital, repurchase of shares, adjustment of the share structure, etc. in accordance with the Articles of Association of the Company;
- (5) provision of a loan by the Company within its scope of business and in the ordinary course of its business (provided that the same does not lead to a reduction in the net assets of the Company or that if the same constitutes a reduction, the financial assistance was paid out of the Company’s distributable profits);
- (6) the provision of money by the Company for an employee shareholding scheme (provided that the same does not lead to a reduction in the net assets of the Company or that if the same constitutes a reduction, the financial assistance was paid out of the Company’s distributable profits).

## CHAPTER 6. SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS

- Article 37** The Company's shares shall be in registered form. Article 32  
Mandatory  
Provisions
- The share certificates of the Company shall clearly state the following particulars:
- (1) name of the Company;
  - (2) date of incorporation;
  - (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, Special Regulations and securities exchange(s) on which the Company's shares are listed.
- Article 38** The Company's share certificate may be assigned, donated, inherited and mortgaged in accordance with relevant laws, administrative regulations and provisions hereof. Art.1(1)  
Appendix 3  
Listing Rules
- Assignment and transfer of the share certificates shall be registered at the share registry appointed by the Company.
- Article 39** 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 33  
Mandatory  
Provisions  
Art.1, Zheng  
Jian  
Hai Han  
Art.2(1),  
Appendix 3  
Listing Rules
- 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 40** The Company shall not accept its shares being held as security under a pledge. Article 27  
Guidance for  
the Articles
- Article 41** During their term of office, the directors, supervisors, general manager, vice general managers and other senior management officers of the Company shall report periodically to the Company their respective shareholdings in the Company and any changes thereto. Transfer of shares by the aforesaid persons shall be conducted in accordance with the provisions of laws, regulations and/or relevant listing rules. Article 141  
Company  
Law
- Article 42** If the Company's directors, supervisors, general manager, vice general managers, other senior management officers or shareholders holding more than 5% of the Company's shares sell its shares held by them within six months after buying them, or repurchase the shares within six months after selling them, the proceeds obtained Article 29  
Guidance for  
the  
Articles  
Article 47  
Security Law

therefrom shall belong to the Company, and the Board of Directors of the Company will withdraw such proceeds, except the security companies that hold more than 5% of the shares by underwriting the remaining shares.

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

**Article 43** The Company shall keep a register of shareholders, in which the following particulars shall be recorded.

Article 34  
Mandatory  
Provisions

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

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 44** 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.

Article 35  
Mandatory  
Provisions  
Art.2, Zheng  
Jian  
Hai Han

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.

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

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

**Article 45** The Company shall keep a complete register of shareholders.

Article 36  
Mandatory  
Provisions

The register of shareholders shall include the following parts:

- (1) a register kept at the Company's domicile other than those provided for under items (2) and (3) of this paragraph;
- (2) the register(s) of holders of H shares kept in the place(s) of the stock exchange(s) outside the People's Republic of China on which the shares are listed; and
- (3) registers of shareholders kept in such other places as the Board of Directors may decide necessary for listing purposes.



**Article 46** The various parts of the register of shareholders shall not overlap. The assignment of shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register.

Article 37  
Mandatory  
Provisions  
Art.12, Zheng  
Jian Hai Han

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:

Art.1 (1),  
Appendix 3  
Listing Rules

- (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 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.

Art.1 (3),  
Appendix 3  
Listing Rules

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 47** With respect to the period of closure of register of members prior to a shareholders' 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.

Article 38  
Mandatory  
Provisions

**Article 48** When the Company is to convene a shareholders' 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 determination (registration) of equity interests. Shareholders

Article 39  
Mandatory  
Provisions  
Article 31  
Guidance for  
the  
Articles

whose names appear on the register at the end of that date of determination (registration) of equity interests shall be the shareholders of the Company enjoying such interests.

**Article 49** 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 40  
Mandatory  
Provisions

**Article 50** 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”). Article 41  
Mandatory  
Provisions

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 143 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. Art.7(1),  
Appendix 3,  
Listing Rules
- (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.

Art.2(2)  
Appendix 3  
Listing Rules

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.

Art.13  
Appendix  
3 Listing  
Rules

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

Article 42  
Mandatory  
Provisions

**Article 52** 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.

Article 43  
Mandatory  
Provisions

## CHAPTER 7. RIGHTS AND OBLIGATIONS OF THE SHAREHOLDERS

**Article 53** The Company's shareholders are persons that lawfully hold shares of the Company and whose names are entered in the register of shareholders. Article 44  
Mandatory  
Provisions

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. Art.6,  
Appendix  
3 Listing  
Rules

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 shareholders' 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 54** Holders of ordinary shares of the Company shall enjoy the following rights: Article 45  
Mandatory  
Provisions

(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 shareholders' meetings and to exercise voting rights; Art.9,  
Appendix  
3 Listing  
Rules

(3) to supervise and control the Company's business activities, and to make recommendations or inquiries;

(4) to transfer, bestow or pledge his shares in accordance with laws, administrative regulations and the Company's Articles of Association; Article 32  
Guidance for  
the  
Articles

(5) to obtain relevant information in accordance with the Articles of Association of the Company, which shall include:

(i) obtaining a copy of the Articles of Association of the Company after payment of a charge to cover costs;

(ii) being entitled, after payment of reasonable charges, to examine and copy:

(a) all parts of the register of shareholders;

(b) personal information of the directors, supervisors, general manager, vice general managers and other senior management staff of the Company, including:

(b.1) current and previous names and aliases;

(b.2) main address (domicile);

(b.3) nationality;

(b.4) full-time and all other, part-time occupations and duties;

(b.5) documents of identity and their numbers;

(c) Company's shareholding status;

(d) reports of the aggregate par value, quantity, and highest and lowest prices of each class of shares repurchased by the Company since the last fiscal year as well as all the expenses paid by the Company therefor; and

(e) the minutes of shareholders' meetings; and

(f) Counterfoils of company debt securities, resolutions of board meetings, meetings of Supervisory Board and financial and accounting reports.

Article 97  
Company  
Law

(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 shares;

Article 32  
Guidance for  
the  
Articles

(8) the right to initiate legal proceedings to the People's Court against acts which are detrimental to company interests or infringe on the lawful interests of shareholders, and to claim the relevant interests pursuant to the Company Law or other laws and administrative regulations; and

Article 22 and  
151  
Company  
Law  
Article 11  
Code  
of Corporate  
Governance

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

**Article 55** Holders of ordinary shares of the Company shall have the following obligations:

Article 46  
Mandatory  
Provisions

(1) to abide by the Articles of Association of the Company;

(2) to pay subscription moneys according to their subscribed shares and the method of capital injection;

Article 37  
Guidance for  
the  
Articles

(3) not to withdraw shares 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.

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 56** Any shareholder holding more than 5% of the voting shares in the Company who pledge his shares, shall report the fact to the Company in writing on the same day of such pledge.

Article 38  
Guidance for  
the  
Articles

**Article 57** The controlling shareholder and the actual controlling person of the Company shall not damage the Company's interests through his connected relations. Any such person violating the regulations leading to losses to the Company shall assume the responsibilities of indemnity accordingly.

Article 39  
Guidance for  
the  
Articles

The controlling shareholder and the actual controlling person of the Company shall have fiduciary duty to the Company and the public shareholders of the Company. The controlling shareholder shall exercise its right strictly under the law as a capital contributor. The controlling shareholder shall not damage the legal rights of the Company and its public shareholders through profit distribution, asset restructuring, external investment, fund appropriation, loan guarantee and so forth, nor the interests of the Company and its public shareholders through its controlling position.

**Article 58** In addition to obligations imposed by laws, administrative regulations or the listing rules of the securities exchange(s) on which shares of Company are listed, controlling shareholders may not, in the exercise of their shareholders' powers, make decisions prejudicial to the interests of all or some of the shareholders due to the exercise of their voting rights on the issues set forth below:

Article 47  
Mandatory  
Provisions

- (1) relieving a director or supervisor of the responsibility to act honestly in the best interest of the Company;
- (2) approving that a director or supervisor (for his own or another person's benefit) deprives the Company of its property in any way, including (but not limited to) any opportunities that are advantageous to the Company; or
- (3) approving that a director or supervisor (for his own or another person's benefit) deprives other shareholders of their rights or interests, including (but not limited to) rights to distributions and voting rights, unless pursuant to a restructuring of the Company submitted to and adopted by the Shareholders' General Meeting in accordance with the Articles of Association of the Company.

**Article 59** For the purposes of the preceding Article, the term "controlling shareholder" shall mean a person that satisfies one of the following conditions:

Article 48  
Mandatory  
Provisions

- (1) he, acting alone or in concert with others, has the power to elect more than half of the directors;

- (2) he, acting alone or in concert with others, has the power to exercise or to control the exercise of 30 percent or more of the Company's voting rights;
- (3) he, acting alone or in concert with others, holds 30 percent or more of the issued and outstanding shares of the Company; or
- (4) he, acting alone or in concert with others, in effect controls the Company in any other manner.

## CHAPTER 8. SHAREHOLDERS' GENERAL MEETINGS

**Article 60** The shareholders' general meeting shall be the organ of authority of the Company and shall exercise its functions and powers according to law. Article 49  
Mandatory  
Provisions

**Article 61** The shareholders' general meeting shall exercise the following functions and powers: Article 50  
Mandatory  
Provisions

- (1) to decide on the business policies of the Company and consider and approve material investment plans required to be submitted to the general meeting for approval;
- (2) to elect and replace directors and decide on matters concerning the remuneration of directors;
- (3) to elect and replace the supervisors who are to be appointed from among the shareholders' representatives and to decide on matters concerning the remuneration of supervisors;
- (4) to consider and approve reports of the Board of Directors;
- (5) to consider and approve reports of the Supervisory Board;
- (6) to consider and approve the Company's proposed annual financial budget and final accounts;
- (7) to consider and approve the Company's profit distribution plans and plans for making up losses;
- (8) to pass resolutions concerning the increase or reduction of the Company's registered capital;
- (9) to pass resolutions on matters such as the merger, division, dissolution, liquidation or change in the nature of the Company;
- (10) to pass resolutions on the issuance of bonds by the Company;
- (11) to pass resolutions on the engagement, dismissal or non-renewal of engagement of accounting firms by the Company; Article 37  
Company  
Law
- (12) to amend the Articles of Association of the Company;
- (13) to resolve on the Company's external guarantees which shall be approved by a general meeting as provided for under Article 63 of the Articles of Association; Circular on  
Guarantees
- (14) to consider the incentive share option scheme; Article 40  
Guidance for  
the  
Articles

- (15) to consider and approve changes to the use of fund raised;
- (16) to resolve on other matters which, in accordance with the laws, administrative regulations, listing rules and the Articles of Association, must be approved by a general meeting.

Shareholders' general meeting may authorize or entrust the Board of Directors to proceed the matters as authorized or entrusted.

**Article 62** Without the prior approval of the shareholders' general meeting, the Company may not conclude any contract with any person other than directors, supervisors, general managers, deputy general managers or other 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 51  
Mandatory  
Provisions

**Article 63** 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 the amount of which reaches or exceeds 30% of latest audited total assets of the Company;
- (6) other guarantee matters that shall be approved by the general meeting as stipulated by laws and regulations and the Company's Articles of Association.

Circular on  
Guarantee  
Article 41  
Guidance for  
the  
Articles

If the directors, general manager, vice general managers and other senior 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 64** 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

Article 14  
Code of  
Corporate  
Governance

Article 103  
Company  
Law



the general meeting, decided by the Board of Directors within the scope authorized by the general meeting.

**Article 65** 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 more than half 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 66** Shareholders' general meetings shall be divided into annual general meetings and extraordinary general meetings. Shareholders' 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 52  
Mandatory  
Provisions

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

Shareholders' general meetings shall be organized in physical venues and convened in the form of physical meetings. The Company shall also provide convenient means for holders of A shares to attend the general meetings by online voting. Shareholders who attend the general meeting through the aforesaid means are deemed to be present at the meeting.

Article 44  
Guidance for  
the Articles  
Article 20  
General  
Meeting  
Rules

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

Article 43  
Guidance for  
the  
Articles  
Article 100  
Company  
Law

- (1) the number of directors is less than eight;
- (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 10 percent or more of the Company's shares request;
- (4) the Board of Directors considers it necessary or the Supervisory Board proposes such a meeting be held;
- (5) two or more 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.

Art. 6,  
Advices

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

**Article 67** 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 10 business days or 15 days (whichever is longer) 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 68** When the Company is to hold an annual general meeting, the Board of Directors, the Supervisory Board, shareholders alone or in concert with others holding more than 3 percent of the shares shall be entitled to propose motions to the Company.

Article 53  
Mandatory  
Provisions

The shareholders alone or in concert with others holding 3 percent or more 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.

Article 53  
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.

**Article 69** The matters discussed and decided by the shareholders' general meeting shall be determined under the provisions of Company Law and the Company's Articles of Association. The shareholders' general meeting may decide on any matter under the Company's Articles of Association.

The shareholders' general meeting may not vote and adopt resolutions on matters that are not contained in the shareholders' notice or the motions that do not comply with the provisions of Article 71 of the Articles.

Article 53  
Guidance for  
the  
Articles

**Article 70** 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 52 and  
53  
Guidance for  
the  
Articles

- (1) Contents of motions shall comply with provisions of the laws, regulations and the Company's Articles of Association and shall fall within the scope of business of the Company and 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 71** 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, supervisors, general managers, deputy general managers or other 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, supervisor, general manager, deputy general manager or senior management officer in his 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; and
- (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.

**Article 72** Notice of a shareholders' general meeting shall be delivered to the shareholders (whether or not entitled to vote thereat) by personal delivery or pre-paid mail at the recipient's address shown in the register of shareholders. For holders of H shares (excluding the holders of H shares who have chosen to receive printed copies of the Company's corporate communications), such notice of meeting may also be given by publishing the electric version on the website of the Company. For holders of A shares, notice of a shareholders' general meeting may also be given by a public announcement.

The public announcement referred to in the preceding paragraph shall be published in one or more newspapers or periodicals designated 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 73** 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 58  
Mandatory  
Provisions

**Article 74** Any shareholder entitled to attend and vote at a shareholders' meeting shall have the right to appoint one or more persons (which need not be shareholders) as his proxies to attend and vote on his behalf. Such proxies may exercise the following rights in accordance with his entrustment by the shareholder: Article 59  
Mandatory  
Provisions

- (1) the shareholder's right to speak at the shareholders' 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 as defined in Securities and Futures (Clearing Houses) Ordinance (Cap.420), the shareholder may authorize one or more persons as it thinks fit to be its representative at any shareholders' general meeting or any kind of shareholders' meeting. However, if more than one person is authorized, the power of attorney shall specify the number and class of shares in relation to the authorization to each of such persons. The authorized person may exercise rights on behalf of the recognized clearing house (or its proxy) as if it is an individual shareholder of the Company. Hong Kong  
Clearing  
House  
Advices

**Article 75** 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 of shares each proxy shall represent. Article 60  
Mandatory  
Provisions  
  
Hong Kong  
Clearing  
House  
Advices

**Article 76** The instrument appointing a voting proxy shall be deposited at the domicile of the Company or at such other places as specified in the notice of the meeting 24 hours prior to the meeting at which the proxy is authorized to vote or 24 hours prior to the specified time of the vote. If the instrument 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 61  
Mandatory  
Provisions

If the entrusting party is a legal person, its legal representative or the person authorized by resolution of its Board of Directors or other decision-making bodies shall be entitled to attend the Company's shareholders' meetings as the representative of such a legal person.

**Article 77** 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. The instrument of appointment shall specify that in the absence of instructions from the shareholder, the proxy may vote as he thinks fit.

Article 62  
Mandatory  
Provisions

**Article 78** A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death 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 63  
Mandatory  
Provisions

**Article 79** When the matters relating to the connected transactions are being considered at the shareholders' 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 79  
Guidance for  
the  
Articles

The foregoing connected shareholders are the shareholders of the following situations: related parties or non-related parties who have relations with a person of or a connected person of that person of major interest in the transaction pending resolution according to the securities rules and its amendments at any time.

**Article 80** Proxies, when attending the general shareholders' meeting on behalf of the shareholders, shall show their proof of identity and power of attorney signed by appointors or their legal representatives. The power of attorney shall stipulate the date of issuance. The legal representative of corporate body shareholders, when attending the meeting, shall show their own identification cards, and proof of his legal representative identity such as legal representative ID and share ownership certificate; 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 81** The Board of Directors, independent directors and certain qualified shareholders may collect voting rights at a general meeting from the shareholders of a listed company. The person who publicly collects voting rights of the shareholders of a listed company shall comply with the provisions by the relevant regulatory authorities and the stock exchanges on which the company is listed. The Company must not set a minimum limit on shareholding ratio in the collection of voting rights.

Article 1 (3)  
Public  
Shareholders  
Article 78  
Guidance for  
the  
Articles

**Article 82** Resolutions of the shareholders' general meeting can be ordinary resolutions or special resolutions.

Article 64  
Mandatory  
Provisions

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

Article 75  
Guidance  
for the  
Articles

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

**Article 83** When voting at a shareholders' 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 110 and Article 140 on adopting a cumulative voting system in electing the directors and supervisors, each share shall entitle the holder thereof to one vote.

Article 65  
Mandatory  
Provisions  
Article 78  
Guidance of  
Article of  
Association

When any material issues that could affect the interests of minority shareholders are considered at the shareholders' 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 shareholders' 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.

Appendix 3  
Article 14  
Listing Rules

**Article 84** 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 85** 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 67  
Mandatory  
Provisions

**Article 86** When a ballot is held, shareholders (including proxies) having the right to two or more votes need not use all of their voting rights in the same way.

Article 68  
Mandatory  
Provisions

**Article 87** When the numbers of votes for and against a resolution are equal, whether the vote is taken by show of hands or by ballot, the chairman of the meeting shall be entitled to one additional vote.

Article 69  
Mandatory  
Provisions

**Article 88** The following matters shall be resolved by way of an ordinary resolution of the shareholders' general meeting:

Article 70  
Mandatory  
Provisions  
Article 76  
Guidance for  
the  
Articles

- (1) work reports of the Board of Directors and the Supervisory Board;
- (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 and the Supervisory Board (excluding staff supervisors), their remuneration and the method of payment thereof;

- (4) annual budgets and final accounting scheme;
- (5) Company's annual report;
- (6) 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
- (7) other matters as required by Listing Rules save and except matters that require special resolutions.

**Article 89** The following matters shall be resolved by way of a special resolution of the shareholders' general meeting:

Article 71  
Mandatory  
Provisions

- (1) increase or reduction of the Company's share capital and issuance of any class of shares, warrants or other similar securities;
- (2) issuance of Company's bonds;
- (3) division, merger, dissolution and liquidation of the Company;
- (4) amendment of the Articles of Association of the Company;
- (5) approval of incentive share option scheme;
- (6) other matters that, if resolved by way of an ordinary resolution of the shareholders' general meeting, may have a significant impact on the Company and require adoption by way of a special resolution; and
- (7) other matters that require special resolution as specified in Listing Rules.

Article 77  
Guidance for  
the  
Articles

**Article 90** Any resolution adopted by shareholders' general meeting shall comply with Chinese law, administrative regulations and provisions hereof.

**Article 91** In case more than two independent directors, or the Supervisory Board, or shareholders individually or collectively holding more than 10 percent of the Company's shares request to convene an extraordinary or class meeting, the following procedures shall be followed:

Article 72  
Mandatory  
Provisions  
Article 6  
Advices  
Article 48  
Guidance for  
the Articles

- (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 shall be signed and submitted to the Board of Directors for convening an extraordinary general meeting. In accordance with the laws, administrative regulations, 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 or class meeting within 10 days after the receipt of the above-mentioned written request.
- (2) In case the board agrees to convene an extraordinary or class meeting, the Board of Directors shall issue a notice calling for an extraordinary 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 reasons for declining shall be explained and announced.
- (4) In case the Board of Directors disagrees with the Supervisory Board on convening an extraordinary 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 shareholders' general meeting. Under this circumstance, the Supervisory Board shall convene and chair the shareholders' 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 or class general meeting, the shareholder shall propose in writing to the Supervisory Board for convening the extraordinary or class meeting.

When the Supervisory Board agrees to convene the extraordinary or class meeting, the Supervisory Board shall issue a notice calling for the extraordinary 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.

In case the Supervisory Board fails to issue a notice calling for the extraordinary or class meeting within the stipulated period, the inaction shall be deemed as not convening and chairing the extraordinary 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 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 Supervisory Board or shareholders convene the meeting in accordance with the stipulation of the prior provisions, the board shall be informed in writing and the filing procedures shall be made to the competent authority in accordance with the applicable rules. The Board of Directors and its secretary shall stand cooperative for the meeting and the Board of Directors shall provide the register of shareholders. The Company shall defray the reasonable expenses as they arise from the meeting and such expenses shall be deducted by the Company from the fund of the directors whose behavior constituted a breach of duty.

**Article 92** Shareholders' general meetings shall be convened and 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 convened and 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 73  
Mandatory  
Provisions  
Article 67  
Guidance for  
the  
Articles



The shareholders' general meeting convened by the Supervisory Board shall be chaired by the chairman of the Supervisory Board. In case the chairman fails to or does not perform her/his duty, a supervisor shall be elected by the majority of the supervisors to chair the meeting.

Articles 49,  
50 and 67  
Guidance for  
the  
Articles

Shareholders' general meetings convened by a shareholder/shareholders shall be chaired by a representative elected by the convener. 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 shareholders' general meeting, the chairman of the meeting violates the rules of procedures, thereby disrupting the meeting, a person may be elected by the shareholders' 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 93** The chairman of the meeting shall be responsible for deciding whether or not a resolution of the shareholders' general meeting has been passed. His decision shall be final, announced at the meeting and recorded in the minutes of the meeting. The Company shall announce the resolution(s) of the general meeting according to the applicable laws and relevant regulations of the stock exchange on which the Company is listed.

Article 74  
Mandatory  
Provisions

**Article 94** 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 75  
Mandatory  
Provisions

**Article 95** If a vote count is held at a shareholders' general meeting, the result of the count shall be recorded in the minutes of the meeting.

Article 76  
Mandatory  
Provisions

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

Article 107  
Company  
Law  
General  
Meeting  
Rules

The resolution adopted in a shareholders' 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 shall be kept at the Company's domicile for at least 10 years.

**Article 96** Shareholders may examine photocopies of the minutes of meetings during the Company's office hours without charge. If any shareholder demands from the Company a photocopy of the relevant minutes of meetings, the Company shall send such photocopies within seven days of receiving the payment of reasonable charges.

Article 77  
Mandatory  
Provisions

## CHAPTER 9. SPECIAL VOTING PROCEDURES FOR CLASS SHAREHOLDERS

**Article 97** Shareholders who hold different classes of shares shall be class shareholders.

Article 78  
Mandatory  
Provisions

Class shareholders have rights and obligations in accordance with law, administrative regulations, and the Articles of Association of the Company.

**Article 98** 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 shareholders' general meeting and by a separate shareholders' meeting convened by the affected class shareholders in accordance with Articles 100 to 105 hereof. Where any changes in domestic and foreign laws, regulations and the listing rules of the place where the shares of the Company are listed, 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 shareholders' general meeting or class meeting shall not be required.

Article 79  
Mandatory  
Provisions

**Article 99** The rights of shareholders of a certain class shall be deemed to be varied or abrogated in the following circumstances:

Article 80  
Mandatory  
Provisions

- (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 100** Any class shareholders affected, whether or not otherwise having the right to vote at shareholders’ general meetings, shall have right to vote at class shareholders’ meetings in respect of matters referred to in items (2) to (8) or (11) to (12) of Article 100, except for interested shareholders.

Article 81  
Mandatory  
Provisions

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

- (1) if, pursuant to Article 30 of this Articles of Association, 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 60 hereof shall be “interested shareholders”;
- (2) if, pursuant to Article 30 of this Articles of Association, 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 101** Resolutions of a class shareholders’ 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 101 hereof.

Article 82  
Mandatory  
Provisions

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

Appendix 3  
Article 14  
Listing Rules

**Article 102** When the Company is to hold a class shareholders’ meeting, it shall issue a written notice in accordance with the requirements regarding the notice of a shareholders’ general meeting set out in Article 67 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 103** The quorum required for a class shareholders' 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 83  
Mandatory  
Provisions

**Article 104** Notice of class shareholders' meetings shall be delivered only to the shareholders entitled to vote thereat. Article 84  
Mandatory  
Provisions

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

**Article 105** 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. Article 85  
Mandatory  
Provisions

The special voting procedures for class shareholders' resolution shall not apply: Art.3, Zheng  
Jian  
Hai Han

- (1) where, as approved by way of a special resolution of the shareholders' 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 Sec.1f,  
Appendix  
13d Listing  
Rules
- (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 10. BOARD OF DIRECTORS

**Article 106** The Company shall establish a board of directors. The Board of Directors shall be composed of 9 to 15 directors, subject to the composition of directors elected by the shareholders' general meeting. External directors (referred to as those who do not have a post at the Company, 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 have appropriate professional qualification or have appropriate accounting or relevant financial management skills. Article 86  
Mandatory  
Provisions  
  
Art. 6  
Advices  
Article 1 (3)  
Independent  
Directors'  
Opinion

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

The Board of Directors of the Company shall set up an audit committee and remuneration committee, and set up special committees including strategic development, nomination, risk control committees. in light of its needs. Special committees shall be responsible to the Board of Directors, 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. All members of the special committees shall be directors, of which all the members of the audit committee shall be non-executive 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. Independent directors shall account for the majority of members of the risk control committee. The chairman of the audit committee shall be an accounting professional. The Board shall be responsible in formulating the rules of procedures of the special committees to regulate their operation.

Article 107  
Guidance for  
the Articles

Article 3.25  
Listing  
Rules

**Article 107** The directors shall be elected at the shareholders' 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 shareholders' 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 87  
Mandatory  
Provisions  
Article 4 (4)  
Independent  
Directors'  
Opinion  
Article 45  
Company  
Law

The list of candidates for directors shall be proposed to the shareholders' general meeting for resolution in the form of proposal. The candidates for directors other than independent directors shall be nominated by Board of Directors, Supervisory Board, or by shareholder(s) who alone or jointly hold(s) more than 3% of total shares with voting rights and shall be elected in the shareholders' general meeting.

Article 96  
Guidance for  
the  
Articles

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.

Art. 4, Zheng  
Jian Hai Han  
Art.4 (4) (5),  
Appendix 3  
Listing Rules

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 shareholders' 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 shareholders' general meeting, CSRC, and other relevant departments.

Art. 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 108** The following procedures shall be observed in the election of non-independent directors:

- (1) The nomination of any non-independent director candidate shall be subject to the nominee's prior consent with a view to obtain sufficient information of the nominee such as the occupation, education, professional title, detailed work experience and all other part-time occupations and duties, and such information shall be furnished to the Company in writing. The candidate shall make a written undertaking to the Company indicating his consent to the nomination, guaranteeing the truthfulness and completeness of the publicly disclosed materials of the candidate and undertaking to perform the director's duties with due diligence.
- (2) If the nomination of a non-independent director candidate is made before the Company's board meeting, and the provisions in respect hereof are specified in applicable laws, regulations and/or relevant listing rules, the written materials containing the nominee's information as mentioned in item (1) above shall be announced together with the board meeting resolutions in accordance with the said provisions.
- (3) If the interim proposal on the election of non-independent directors is made by the shareholder(s) individually or jointly holding more than 3% of the total shares with voting rights of the Company, the written notice on the intention of the nomination of the director candidates and the nominees' expression of willingness to accept the nomination, as well as the written materials and commitments of the nominee mentioned in item (1) of this Article shall be submitted to the Company within the period stipulated in the relevant laws and regulations and the Listing Rules.

**Article 109** Cumulative voting system shall be adopted when the shareholders' general meeting casts votes on the proposal to elect directors or supervisors, namely, when a shareholders' general meeting is electing more than two directors or supervisors, 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 110** The Board of Directors shall be accountable to the shareholders' general meeting and shall exercise the following functions and powers:

- (1) to be responsible for convening shareholders' general meetings and to report on its work to the shareholders' general meeting;
- (2) to implement the resolutions of shareholders' general meetings;
- (3) to decide on the business plans, investment plans (except for those requiring approval by the general meeting) and investment schemes of the Company;

- (4) to formulate 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 and connected transactions 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 decide on other material matters and executive matters and sign other principal agreements save and except those requiring resolutions of shareholders' general meetings as specified by laws and regulations and the Articles;
- (17) 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;

(18) other duties as set out by shareholders' general meetings and herein.

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 118  
Guidance for  
the  
Articles

Any director of the Company who is related to an enterprise that is involved in matters to be resolved on by the Board of Directors shall not exercise his voting right on the resolution on his 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 shareholders' 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  
Opinion

**Article 111** 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 112** Upon fixed assets disposal by the Board of Directors, in case the sum of the expected value of the fixed assets under disposal and the value of the fixed assets disposed within four months prior to the current disposal is more than 33 percent of the value of fixed assets in the latest balance sheet reviewed by the general shareholders meeting, then the Board of Directors shall not dispose or approve the disposal until the disposal of the fixed assets is approved by the shareholders' general meeting.

Article 89  
Mandatory  
Provisions

The disposal of fixed assets referred to under this Article covers the transfer of certain rights and interests in the assets; but exclude the acts of providing guarantees backed by such fixed assets.

The validity of the transaction involved in the Company's fixed assets disposal shall not be impaired by breach of the first clause of this Article.

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.

Art. 4  
Advices

**Article 113** 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. Major projects shall be assessed by relevant experts and professionals and approved by the shareholders' general meeting.

Article 110  
Guidance for  
the  
Articles



**Article 114** The chairman of the board shall exercise the following functions and powers:

Article 90  
Mandatory  
Provisions

- (1) to preside over shareholders' general meetings and to convene and preside over meetings of the Board of Directors;
- (2) to comply with obligations of the Board of Directors 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.

If the chairman of the board is unable to or fails to perform his functions and powers, he may instruct the vice chairman of the board to exercise such functions and powers on his 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 simple majority of the directors to perform such functions and powers.

Article 113  
Guidance for  
the  
Articles

**Article 115** 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.

Art. A.1.1,  
Appendix 14,  
Listing Rules  
Article 91  
Mandatory  
Provisions

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  
Article 5 (1)  
Independent  
Directors'  
Opinion

- (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) more than half of the independent directors so jointly request;
- (5) the Supervisory Board 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.

Listing  
Rules

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.

**Article 116** Notice of meeting of the Board of Directors shall be given as follows:

- (1) If the time and venue of routine meeting of the Board of Directors are set out by the board in advance, no further notice shall be required for its convening.
- (2) For meetings of the Board of Directors of which the time and venue have not been decided by the board of directors beforehand, the chairman of the Board of Directors shall notify the directors of the time and venue of such meetings at least 10 days in advance by telex, by telegram, by facsimile, by express service, by registered mail or by hand, unless otherwise provided for in the Articles.
- (3) Notice shall be made in Chinese, with English when necessary, including the agenda of the meeting. Any director may waive the demand for the notice of a meeting of the Board of Directors.

**Article 117** 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 117 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 regard the the information available as insufficient or reasoning as implicit, 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.

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 routine meeting 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 118** 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 120 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. In the case of equal division of votes, the chairman of the Board of Directors is entitled to an additional vote.

**Article 119** 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.

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 behalf, he shall be considered as unable to fulfill his responsibilities as a director, and the Board of Directors shall accordingly recommend the shareholders' 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 120** 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 121** 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 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 95  
Mandatory  
Provision

Art. 6  
Advices

Article 122  
Guidance for  
the  
Articles

**Article 122** 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 or the Company's Articles of Association, thereby causing serious losses to the Company, the directors who took part in the resolution shall be liable to the Company for damages. However, if a director can prove that he expressed his 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 123** Subject to laws and regulations, shareholders' general meeting may remove any director whose term has not expired by an ordinary resolution (without prejudice to any claim made under any contract).

Appendix 3  
Article 4 (3)  
Listing Rules  
Art. 4, Zheng  
Jian Hai Han

**Article 124** A director may resign before his term of office expires. Any director who intends to resign shall submit a written letter of resignation to the Board of Directors. In addition to this, any independent director who intends to resign shall explain the issues and circumstances related to his resignation or any other issues or circumstances that he considers necessary to be brought to the attention of the Company's shareholders or creditors.

Article 100  
Guidance for  
the  
Articles

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, that director's resignation shall not come into effect until the vacancy resulting from his resignation is filled by his successor. Other directors shall convene an extraordinary general meeting to elect a new director therefor as soon as possible. Before such a meeting makes its resolution on the election, the functions and the powers of the relevant director who has tendered his resignation and those of the other members of the Board of Directors shall be subject to reasonable restrictions.

If an independent director's resignation results in the proportion of the then remaining independent directors to the total number of directors in the board being less than the minimum ratio required by any relevant regulatory authorities, that independent director's resignation shall not come into effect until his vacancy is filled by his successor.

Except for the aforesaid circumstances, the letter of resignation shall take effect when the same is served to the Board of Directors.

## CHAPTER 11. INDEPENDENT DIRECTORS

Independent  
Directors'  
Opinion

**Article 125** An independent director candidate of the Company shall be nominated by the Board of Directors, the Supervisory Board, or shareholder(s) individually or jointly holding more than 1% of the total number of shares carrying the right to vote, and shall be elected by a shareholders' general meeting of the Company.

(1) The party nominating any independent director candidate 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 occupation, academic background, professional title, detailed work experience and all information regarding his positions held concurrently 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 agrees to accept the nomination, and that the disclosed information about him is true and complete. He shall also undertake to conscientiously perform his responsibilities as a director upon being elected;

- (2) The party nominating any independent director shall give his opinions as to the nominee's qualification and independency as an independent director. If required under any applicable laws, regulations and/or the relevant listing rules, the nominee shall make a public announcement in accordance with such requirements stating that there exists no relationship between the Company and him that affects his independent and objective judgment;
- (3) If the nomination of an independent director candidate occurs before the meeting of the Board of Directors, the written materials pertaining to the particulars of the nominee described in sub-paragraphs (1) and (2) of this Article shall, if required under applicable laws, regulations and/or relevant listing rules, be announced together with the resolution of the Board of Directors in accordance with such requirements;
- (4) if an extempore motion is put forward at a general meeting for the election of any independent director by shareholder(s) who, individually or jointly, hold(s) more than 3% of the total number of shares of the Company carrying the voting right, the following documents shall be submitted 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 (1) and (2) of this Article;
- (5) Before the shareholders' general meeting for the election of the independent director, if required under any applicable laws, regulations and/or the relevant listing rules, the Company shall submit the relevant materials concerning the nominee to the securities regulatory authority of the State Council, relevant local official agencies of the securities regulatory authority of the State Council and the stock exchanges on which the Company's shares are listed. If the Board of Directors disputes the particulars pertaining to the nominee, it shall also submit its written opinions to the aforementioned organizations. If the securities regulatory authority of the State Council objects to a nominee, such a person shall not be an independent director candidate. When the shareholders' general meeting is convened for the election of the independent director, the Board of Directors of the Company shall explain whether the securities regulatory authority of the State Council objects to the relevant nominee.

**Article 126** The independent director shall meet the following basic requirements:

- (1) He shall be qualified to take the position of a director 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 and the relevant listing rules;

- (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 or Economics or other working experience necessary for the discharge of the duties of an independent director;
- (5) He shall meet other conditions provided for under the Company's Articles of Association.

**Article 127** The independent director shall be independent. Unless otherwise provided for under applicable laws, regulations and/or the relevant 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; and significant social relationship refers to relationship of brothers and sisters, parents-in-law, children-in-law, 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 person who was a person mentioned in any of the aforesaid three categories during the last one year;
- (5) Any person who provides financial, legal or advisory services to the Company or to its subsidiaries;
- (6) Any person who has been determined as being ineligible for an independent director by the securities regulatory authority of the State Council.

**Article 128** The Board of Directors shall propose to the shareholders' general meeting to dismiss or replace the independent director who has failed to attend the board meeting in person for twice consecutively without authorizing another director to attend on his behalf, or has failed to attend the board meeting in person three times consecutively. Except for the persons mentioned above and those stipulated under the Company Law as being ineligible to serve as an independent director, the independent director shall not be dismissed before the expiry of his term of office without reason. The Company shall disclose the early dismissal as a matter of special disclosure item, while the independent director concerned who believes that his dismissal has been unreasonably made may make a public announcement.

**Article 129** 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 have the following specific functions and powers:

- (1) In respect of major connected transactions (as determined by the criteria announced by a competent regulatory authority from time to time) that shall be considered at the shareholders' general meeting as required by the law, regulations and/or relevant listing rules, and in respect of appointment and removal of the Company's accounting firm (if required under applicable laws, regulations and/or relevant listing rules), the relevant requirements shall be observed; more than half of the independent directors are required to approve the relevant transactions and shall be put forward to the Board of Directors for review. The resolution of the Board of Directors in respect of the Company's connected transactions shall not become effective until each independent director has signed for the resolution. Before any independent director arrives at his decision, he may employ agency firms to provide an independent financial report as the basis of his decision;
- (2) Independent directors shall propose to the Board of Directors in respect of proposals to appoint or dismiss an accounting firm;
- (3) Independent directors may request to convene extraordinary general meetings;
- (4) Independent directors shall propose to convene board meetings;
- (5) Independent directors shall appoint external auditors and consulting advisors;
- (6) Independent directors may publicly canvass for votes from shareholders prior to shareholders' general meetings;
- (7) Independent directors may directly report to the shareholders' general meeting, the securities regulatory authority of the State Council, and other relevant authorities.

Independent directors shall obtain the consent from more than half of the total number of independent directors in the exercise of their functions and powers provided for under sub-paragraphs (2), (4), (6) and (7) of this Article; two or more independent directors may exercise their functions and powers provided for under sub-paragraph (3) and the exercise of functions and powers provided for under sub-paragraph (5) of this Article be consented by all the independent directors.

Article 6  
Advices

**Article 130** In addition to exercising the above-mentioned functions and powers, the independent directors shall provide independent opinions to the Board of Directors or the shareholders' general meetings concerning the following issues:

- (1) Nomination, appointment and dismissal of directors;

- (2) Appointment or dismissal of any member of the Company's senior management;
- (3) Remuneration of directors and members of the Company's senior management;
- (4) Issues that the independent directors consider possible to impair on the rights and interests of minority shareholders;
- (5) Important capital transfers between the Company and the shareholders or between the Company and their connected enterprises;
- (6) Distribution plans of the cash profits that the Board of Directors has not made;
- (7) Other issues regulated by applicable laws, regulations, the rules of the securities regulatory authorities of the place where the shares of the Company are listed and the Company's Articles of Association.

Public  
Shareholders

Each of the independent directors shall provide his comments on the above issues by way of: either agreeing to the relevant proposal; reserving his opinion with reasons; objecting to the relevant proposal with reasons; or expressing his view as not being able to provide his comments and his difficulties thereof.

**Article 131** 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. SECRETARY OF THE BOARD OF DIRECTORS**

**Article 132** 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.

Article 96  
Mandatory  
Provisions

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

**Article 133** 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.

Article 97  
Mandatory  
Provisions

The main tasks of the secretary to the board include:

- (1) Assisting the directors in handling the daily affairs of the board and keep the directors informed and updated on and ensure they are fully aware of the regulations, policies and requirements of domestic and overseas regulatory authorities on corporate operations; assisting directors and the president in duly implementing the domestic and foreign laws, regulations, the Company's Articles of Association and other relevant provisions for exercising their functions and powers;



- (2) Organizing and preparing the documents for the Boards of Directors and shareholders' general meetings, properly making minutes of meetings, ensuring the compliance of meeting resolutions with legal procedures, and understanding the implementation of the board resolutions;
- (3) Organizing and coordinating disclosure of information, coordinating relationship with investors and enhancing the Company's transparency;
- (4) Participating in the organization of financing in the capital market;
- (5) Handling relationships with intermediary organizations, regulatory authorities and the media and promoting public relations;
- (6) Implementing other tasks assigned by the board and its chairman.

The main duties of the secretary to the board include:

- (1) organizing and arranging for the board meetings and shareholders' general meetings; preparing materials for meetings, handling relevant meeting affairs; making minutes of the meetings and ensuring their accuracy; keeping documents and minutes of meetings; taking initiative to monitor the progress of the implementation of relevant resolutions; reporting any important issues occurring during the implementation to the board and giving relevant advice to the board.
- (2) ensuring the material matters decided by the board of the Company to be carried out strictly in accordance with the procedures stipulated; at request of the board, participating in the arrangement of consultation on and analysis of the matters to be decided by the board and offering relevant opinions and suggestions; handling the day-to-day affairs of the board and its committees as entrusted.
- (3) acting as the liaison officer of the Company with the regulatory securities authorities, responsible for organizing, preparing and submitting the documents required by the regulatory authorities on time as well as accepting and organizing the implementation of any assignment from the regulatory authorities.
- (4) coordinating and organizing the Company's disclosure of information; establishing and improving the information disclosure system; participating in all of the Company's meetings involving the disclosure of information; and keeping informed of the Company's material operation decisions and related information in a timely manner.
- (5) keeping the Company's price-sensitive information confidential and establishing effective confidentiality systems and measures; in case of any of the Company's price-sensitive information divulged due to any reason, taking necessary remedial measures, timely explaining and clarifying it, and making relevant reports to the regulatory authorities in overseas jurisdictions where the shares of the Company are listed and the CSRC.

- (6) coordinating and organizing marketing activities; coordinating reception of visitors, handling the investor relations; keeping in touch with investors, intermediaries and news media; coordinating replies to inquiries from the public; and ensuring investors obtain the information disclosed by the Company in a timely manner; organizing and preparing the Company's domestic and overseas marketing and promotion activities; preparing conclusive reports on marketing and important visits; and organizing matters about the submission of the reports to the CSRC.
- (7) managing and keeping the materials in relation to information on the register of shareholders, the register of directors, number of shares held by major shareholders, records of directors' shares, and the list of beneficiaries of outstanding bonds of the Company.
- (8) assisting directors and the president in duly implementing the domestic and foreign laws, regulations, the Company's Articles of Association and other relevant provisions for exercising their functions and powers; upon becoming aware that the Company has passed or may pass resolutions which may breach the relevant provisions, being obliged to immediately remind the board and being entitled to report such facts to the CSRC and other regulatory authorities.
- (9) coordinating the provision of relevant information necessary for the Company's Supervisory Board and other regulatory authorities to discharge their duties; assisting in carrying out due diligence on the fiduciary duties of chief financial officer, directors and the general manager of the Company.
- (10) exercising other functions and powers as conferred by the board, as well as Other functions and powers as required by laws in the jurisdiction where the shares of the Company are listed and the stock exchanges.

**Article 134** 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.

Article 98  
Mandatory  
Provisions

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 135** 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 13. SUPERVISORY BOARD

**Article 136** The Company shall have a supervisory board. Supervisory Board is a permanent supervisory body of the Company, responsible for supervising the Board of Directors and its members, general manager, vice general manager, chief accountant or financial executive, general counsel and other senior management staff to prevent the abuse of power and infringement of legal interests of shareholders, the Company and its employees.

Article 103  
Mandatory  
Provisions

**Article 137** The Supervisory Board shall be composed of 6 supervisors including external supervisors (hereinafter meaning supervisors who do not hold office in the Company) who shall constitute more than half of the Supervisory Board. The number of supervisors who are employee representatives shall constitute no less than one-third of the members of the Supervisory Board. The Supervisory Board shall have one chairman. Each supervisor shall serve for a term of 3 years, which is renewable upon re-election and re-appointment.

Article 104  
Mandatory  
Provisions  
Article 7  
Opinion  
Article 143  
Guidance for  
the  
Articles

Appointment and dismissal of the chairman of the Supervisory Board shall be made by a resolution adopted by two thirds of the members of the board.

Art. 5, Zheng  
Jian Hai Han

The chairman of the Supervisory Board shall organize and implement the duties of the Supervisory Board.

The duties of chairman of the Supervisory Board shall be:

- (1) responsible for convening and presiding over the meeting of the supervisory board;
- (2) responsible for organizing and implementing the duties of the Supervisory Board;
- (3) exercise of other rights authorized by the Supervisory Board.

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

**Article 138** The Supervisory Board shall be composed of 2 independent supervisors, 2 shareholders' representative supervisors and 2 employee representatives of the Company. The shareholders' representative supervisors and independent supervisors shall be elected and removed by the shareholders' general meeting, and the employee representatives of the Company shall be democratically elected and removed by employees of the Company.

Article 105  
Mandatory  
Provisions  
Art. 7  
Advices

Shareholders' representative supervisor refers to a supervisor who is nominated and appointed by shareholders of the Company and who takes no post in the Company. Independent supervisor refers to a supervisor who is independent from shareholders and takes no post in the Company.

The Supervisory Board shall set up an office responsible for the routine work of the Supervisory Board as it is required. The office of the Supervisory Board shall be accountable to the Supervisory Board and report its work to the Supervisory Board as required.

**Article 139** The list of candidates for the shareholders' representative supervisors shall be submitted to the shareholders' general meeting for approval. The candidates in question shall be nominated by the Board of Directors, the Supervisory Board, and the shareholders individually or collectively holding more than 3 percent of the Company's shares with voting rights and shall be elected and dismissed by the shareholders' general meeting.

Article 53  
Guidance for  
the  
Articles

The shareholders' representative supervisors election by the shareholders' general meeting shall adopt the cumulative voting system, which is stipulated in Article 110 in details.

Article 106  
Mandatory  
Provisions

**Article 140** The Company's directors, general manager, vice general manager, chief accountant or financial executive, general counsel and other senior management staff shall not serve concurrently as supervisors.

**Article 141** Meetings of the Supervisory Board shall be held at least twice a year.

Article 107  
Mandatory  
Provisions

Meetings of the Supervisory Board shall be convened and chaired by the chairman of the Supervisory Board; if the chairman of the Supervisory Board is unable or has failed to perform his duties, a supervisor shall be elected by a simple majority of supervisors to convene and chair meetings of the supervisory board. Notices of the meetings of the supervisory board shall be delivered to all supervisors no less than 10 days before the meeting is convened. The meeting notice shall include the following:

Article 143  
and 148  
Guidance for  
the Articles

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

**Article 142** If any supervisor fails to attend meetings of the Supervisory Board in person twice consecutively, without appointing another supervisors to be present on his behalf, he shall be deemed incapable of performing his responsibilities and the shareholders' general meeting or the employee representatives' meeting shall remove and replace that supervisor.

Article 99  
Guidance for  
the Articles

**Article 143** If supervisors have not been re-elected in time when the terms of service of the current supervisors have expired, or any supervisor's resignation before his term of service expires causes the number of supervisors to be less than the required quorum, the abovementioned supervisors shall continue to perform their duties in accordance with the provisions of the laws, administrative regulations and the Company's Articles of Association until the vacancy has been filled by another elected supervisor.

**Article 144** The Supervisory Board shall be accountable to the shareholders' general meeting and exercise the following functions and powers according to law:

Article 108  
Mandatory  
Provisions  
Article 144  
Guidance for  
the Articles

- (1) to examine the Company's financial undertakings;
- (2) to review the Company's periodic reports compiled by the Board of Directors and give written opinions accordingly;

- (3) to oversee the Company's directors, general manager, vice general manager and other senior management officers during the discharge of their duties to the Company, and to propose the removal of the directors, general manager, vice general manager and other senior management officers who violate the laws, administrative regulations, the Company's Articles of Association or any resolutions of shareholders' general meetings;
- (4) if an act of a director, general manager, vice general manager or other senior management staff of the Company is harmful to the Company's interests, to require him to correct such an act;
- (5) to verify financial information such as financial reports, business reports, profit distribution plans that the Board of Directors intends to submit to the shareholders' general meeting and, if in doubt, to be able to appoint, in the name of the Company, a registered accountant or practising auditor to assist in reviewing such information;
- (6) to propose to convene extraordinary general meetings and, in case the Board of Directors does not perform the obligations to convene and chair the shareholders' general meetings in accordance with the requirements of the Company Law, to convene and chair the shareholders' general meetings;
- (7) to propose motions to the shareholders' general meeting;
- (8) to take an action against directors and senior management staff according to the requirements of laws and regulations;
- (9) to propose to convene an extraordinary board meeting;
- (10) to represent the Company in negotiation with or taking an action against a director or senior management staff;
- (11) to exercise such other functions and powers as delegated by the laws, administrative regulations, the Company's Articles of Association and shareholders' general meetings.

The Supervisory Board may make proposals for engagement of certified public accountant firm by the Company and may authorize a certified public accountant firm in the name of the Company to conduct an independent audit of the finance of the Company and may report directly to China Securities Regulatory Commission and other departments concerned.

Art. 7  
Advices

External supervisors shall make an independent report on performance of senior management staff in respect of integrity and diligence to shareholders' general meeting.

Article 140  
Guidance for  
the Articles  
Article 109  
Mandatory  
Provisions

Supervisors shall attend meetings of the Board of Directors as non-voting attendees, and make enquiries or suggestions on matters involved in the resolutions of the Board of Directors.

**Article 145** The Supervisory Board shall have the right to require the directors, managers, other senior management staff, internal and external auditors to attend the meeting of the Supervisory Board, and to answer the questions concerned. Article 48  
Code of  
Corporate  
Governance

**Article 146** The Supervisory Board shall record the decisions of the meeting topics into minutes, and the attending supervisors shall countersign the minutes. A supervisor shall have the right to write certain explanatory notes to his or her statement or speech at the session as additional statements in the minutes. The minutes of the Supervisory Board meeting shall be kept for at least 10 years.

**Article 147** A resolution of the Supervisory Board shall be adopted by votes of more than two thirds of the Supervisory Board members. Art.6, Zheng  
Jian Hai Han  
Sec.1d(ii),  
Appendix 13d  
Listing Rules

**Article 148** The reasonable expenses incurred by the Supervisory Board in the engagement of professional personnel such as lawyers, registered accountants and practising auditors, in the exercise of its functions and powers shall be borne by the Company. Article 110  
Mandatory  
Provisions

**Article 149** Supervisors shall faithfully perform their supervisory duties in accordance with laws, administrative regulations and the Company's Articles of Association. Article 111  
Mandatory  
Provisions

#### **CHAPTER 14. COMPANY GENERAL MANAGER**

**Article 150** The Company shall have one general manager, who shall be appointed or dismissed by the Board of Directors. Article 99  
Mandatory  
Provisions  
Article 124  
Guidance for  
the Articles

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, general counsel and other senior management staff shall be nominated by the general manager and appointed or dismissed by the Board of Directors. Senior management staff hereunder include but not limited to the secretary to the board, general manager, vice general managers, chief accountant or financial executive and general counsel.

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

**Article 151** The Company general manager shall be accountable to the Board of Directors and shall exercise the following functions and powers: Article 100  
Mandatory  
Provisions

- (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 152** 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 101  
Mandatory  
Provisions

**Article 153** The general manager, vice general manger(s), chief accountant or financial executive or general counsel shall not change any resolution adopted by shareholders’ general meeting and the Board of Directors or go beyond their authority in performance of their functions and powers.

**Article 154** In the exercise of their functions and powers, the general manager, vice general manager(s), chief accountant or financial executive and general counsel shall perform his duties of good faith and diligence in accordance with laws, administrative regulations and the Company’s Articles of Association. Article 102  
Mandatory  
Provisions

**Article 155** When the general manager, vice general manager, chief accountant or financial executive, general counsel or other senior management staff member resigns, he shall give a 3-month notice in writing to the Board of Directors. When a department manager resigns, he shall give a 2-month notice in writing to general manager.

**Article 156** The general manager shall formulate detailed work rules, which shall be implemented upon approval by the Board of Directors.

## **CHAPTER 15. QUALIFICATIONS AND OBLIGATIONS OF THE COMPANY’S DIRECTORS, SUPERVISORS, GENERAL MANAGER, VICE GENERAL MANAGER AND OTHER SENIOR MANAGEMENT STAFF**

**Article 157** None of the following persons may serve as a director, supervisor, general manager, vice general manager or other senior management staff of the Company: Article 112  
Mandatory  
Provisions

- (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 five 5 have elapsed since the expiration of the period of deprivation;
- (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 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;
- (5) persons with comparatively large individual debts that have fallen due but have not been settled;
- (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.

Article 95  
Guidance for  
the Articles

In case of the above circumstances, the Board of Directors shall, from the day on which it is aware of the occurrence of the circumstance, immediately suspend the duties of the directors, supervisors, general manager, vice general manager(s) or other senior management staff concerned, and adopt relevant procedures to replace or remove such personnel.

**Article 158** 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 159** The validity of an act of a director, a general manager, a vice general manager or other senior management staff of the Company on behalf of the Company shall not, vis-a-vis a *bona fide* third party, be affected by any irregularity in his holding of such office, election or qualifications.

Article 113  
Mandatory  
Provisions

**Article 160** In addition to obligations imposed by laws, administrative regulations or listing rules of the securities exchange(s) on which shares of the Company is listed, the Company's directors, supervisors, general manager, vice general manager(s) and other senior management staff shall owe each shareholder the following obligations in the exercise of the functions and powers granted to them by the Company:

Article 114  
Mandatory  
Provisions

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

**Article 161** The Company's directors, supervisors, general manager, vice general manager and other senior management staff shall have an obligation, in the exercise of their rights or discharge of their obligations, to perform their due acts with the care, diligence and skill that a reasonably prudent person should exercise in comparable circumstances.

Article 115  
Mandatory  
Provisions

**Article 162** The Company's directors, supervisors, general manager, vice general manager and other senior management staff must, in the exercise of their duties, abide by the fiduciary principle and shall not place themselves in a position where their personal interests and their duties may conflict. This principle shall include (but not limited to) the fulfillment of the following obligations:

Article 116  
Mandatory  
Provisions

- (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 and not allow himself to be manipulated by another person and, unless permitted by laws and administrative regulations or with the informed consent of the shareholders' general meeting, not to delegate the exercise of his discretion;

- (4) to afford equal treatment to shareholders of the same class and fair treatment to shareholders of different classes;
- (5) not to conclude a contract or enter into a transaction or arrangement with the Company except as otherwise provided for in the Articles of Association of the Company or with the informed consent of the shareholders' general meeting;
- (6) not to use Company property for his own benefit in any way without the informed consent of the shareholders' general meeting;
- (7) not to use his functions and powers as a means to accept bribes or other forms of illegal income, and not to illegally appropriate Company property in any way, including (but not limited to) any opportunities that are advantageous to the Company;
- (8) not to accept commissions in connection with Company transactions without the informed consent of the shareholders' general meeting;
- (9) to abide by the Articles of Association of the Company, to perform his duties faithfully, to protect the interests of the Company, and not to use his position, functions and powers in the Company to seek personal gain;
- (10) not to compete with the Company in any way without the informed consent of the shareholders' general meeting;
- (11) not to misappropriate the Company's funds or lend them to others, not to deposit the Company's assets in accounts opened in his 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; and
- (12) without the informed consent of the shareholders' general meeting, not to disclose confidential information relating to the Company that was acquired by him during his tenure; and not to use such information except in the furtherance of the interests of the Company; however, such information may be disclosed to the court or other government authorities if:
  - (a) provided for by law;
  - (b) required in the public interest;
  - (c) required in the own interest of such a director, supervisor, manager or other senior management staff of the Company.

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

**Article 163** When the class meeting or general meeting requires the directors, supervisors, general manager, vice general manager or other senior management staff to attend the meeting, the directors, supervisors, general manager, vice general manager or other senior management staff shall so attend and answer shareholders' questions. The directors, supervisors general manager, vice general managers and other senior management staff shall provide the Supervisory Board with true and relevant information and shall not hamper the Supervisory Board's performance of duties.

Article 150  
Company  
Law

Article 70  
Guidance for  
the Articles

**Article 164** A director, supervisor, general manager, vice general manager or other senior management staff of the Company shall not incite the following persons or organizations ("related persons") to do what such a director, supervisor, manager or other senior management staff may not do:

Article 117  
Mandatory  
Provisions

- (1) the spouse or a minor child of such a director, supervisor, general manager, vice general manager or other senior management staff of the Company;
- (2) a trustee of such director, supervisor, general manager, vice general manager or other senior management staff of the Company or of any person referred to in item (1) hereof;
- (3) a partner of such director, supervisor, general manager, vice general manager or other senior management staff of the Company or of any person referred to in items (1) and (2) hereof;
- (4) a company over which such a director, supervisor, general manager, vice general manager or other senior management staff of the Company, alone or jointly with any person referred to in items (1), (2) and (3) hereof or any other director, supervisor, manager or other senior management staff of the Company, has de facto control;
- (5) a director, supervisor, general manager, vice general manager or other senior management staff of the company being controlled as referred to in item (4) hereof; and
- (6) any person deemed as associated with a director, supervisor, general manager, vice general manager or other senior management staff under Listing Rules.

**Article 165** The fiduciary obligation of the Company's directors, supervisors, general manager, vice general manager(s) and other senior management staff do not necessarily cease with the termination of their tenure. Their confidentiality obligation in relation to the Company's trade secrets shall survive the termination of their tenure. The terms for which other obligations shall continue shall be decided upon in accordance with the principle of fairness, depending on the time lapse between the termination and the occurrence of the matter and the circumstances and conditions under which the relationship with the Company is terminated.

Article 118  
Mandatory  
Provisions

**Article 166** Any company's director, supervisor, general manager, vice general manager and other senior management staff who violate the provisions of laws, administrative regulations, department rules or the Articles in his discharge of the Company's duties, thus causing losses to the Company, shall be liable for compensation. Any Company's director, supervisor, general manager, vice general manager and other senior management staff member of the Company who has left his office without authorization before his term of office expires and thereby causing the Company to incur a loss shall be liable to the Company for compensation.

**Article 167** A director, supervisor, general manager, vice general manager or other senior management staff of the Company may, by an informed decision of the shareholders' general meeting, be absolved from liability for a specific breach of obligations, except in circumstances as specified in Article 59 hereof.

Article 119  
Mandatory  
Provisions

**Article 168** If a director, supervisor, general manager, vice general manager or other senior management staff member of the Company is, directly or indirectly, materially interested in a contract, transaction or arrangement concluded or planned by the Company (excluding his contract of service with the Company), he shall disclose the nature and extent of his interest to the Board of Directors at the earliest opportunity, whether or not the matter is normally subject to the approval of the Board of Directors.

Article 120  
Mandatory  
Provisions

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 Listing Rules) has a material interest, nor be counted in the quorum of a meeting.

Art.4(1),  
Appendix 3  
Listing Rules

Unless the interested director, supervisor, general manager, vice general manager or other senior management staff member of the Company has disclosed such interest to the Board of Directors as required under the preceding 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, supervisor, general manager, vice general manager or other senior management staff concerned.

A director, a supervisor, general manager, vice general manager or other senior management staff of the Company shall be deemed to be interested in any contract, transaction or arrangement in which a related person of that director, supervisor, general manager, vice general manager or other senior management staff is interested.

**Article 169** If a director, supervisor, general manager, vice general manager or other senior management staff 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, supervisor general manager, vice general manager or other senior management staff of the Company shall be deemed for the purposes of the preceding Article of this Chapter to have declared his interest, insofar as attributable to the scope stated in the notice.

Article 121  
Mandatory  
Provisions

- Article 170** The Company shall not in any manner pay tax on behalf of its directors, supervisors, general manager, vice general manager and other senior management staff. Article 122  
Mandatory  
Provisions
- Article 171** The Company shall not directly or indirectly provide a loan to, or loan guarantees for, its directors, supervisors, general manager, vice general manager and other senior management staff or those of its parent company, or provide loans to or loan guarantees for the related persons of the above-mentioned persons. Article 123  
Mandatory  
Provisions
- The provisions of the preceding paragraph shall not apply to the following circumstances:
- (1) the provision by the Company of a loan to or a loan guarantee for a subsidiary of the Company;
  - (2) the provision by the Company of a loan, loan guarantee or other moneys to a director, a supervisor, general manager, vice general manager or other senior management staff of the Company under an employment contract approved by the shareholders' general meeting, so as to enable him to meet the expenditure incurred for the purposes of the Company or for the performance of his duties at the Company;
  - (3) the provision by the Company of a loan to or a loan guarantee for a relevant director, supervisor, general manager, vice general manager or other senior management staff of the Company or to a related person thereof within to ordinary scope of business, if the ordinary scope of business of the Company includes the lending of money or the provision of loan guarantees.
- Article 172** A loan provided by the Company in violation of the preceding Article shall be immediately repayable by the recipient of the loan, regardless of the terms of the loan. Article 124  
Mandatory  
Provisions
- Article 173** A loan guarantee provided by the Company in violation of the first paragraph of Article 171 shall be unenforceable against the Company, unless: Article 125  
Mandatory  
Provisions
- (1) the loan was provided to a related person of a director, a supervisor, general manager, vice general manager or other senior management staff of the Company or of its parent company, and at the time the loan was advanced the lender did not know the relevant circumstances;
  - (2) the collateral provided by the Company has been lawfully sold by the lender to a bona fide purchaser.
- Article 174** For the purposes of the preceding Article of this Chapter, the term "guarantee" shall include an act whereby the guarantor assumes liability or provides property to guarantee or secure the performance of obligations by the obligor. Article 126  
Mandatory  
Provisions

**Article 175** Subject to the approval of the shareholders' general meeting, the listed company may purchase liability insurance for its directors and supervisors. 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 or supervisors.

**Article 176** If the Company's director, supervisor, general manager, vice general manager or other senior management staff member of the Company breaches his 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, supervisor, general manager, vice general manager or other senior management staff to compensate for the losses sustained by the Company as a consequence of his dereliction of duty;
- (2) rescind any contract or transaction concluded by the Company with the relevant director, supervisor, general manager, vice general manager or other senior management staff and contracts or transactions with a third party (where such a third party knows well or should have known that the director, supervisor, general manager, vice general manager or other senior management staff representing the Company was in breach of his obligations to the Company);
- (3) require the relevant director, supervisor, general manager, vice general manager or other senior management staff to surrender the gains derived from the breach of his obligations;
- (4) recover any moneys received by the relevant director, supervisor, general manager, vice general manager or other senior management staff that should have been received by the Company, including (but not limited to) commissions; and
- (5) require the relevant director, supervisor, general manager, vice general manager or other senior management staff to return the interest earned or possibly earned on the moneys that should have been given to the Company.

**Article 177** The Company shall conclude written contracts with each director and supervisor of the Company concerning his emoluments. Such contracts shall be approved by the shareholders' general meeting before they are entered into. The above-mentioned emoluments shall include:

- (1) emoluments in respect of his service as a director, supervisor or senior management staff of the Company;
- (2) emoluments in respect of his service as a director, supervisor or senior management staff of a subsidiary of the Company;
- (3) emoluments otherwise in connection with the management of the Company or any subsidiary thereof;

- (4) the payment by way of compensation for his loss of office or retirement to the aforementioned directors and supervisors in respect of redundancy or retirement.

A director or supervisor 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 178** The Company shall specify in the contract concluded with a director or supervisor of the Company concerning his emoluments that in the event of a takeover of the Company, directors or supervisors of the Company shall, subject to prior approval of the shareholders' general meeting, have the right to receive the compensation or other moneys obtainable for loss of office or retirement, 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. For the purposes of the preceding paragraph, the term "a takeover of the Company" shall mean either of the following:

Article 129  
Mandatory  
Provision

Article 61  
Code of  
Corporate  
Governance

- (1) anyone making a purchase offer to the whole body of shareholders;
- (2) anyone making a purchase offer with a view to the offeror becoming a controlling shareholder as defined in Article 60 hereof.

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

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

**Article 179** 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 130  
Mandatory  
Provisions

**Article 180** 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.

Article 131  
Mandatory  
Provisions

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 181** 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 132  
Mandatory  
Provisions  
Art.5,  
Appendix  
3 Listing  
Rules

- Article 182** 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. Article 133  
Mandatory  
Provisions
- 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. The Company may also publish the said reports in electronic form on its website in accordance with Listing Rules in order to meet the requirement of dispatch (except for the holders of H shares who have chosen to receive printed copies of the Company's corporate communications). Art. 7. Zheng  
Jian Hai Han  
  
Art.5,  
Appendix  
3 Listing  
Rules
- Article 183** 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 134  
Mandatory  
Provisions
- Article 184** 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 135  
Mandatory  
Provisions
- Article 185** The Company shall deliver its annual financial report to the CSRC 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 deliver its quarterly financial report to the CSRC branches and stock exchanges within 1 month from the ending dates of the first 3 months and first 9 months respectively of each fiscal year. Article 150  
Guidance for  
the Articles
- The Company shall disclose its financial reports according to the the laws, regulations or requirements of the regulatory authorities.
- Article 186** The Company's financial and accounting statements shall be prepared pursuant to the provisions of relevant laws, administrative regulations and department rules. Article 150  
Guidance for  
the Articles
- Article 187** The Company shall not establish any account books other than statutory account books. Article 137  
Mandatory  
Provisions



**Article 188** 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 152  
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.

**Article 189** 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 190** The capital common reserve shall include the following funds:

Article 138  
Mandatory  
Provisions

- (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 191** 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 for capitalization. However, the capital reserve fund shall not be applied for making up for losses.

Article 168  
Company  
Law

When the Company transfers some common reserve fund into capital pursuant to a resolution adopted by shareholders' 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 when transferring the statutory common reserve into capital.

**Article 192** The profit distribution policy of the Company is as follows:

Article 154  
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. The cumulative profit distribution 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.

- (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.
- (3) Decision-making mechanisms and procedures: The profit distribution proposal of the Company shall be formulated and reviewed by the Board of Directors and submitted to the shareholders' 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. Independent directors shall express clearly their opinions in regard to the profit distribution proposal. The Supervisory Board 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 and the independent directors shall express their opinions clearly. Disclosure in this regard shall be made in a timely manner by independent directors. Upon the approval by the Board of Directors, it shall be submitted to the shareholders' general meetings for review and the Board of Directors shall provide explanation at the shareholders' 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 express clearly their opinions. The independent directors may solicit opinions of minority shareholders, put forth profit distribution proposals and submit it directly to the Board for consideration and approval. 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 shareholders' 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 shareholders' 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 shareholders' 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) whether the independent directors have duly performed their duties; (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 Company's Board of Directors must complete the distribution of dividends (in cash or in the form of shares) within two months after the resolution approving the relevant profit distribution proposal has been passed at a shareholders' general meeting.

**Article 193** The Company may distribute dividends in the following forms:

Article 139  
Mandatory  
Provisions

- (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.

Conditions of distributing dividends in cash: If the Company has made 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 no qualified opinion for the Company's financial report for the year, the Company shall distribute dividends in cash in priority.

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 shareholders' general meeting for consideration and approval after being reviewed and adopted by the Board of Directors.

The amount of dividends to be distributed shall be determined based on the lower of the after-tax profits set out in the audited financial statements prepared pursuant to China Accounting Standards for Business Enterprises and Hong Kong Financial Reporting Standards.

**Article 194** 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 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 195** 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 196** In accordance with the Articles, the board may decide to distribute the interim or special dividends upon approval or authorization by the shareholders' general meeting.

**Article 197** 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.

Article 3(1) of  
Appendix 3

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 198** 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.

Article 140  
Mandatory  
Provisions  
Sec. 1(c) of  
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.

Art.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 relevant applicable time limit.

Article  
19A.47  
Listing Rules

**Article 199** The Company shall implement an internal audit system and appoint full time auditors to carry out internal auditing and supervision of the Company's financial income and expenses and economic activities.

Article 156  
Guidance for  
the Articles

**Article 200** The Company's internal audit system and the responsibilities of the audit personnel shall be carried out after obtaining the approval by the Board of Directors. The auditor-in-chief shall be responsible for reporting to the Board of Directors in respect of their work.

Article 157  
Guidance for  
the Articles

## CHAPTER 17. ENGAGEMENT OF AN ACCOUNTING FIRM

**Article 201** 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.

Article 141  
Mandatory  
Provisions

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 202** 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 142  
Mandatory  
Provisions

**Article 203** An accounting firm engaged by the Company shall have the following rights:

Article 143  
Mandatory  
Provisions

- (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, general manager, vice general manager(s) and other senior management staff of the Company to provide relevant information and explanations;

- (2) the right to require the Company to take all reasonable measures to obtain from its subsidiaries the information and explanations necessary for the accounting firm to perform its duties: and
- (3) the right to attend shareholders' 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 shareholders' meetings on any matter which relates to it as the accounting firm of the Company.

**Article 204** If the position of accounting firm becomes vacant, the Board of Directors may appoint an accounting firm to fill the vacancy before a shareholders' general meeting is held. However, if there are other accounting firms holding the position of the accounting firm of the Company during the vacancy period, such an accounting firm may continue to act. Article 144  
Mandatory  
Provisions

**Article 205** The shareholders' 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 145  
Mandatory  
Provisions

**Article 206** The remuneration or method of evaluating remuneration of an accounting firm shall be decided upon by the shareholders' general meeting. The remuneration of an accounting firm engaged by the Board of Directors shall be determined by the Board of Directors. Article 146  
Mandatory  
Provisions

**Article 207** The engagement, dismissal or non-renewal of engagement of an accounting firm shall be decided upon by the shareholders' general meeting and be reported to the State Council authorities in charge of securities for record. Article 147  
Mandatory  
Provisions

When a shareholders' general meeting proposes to pass a resolution to engage a new accounting firm to fill the vacancy of accounting firm, or renew an accounting firm that was engaged by the Board of Directors to fill the vacancy or dismiss an accounting firm before the expiry of its term, the following provisions shall be complied with: Art.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 shareholders' 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 shareholders' general meeting and make a further claim;
- (4) The leaving accounting firm is entitled to attend the following meetings:
  - (a) shareholders' general meetings before the expiry of its term;
  - (b) shareholders' general meetings for filling the vacancy after its dismissal;
  - (c) shareholders' 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 208** When the Company dismisses or does not renew the engagement of an accounting firm, it shall give an advance notice to the accounting firm. The accounting firm shall have the right to present its views at the shareholders' general meeting. If an accounting firm resigns, it shall inform the shareholders' general meeting as to whether or not there is any irregularity in the Company.

Article 148  
Mandatory  
Provisions

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:

Art. 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.

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 209** 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 210** 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 211** 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 212** 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 213** The Company shall withhold funds for medical care, retirement, 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 214** 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 215** 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 216** 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 217** 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 218** The Company shall be merged or divided in accordance with the law.

Article 149  
Mandatory  
Provisions

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 oppose the proposal for the merger or division of the Company shall have the right to require the Company or shareholders that are in favor of such proposal to purchase their shares at a fair price.

The contents of resolutions approving the merger or division of the Company shall be compiled in a special document for inspection by shareholders. Holders of H shares shall be served with the copies of the above-mentioned document by mail.

**Article 219** Merger of the Company may take the form of merger by absorption or merger by new establishment.

Article 150  
Mandatory  
Provisions

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 at least three newspaper announcements of the merger within 30 days of that date.

Article 173  
Company  
Law

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

Article 151  
Mandatory  
Provisions

If the Company is to be divided, the parties to the division shall enter into a division 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 division resolution is passed and make at least three newspaper announcements of the division within 30 days of that date.

Art.7(1),  
Appendix 3,  
Listing Rules

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 221** 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.

Article 152  
Mandatory  
Provisions

## CHAPTER 22. DISSOLUTION AND LIQUIDATION OF THE COMPANY

**Article 222** The Company shall be dissolved and liquidated according to law:

Article 153  
Mandatory  
Provisions

- (1) if the shareholders' general meeting resolves to dissolve the Company;
- (2) if dissolution is necessary as a result of the merger or division of the Company;
- (3) if the Company is declared bankrupt according to law because it is unable to pay its debts as they fall due; or
- (4) 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.
- (5) 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.

Article 180  
and 182  
Company  
Law

**Article 223** A liquidation committee shall be set up within 15 days of the dissolution of the company pursuant to sub-paragraphs (1), (3), (4) and (5) of the preceding Article, and the composition of the liquidation committee of the Company shall be determined by an ordinary resolution of a shareholders' general meeting. If the Company fails to set up the liquidation committee within the time limit, the creditors may apply to the People's Court for the appointment of the relevant persons to form a liquidation committee and carry out liquidation.

Article 154  
Mandatory  
Provisions

If the Company is to be dissolved pursuant to sub-paragraphs (3) of the preceding Article, the People's Court shall, in accordance with relevant laws, arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.

If the Company is to be dissolved pursuant to sub-paragraphs (4) of the preceding Article, the relevant authorities in charge shall arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.

**Article 224** If the Board of Directors decides that the Company should be liquidated (other than because of a declaration of bankruptcy), the notice of the shareholders' general meeting convened for such a purpose shall include a statement to the effect that the Board of Directors has made full inquiry into the position of the Company and that the board is of the opinion that the Company can pay its debts in full within 12 months after the commencement of liquidation.

Article 155  
Mandatory  
Provisions

The functions and powers of the Board of Directors shall cease immediately after the shareholders' general meeting has adopted a resolution to carry out liquidation.

The liquidation committee shall take instructions from the shareholders' general meeting, and make a report to the shareholders' general meeting at least once a year on the committee's receipts and payments, the business of the Company and the progress of the liquidation. It shall make a final report to the shareholders' general meeting when the liquidation is completed.

**Article 225** 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. 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 156  
Mandatory  
Provisions  
Article 185  
Company  
Law

**Article 226** The liquidation committee shall exercise the following functions and powers during liquidation:

Article 157  
Mandatory  
Provisions

- (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 227** 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 shareholders' general meeting or relevant authorities in charge for confirmation.

Article 158  
Mandatory  
Provisions

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; (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 class and proportion of their shareholdings in the following order:

- (1) if there are preference shares, distribution shall be made to preference shareholders on the par value of preference shares; if it is not sufficient to pay, the preference shares distribution shall be made in proportion to the number of shares held by preference shareholders respectively;
- (2) distribution shall be made in proportion to the number of shares held by ordinary shareholders.

During the liquidation period, the Company shall not commence any new business activities not related to liquidation.

Article 186  
Company  
Law

**Article 228** 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.

Article 159  
Mandatory  
Provisions

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

**Article 229** Following the completion of the Company's liquidation, the liquidation committee shall formulate a liquidation report, a revenue and expenditure statement and financial account books in respect of the liquidation period. After they are verified by an accountant registered in China, the liquidation committee shall submit the same to the shareholders' general meeting or the relevant authorities in charge for confirmation.

Article 160  
Mandatory  
Provisions

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

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

**Article 230** The Company may amend its Articles of Association in accordance with laws, administrative regulations and its Articles of Association.

Article 161  
Mandatory  
Provisions

**Article 231** 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 shareholders' 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 232** The Articles of Association of the Company shall be amended upon the occurrence of any of the following events:

Article 188  
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 shareholders' general meetings decide to amend the Articles of Association of the Company.

**Article 233** If any amendment to the Company's Articles of Association involves matters provided in the Mandatory Provisions, it shall become effective after approval by the general meeting of shareholders of the Company and registration with the authority for company registration and administration.

Article 162  
Mandatory  
Provisions

**Article 234** 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 235** The Company's notices shall be delivered by the following means:

Article 163  
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 in accordance with the Articles.

Art.7(3),  
Appendix 3,  
Listing Rules

**Article 236** 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 must 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.

**Article 237** 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 in at least one newspaper with national circulation designated by the securities regulatory authority of the State Council and in other newspapers in China designated by the Board of Directors, 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 238** 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.

## CHAPTER 25. RESOLUTION OF DISPUTES

**Article 239** The Company shall comply with the following rules for solving disputes:

Article 163  
Mandatory  
Provisions

- (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, a supervisor, a general manager, a vice general manager or other 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.

Art. 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, supervisors, the general manager or vice general manager or other senior management staff of the Company) that have a cause of action due to the same facts or whose participation is necessary for the 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 240** 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 241** 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 shareholders’ general meetings. Any matter uncovered herein shall be submitted by the Board of Directors to shareholders’ general meetings for resolutions.

Article 196  
Guidance for  
the Articles

**Article 242** “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 “fall short”, “beyond”, “exceed”, “less than” and “in excess” exclude the numbers indicated themselves.

Article 165  
Mandatory  
Provisions  
Article 195  
Guidance for  
the Articles

**Article 243** The appendix(es) to the Articles include(s) Rules and Procedures for Shareholders’ General Meetings, Rules and Procedures for the Board of Directors and Rules and Procedures for the Supervisory Board.

Article 197  
Guidance for  
the Articles

**Article 244** 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.