

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

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## **ARTICLES OF ASSOCIATION OF AIR CHINA LIMITED**

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

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

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

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

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

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

**Adopted by the 2007 annual shareholders’ general meeting on 30 May 2008  
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**Adopted by the 2008 annual shareholders’ general meeting on 10 June 2009  
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of the State Council on 19 October 2009**

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

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**Adopted by the 2012 third extraordinary general meeting on 20 December 2012**  
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**Administration Commission of the State Council on 3 May 2013**

**Adopted by the 2015 first extraordinary general meeting on 22 December 2015**

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**Adopted by the 2017 first extraordinary general meeting on 23 January 2017**  
**Adopted by the 2017 second extraordinary general meeting on 30 March 2017**

**Adopted by the 2017 third extraordinary general meeting on 27 October 2017**

**Adopted by the 2018 first extraordinary general meeting on 19 October 2018**

## Contents

<b>CHAPTER 1 : GENERAL PROVISIONS . . . . .</b>	<b>1</b>
<b>CHAPTER 2 : THE COMPANY’S OBJECTIVES AND SCOPE OF BUSINESS . . . .</b>	<b>3</b>
<b>CHAPTER 3 : SHARES AND REGISTERED CAPITAL . . . . .</b>	<b>4</b>
<b>CHAPTER 4 : REDUCTION OF CAPITAL AND REPURCHASE OF SHARES . . . .</b>	<b>8</b>
<b>CHAPTER 5 : FINANCIAL ASSISTANCE FOR THE ACQUISITION OF SHARES .</b>	<b>11</b>
<b>CHAPTER 6 : SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS . .</b>	<b>12</b>
<b>CHAPTER 7 : SHAREHOLDERS’ RIGHTS AND OBLIGATIONS . . . . .</b>	<b>19</b>
<b>CHAPTER 8 : SHAREHOLDERS’ GENERAL MEETINGS . . . . .</b>	<b>23</b>
<b>CHAPTER 9 : SPECIAL PROCEDURES FOR VOTING BY A CLASS OF SHAREHOLDERS . . . . .</b>	<b>38</b>
<b>CHAPTER 10 : THE PARTY COMMITTEE . . . . .</b>	<b>41</b>
<b>CHAPTER 11 : BOARD OF DIRECTORS . . . . .</b>	<b>42</b>
<b>CHAPTER 12 : INDEPENDENT DIRECTORS . . . . .</b>	<b>53</b>
<b>CHAPTER 13 : SECRETARY OF THE BOARD OF DIRECTORS . . . . .</b>	<b>57</b>
<b>CHAPTER 14 : PRESIDENT . . . . .</b>	<b>59</b>
<b>CHAPTER 15 : SUPERVISORY COMMITTEE . . . . .</b>	<b>60</b>
<b>CHAPTER 16 : THE QUALIFICATIONS AND DUTIES OF THE DIRECTORS, SUPERVISORS, PRESIDENT, VICE PRESIDENTS AND OTHER SENIOR OFFICERS OF THE COMPANY . . . . .</b>	<b>64</b>
<b>CHAPTER 17 : FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION AND AUDIT . . . . .</b>	<b>73</b>
<b>CHAPTER 18 : APPOINTMENT OF ACCOUNTANCY FIRM . . . . .</b>	<b>80</b>
<b>CHAPTER 19 : MERGER AND DEMERGER OF THE COMPANY . . . . .</b>	<b>83</b>
<b>CHAPTER 20 : DISSOLUTION AND LIQUIDATION . . . . .</b>	<b>85</b>
<b>CHAPTER 21 : PROCEDURES FOR AMENDMENT OF THE COMPANY’S ARTICLES OF ASSOCIATION . . . . .</b>	<b>87</b>
<b>CHAPTER 22 : NOTICES AND PUBLIC ANNOUNCEMENTS . . . . .</b>	<b>89</b>
<b>CHAPTER 23 : DISPUTE RESOLUTION . . . . .</b>	<b>90</b>
<b>CHAPTER 24 : SUPPLEMENTARY . . . . .</b>	<b>91</b>

*Notes:* For the purpose of the marginal notes contained in the Articles of Association, **Co Law** means the amended Company Law came into force on 1 January 2006; the **Securities Law** means the amended Securities Law came into force on 1 January 2006; **MP** means the Mandatory Provisions in the Articles of Association of Companies Listed Overseas (Zheng Wei Fa [1994] No. 21) jointly promulgated by the former State Securities Commission and the former State Restructuring Commission (SRC); **LR** means the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited; **Hong Kong Clearing House Advices** means the Advices of Hong Kong Clearing House promulgated by Hong Kong Securities Clearing Company Limited; **Zheng Jian Hai Han** means the Letter of Opinion on the Supplementary Amendment to Articles of Association of Companies Listed in Hong Kong promulgated by the Overseas Listing Division of the CSRC and the Production System Department of the State Commission for Restructuring the Economic System (Zheng Jian Hai Han [1995] No. 1); **Opinion** means the Opinion on Further Promoting the Standardized Operations and Deepening the Reform of Overseas Listed Companies (Guo Jing Mao Qi Gai [1999] No. 230) jointly promulgated by State Economic and Trade Commission and China Securities Regulatory Commission; and **Guidance** means the Guidance on the Articles of Association of Listed Companies (CSRC Announcement [2016] No. 23); **CG Standards** mean the Standards on Corporate Governance for Listed Companies (Zheng Jian Fa [2002] No. 1); **GM Rules** means Rules Governing Shareholders' General Meeting of Listed Companies (CSRC Announcement [2016] No. 22); **Public Shareholders** means Certain Provisions Concerning Strengthening the Protection of the Interests of Public Shareholders (Zheng Jian Fa [2004] No. 118); **Guiding Advice** means the Guiding Advice on Establishing Independent Directorship in Listed Companies (Zheng Jian Fa [2001] No. 102); **Security Notice** means the Notice Regulating the Provision of Security by Listed Companies to Third Parties (Zheng Jian Fa [2005] No. 120); **Revising Certain Provisions on Cash Dividends** means the Decision on Revising Certain Provisions on Cash Dividends by Listed Companies (CSRC Decree No. 57); **Notice Regarding Cash Dividends Distribution** means Notice Regarding Further Implementation of Cash Dividends Distribution of Listed Companies (Zheng Jian Fa [2012] No. 37); **Regulatory Guidance No. 3** means Regulatory Guidance No. 3 of Listed Companies – Cash Dividends Distribution of Listed Companies (CSRC Announcement [2013] No., all of which are promulgated by the China Securities Regulatory Commission; and **Notice of Accelerating the Inclusion of General Provisions into the Articles of Association of Central Level State-Owned Enterprises for Party Building** means the document (Guo Zi Dang Wei Dang Jian [2017] No. 1) issued by the Party Committee of State-owned Assets Supervision and Administration Commission of the State Council on 3 January 2017.

# ARTICLES OF ASSOCIATION OF AIR CHINA LIMITED

## CHAPTER 1 : GENERAL PROVISIONS

Article 1                    Air China Limited (the “Company”) is a joint stock limited company established in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the State Council’s Special Regulations Regarding the Issue of Shares Overseas and the Listing of Shares Overseas by Companies Limited by Shares (the “Special Regulations”) and other relevant laws and regulations of the State.

The Company was established by way of promotion with the approval of the State-owned Assets Supervision and Administration Commission of the State Council on 30 September 2004, as evidenced by the approval document Guo Zi Gai Ge [2004] No. 872. It was registered with and has obtained a business licence from the State Administration for Industry & Commerce of the People’s Republic of China.

The promoters of the Company are: China National Aviation Holding Company and China National Aviation Corporation (Group) Limited (registered in Hong Kong Special Administration Region).

Article 2                    The Company’s registered Chinese name: 中國國際航空股份有限公司  
The Company’s English name: AIR CHINA LIMITED  
The Company’s abbreviated Chinese name: 中國國航  
The Company’s abbreviated English name: AIR CHINA

Article 3                    The Company’s address: Blue Sky Building, 28 Tianzhu Road, Airport Industrial Zone, Shunyi District, Beijing, China

Article 4                    The Company’s legal representative is the Chairman of the board of directors of the Company.

Article 5                    The Company is a joint stock limited company which has perpetual existence.

The liability of a shareholder is limited to the value of the shares held by him, while the Company assumes liabilities to the extent of its entire assets.

The Company is an independent corporate legal person, governed by, and existing under the protection of, the laws and regulations of the People’s Republic of China.

Article 6 In accordance with the provisions of the Company Law, the Special Regulations and the Mandatory Provisions for Articles of Association of Companies Listing Overseas (the “Mandatory Provisions”), the Guidance on the Articles of Association of Listed Companies (the “Guidance”), the Standards on Corporate Governance for Listed Companies (the “CG Standards”) and other PRC laws and administrative regulations and departmental rules, the Company amended the original Articles of Association of the Company (the “Original Articles of Association”) and adopted these Articles of Association (the “Articles of Association” or “these Articles of Association”).

These Articles of Association shall take effect after being adopted by a special resolution at the Company’s general meeting and upon approval of the companies approving department authorized by the State Council. After these Articles of Association come into effect, the Original Articles of Association shall be superseded by these Articles of Association.

Article 7 From the date on which the Articles of Association come into effect, the Articles of Association constitute the legally binding document regulating the Company’s organisation and activities, and the rights and obligations between the Company and each shareholder and among the shareholders.

Article 8 The Articles of Association are binding on the Company and its shareholders, directors, supervisors, president, vice presidents and other senior officers; all of whom may, according to the Company’s Articles of Association, assert their rights in respect of the affairs of the Company.

Subject to Article 23 of these Articles of Association, a shareholder may take action against the Company pursuant to the Company’s Articles of Association. The Company may take action against a shareholder, directors, supervisors, president, vice presidents and other senior officers of the Company pursuant to the Company’s Articles of Association. A shareholder may also take action against another shareholder, and may take action against the directors, supervisors, president, vice presidents and other senior officers of the Company pursuant to the Company’s Articles of Association.

The actions referred to in the preceding paragraph include court proceedings and arbitration proceedings.

The “other senior officers” referred to in these Articles of Association mean the board secretary, chief accountant, chief pilot, general legal counsel and other senior officers appointed by the board of directors of the Company.

- Article 9                   The Company may invest in other enterprises; provided that unless otherwise provided by law, the Company shall not act as a capital contributor which assumes joint and several liabilities of the enterprises it invested in.
- Article 10                 Subject to compliance with PRC laws and regulations, the Company shall have the right to raise funds or to obtain loans, including (but not limited to) issuing company bonds, and have the right to charge or pledge its assets.
- Article 11                 According to the Constitution of the Communist Party of China, the Company shall establish an organization of the Communist Party of China. The Party committee shall perform the core leading and political functions, control the directions, manage the situation and ensure the implementation. The Company shall set up the working organs of the Party, which shall be equipped with sufficient personnel to handle Party affairs and provided with sufficient funds to operate the Party organization.

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

- Article 12                 The Company's objectives are: to maximise Shareholders' interests by providing safe, fast, accurate, economical, convenient and satisfactory air package and cargo transportation services through customer-oriented, market driven operations with the end of advanced communications technologies, and develop telecommunications and information businesses.
- Article 13                 The Company's scope of business shall be consistent with and subject to the scope of business approved by the authority responsible for the registration of the Company.
- The Company's scope of business includes: International and domestic scheduled and unscheduled air passenger, air cargo, mail and luggage transportation; domestic and international business aviation services; management and administration of aircraft, aircraft maintenance, repair and overhaul services, business agency among airlines companies; and ground services, air express service (other than mails and objects of the same nature as mails) related to the main business; onboard duty free items, retail of goods onboard and underwriting the aviation accident insurance; import and export businesses; hotel management; undertaking exhibitions; conference services; property management; design, production, agency and publish of advertisement; technology training; lease of self-owned property; rental of machinery and equipment; accommodation; catering services; sales of handicrafts and souvenirs; wholesale of agriculture, forestry, animal husbandry and fishery products, wholesale of food, beverages and tobacco

products, wholesale of textiles, clothing and household goods, wholesale of culture, sporting goods and equipment, wholesale of mineral products, building materials and chemical products, wholesale of machinery and equipment, hardware and electronic products, general retail, special retail of food, beverage and tobacco products, special retail of textiles, clothing and daily necessities, special retail of cultural and sporting goods and equipment, sales of automobiles, motorcycles, spare parts and fuels and other types of energy resources, special retail of household appliances and electronics, special retail of hardware, furniture and interior decoration materials, and Internet retailing. (Catering services, accommodation and other projects subject to approval in accordance with the law shall be operated with the approval of relevant authorities to the extent authorized by the approval.)

Article 14                      Based on its business development needs and upon approval of the relevant governmental authorities, the Company may adjust its scope of business and manner of operation from time to time, and may establish branch organisations and/or representative offices (irrespective of whether controlled or owned by it) in the PRC or overseas.

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

Article 15                      There shall, at all times, be ordinary shares in the Company. Subject to the approval of the companies approving department authorized by the State Council, the Company may, according to its requirements, create different classes of shares.

Article 16                      The shares issued by the Company shall each have a par value of Renminbi one (1.00) yuan.

“Renminbi” referred to in the previous paragraph means the legal currency of the PRC.

Article 17                      Subject to the approval of the authority in charge of securities of the State Council, the Company may issue shares to Domestic Investors and Foreign Investors.

“Foreign Investors” referred to in the previous paragraph mean those investors who subscribe for the shares issued by the Company and who are located in foreign countries and in the regions of Hong Kong, Macau and Taiwan. “Domestic Investors” mean those investors who subscribe for the shares issued by the Company and who are located within the territory of the PRC.



Article 18 Shares which the Company issues to Domestic Investors for subscription in Renminbi shall be referred to as “Domestic Shares”. Shares which the Company issues to Foreign Investors for subscription in foreign currencies shall be referred to as “Foreign Shares”. Foreign Shares which are listed overseas are called “Overseas-Listed Foreign Shares”. Both holders of Domestic Shares and holders of Foreign Shares are holders of ordinary shares, and have the same obligations and rights.

“Foreign currencies” means the legal currencies of countries or outside the PRC which are recognised by the foreign exchange authority of the State and which can be used to pay the share price to the Company.

Article 19 A Shares are ordinary shares in Renminbi that have been admitted for listing on domestic stock exchanges. H Shares are shares that have been admitted for listing on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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

Article 20 Upon the approval of the companies approving department authorized by the State Council, the Company issued 6,500,000,000 ordinary shares to the promoters at the time when the Company was established. At the time of establishment, the capital contribution of the promoters of the Company was as follows:

Name of Promoters	Number of Shares Subscribed	Method of Capital Contribution	Date of Capital Contribution
China National Aviation Holding Company	5,054,276,915	A capital contribution of RMB560,782,100 was made in cash and a contribution of RMB6,451,765,800 was made in form of the assets and liability of its subsidiaries and those relating to its principal passenger and cargo businesses	9 September 2004

<b>Name of Promoters</b>	<b>Number of Shares Subscribed</b>	<b>Method of Capital Contribution</b>	<b>Date of Capital Contribution</b>
China National Aviation Corporation (Group) Limited	1,445,723,085	A capital contribution of RMB2,005,866,000 was made in form of equity interest	9 September 2004

## Article 21

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

The share capital structure of the Company after the issue and sale referred to in the previous paragraph shall be as follows: the Company has a total of 9,433,210,909 ordinary shares in issue, of which China National Aviation Holding Company holds 4,826,195,989 Domestic Shares, representing approximately 51.16% of the Company's total share capital; China National Aviation Corporation (Group) Limited holds 1,380,482,920 Foreign Shares, representing approximately 14.64% of the Company's total share capital; other holders of the H Shares hold 3,226,532,000 shares, representing approximately 34.20% of the Company's total share capital.

Upon completion of the offering of the H Shares set forth above and subject to the approval in form of a special resolution adopted at the shareholders' general meeting, the general meeting for holders of the domestic shares and the general meeting for holders of the foreign shares, the Company has issued 1,639,000,000 A shares in 2006. China National Aviation Holding Company, a shareholder of the Company, also increased its shareholding in the Company to a total amount of 122,870,578 shares pursuant to its undertakings made to China Securities Regulatory Commission (the "CSRC"). The share capital structure of the Company after the said capital increase and the said increase in shareholding of the shareholder shall be as follows:

the Company has a total of 11,072,210,909 ordinary shares in issue, of which China National Aviation Holding Company holds 4,949,066,567 A Shares, representing approximately 44.70% of the Company's total share capital; China National Aviation Corporation (Group) Limited holds 1,380,482,920 A Shares, representing approximately 12.47% of the Company's total share capital; other holders of A Shares hold 1,516,129,422 shares, representing approximately 13.69% of the Company's total share capital; holders of H Shares hold 3,226,532,000 shares, representing approximately 29.14% of the Company's total share capital.

Upon the completion of the issuance of A shares and subject to the approval after verification by competent examination and approval departments authorized by the State Council, the Company has issued 1,179,151,364 H Shares to Cathay Pacific Airways Limited, a shareholder of the Company, in 2006.

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

Upon the completion of the aforesaid non-public issue of A Shares and H Shares, as approved by the approving authority authorised by the State Council, the Company has issued 192,796,331 new A Shares to China National Aviation Holding Company, a shareholder of the Company, on a non-public issue basis in the year of 2013.

Upon the completion of the aforesaid non-public issue of A Shares, as approved by the approving authority authorised by the State Council, the Company has issued 1,440,064,181 A Shares on a non-public issue basis in the year of 2017.

The present share capital structure of the Company is as follows: the Company has a total of 14,524,815,185 ordinary shares in issue, of which 9,962,131,821 shares are held by holders of A Shares, representing approximately 68.59% of the Company's total share capital, and 4,562,683,364 shares are held by holders of H Shares, representing approximately 31.41% of the Company's total share capital.

## Article 22

The Company's board of directors may take all necessary action for the issuance of Overseas-Listed Foreign Shares and A Shares after proposals for issuance of the same have been approved by the securities authority of the State Council.

The Company may implement its proposal to issue Overseas-Listed Foreign Shares and A Shares pursuant to the preceding paragraph within fifteen (15) months from the date of approval by the CSRC.

Article 23                   Where the total number of shares stated in the proposal for the issuance of shares includes Overseas-Listed Foreign Shares and A Shares, such shares shall be fully subscribed for at their respective offerings. If the shares cannot be fully subscribed for all at once due to special circumstances, the shares may, subject to the approval of the securities authority of the State Council, be issued in separate tranches.

Article 24                   The registered capital of the Company is RMB14,524,815,185.

Article 25                   The Company may, based on its operating and development needs, authorize the increase of its capital pursuant to the Articles of Association.

The Company may increase its capital in the following ways:

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

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

Article 26                   Except as provided for by other provisions of law and administrative regulations, shares of the Company may be freely transferred without any lien attached.

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

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

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

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

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

#### Article 29

The Company may, in accordance with the procedures set out in the Company's Articles of Association and with the approval of the relevant governing authority of the State, repurchase its issued shares under the following circumstances:

- (1) cancellation of shares for the purposes of reducing its capital;
- (2) merging with another company that holds shares in the Company;
- (3) granting shares as an incentive to the employees of the Company;
- (4) acquiring as requested the shares of shareholders who vote against any resolution on the merger or demerger of the Company adopted at a shareholders' general meeting;
- (5) other circumstances permitted by laws and administrative regulations.

The Company's repurchase of its issued shares shall comply with the provisions of Article 30 to Article 33 of these Articles of Association.

#### Article 30

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

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

- (4) by any other mean which is permitted by law and administrative regulations and by the authority in charge of securities of the State Council.

#### Article 31

The Company must obtain the prior approval of the shareholders in a general meeting, in accordance with the Articles of Association of the Company, before it may repurchase shares outside of the stock exchange by means of an agreement. The Company may, by obtaining the prior approval of the shareholders in a general meeting (in the same manner), release, vary or waive its rights under an agreement which has been entered into in the manner set out above.

An agreement for the repurchase of shares referred to in the preceding paragraph includes (but is not limited to) an agreement to become liable to repurchase shares or an agreement to have the right to repurchase shares.

The Company may not assign an agreement for the repurchase of its shares or any right contained in such an agreement.

#### Article 32

Shares which have been lawfully repurchased by the Company shall be cancelled or transferred within the period prescribed by law, administrative regulation and the relevant Listing Rules, and, in the case of cancellation of shares, the Company shall apply to the original companies registration authority for registration of the change in its registered capital.

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

#### Article 33

Unless the Company is in the course of liquidation, it must comply with the following provisions in relation to repurchase of its issued shares:

- (1) where the Company repurchases shares at par value, payment shall be made out of the book balance of distributable profits of the Company or out of proceeds of a new issue of shares made for that purpose;
- (2) where the Company repurchases shares of the Company at a premium to its par value, payment up to the par value may be made out of the book balance of distributable profits of the Company or out of the proceeds of a new issue of shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:
  - (i) if the shares being repurchased were issued at par value, payment shall be made out of the book balance of distributable profits of the Company;

- (ii) if the shares being repurchased were issued at a premium to its par value, payment shall be made out of the book balance of distributable profits of the Company or out of the proceeds of a new issue of shares made for that purpose, provided that the amount paid out of the proceeds of the new issue shall not exceed the aggregate amount of premiums received by the Company on the issue of the shares repurchased nor shall it exceed the book value of the Company's capital common reserve fund account (including the premiums on the new issue) at the time of the repurchase;
- (3) the Company shall make the following payments out of the Company's distributable profits:
  - (i) payment for the acquisition of the right to repurchase its own shares;
  - (ii) payment for variation of any contract for the repurchase of its shares;
  - (iii) payment for the release of its obligation(s) under the contract for the repurchase of its shares;
- (4) after the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value of shares which have been repurchased shall be transferred to the Company's capital common reserve fund account.

## **CHAPTER 5 : FINANCIAL ASSISTANCE FOR THE ACQUISITION OF SHARES**

### **Article 34**

The Company or its subsidiaries shall not, at any time, provide any form of financial assistance to a person who is acquiring or is proposing to acquire shares in the Company. This includes any person who directly or indirectly incurs any obligations as a result of the acquisition of shares in the Company (the "Obligor").

The Company or its subsidiaries shall not, at any time, provide any form of financial assistance to the Obligor for the purposes of reducing or discharging the obligations assumed by such Obligor.

This Article shall not apply to the circumstances specified in Article 36 of these Articles of Association.

Article 35

For the purposes of this Chapter, “financial assistance” includes (without limitation) the following:

- (1) gift;
- (2) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the Obligor), indemnity (other than indemnity in respect of the Company’s own default) or release or waiver of any rights;
- (3) provision of loan, or any other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, or the change in parties to, or the assignment of rights under, such loan or agreement;
- (4) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

For the purposes of this Chapter, “assumption of obligations” includes the assumption of obligations by way of contract or by way of arrangement (irrespective of whether such contract or arrangement is enforceable or not and irrespective of whether such obligation is to be borne solely by the Obligor or jointly with other persons) or by any other means which results in a change in his financial position.

Article 36

The following actions shall not be deemed to be activities prohibited by Article 34 of these Articles of Association:

- (1) the provision of financial assistance by the Company where the financial assistance is given in the interests of the Company, and the principal purpose of which is not for the acquisition of shares in the Company, or the giving of the financial assistance is an incidental part of some larger purpose of the Company;
- (2) the lawful distribution of the Company’s assets by way of dividend;
- (3) the allotment of bonus shares as dividends;
- (4) a reduction of registered capital, a repurchase of shares of the Company or a reorganisation of the share capital structure of the Company effected in accordance with the Articles of Association;



- (5) the lending of money by the Company within its scope of business and in the ordinary course of its business, where the lending of money is part of the scope of business of the Company (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits of the Company);
- (6) contributions made by the Company to employee share ownership schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits of the Company).

## **CHAPTER 6 : SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS**

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

The share certificate of the Company shall contain the following main particulars:

- (1) the name of the Company;
- (2) the date of registration and incorporation of the Company;
- (3) the class of shares, par value and number of shares it represents;
- (4) the share certificate number;
- (5) other matters required to be stated therein by the Company Law, Special Regulations and the stock exchange(s) on which the Company's shares are listed.

Article 38                      Share certificates of the Company may be assigned, given as a gift, inherited or charged in accordance with relevant provisions of laws, administrative regulations and these Articles of Association.

For assignment and transfer of share certificates, relevant registration shall be carried out with the share registration institution authorized by the Company.

- Article 39 Share certificates of the Company shall be signed by the legal representative of the Company's board of directors. Where the stock exchange(s) on which the Company's shares are listed require other senior officer(s) of the Company to sign on the share certificates, the share certificates shall also be signed by such senior officer(s). The share certificates shall take effect after being affixed with the seal of the Company (including the seal of the Company especially for securities). The share certificate shall be affixed with the seal of the Company or the seal of the Company especially for securities under the authorization of the board of directors. The signatures of the Chairman of the board of directors or other senior officer(s) of the Company may be in printed form.
- Article 40 The Company shall not accept any pledge being created over its own shares.
- Article 41 During their terms of office, directors, supervisors, president, vice presidents and other senior officers shall report periodically to the Company their shareholdings in the Company and the change of such shareholdings. The transfer of shares by such personnel shall be conducted in accordance with the law, regulations and/or relevant provisions of the Listing Rules.
- Article 42 Should the Company's directors, supervisors, president, vice president, other senior management personnel and shareholders holding more than 5% of the Company's shares sell their shares in the Company within 6 months from the date of purchase of the same, or repurchase the Company's shares within 6 months from the date of selling the same, the profits derived from such activities shall be vested in the Company. The Company's Board of Directors shall recover from the aforementioned parties the gains derived therefrom, except that the six-month time limit with respect to the sale of such shares shall not apply to any holding 5% or more of the shares of the Company by any securities company as a result of its purchase of remaining shares sold under an underwriting obligation.
- Should the Company's Board of Directors not comply with the provision set forth in the preceding paragraph and act accordingly, the shareholders shall have the right to request the Board of Directors to duly act in accordance with the same within 30 days. Should the Company's Board of Directors not act in accordance with the same within the aforementioned period, the shareholders shall have the right to initiate proceedings at a People's Court directly in his/her own name for the interests of the Company.
- Should the Company's Board of Directors not comply with the provision set forth in the first paragraph and act accordingly, the responsible Directors shall assume joint liability in accordance with the law.

- Article 43                    The Company shall keep a register of shareholders which shall contain the following particulars:
- (1)    the name (title), address (residence) and the occupation or the nature of the occupation of each shareholder;
  - (2)    the class and quantity of shares held by each shareholder;
  - (3)    the amount paid-up on or agreed to be paid-up on the shares held by each shareholder;
  - (4)    the share certificate number(s) of the shares held by each shareholder;
  - (5)    the date on which each person was entered in the register as a shareholder;
  - (6)    the date on which any shareholder ceased to be a shareholder.

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

- Article 44                    The Company may, in accordance with the mutual understanding and agreements made between the securities authority of the State Council and overseas securities regulatory organisations, maintain the register of shareholders of Overseas-Listed Foreign Shares overseas and appoint overseas agent(s) to manage such register of shareholders. The original register for holders of Overseas-Listed Foreign Shares listed in Hong Kong shall be maintained in Hong Kong.

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

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

- Article 45                    The Company shall have a complete register of shareholders, which shall comprise the following parts:
- (1)    the register of shareholders which is maintained at the Company's residence (other than those share registers which are described in subparagraphs (2) and (3) of this Article);

- (2) the register of shareholders in respect of the holders of Overseas-Listed Foreign Shares of the Company which is maintained in the same place as the overseas stock exchange on which the shares are listed; and
- (3) the register of shareholders which are maintained in such other place as the board of directors may consider necessary for the purposes of the listing of the Company's shares.

#### Article 46

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

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

#### Article 47

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

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

- (1) a fee of HK\$2.50 per instrument of transfer or such higher amount agreed from time to time by the Stock Exchange for registration of the instrument of transfer and other documents relating to the right of ownership of the shares;
- (2) the instrument of transfer only relates to Foreign-Listed Foreign Shares listed in Hong Kong;
- (3) the stamp duty which is chargeable on the instrument of transfer has already been paid;

- (4) the relevant share certificate(s) and any other evidence which the board of directors may reasonably require to show that the transferor has the right to transfer the shares have been provided;
- (5) if it is intended that the shares be transferred to joint owners, the maximum number of joint owners shall not be more than four (4); and
- (6) the Company does not have any lien on the relevant shares.

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

Article 48                      No change may be made in the register of shareholders as a result of a transfer of shares within thirty (30) days prior to the date of a shareholders' general meeting or within five (5) days before the record date for the Company's distribution of dividends. The aforementioned regulation applies to holders of H Shares.

Article 49                      When the Company intends to convene a shareholders' general meeting, distribute dividends, liquidate and engage in other activities that involve determination of shareholding, the board of directors or the convener of the shareholders' general meeting shall decide on a date for the record of shareholding. Shareholders whose names are registered on the share register after the closing of the market on such date shall be the Company's shareholders with the entitlement to the relevant rights. Should the Articles of Association have contrary requirements, the Company shall comply with such requirements.

Article 50                      Any person aggrieved and claiming to be entitled to have his name (title) entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.

Article 51                      Any person who is a registered shareholder or who claims to be entitled to have his name (title) entered in the register of shareholders in respect of shares in the Company may, if his share certificate (the "original certificate") relating to the shares is lost, apply to the Company for a replacement share certificate in respect of such shares (the "Relevant Shares").

Application by a holder of A Shares, who has lost his share certificate, for a replacement share certificate shall be dealt with in accordance with Article 143 of the Company Law.

Application by a holder of Overseas-Listed Foreign Shares, who has lost his share certificate, for a replacement share certificate may be dealt with in accordance with the law of the place where the original register of shareholders of holders of Overseas-Listed Foreign Shares is maintained, the rules of the stock exchange or other relevant regulations.

The issue of a replacement share certificate to a holder of H Shares, who has lost his share certificate, shall comply with the following requirements:

- (1) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarial certificate or a statutory declaration, stating the grounds upon which the application is made, the circumstances and evidence of the loss; and declaring that no other person is entitled to have his name entered in the register of shareholders in respect of the Relevant Shares.
- (2) The Company has not received any declaration made by any person other than the applicant declaring that his name shall be entered into the register of shareholders in respect of such shares before it decides to issue a replacement share certificate to the applicant.
- (3) The Company shall, if it intends to issue a replacement share certificate, publish a notice of its intention to do so at least once every thirty (30) days within a period of ninety (90) consecutive days in such newspapers as may be prescribed by the board of directors.
- (4) The Company shall, prior to publication of its intention to issue a replacement share certificate, deliver to the stock exchange on which its shares are listed, a copy of the notice to be published and may publish the notice upon receipt of confirmation from such stock exchange that the notice has been exhibited in the premises of the stock exchange. Such notice shall be exhibited in the premises of the stock exchange for a period of ninety (90) days.

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

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

Article 52                      Where the Company has issued a replacement share certificate pursuant to the Articles of Association and a bona fide purchaser acquires or becomes the registered owner of such shares, his name (title) shall not be removed from the register of shareholders.

Article 53                      The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original share certificate or the issuance of the replacement share certificate unless the claimant is able to prove that the Company has acted in a fraudulent manner.

## **CHAPTER 7 : SHAREHOLDERS' RIGHTS AND OBLIGATIONS**

Article 54                      A shareholder of the Company is a person who lawfully holds shares in the Company and whose name (title) is entered in the register of shareholders. A shareholder shall enjoy rights and assume obligations according to the class and amount of shares held by him; shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations.

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

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

- (1) the right to receive dividends and other distributions in proportion to the number of shares held;
- (2) the right to request to convene, convene, preside over, attend or appoint a proxy to attend shareholders' general meetings and to vote thereat in proportion to the number of shares in their possession pursuant to the laws;
- (3) the right of supervisory management over the Company's business operations and the right to present proposals or to raise queries;
- (4) the right to transfer, donate or pledge the shares in their possession in accordance with laws, administrative regulations and provisions of the Articles of Association;
- (5) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:
  - (i) the right to obtain a copy of the Articles of Association, subject to payment of costs;
  - (ii) the right to inspect and copy, subject to payment of a reasonable fee:
    - (a) all parts of the register of shareholders;
    - (b) personal particulars of each of the Company's directors, supervisors, president, vice presidents and other senior officers, including:
      - (aa) present and former name and alias;
      - (bb) principal address (place of residence);
      - (cc) nationality;
      - (dd) primary and all other part-time occupations and duties;
      - (ee) identification documents and the numbers thereof;
    - (c) report on the state of the Company's share capital;



- (d) reports showing the aggregate par value, quantity, highest and lowest price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount paid by the Company for this purpose;
  - (e) minutes of shareholders' general meetings;
  - (f) counterfoils of corporate bonds, resolutions of the board of directors, resolutions of the supervisory board, financial and accounting report;
- (6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of surplus assets of the Company in accordance with the number of shares held;
  - (7) With respect to shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or demerger of the Company, the right to request the Company to acquire their shares;
  - (8) the right to file the proceedings with, and bring its claim against a third party which has impaired the benefits of the Company or infringed the lawful interests of the shareholders before, a People's Court in accordance with the Company law or other laws and administrative regulations;
  - (9) other rights conferred by laws, administrative regulations, departmental rules and regulations and the Articles of Association of the Company.

#### Article 56

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

- (1) to comply with the Articles of Association;
- (2) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) unless otherwise provided for by the laws and regulations, not to withdraw their shares;
- (4) not to abuse the rights of the shareholders to impair the interests of the Company or other shareholders; not to abuse the independent legal person status of the Company and the enjoyment of limited liabilities of the shareholders to impair the Company's creditors interest. Should the

Company's shareholders abuse their shareholder's rights and cause losses to the Company or other shareholders, the said shareholders shall be liable for damages pursuant to the law. Should the Company's shareholders abuse the Company's independent legal person status and the enjoyment of limited liabilities of the shareholders to evade debt liabilities, resulting in materially impairing the interests of the Company's creditors, the said shareholders shall bear joint and several liabilities to the Company's debts;

- (5) other obligations imposed by laws, administrative regulations and the Articles of Association.

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

Article 57                      Should a shareholders holding 5% or more of the voting shares pledges any shares in his/her possession, he or she shall submit to the Company a written report on the day on which he/she pledges his/her shares.

Article 58                      The controlling shareholders and the de facto controlling persons of the Company shall not make use of its connected relationship to impair the Company's interest. The abovementioned persons who violate such provisions and cause losses to the Company shall be liable for damages to the Company.

The controlling shareholders and the de facto controlling persons of the Company shall have fiduciary duties to both the Company and its public shareholders. The controlling shareholders shall exercise its rights as a capital contributor in strict compliance with the law. The controlling shareholders shall neither impair the legal interests of the Company and the public shareholders through profit distribution, asset restructuring, external investment, use of funds, provision of guarantee by borrowing funds as well as other methods, nor shall they make use of its controlling position to impair the interest of the Company and the public shareholders.

Article 59                      In addition to the obligations imposed by laws and administrative regulations or required by the listing rules of the stock exchange on which the Company's shares are listed, a controlling shareholder shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of all or part of the shareholders of the Company:

- (1) to relieve a director or supervisor of his duty to act honestly in the best interests of the Company;

- (2) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the Company's assets in any way, including (but not limited to) opportunities which are beneficial to the Company;
- (3) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (but not limited to) rights to distributions and voting rights, save pursuant to a restructuring which has been submitted for approval by the shareholders in a general meeting in accordance with the Articles of Association.

Article 60

For the purpose of the foregoing Article, a “controlling shareholder” means a person who satisfies any one of the following conditions:

- (1) a person who, acting alone or in concert with others, has the power to elect more than half of the board of directors;
- (2) a person who, acting alone or in concert with others, has the power to exercise or to control the exercise of 30% or more of the voting rights in the Company;
- (3) a person who, acting alone or in concert with others, holds 30% or more of the issued and outstanding shares of the Company;
- (4) a person who, acting alone or in concert with others, has de facto control of the Company in any other way.

## **CHAPTER 8 : SHAREHOLDERS' GENERAL MEETINGS**

Article 61

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

Article 62

The shareholders' general meeting shall have the following functions and powers:

- (1) to decide on the Company's operational policies and investment plans;
- (2) to elect and replace directors (excluding the employee representative director) and to decide on matters relating to the remuneration of directors;

- (3) to elect and replace supervisors appointed from personnel who are not representatives of the employees and to decide on matters relating to the remuneration of supervisors;
- (4) to examine and approve the board of directors' reports;
- (5) to examine and approve the supervisory committee's reports;
- (6) to examine and approve the Company's proposed preliminary and final annual financial budgets;
- (7) to examine and approve the Company's profit distribution plans and loss recovery plans;
- (8) to decide on the increase or reduction of the Company's registered capital;
- (9) to decide on matters such as merger, division, dissolution, liquidation or change of the form of the Company;
- (10) to decide on the issue of debentures by the Company;
- (11) to decide on the appointment, dismissal and non-reappointment of the accountants of the Company;
- (12) to amend the Articles of Association;
- (13) to resolve the material purchase and sale of assets with a value in excess of 30% of the most recent audited total assets of the Company during the year;
- (14) to resolve issues relating to the provision of guarantee in favour of third parties that must be approved at the shareholders' general meeting in accordance with the laws, administrative regulations and Articles of Association;
- (15) to consider and approve the variation of use of proceeds;
- (16) to consider the shares incentive program;
- (17) to decide on other matters which, according to law, administrative regulation, departmental rules and regulations or the Articles of Association, need to be approved by shareholders in general meetings;

## Article 63

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

- (1) Any guarantee to be provided by the Company and its controlling subsidiaries, with the total amount of the guarantee provided in favour of third parties that reaches or exceeds 50% of the most recent audited net assets;
- (2) guarantees to be provided in favour of an entity which is subject to a gearing ratio of over 70%;
- (3) any single guarantee with an amount which exceeds 10% of the most recent audited net asset value of the Company;
- (4) guarantees to be provided in favour of any shareholder, person who exercises effective control over the Company and its affiliates;
- (5) any guarantee provided by the Company in favour of third parties with the total amount of the guarantee reaches or exceeds 30% of the most recent audited total assets;
- (6) matters relating to the provision of guarantee that need to be submitted to the shareholders' general meeting for examination and approval as required by other laws and regulations and the Articles of Association of the Company.

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

Article 64                      Matters which should be determined at a shareholders' general meeting as stipulated by the laws, administrative regulations and these Articles of Association must be considered at a shareholders' general meeting in order to protect the right of the Company's shareholders to make decision over such matters. When necessary or under reasonable circumstances, the shareholders' general meeting may authorize the board of directors to make a decision within its scope of authorization granted at a shareholders' general meeting on specific issues which are related to matters to be resolved but cannot be determined immediately at the shareholders' general meeting.

With respect to granting authorization to the board of directors at the shareholders' general meeting, if a matter for authorization is the matter subject to an ordinary resolution, such authorization shall be adopted by more than one-half (1/2) (exclusive of one-half) of the voting rights held by shareholders (including their agents) attending the shareholders' general meeting; if a matter for authorization is the matter subject to special resolution, such authorization shall be adopted by more than two-thirds (2/3) of the voting rights held by shareholders (including their agents) attending the shareholders' general meeting. The content of the scope of authorization shall be clear and specific.

Article 65                      The Company shall not, without the prior approval of shareholders in a general meeting, enter into any contract with any person (other than a director, supervisor, president, vice presidents and other senior officers) pursuant to which such person shall be responsible for the management and administration of the whole or any substantial part of the Company's business.

Article 66                      Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. The annual general meetings shall be convened once every year and shall be held within six months from the end of the preceding financial year. Meeting venues shall be fixed for the shareholders' general meetings, and the shareholders' general meetings shall be convened in the on-site conference mode.

The Company shall facilitate the shareholders participating in the shareholders' general meetings through all practicable manners and means and priority shall be given to modern information technological means such as voting platform through internet, provided that the legality and effectiveness of the shareholders' general meeting are ensured. Shareholders are deemed to be present in the shareholders' general meetings through the aforesaid means.

The Company shall convene an extraordinary general meeting within two months of the occurrence of any one of the following events:

- (1) where the number of directors is less than the minimum number stipulated in the Company Law or two-thirds of the number specified in the Articles of Association;
- (2) where the unrecovered losses of the Company amount to one-third of the total amount of its share capital;
- (3) where shareholders who separately or jointly holds more than 10% of the total Company's shares make such request in writing;
- (4) whenever the board of directors deems necessary or the supervisory committee so requests;
- (5) under other conditions as provided for by the laws, administrative regulations, departmental rules and regulations or the Articles of Association.

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

#### Article 67

When the Company convenes a shareholders' general meeting, written notice of the meeting shall be given forty-five (45) days before the date of the meeting to notify all of the shareholders whose names appear on the share register of the matters to be considered and the date and place of the meeting. A shareholder who intends to attend the meeting shall deliver to the Company his written reply concerning his attendance at such meeting twenty (20) days before the date of the meeting.

However, the convening of a shareholders' general meeting shall not be subject to the above notice period requirements of all of the promoter shareholders shall have agreed in writing.

#### Article 68

Where the Company convenes a shareholders' general meeting, the board of directors, the supervisory committee and shareholders who separately or jointly hold 3% or more of the shares of the Company may submit proposals to the Company.

Shareholders who hold, separately or jointly, more than 3% of the Company's shares can propose an extraordinary resolution in writing to the convenor 10 days prior to the shareholders' general meeting. Within 2 days after the receipt of the extraordinary resolution, the convenor shall issue a supplementary notice of the general meeting to announce the content of the extraordinary resolution. If it is otherwise provided for under the listing rules of the jurisdictions where the shares of the Company are listed, such requirements shall also be complied with.

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

#### Article 69

The Company shall, based on the written replies which it receives from the shareholders twenty (20) days before the date of the shareholders' general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting amount to more than one-half of the Company's total voting shares, the Company may hold the meeting; if not, then the Company shall, within five (5) days, further notify the shareholders by way of public announcement the matters to be considered at, and the place and date for, the meeting. The Company may then hold the meeting after publication of such announcement.

#### Article 70

Matters for discussion and determination at a shareholder's general meeting shall be determined in accordance with the Company Law and the Articles of Association. The shareholders' general meeting may determine any matter stipulated by the Articles of Association.

Issues not specified in the notice as provided for in Article 67 and Article 68 of the Articles of Association or proposals which do not conform with the requirements contained in Article 71 of the Articles of Association shall not be voted and resolved at the shareholders' general meetings.



Article 71

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

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

Article 72

A notice of a meeting of the shareholders of the Company shall satisfy the following criteria:

- (1) be in writing;
- (2) specify the place, date and time of the meeting;
- (3) state the matters to be discussed at the meeting;
- (4) provide such information and explanation as are necessary for the shareholders to make an informed decision on the proposals put before them. Without limiting the generality of the foregoing principle, where a proposal is made to amalgamate the Company with another, to repurchase the shares of the Company, to reorganise its share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of such proposal must be properly explained;
- (5) contain a disclosure of the nature and extent, if any, of the material interests of any director, supervisor, president, vice presidents and other senior officers in the proposed transaction and the effect which the proposed transaction will have on them in their capacity as shareholders insofar as it is different from the effect on the interests of shareholders of the same class;
- (6) contain the full text of any special resolution to be proposed at the meeting;

- (7) contain a conspicuous statement that a shareholder entitled to attend and vote at such meeting is entitled to appoint one (1) or more proxies to attend and vote at such meeting on his behalf and that a proxy need not be a shareholder;
- (8) specify the time and place for lodging proxy forms for the relevant meeting.

#### Article 73

Notice of shareholders' general meeting shall be served on the shareholders (whether or not such shareholder is entitled to vote at the meeting), by personal delivery or by prepaid mail to the address of the shareholder as shown in the register of shareholders.

For the holders of A shares, notice of the meetings may be issued by way of public announcement. Such public announcement shall be published in one (1) or more national newspapers designated by the securities authority of the State Council within the interval of forty-five (45) days to fifty (50) days before the date of the meeting; after the publication of such announcement, all holders of A shares shall be deemed to have received the notice of the relevant shareholders' meeting.

For holders of Overseas-Listed Foreign Shares, subject to compliance with the laws and regulations and the relevant listing rules of the jurisdictions where the shares of the Company are listed, the notice of shareholders' general meeting may also be issued by other means as specified in Article 231 herein.

#### Article 74

The accidental omission to give notice of a meeting to, or the failure to receive the notice of a meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions adopted thereat.

#### Article 75

Any shareholder who is entitled to attend and vote at a general meeting of the Company shall be entitled to appoint one (1) or more persons (whether such person is a shareholder or not) as his proxies to attend and vote on his behalf, and a proxy so appointed shall be entitled to exercise the following rights pursuant to the authorization from that shareholder:

- (1) the shareholders' right to speak at the meeting;
- (2) the right to demand or join in demanding a poll;
- (3) unless otherwise required by the applicable listing rules or other securities laws and regulations, the right to vote by hand or on a poll, but a proxy of a shareholder who has appointed more than one (1) proxy may only vote on a poll.

If the shareholder is the recognized clearing house defined by the applicable listing rules or other securities laws and regulations, such shareholder is entitled to appoint one or more persons as his proxies to attend on his behalf at a general meeting or at any class meeting, but, if one or more persons have such authority, the letter of authorization shall contain the number and class of the shares in connection with such authorization. Such person can exercise the right on behalf of the recognized clearing house (or its attorney) as if he is an individual shareholder of the Company.

Article 76

The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing, or if the appointor is a legal entity, either under seal or under the hand of a director or a duly authorized attorney. The letter of authorization shall contain the number of the shares to be represented by the attorney. The letter of authorization shall specify the number of shares to be represented by the attorney. If several persons are authorized as the attorney of the shareholder, the letter of authorization shall specify the number of shares to be represented by each attorney.

Article 77

The instrument appointing a voting proxy and, if such instrument is signed by a person under a power of attorney or other authority on behalf of the appointor, a notary certified copy of that power of attorney or other authority shall be deposited at the premises of the Company or at such other place as is specified for that purpose in the notice convening the meeting, not less than twenty-four (24) hours before the time for holding the meeting at which the proxy propose to vote or the time appointed for the passing of the resolution.

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

Article 78

Any form issued to a shareholder by the directors for use by such shareholder for the appointment of a proxy to attend and vote at meetings of the Company shall be such as to enable the shareholder to freely instruct the proxy to vote in favour of or against the motions and provide shareholders with opportunities of instructing the proxy to vote on each individual matter to be voted on at the meeting. Such a form shall contain a statement that, in the absence of specific instructions from the shareholder, the proxy may vote as he thinks fit.

- Article 79                   A vote given in accordance with the terms of a proxy shall be valid notwithstanding the death or loss of capacity of the appointor or revocation of the proxy or the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that the Company did not receive any written notice in respect of such matters before the commencement of the relevant meeting.
- Article 80                   In the course of considering matters relating to connected transactions at a shareholders' general meeting, the connected shareholders shall abstain from voting. The number of shares carrying the voting rights held by such shareholders shall be excluded from the total number of valid votes. The voting result of the non-connected shareholders shall be fully disclosed in the announcement of the resolution of the shareholders' general meeting.
- The said connected shareholders means the following shareholders: shareholders who are connected parties or, in case of non-connected parties, persons who have material interests in transactions pending for resolution or their associates pursuant to the applicable securities listing rules as amended from time to time.
- Article 81                   If an individual shareholder appoints a proxy to attend the shareholders' general meeting, such proxy shall present his/her own identification documents and the power of attorney signed by the appointor. If the legal representative of a legal person shareholder appoints a proxy to attend the shareholders' general meeting, such proxy shall present his/her own identification documents and the power of attorney signed by the legal representative. If a person is authorized by resolution to attend the shareholders' general meeting upon resolutions at the board of directors of a legal person shareholder or other decision making authority, such person shall present his/her own identification documents and

the written authorization issued upon resolution by the board of directors of the legal person shareholder or other decision making authority with the legal person seal affixed thereon. The letter of authorization shall specify its date of issue.

#### Article 82

The Company's board of directors, independent directors and shareholders who have satisfied certain conditions (which are determined based on such standards as promulgated from time to time by the relevant competent authorities) may publicly solicit the voting rights from shareholders at a shareholders' general meeting. In soliciting voting rights of shareholders, information such as specific voting intention shall be sufficiently disclosed to the shareholders from whom voting rights are being solicited. Consideration or de facto consideration for solicitation of voting rights is prohibited. The Company may not propose any minimum shareholding restriction on the solicitation of voting rights. Any person who publicly solicits voting rights from the shareholders of the Company shall also comply with other provisions stipulated by the relevant competent authorities and the stock exchanges on which the shares of the Company are listed and traded.

#### Article 83

Resolutions of shareholders' general meetings shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution must be passed by votes representing more than one-half (exclusive of one-half) of the voting rights represented by the shareholders (including proxies) present at the meeting.

A special resolution must be passed by votes representing more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting.

#### Article 84

A shareholder (including a proxy), when voting at a shareholders' general meeting, may exercise such voting rights as are attached to the number of voting shares which he represents. Except otherwise provided for election of directors in Article 111 and election of supervisors in Article 150 of these Articles of Association in connection with the adoption of the cumulative voting system for election of directors, each share shall have one (1) vote. The shares held by the Company itself shall not be attached with voting rights. Those shares shall not be counted as the total number of voting shares held by shareholders attending the shareholders' general meetings.

Where material issues affecting the interests of small and medium investors are being considered in the shareholders' general meeting, the votes by small and medium investors shall be counted separately. The separate counting results shall be disclosed to the public in a timely manner.

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

Article 85                      At any shareholders' general meeting, a resolution shall be decided on a show of hands unless a poll is demanded:

- (1) by the chairman of the meeting;
- (2) by at least two (2) shareholders present in person or by proxy entitled to vote thereat;
- (3) by one (1) or more shareholders (including proxies) representing 10% or more of the shares (held solely or in combination) carrying the right to vote at the meeting, before or after a vote is carried out by a show of hands.

Unless otherwise required by the applicable listing rules or other securities laws and regulations or a poll is demanded, a declaration by the chairman that a resolution has been passed on a show of hands and the record of such in the minutes of the meeting shall be conclusive evidence of the fact that such resolution has been passed without proof of the number or proportion of votes in favour of or against such resolution.

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

Article 86                      A poll demanded on the election of the chairman of the meeting, or on a question of adjournment of the meeting, shall be taken forthwith. Unless the applicable listing rules or other securities laws and regulations require otherwise, a poll demanded on any other question shall be taken at such time as the chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

Article 87                      On a poll taken at a meeting, a shareholder (including a proxy) entitled to two (2) or more votes need not cast all his votes in the same way.

Article 88                      In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall have a casting vote.

Article 89

The following matters shall be resolved by an ordinary resolution at a shareholders' general meeting:

- (1) work reports of the board of directors and the supervisory committee;
- (2) profit distribution plans and loss recovery plans formulated by the board of directors;
- (3) election or removal of members of the board of directors and members of the supervisory committee, their remuneration and manner of payment;
- (4) annual preliminary and final budgets, balance sheets and profit and loss accounts and other financial statements of the Company;
- (5) the appointment, removal or non-reappointment of an accounting firm;
- (6) matters other than those which are required by the laws and administrative regulations or by the Company's Articles of Association to be adopted by special resolution.

Article 90

The following matters shall be resolved by a special resolution at a shareholders' general meeting:

- (1) the increase or reduction in share capital and the issue of shares of any class, warrants and other similar securities;
- (2) the issue of debentures of the Company;
- (3) the demerger, merger, dissolution and liquidation or change of the form of the Company;
- (4) amendment of the Articles of Association;
- (5) the material purchase or sale of assets or the provision of guarantee by the Company during the year that is in excess of 30% of the most recent audited total assets value of the Company;
- (6) the shares incentive program;
- (7) any other matter as provided for by the laws, administrative regulations, departmental rules and regulations or the Articles of Association, and as considered by the shareholders at a shareholders' general meeting, and resolved by way of an ordinary resolution, which is of a nature which may have a material impact on the Company and should be adopted by special resolution.

- Article 91 Any resolution adopted by a shareholders' general meeting shall comply with relevant provisions of PRC laws, administrative regulations and these Articles of Association.
- Article 92 The following procedures shall be adopted should the independent directors, the supervisory committee, shareholders who separately or jointly hold voting shares in excess of 10% request for convening of an extraordinary general meeting or class meeting:
- (1) The said directors, supervisory committee and shareholders shall sign a copy, or several copies, of written request in the same form and substance, and request the board of directors to convene an extraordinary general meeting or a class meeting, with clearly stated topics for discussion at the meeting. Within 10 days of receiving the written request, the board of directors shall reply in writing on whether or not they agree to convene an extraordinary general meeting.
  - (2) Should the board of directors agree to convene an extraordinary general meeting or a class meeting, a notice for convening such meeting shall be issued within 5 days after the board of directors has adopted a resolution. Prior approval for making amendment to the original proposal contained in the notice shall be obtained from the original proposer.
  - (3) Should the board of directors not agree to convene an extraordinary general meeting or a class meeting as proposed by the independent directors, it shall state its reasons and issue an announcement of the same.
  - (4) Should the board of directors not agree to convene an extraordinary general meeting or a class meeting as proposed by the supervisory committee, or not provide any reply within 10 days upon receipt of the said request, the board of directors is deemed to be unable to perform or failed to perform its duties in respect of convening such meeting. The supervisory committee may convene and preside over the meeting by itself. The procedures for convening such meeting shall be identical to those employed by the board of directors for convening a shareholders' general meeting as far as practicable.
  - (5) Should the board of directors not agree to convene an extraordinary general meeting or a class meeting as proposed by the shareholders, or not provide any reply within 10 days upon receipt of the said request, the shareholders shall propose to the supervisory committee in writing to convene an extraordinary general meeting or a class meeting. Should the supervisory committee agree to convene an extraordinary general meeting



or a class meeting, it shall issue a notice for convening a shareholder's general meeting or a class meeting within 5 days of receiving the said request. Prior approval for making amendment to the original proposal contained in the notice shall be obtained from the original proposer. Should the supervisory committee not issue a notice for the shareholders' general meetings or a class meeting within the stipulated period, the supervisory committee shall be deemed to not convene and preside over such meeting and shareholders who separately or jointly hold 10% or more of the Company's shares for a consecutive 90 days or more may convene and preside over the said meeting. (Prior to the announcement of the resolutions adopted at the shareholders' general meeting, the shares held by the convening shareholders shall not be less than 10% of the total number of shares). The procedures for convening such meetings shall be identical to those employed by the board of directors for convening a shareholders' general meeting as far as practicable.

Should the supervisory committee or the shareholders convene and hold a meeting pursuant to the rules above, they shall inform the board of directors in writing, and submit their applications to the relevant supervisory departments in accordance with the applicable rules. The board of directors and the secretary to the board of directors shall provide assistance in connection with the meeting. The board of directors shall provide the share register. The Company shall bear all reasonable costs incurred by the meeting. The costs incurred shall be deducted from the amount owed by the Company to such directors who have committed negligence of duties.

#### Article 93

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

A shareholders' general meeting convened by the supervisory committee on their own shall be presided by the chairman of the supervisory committee. If the chairman of the supervisory committee is unable to or does not perform his/her duties, a supervisor jointly elected by more than half of the number of supervisors shall preside over the said meeting.

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

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

Article 94

The chairman of the meeting shall be responsible for determining whether a resolution has been passed. His decision, which shall be final and conclusive, shall be announced at the meeting and recorded in the minute book. The Company shall make a public announcement on the resolutions of the shareholders' general meeting in accordance with the applicable laws and the relevant provisions stipulated by the stock exchange(s) on which the shares of the Company are listed and traded.

Article 95

If the chairman of the meeting has any doubt as to the result of a resolution which has been put to vote at a shareholders' meeting, he may have the votes counted. If the chairman of the meeting has not counted the votes, any shareholder who is present in person or by proxy and who objects to the result announced by the chairman of the meeting may, immediately after the declaration of the result, demand that the votes be counted and the chairman of the meeting shall have the votes counted immediately.

Article 96

If votes are counted at a shareholders' general meeting, the result of the count shall be recorded in the minute book.

The Company secretary shall make the record of the shareholders' general meeting, which shall be signed by the person presiding the meeting (chairman of the meeting), directors, supervisors, board secretary and convenor attending the meeting or their representatives.

Resolutions adopted by a shareholders' general meeting shall be included in the minutes of the meeting. The record and minutes of the meeting shall be in Chinese. Such record and minutes, shareholders' attendance lists and proxy forms shall be kept at the Company's place of residence for a period of not less than 10 years.

Article 97                      Copies of the minutes of proceedings of any shareholders' meeting shall, during business hours of the Company, be open for inspection by any shareholder without charge. If a shareholder requests for a copy of such minutes from the Company, the Company shall send a copy of such minutes to him within seven (7) days after receipt of reasonable fees therefor.

## **CHAPTER 9 : SPECIAL PROCEDURES FOR VOTING BY A CLASS OF SHAREHOLDERS**

Article 98                      Those shareholders who hold different classes of shares are class shareholders.

Class shareholders shall enjoy rights and assume obligations in accordance with laws, administrative regulations and the Articles of Association.

Article 99                      Rights conferred on any class of shareholders may not be varied or abrogated save with the approval of a special resolution of shareholders in a general meeting and by holders of shares of that class at a separate meeting convened in accordance with Article 101 to Article 105 of these Articles of Association.

Article 100                     The following circumstances shall be deemed to be variation or abrogation of the rights attaching to a particular class of shares:

- (1) to increase or decrease the number of shares of that class, or to increase or decrease the number of shares of a class having voting or equity rights or privileges equal or superior to those of shares of that class;
- (2) to exchange all or part of the shares of that class for shares of another class or to exchange or to create a right to exchange all or part of the shares of another class for shares of that class;
- (3) to remove or reduce rights to accrued dividends or rights to cumulative dividends attached to shares of that class;
- (4) to reduce or remove preferential rights attached to shares of that class to receive dividends or to the distribution of assets in the event that the Company is liquidated;
- (5) to add, remove or reduce conversion privileges, options, voting rights, transfer or pre-emptive rights, or rights to acquire securities of the Company attached to shares of that class;
- (6) to remove or reduce rights to receive payment payable by the Company in particular currencies attached to shares of that class;

- (7) to create a new class of shares having voting or equity rights or privileges equal or superior to those of the shares of that class;
- (8) to restrict the transfer or ownership of shares of that class or to increase the types of restrictions attaching thereto;
- (9) to allot and issue rights to subscribe for, or to convert the existing shares into, shares in the Company of that class or another class;
- (10) to increase the rights or privileges of shares of another class;
- (11) to restructure the Company in such a way so as to result in the disproportionate distribution of obligations between the various classes of shareholders;
- (12) to vary or abrogate the provisions of this Chapter.

#### Article 101

Shareholders of the affected class, whether or not otherwise having the right to vote at shareholders' general meetings, have the right to vote at class meetings in respect of matters concerning sub-paragraphs (2) to (8), (11) and (12) of the preceding article, but interested shareholder(s) shall not be entitled to vote at such class meetings.

“(An) interested shareholder(s)”, as such term is used in the preceding paragraph, means:

- (1) in the case of a repurchase of shares by way of a general offer to all shareholders of the Company or by way of public dealing on a stock exchange pursuant to Article 30, a “controlling shareholder” within the meaning of Article 60;
- (2) in the case of a repurchase of shares by an off-market agreement pursuant to Article 30, a holder of the shares to which the proposed agreement relates;
- (3) in the case of a restructuring of the Company, a shareholder who assumes a relatively lower proportion of obligation than the obligations imposed on shareholders of that class under the proposed restructuring or who has an interest in the proposed restructuring different from the general interests of the shareholders of that class.

Article 102                      Resolutions of a class of shareholders shall be passed by votes representing more than two-thirds of the voting rights of shareholders of that class represented at the relevant meeting who, according to Article 101 of these Articles of Association, are entitled to vote thereat.

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

Article 103                      Written notice of a class meeting shall be given to all shareholders who are registered as holders of that class in the register of shareholders forty-five (45) days before the date of the class meeting. Such notice shall give such shareholders notice of the matters to be considered at such meeting, the date and the place of the class meeting. A shareholder who intends to attend the class meeting shall deliver his written reply in respect thereof to the Company twenty (20) days before the date of the class meeting.

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

The quorum of any class meeting (except for the adjournment), which is proposed to vary the rights of the above-mentioned class of shareholders, shall at least be one third of the total issued shares of the above-mentioned class.

Article 104                      Notice of class meetings need only be served on shareholders entitled to vote thereat.

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

Article 105                      Apart from the holders of other classes of shares, the holders of the A Shares and holders of Overseas-Listed Foreign Shares shall be deemed to be holders of different classes of shares. Holders of Overseas-Listed Foreign Shares shall be deemed to be holders of the same class of shares.

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

- (1) where the Company issues, upon the approval by special resolution of its shareholders in a general meeting, either separately or concurrently once every twelve (12) months, not more than 20% of each of its existing issued A Shares and Overseas-Listed Foreign Shares; or
- (2) where the Company's plan to issue A Shares and Overseas-Listed Foreign Shares at the time of its establishment is carried out within fifteen (15) months from the date of approval of the authority in charge of securities under the State Council.

## **CHAPTER 10 : THE PARTY COMMITTEE**

### **Article 106**

The Company shall establish the Party committee. The Party committee is comprised of one secretary and several other members. The positions of Chairman and the secretary of the Party committee shall be assumed by the same person in principle, and a full-time deputy secretary of the Party committee shall be appointed to take charge of the Party building work. Eligible members of the Party committee are entitled to be admitted to the board of directors, the supervisory committee, and the management through legal procedures, and eligible Party members from the board of directors, the supervisory committee, and the management are entitled to be admitted to the Party committee in accordance with relevant rules and procedures. Meanwhile, a discipline inspection committee shall be established in accordance with appropriate requirements.

### **Article 107**

The Party committee of the Company shall perform its duties by the internal laws and regulations of the Party such as the Constitution of the Communist Party of China.

- (1) To guarantee and supervise the Company's implementation of policies and guidelines of the Party and the State, implement major strategic decisions of the Central Committee of the Party and the State Council, as well as make deployment for the relevant material works of the Party committee of the State-owned Assets Supervision and Administration Commission of the State Council and the superior Party organisation.
- (2) To adhere to the principle of the Party exercising leadership over cadres, the selection of management by the board of directors, and the exercise of power as regards the right of cadres' appointment by the management in accordance with laws. The Party committee shall deliberate and give opinions on the candidates nominated by the board of directors or the

general manager, or recommend nominees to the board of directors or the general manager. The Party committee of the Company, together with the board of directors, shall observe the proposed candidates and give opinions collectively.

- (3) To study and discuss the Company's material matters on its reform, development and stability, as well as major issues relating to the Company's operation and management and to the interests of the staff, and propose opinions and suggestions thereon.
- (4) To assume full responsibility for enforcing the strict discipline of the Party. Leading the Company's ideological and political work, the front unification work, building of spiritual civilization as well as building of corporate culture, and lead mass organizations such as the labour union and the Communist Youth League. Playing a leading role in the construction of the Party's working style and a clean and honest government, and support the discipline inspection committee in fulfilling its responsibility of supervision in practice.

## **CHAPTER 11 : BOARD OF DIRECTORS**

### **Article 108**

The Company shall have a board of directors. The board of directors shall consist of 7 to 13 directors, at least half of which shall be outside directors (those who do not assume any position within the Company), and of which at least 1/3 of the overall directors shall be independent directors (meaning directors who are independent from the Company's shareholders and do not hold offices within the Company). At least one independent director shall have appropriate professional qualification, or expertise in accounting or related financial management; the board of directors shall have one (1) employee representative director.

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

### **Article 109**

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

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

The list of candidates for the director (excluding the employee representative director) shall be submitted in form of a motion to a shareholders' general meeting for consideration. Candidates other than those for independent directors and the employee representative director shall be nominated by the board of directors, supervisory committee or shareholder(s) holding, alone or together, more than three percent (3%) of the total amount of voting shares in the Company and elected at the shareholders' general meeting.

A written notice of the intention to propose a person for election as a director (excluding the employee representative director) and a notice in writing by that person indicating his acceptance of such election shall have been given to the Company seven (7) days before the date of such shareholders' general meeting. The shortest notice period for such written notice shall be 7 days.

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

The executive directors shall handle matters as authorized by the board of directors.

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

#### Article 110

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

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



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

Article 111                      At a shareholders' general meeting, the cumulative voting system shall be adopted for voting on the motions for election of directors (excluding the employee representative director). In other words, when electing two or more directors at a shareholders' general meeting, the number of voting rights carried by each of the shares held by a voting shareholder is the same as the number of directors to be elected such that a shareholder may exercise the voting rights in a way to concentrate all his votes on a particular candidate or to spread his votes on several candidates.

Article 112                      The Chairman and the deputy Chairmen shall be elected and removed by more than one-half of all members of the board of directors. The term of office of each of the Chairman and the deputy chairmen shall be three (3) years, which term is renewable upon re-election.

Article 113                      The board of directors shall make inquiries with the Party committee before making decisions on major issues of the Company.

Article 114                      The board of directors is responsible to the shareholders' general meeting and shall exercise the following duties and powers:

- (1) to be responsible for the convening of the shareholders' general meeting and to report on its work to the shareholders in general meetings;

- (2) to implement the resolutions passed by the shareholders in general meetings;
- (3) to determine the Company's business plans and investment proposals;
- (4) to formulate the Company's preliminary and final annual financial budgets;
- (5) to formulate the Company's profit distribution proposal and loss recovery proposal;
- (6) to formulate proposals for the increase or reduction of the Company's registered capital and for the issuance of the Company's debentures;
- (7) to draw up the Company's proposals for the merger, division, dissolution or change of the form of the Company;
- (8) to decide on other issues relating to the provision of guarantee in favor of a third party other than those must be approved at a shareholders' general meeting pursuant to the laws, administrative regulations and these Articles of Association;
- (9) to decide on the external investments, purchase and sale of assets, creation of mortgage over assets, entrusted asset management, connected transactions and other matters within the scope of authorization conferred by the shareholders' general meeting;
- (10) to decide on the Company's internal management structure;
- (11) to appoint or dismiss the president of the Company, secretary to the board of directors and determine their remunerations; and to appoint or dismiss, with reference to the nomination by the president, the vice presidents, chief accountant, chief pilot and other senior officers and determine their remunerations;
- (12) to formulate the basic management structure of the Company;
- (13) to manage matters relating to the disclosure of information by the Company;
- (14) to make recommendations to the shareholders' general meetings on the appointment or change of the accounting firm which performs the audit work for the Company;

- (15) to hear from the Company's president reports on work performed and to inspect the work of the president;
- (16) to formulate proposals for any amendment of the Company's Articles of Association; and
- (17) to exercise any other powers conferred by the shareholders in general meetings and these Articles of Associations.

Resolutions by the board of directors on matters referred to in the preceding paragraph may be passed by the affirmative vote of more than half of the directors (amongst which resolution on matters referred to in sub-paragraph (8) shall require the affirmative vote of more than two-thirds of the directors present at the board meeting) with the exception of resolutions on matters referred to in sub-paragraphs (6), (7) and (16) which shall require the affirmative vote of more than two-thirds of all the directors.

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

Resolutions made by the board of directors on the Company's connected transactions shall come into effect only after they are signed by the independent directors.

#### Article 115

Upon authorization by the board of directors, the Chairman may exercise part of the functions and powers of the board of directors when the board of directors is not in session. Issues involving material interests of the Company shall be subject to collective decision by the board of directors.

- Article 116                   The board of directors shall not, without the prior approval of shareholders in a general meeting, dispose of or agree to dispose of any fixed assets of the Company where the estimated value of the consideration for the proposed disposal and the value of the consideration for any such disposal of any fixed assets of the Company that has been completed in the period of four (4) months immediately preceding the proposed disposal, on an aggregate basis exceeds 33% of the value of the Company's fixed assets as shown in the latest balance sheet which was considered at a shareholders' general meeting.
- For the purposes of this Article, "disposition" includes an act involving the transfer of an interest in assets but does not include the usage of fixed assets for the provision of security.
- The validity of a disposition by the Company shall not be affected by any breach of the first paragraph of this Article.
- Before the board of directors makes a decision on market development, merger and acquisition, investment in new areas, etc., in relation to projects involving investment or acquisition or merger exceeding a certain proportion (to be determined by shareholders' meeting) of the total assets of the Company, an independent consulting agency shall be engaged to provide professional opinions which shall be an important basis of the decisions of the board of directors.
- Article 117                   Unless otherwise provided for in the laws, regulations and/or the relevant listing rules, the board of directors shall, within the scope of authority as conferred by the shareholders' general meeting, have the right to decide on an investment (including risk investment) or acquisition project. For any major investment or acquisition project which is beyond the limits of authority of the board of directors to examine and approve thereof, the board of directors shall organize the relevant experts and professionals to conduct an evaluation thereof and report the same to the shareholders' general meeting for approval.
- Article 118                   The board of directors may establish the strategy and investment committee, the audit and risk management committee, the nomination and remuneration committee, the aviation safety committee and other special committees. The members' composition, duties and responsibilities, and procedures of each special committee of the board of directors are specifically determined according to the terms of reference of each special committee, which are drawn up by the board of directors.

Article 119

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

- (1) to preside over shareholders' general meetings and to convene and preside over meetings of the board of directors;
- (2) to check on the implementation of resolutions passed by the board of directors at directors' meetings;
- (3) to sign the securities certificates issued by the Company;
- (4) to convene Chairman's office meeting;
- (5) to exercise other powers conferred by the board of directors.

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

Article 120

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

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

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

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

- (4) where one half or more of the independent directors jointly propose to do so;
- (5) where the supervisory committee proposes to do so;
- (6) where the president proposes to do so;
- (7) where the securities regulatory authority requires to do so; and
- (8) where other circumstances specified in the Articles of Association of the Company occur.

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

#### Article 121

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

- (1) For regular meetings of the board of directors of which the time and venue have been stipulated by the board of directors beforehand, no notice of the convening of such meetings will be needed.
- (2) For meetings of the board of directors of which the time, venue and agenda have not been decided by the board of directors beforehand, the secretary of the board of directors shall notify the directors and supervisors of the time and venue of such meeting at least 14 days in advance by telex, by telegram, by facsimile, by express service or by registered mail or in person or by email, unless otherwise provided for in Article 120 herein.
- (3) Notice of meetings may be served in Chinese, with an English translation attached thereto when necessary. A director may waive his right to receive notice of a board meeting.

#### Article 122

All directors must be notified about the important matters that shall be decided by the board of directors within the time limit stipulated in Article 121 of these Articles of Association and sufficient materials shall be provided at the same time in strict compliance with the required procedures. Directors may request for supplementary information. If more than one-fourth of the directors or more than two outside directors consider that the materials provided are not sufficient or supporting arguments are not clear, they may jointly propose to postpone the meeting or postpone the discussion of certain matters on the agenda of the meeting and the board of directors shall accept such proposal.

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

Any regular or ad hoc meeting of the board of directors may be held by way of telephone conferencing or similar communication equipment so long as all directors participating in the meeting can clearly hear and communicate with each other. All such directors shall be deemed to be present in person at the meeting.

#### Article 123

A board of directors meeting shall only be convened if a majority of the number of the board members are present (including any directors appointed pursuant to Article 120 of these Articles of Association to attend the meeting as the representatives of other directors). Each director has one vote. Any resolution requires the affirmative votes of more than half of all the board of directors in order to be passed. In the case of equal division of votes, the Chairman of the board of directors is entitled to a casting vote.

#### Article 124

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

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

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

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

- Article 125                   The board of directors may accept a written resolution in lieu of a board meeting provided that a draft of such written resolution shall be delivered to each director in person, by mail, by telegram or by facsimile. If the board of directors has delivered such proposed written resolution to all the directors and the directors who signed and approved such resolution have reached the required quorum, and the same have been delivered to the secretary of the board of directors, such resolution shall take effect as a board resolution, without having to hold a board meeting.
- Article 126                   The board of directors shall keep minutes of resolutions passed at meetings of the board of directors in Chinese. The directors attending the board meeting shall have the right to request to have the descriptive information on their speech given thereat to be recorded in the minutes. Opinions of the independent (non-executive) directors shall be clearly stated in the resolutions of the board of directors. The minutes of each board meeting shall be provided to all the directors promptly. Directors who wish to amend or supplement the minutes shall submit the proposed amendments to the Chairman in writing within one week after receipt of the meeting minutes. The minutes shall be signed by the directors 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 promptly sent to each director. The minutes shall be kept for a period of not less than 10 years.
- Article 127                   Where a written resolution is reached in the absence of the statutory procedures but has been signed by the directors, even if each director has expressed his/her view in different ways, such board resolution shall have no legal effect.
- If a resolution of the board of directors violates the laws, administrative regulations or the Company's Articles of Association, the directors who participated in the passing of such resolution shall be directly liable therefor. However, if it can be proven that a director had expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from such liability. A director who abstained from voting or was absent from the meeting without appointing a proxy to attend on his or her behalf may not be released from such liability. A director who had expressly objected to the resolution during discussion but had not clearly vote against such motion may not be released from such liability.



Article 128                      Subject to all relevant laws and administrative regulations, the shareholders' general meeting may remove any director (excluding the employee representative director) by an ordinary resolution before the expiration of his term of office. However, the director's right to claim for damages arising from his removal shall not be affected thereby.

Article 129                      A director may resign prior to the expiration of his term of office. If a director resigns from his office, he shall submit a written report of his resignation to the board of directors. Independent directors shall provide an explanation on the circumstances which are relevant to his resignation and which in his opinion are necessary to bring to the attention of the shareholders and creditors of the Company.

If the resignation of a director will result in the board of directors of the Company having less than the statutory minimum number of directors, then such director's report of resignation shall only become effective after a new independent director has been appointed to fill the vacancy so caused by his resignation. The Company shall convene an ad hoc meeting or employee representative meeting as soon as possible to elect a director to fill up the vacancy arising from the resignation of the director. Before a decision is made at the shareholders' general meeting or the employee representative meeting regarding the election of the director, the functions and powers of the resigning director and the remaining board of director shall be restricted to a reasonable extent.

If the resignation of an independent director will result in the board of directors of the Company having less than the minimum required proportion of independent directors as required by the relevant regulatory authority, then such independent director's report of resignation shall only become effective after a new independent director has been appointed to fill the vacancy so caused by his resignation.

Other than conditions aforementioned, the resignation of director shall be effective upon the delivery of its resignation report to the board of directors.

## **CHAPTER 12 : INDEPENDENT DIRECTORS**

### **Article 130**

Candidates for the independent directors shall be nominated by the board of directors, supervisory committee or shareholder(s) holding, whether alone or together, one percent (1%) or more of the total amount of voting shares in the Company and elected at shareholders' general meeting.

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

- (5) Before a general meeting of shareholders is convened to elect independent directors, if the applicable law, regulations and/or the relevant listing rules contain the relevant provisions, the Company shall in accordance with such provisions submit relevant materials regarding all nominees to the authority in charge of securities of the State Council and/or its local residence office and the stock exchanges on which the Company's shares are listed. If the board of directors of the Company objects to the qualifications of the nominees, a written opinion of the board of directors in connection therewith shall also be submitted at the same time. If the authority in charge of securities of the State Council has an objection to a nominee, such nominee shall not qualified to be a candidate for election as an independent director. When convening a shareholders' general meeting to elect independent directors, the board of directors of the Company shall explain whether or not the authority in charge of securities of the State Council had any objection to any of the candidates for independent directors.

#### Article 131

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

- (1) he or she shall possess the qualifications to act as the director of the Company in accordance the relevant laws, administrative regulations and other relevant regulations;
- (2) he or she conforms with independence required by the relevant laws, administrative regulations, department rules and regulations and the listing rules;
- (3) he or she possesses the basic knowledge of operation of a listed company and is familiar with relevant laws and administrative regulations as well as rules and regulations (including but not limited to the accounting principles);
- (4) he or she shall have not less than five (5) years experience in law, economics or other working experience necessary for performing duties of an independent director;
- (5) he or she shall fulfil other conditions as provided for in these Articles of Association.

Article 132

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

- (1) persons working in the Company or its subsidiaries, as well as their direct family members or major social relations (in which direct family members refer to their spouses, parents and children etc.; and major social relations refer to siblings, parents-in-law, sons or daughters-in-law, spouses of their siblings and siblings of their spouses etc.);
- (2) natural person shareholders as well as their direct family members who directly or indirectly hold not less than one percent (1%) of the issued shares of the Company or who are ranked as the top ten shareholders of the Company;
- (3) persons as well as their direct family members who work in entities which are such shareholders of the Company directly or indirectly holding not less than five percent (5%) of the shares of the Company in issue or which are ranked as the top five shareholders of the Company;
- (4) persons who have satisfied the conditions stated in the above three subparagraphs within the most recent year;
- (5) persons who provide financial, legal and consultation services and otherwise to the Company or its subsidiaries;
- (6) persons who are determined by the authority in charge of securities to be unqualified to act as independent directors.

Article 133

If an independent director fails to attend three consecutive board meetings in person, the board of directors shall propose at the shareholders' general meeting that such independent director should be removed. Except for circumstances described above, the circumstances as provided for in the third paragraph of Article 124 of these Articles of Association and those set out in the Company Law that a person is unqualified to act as a director, an independent director shall not be removed without cause from his office before the expiration of his term of office. Where an independent director is removed from office prior to the expiration of his/her term of office, the Company shall make special disclosure in relation thereto. The removed independent director may make a public statement if he believes that he has been improperly removed from his office.

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

- (1) with respect to the material connected transactions (as determined based on the standards promulgated from time to time by the competent regulatory departments) and the appointment or removal of an accounting firm that are subject to be considered at a shareholders' general meeting in accordance with the laws, regulations and/or the relevant listing rules, if the applicable law, regulations and/or relevant listing rules contain the relevant provisions, the transactions and appointment and removal set out above shall be endorsed by not less than one-half (1/2) of the independent directors before submitting to the board of directors for discussion. None of the resolution reached by the board of directors with respect to the connected transactions entered into by the Company shall become effective unless such resolution is signed by the independent directors. Prior to making a judgment, the independent directors may appoint an intermediary to issue an independent financial adviser's report as a basis of their judgment.
- (2) He or she may give recommendations to the board of directors as to the engagement, or termination of the engagement, of an accounting firm;
- (3) He or she may propose to the board of directors to convene an extraordinary general meeting;
- (4) He or she may propose to convene a board meeting;
- (5) He or she may engage external auditors or advisers independently;
- (6) He or she may solicit votes from shareholders prior to the shareholders' general meeting;
- (7) He or she may directly report the relevant issues to the shareholders' general meeting, the authority in charge of securities of the State Council and other relevant departments.

An independent director shall obtain the consent from not less than one-half (1/2) of all independent directors for exercising their functions and powers in the case of exercising his/her functions as described in sub-paragraphs (2), (3), (4), (6) and (7) of this Article set out above, and the unanimous consent from all independent directors in the case of exercising his/her functions as described in sub-paragraph (5) of this Article as set out above.

Article 135                      Apart from the duties set forth above, independent directors shall also express their independent opinion on the following major matters to the board of directors or at a shareholders' general meeting:

- (1) nomination or removal of directors;
- (2) appointment or removal of senior officers;
- (3) the remuneration of directors and senior officers;
- (4) matters which the independent directors believe may impair the rights and interests of minority shareholders;
- (5) material financial transactions between the Company and its shareholders, de facto controlling person or their affiliates;
- (6) profit distribution plan proposed to the board of directors of the Company for their review and consideration;
- (7) failure of the board of directors of the Company to produce proposal in connection with profit distribution in cash;
- (8) other matters provided for by the applicable laws and regulations, departmental rules or the articles of association of the Company.

Independent directors shall give one of the following opinions in relation to the above matters: agree; qualified opinion and reasons therefore; oppose and reasons therefore; unable to form an opinion and the impediments to doing so.

Article 136                      Independent directors shall submit an annual working report to the shareholders' general meeting to give an account of the performance of their duties.

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

Article 137                      The Company shall have one (1) secretary of the board of directors. The secretary shall be a senior officer of the Company.

The board of directors shall establish a secretariat of the board of directors.

Article 138                      The secretary of the Company's board of directors shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the board of directors.

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

- (1) assist the directors in the day-to-day work of the board of directors, continuously provide the directors with, advise the directors of and ensure that the directors understand the regulations, policies and requirements of the foreign and domestic regulatory authorities on the operation of the Company, assist the directors and the president in effectively complying with relevant foreign and domestic laws, regulations, the Company's Articles of Association and other relevant regulations;
- (2) responsible for the organization and preparation of documents for board meetings and shareholders' meetings, take proper meeting minutes, ensure that the resolutions passed at the meetings comply with statutory procedures and supervise the implementation of the resolutions of the board of directors;
- (3) responsible for the organization and coordination of information disclosure, coordinate the relationship with investors and enhance transparency of the Company;
- (4) participate in arranging of financing through capital markets;
- (5) deal with intermediaries, regulatory authorities and media, maintain good public relations work;
- (6) execute other tasks assigned by the board of directors or the chairman of the board of directors.

#### Article 139

A director or other senior management personnel of the Company may also act as the secretary of the board of directors. The certified public accounting firm which has been appointed by the Company to act as its auditors shall not act as the secretary of the board of directors.

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

#### Article 140

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

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

## **CHAPTER 14 : PRESIDENT**

Article 141           The Company shall have a president who shall be appointed or dismissed by the board of directors.

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

Article 142           The term of office for a president shall be three years and is renewable if re-appointed.

Article 143           The president shall be accountable to the board of directors and shall exercise the following functions and powers:

- (1) to be in charge of the Company's production, operation and management and to organize the implementation of the resolutions of the board of directors;
- (2) to organize the implementation of the Company's annual business plan and investment proposal;
- (3) subject to applicable laws and these Articles of Association, to decide on transactions, which are related to the Company's main business, and the value of which shall not exceed certain amount, or certain proportion of the Company's latest audited net assets (the said amount and proportion to be determined by the shareholders' meeting);
- (4) to sign contracts and agreements on behalf of the Company in accordance with the authorization granted by the board of directors or the legal representative;
- (5) to draft plans for the establishment of the Company's internal management structure, and where necessary, make plans for general institutional adjustment;
- (6) to draft the Company's basic management system;
- (7) to formulate basic rules and regulations for the Company;



- (8) to propose the appointment or dismissal of the vice presidents, chief accountant and chief pilot of the Company;
- (9) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the board of directors;
- (10) to propose to convene an extraordinary meeting of the board of directors;
- (11) other powers conferred by the Articles of Association and the board of directors.

Article 144                    The president shall attend meetings of the board of directors. The president who is not a director shall not have the right to vote at board meetings.

Article 145                    In performing their duties and powers, the president, vice presidents, chief accountant, chief pilot and other senior officers shall act honestly and diligently in accordance with laws, administrative regulations and the Articles of Association.

## **CHAPTER 15 : SUPERVISORY COMMITTEE**

Article 146                    The Company shall have a supervisory committee. The supervisory committee is a permanent supervisory body of the Company responsible for supervising the board of directors and its members, the president, vice presidents, chief financial officer and other senior officers of the Company to prevent them from abusing their powers and infringing the legal rights and interests of the shareholders, the Company and its employees.

Article 147                    The supervisory committee shall compose of five (5) supervisors. The number of outside supervisor (hereinafter meaning supervisors who do not hold office in the Company) shall account for one half or more of the total number of supervisory committee members. The number of supervisors representing employees shall not be less than one-third (1/3) of the total number of supervisors. The supervisory committee shall have one (1) chairman. Each supervisor shall serve for a term of three (3) years, which term is renewable upon re-election and re-appointment.

The election or removal of the chairman of the supervisory committee shall be determined by the affirmative votes of two-thirds or more of the members of the supervisory committee.

The chairman of the supervisory committee shall organise the implementation of the duties of the supervisory committee.

- Article 148                   The supervisory committee shall include three (3) supervisors who shall represent the shareholders (all of whom are outside supervisors) and two (2) supervisors who shall represent the employees. Supervisors who represent the shareholders shall be elected or removed by the shareholders in general meetings, and the supervisor who represents employees shall be elected or removed by the employees democratically.
- Where necessary, the supervisory committee may establish an office responsible for the day-to-day work of the supervisory committee.
- Article 149                   The list of candidates for supervisors representing shareholders shall be proposed in form of a motion to the shareholders' general meeting for resolution. Candidates for supervisors representing employees shall be nominated by the board of directors, supervisory committee or by shareholder(s) holding, alone or together, more than three percent (3%) of the total amount of voting shares in the Company and shall be elected or removed at the shareholders' general meeting.
- Article 150                   The cumulative voting method may be adopted for voting the resolution to elect supervisors (excluding supervisors acted by staff representatives) at the shareholders' general meeting of the Company. Namely, for the election of more than two supervisors at the shareholders' general meeting, each share held by the shareholders participating in the voting shall carry the voting right equal to the total number of supervisors to be elected. The shareholders can either cast all the votes to elect one person or cast the votes to elect several persons.
- Article 151                   The directors, president, vice presidents and other senior management of the Company shall not act concurrently as supervisors.
- Article 152                   The board of supervisors meetings shall be convened at least once every 6 months. The chairman of the board of supervisors shall convene and chair the said meetings. Should the chairman of the board of supervisors be unable to perform his/her duties or fail to perform his/her duties, a supervisor jointly elected by more than half of the number of supervisors shall convene and chair the board of supervisors' meeting. A notice of the board of supervisors' meetings shall be delivered to all supervisors in writing 10 days prior to the convening of the said meeting. The notice of meeting shall incorporate the following information:
- (1)   The date, venue and duration of the meeting;
  - (2)   The reason for convening the meeting and the topics for discussion thereat;

- (3) The date on which the notice is issued.

#### Article 153

If, at the time when the term of office of a supervisor expires, the election of a new supervisor is not held in time, and if a supervisor resigns during his/her term of office and causes the number of members of the supervisory committee fall below those required by law, the incumbent supervisor shall continue to perform his/her supervisor's responsibilities in accordance with the relevant laws, administrative regulations and these Articles of Association until the newly elected supervisor take his/her office.

#### Article 154

The supervisory committee shall be accountable to the shareholders in a general meeting and shall exercise the following functions and powers in accordance with law:

- (1) to review the Company's financial position situation, to examine the Company's reports prepared by the board of directors on a regular basis and to prepare written opinion after the same have been examined;
- (2) to monitor the performance directors, president, vice presidents, financial controller and other senior officers of their duties to ensure that they do not act in contravention of any law, regulation or the Articles of Association, and to recommend the dismissal of any directors and senior management personnel who has violated the laws, administrative regulations, the Articles of Association or the resolutions passed at the shareholders' general meetings;
- (3) to demand any director, president, vice president, financial controller or any other senior officer who acts in a manner which is harmful to the Company's interest to rectify such behaviour;
- (4) to verify the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the board of directors to the shareholders' general meetings and to authorize, in the Company's name, publicly certified accountants and practising auditors to assist in the re-examination of such information should any doubt arise in respect thereof;
- (5) to propose to a motion at the shareholder's annual general meeting;
- (6) to propose to convene an extraordinary general meeting and to convene and preside over the shareholders' general meetings when the board of directors fails to do so;
- (7) to propose to convene an ad hoc board meeting;

- (8) to represent the Company in negotiations with, or in bringing actions against, a director or senior management officer;
- (9) other functions and powers specified in laws, administrative regulations and in these Articles of Association as well as those as conferred by the shareholders' general meeting.

The supervisory committee may make recommendations on the appointment of accounting firm by the Company, may appoint another accounting firm in the name of the Company when necessary to examine financial affairs of the Company independently, and may directly report relevant information to the authorities in charge of securities of the State Council and other relevant authorities.

Outside supervisors shall report independently to the shareholders' meeting on whether the senior officers perform their duties honestly and diligently.

Supervisors may attend meetings of the board of directors as observers, and to interrogate or give suggestion to the resolutions at the board of directors.

Article 155 Supervisors may require the directors, the president, vice president and other senior management personnel to the Board and internal and external auditing personnel to attend meetings of the supervisory committee and to answer matters of concerns of the supervisory committee.

Article 156 Resolutions of the supervisory committee shall be passed by the affirmative vote of two-thirds or more of all of its members.

Article 157 The supervisory committee shall take minutes of the resolutions at the meetings. Supervisor who attend the meeting and the person taking the minutes shall sign the minutes. The supervisors attending the supervisory committee meeting shall have the right to request to have the descriptive information on their speech given thereat to be recorded in the minutes. Minutes of the supervisory committee meeting shall be treated as important file and kept properly for a period of at least 10 years.

Article 158 All reasonable fees incurred in respect of the employment of professionals (such as, lawyers, certified public accountants or practising auditors) which are required by the supervisory committee in the exercise of its functions and powers shall be borne by the Company.

Article 159 A supervisor shall carry out his duties honestly and faithfully in accordance with laws, administrative regulations and the Articles of Association.

**CHAPTER 16 : THE QUALIFICATIONS AND DUTIES OF  
THE DIRECTORS, SUPERVISORS, PRESIDENT, VICE PRESIDENTS  
AND OTHER SENIOR OFFICERS OF THE COMPANY**

Article 160

A person may not serve as a director, supervisor, president, vice presidents or any other senior officers of the Company if any of the following circumstances apply:

- (1) a person who does not have or who has limited capacity for civil conduct;
- (2) a person who has been sentenced for corruption, bribery, infringement of property or misappropriation of property or other crimes which disrupt the social economic order, where less than five years have elapsed since the sentence was served, or a person who has been deprived of his political rights and not more than five years have elapsed since the sentence was served;
- (3) a person who is a former director, factory manager or manager of a company or enterprise which has been dissolved or put into liquidation and who was personally liable for the winding up of such company or enterprise, where less than three years have elapsed since the date of completion of the insolvent liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise the business licence of which was revoked due to violation of law and who are personally liable therefor, where less than three years have elapsed since the date of the revocation of the business licence;
- (5) a person who has a relatively large amount of debts which have become overdue;
- (6) a person who is currently under investigation by judicial organs for violation of criminal law;
- (7) a person who, according to laws, administrative regulations or departmental rules, cannot act as a leader of an enterprise;
- (8) a person other than a natural person;
- (9) a person who has been convicted by the competent authority for violation of relevant securities regulations and such conviction involves a finding that such person has acted fraudulently or dishonestly, where less than five years have elapsed since the date of such conviction;

- (10) a person who has been confirmed by the authority in charge of securities of the State Council as being prohibited from participating in the market or have not been released from such prohibition;
- (11) other contents as provided for by the laws, administrative regulations or departmental rules.

If any of the above circumstances occurs on the part of a director during his term of office, the board of directors shall, starting from the date on which they are aware thereof, forthwith cease the performance of duties by the relevant director and propose to remove such director at the shareholders' general meeting. If any of the above circumstances occurs on the part of the president during his term of office, the board of directors shall, starting from the date on which they are aware thereof, forthwith cease the performance of duties by the relevant president and convene a board meeting to dismiss such president. If any of the above circumstances occurs on the part of a supervisor during his term of office, the supervisory committee shall, starting from the date on which it is aware thereof, forthwith cease the performance of duties by the relevant supervisor and propose to remove such supervisor at the shareholders' general meeting or the employee representatives' meeting.

Article 161                      No director may act in his own name or on behalf of the Company or the board of directors without legal authorization pursuant to the provisions of the Articles of Association or by the board of directors. In the course of acting in his own name, a director shall state his position and identity insofar as a third party may reasonably believe that such director is acting on behalf of the Company or the board of directors.

Article 162                      The validity of an act carried out by a director, the president, vice presidents, financial controller or other senior officers of the Company on behalf of the Company as against a bona fide third party, shall not be affected by any irregularity in his office, election or any defect in his qualification.

Article 163                      In addition to the obligations imposed by laws, administrative regulations or the listing rules of the stock exchange on which shares of the Company are listed, each of the Company's directors, supervisors, president, vice presidents and other senior officers owes a duty to each shareholder, in the exercise of the functions and powers entrusted to him by the Company:

- (1) not to cause the Company to exceed the scope of business stipulated in its business licence;
- (2) to act honestly and in the best interests of the Company;

- (3) not to deprive the Company of its assets property in any way, including (but not limited to) any opportunities which benefit the Company;
- (4) not to deprive shareholders of the individual rights of, including (but not limited to) rights to distribution and voting rights, save and except pursuant to a restructuring of the Company which has been submitted to the shareholders for approval in accordance with the Articles of Association.

Article 164

Each of the Company's directors, supervisors, president, vice presidents and other senior officers owes a duty, in the exercise of his powers or in the discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances, including but not limited to compliance with the standards of the professional ethnics and code of conduct formulated by the Company.

Article 165

Each of the Company's directors, supervisors, president, vice presidents and other senior officers shall exercise his powers or perform his duties in accordance with the fiduciary principle; and shall not put himself in a position where his duty and his interest may conflict. This principle includes (without limitation) discharging the following obligations:

- (1) to act honestly in the best interests of the Company;
- (2) to act within the scope of his powers and not to exceed such powers;
- (3) to exercise the discretion vested in him personally and not to allow himself to act under the control of another and, unless and to the extent permitted by laws, administrative regulations or with the informed consent of shareholders given in a general meeting, not to delegate the exercise of his discretion;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) unless otherwise provided for in the Articles of Association or except with the informed consent of the shareholders given in a general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) not to use the Company's property for his own benefit, without the informed consent of the shareholders given in a general meeting;

- (7) not to exploit his position to accept bribes or other illegal income or misappropriate the Company's property in any way, including (but not limited to) opportunities which benefit the Company;
- (8) not to accept commissions in connection with the Company's transactions, without the informed consent of the shareholders given in a general meeting;
- (9) to comply with the Company's Articles of Association, to perform his official duties faithfully, to protect the Company's interests and not to exploit his position and power in the Company to advance his own interests;
- (10) not to compete with the Company in any way, save with the informed consent of the shareholders given in a general meeting;
- (11) not to misappropriate the Company's funds, not to use the Company's assets to set up deposit accounts in his own name or in any other name, and not to lend the funds of the Company to other party or to use the assets of the Company to guarantee the debts of a third party unless with the full knowledge and consent of the shareholders given at a shareholders' general meetings or of the board of directors;
- (12) not to release any confidential information which he has obtained during his term of office, without the informed consent of the shareholders in a general meeting; nor shall he use such information otherwise than for the Company's benefit, save that disclosure of such information to the court or other governmental authorities is permitted if:
  - (i) disclosure is required by the law;
  - (ii) in the public interests;
  - (iii) in the interests of the relevant director, supervisor, president, vice presidents or other senior officer.

Gains derived by the directors, the president, the vice president and other senior management personnel in violation of this Article shall be vested in the Company. The said officers shall be liable for damages should their actions cause losses to the Company.



Article 166

Should the directors, the supervisors, the president, the vice president and other senior management personnel be requested to attend a shareholders' general meeting as non-voting attendees, such directors, supervisors, president, vice president and other senior management personnel shall attend the same as non-voting attendees and provide response and explanations to the interrogations and suggestion raised by the shareholders.

Directors, supervisors, presidents, vice presidents and other senior management personnel shall inform the supervisory committee of the relevant status and provide the same with the relevant information in accordance with the facts and shall not preclude the supervisory committee from exercising its functions and powers.

Article 167

Each director, supervisor, president, vice presidents and other senior officer of the Company shall not direct the following persons or institutions ("associates") to act in a manner which he is prohibited from so acting:

- (1) the spouse or minor child of the director, supervisor, president, vice presidents or other senior officer;
- (2) the trustee of the director, supervisor, president, vice presidents or other senior officer or of any person described in sub-paragraph (1) above;
- (3) the partner of that director, supervisor, president, vice presidents or other senior officer or any person referred to in sub-paragraphs (1) and (2) of this Article;
- (4) a company in which that director, supervisor, president, vice presidents or other senior officer, whether alone or jointly with any person referred to in sub-paragraphs (1), (2) and (3) of this Article and other directors, supervisors, president and other senior officers, has de facto controlling interest;
- (5) the directors, supervisors, president, vice presidents and other senior officers of a company which is being controlled in the manner set out in sub- paragraph (4) above.

- Article 168                    If a director, supervisor, president and vice president and other senior officer of the Company resigns or his or her term of office expires, his or her fiduciary duty owed to the Company and shareholders may not be necessarily discharged before his or her report of resignation takes effect or within a reasonable period thereafter and within a reasonable period after the expiry of his or her terms of office while his or her duty to keep confidential of the trade secrets of the Company shall remain effective after the expiry of his or her term of office until such secrets enter into the public domain. The survival of other duties shall be determined in accordance with the principles of fairness as well as taking into consideration the time interval between the occurrence of the event concern and the timing of his or her departure together with the circumstances and conditions under which the said person terminates his or her relationship with the Company.
- Article 169                    Any director, supervisor, president, vice president and other senior management personnel who, when performing their duties in the Company, violates the laws, administrative regulations, departmental rules and regulations or the provisions contained in the Articles of Association resulting in causing losses to the Company shall be liable for indemnifying the Company. Any director, supervisor, president, vice president or other senior officer whose term of office has not been expired shall be liable for compensation of any losses incurred by the Company due to his or her absence from duty without permission.
- Article 170                    Subject to Article 59 hereof, a director, supervisor, president, vice president or other senior officer of the Company may be relieved of liability for specific breaches of his duty with the informed consent of the shareholders given at a general meeting.
- Article 171                    Where a director, supervisor, president, vice president or other senior officer of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, (other than his contract of service with the Company), he shall declare the nature and extent of his interests to the board of directors at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal therefore is otherwise subject to the approval of the board of directors.
- Subject to the exceptions provided by these Articles of Association, a director shall not vote at the relevant meeting of the board of directors in respect of any contract, transaction or arrangement in which he, or his connected persons (as defined in the applicable listing rules as amended from time to time), are materially interested and he shall not be counted as part of the quorum of such meeting.

Unless an interested director, supervisor, president, vice president or other senior officer discloses his interests in accordance with the first sub-paragraph of this Article and he is not counted as part of the quorum and refrains from voting, such transaction is voidable at the instance of the Company except as against a bona fide party thereto who does not have notice of the breach of duty by the interested director, supervisor, president, vice president or other senior officer.

A director, supervisor, president, vice president or other senior officer of the Company is deemed to be interested in a contract, transaction or arrangement in which his associate is interested.

Article 172                      Where a director, supervisor, president, vice president or other senior officer of the Company gives to the board of directors a notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements which may subsequently be made by the Company, that notice shall be deemed for the purposes of the preceding Article to be a sufficient declaration of his interests, so far as the content stated in such notice is concerned, provided that such notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration by the Company.

Article 173                      The Company shall not pay taxes for or on behalf of a director, supervisor, president, vice president or other senior officer in any manner.

Article 174                      The Company shall not directly or indirectly make a loan to or provide any guarantee in connection with the making of a loan to a director, supervisor, president, vice president or other senior officer of the Company or of the Company's holding company or any of their respective associates.

The foregoing prohibition shall not apply to the following circumstances:

- (1) the provision by the Company of a loan or a guarantee in connection with the making of a loan to its subsidiary:
- (2) the provision by the Company of a loan or a guarantee in connection with the making of a loan or any other funds available to any of its directors, supervisors, president, vice presidents and other senior officers to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of a service contract approved by the shareholders in a general meeting;

- (3) if the ordinary course of business of the Company includes the lending of money or the giving of guarantees, the Company may make a loan to or provide a guarantee in connection with the making of a loan to any of the relevant director, supervisor, president, vice president and any other senior officer or his or her respective associates in the ordinary course of its business on normal commercial terms.

Article 175                    Any person who receives funds from a loan which has been made by the Company acting in breach of the preceding Article shall, irrespective of the terms of the loan, forthwith repay such funds.

Article 176                    A guarantee for the repayment of a loan which has been provided by the Company acting in breach of Article 174(1) of these Articles of Association shall not be enforceable against the Company, save in respect of the following circumstances:

- (1) the guarantee was provided in connection with a loan which was made to an associate of any of the director, supervisor, president, vice president and any other senior officer of the Company or of the Company's holding company and the lender of such funds did not know of the relevant circumstances at the time of the making of the loan; or
- (2) the collateral which has been provided by the Company has already been lawfully disposed of by the lender to a bona fide purchaser.

Article 177                    For the purposes of the foregoing provisions of this Chapter, a "guarantee" includes an undertaking or property provided to secure the obligor's performance of his obligations.

Article 178                    Subject to the approval by the shareholders' general meeting, the Company may take out liability insurance for any director, supervisor, president, vice president and any other senior officer of the Company, except for those liability resulting from the violation of laws, administrative regulations and the Articles of Association by such director, supervisor, president, vice president and other senior officer of the Company.

Article 179                    In addition to any rights and remedies provided by the laws and administrative regulations, where a director, supervisor, president, vice president or other senior officer of the Company breaches the duties which he owes to the Company, the Company has a right:

- (1) to demand such director, supervisor, president, vice president or other senior officer to compensate it for losses sustained by the Company as a result of such breach;

- (2) to rescind any contract or transaction which has been entered into between the Company and such director, supervisor, president vice president or other senior officer or between the Company and a third party (where such third party knows or should have known that such director, supervisor, president, vice president and other senior officer representing the Company has breached his duties owed to the Company);
- (3) to demand such director, supervisor, president, vice president or other senior officer to account for profits made as result of the breach of his duties;
- (4) to recover any monies which should have been received by the Company and which were received by such director, supervisor, president, vice president or other senior officer instead, including (without limitation) commissions; and
- (5) to demand repayment of interest earned or which may have been earned by such director, supervisor, president, vice president or other senior officer on monies that should have been paid to the Company.

#### Article 180

The Company shall, with the prior approval of shareholders in a general meeting, enter into a contract in writing with a director or supervisor wherein his emoluments are stipulated. The aforesaid emoluments include:

- (1) emoluments in respect of his service as director, supervisor or senior officer of the Company;
- (2) emoluments in respect of his service as director, supervisor or senior officer of any subsidiary of the Company;
- (3) emoluments in respect of the provision of other services in connection with the management of the affairs of the Company and any of its subsidiaries;
- (4) payment by way of compensation for loss of office, or in connection with his retirement from office.

No proceedings may be brought by a director or supervisor against the Company for anything due to him in respect of the matters mentioned in this Article except pursuant to the contract mentioned above.

Article 181                   The contract concerning the emoluments between the Company and its directors or supervisors should provide that in the event of a takeover of the Company, the Company's directors and supervisors shall, subject to the prior approval of shareholders in a general meeting, have the right to receive compensation or other payment in respect of his loss of office or retirement. For the purposes of this paragraph, a takeover of the Company includes any of the following:

- (1)   an offer made by any person to the general body of shareholders;
- (2)   an offer made by any person with a view to the offeror becoming a "controlling shareholder" within the meaning of Article 60 hereof.

If the relevant director or supervisor does not comply with this Article, any sum so received by him shall belong to those persons who have sold their shares as a result of such offer. The expenses incurred in distributing such sum on a pro rata basis amongst such persons shall be borne by the relevant director or supervisor and shall not be paid out of such sum.

#### **CHAPTER 17 : FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION AND AUDIT**

Article 182                   The Company shall establish its financial and accounting systems in accordance with laws, administrative regulations and PRC accounting standards formulated by the finance regulatory department of the State Council.

Article 183                   The fiscal year of the Company shall be on the basis of the solar calendar beginning on 1 January and ending on 31 December of the same year.

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

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

Article 184                   The board of directors of the Company shall place before the shareholders at every annual general meeting such financial reports which the relevant laws, administrative regulations and directives promulgated by competent regional and central governmental authorities require the Company to prepare. Such reports must be audited and reviewed.

- Article 185                   The Company's financial reports shall be made available for shareholders' inspection at the Company twenty (20) days before the date of every shareholders' annual general meeting. Each shareholder shall be entitled to obtain a copy of the financial reports referred to in this Chapter.
- The Company shall send to each holder of Overseas-Listed Foreign Shares by prepaid mail at the address registered in the register of shareholders the said reports not later than twenty-one (21) days before the date of every annual general meeting of the shareholders.
- Provided that the laws and regulations and the relevant listing rules of the jurisdictions where the shares of the Company are listed are complied with, the abovementioned report may also be issued or provided to the holders of Overseas- Listed Foreign Shares by other means as specified in Article 231 herein.
- Article 186                   The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards, or that of the place outside the PRC where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in the financial statements. In distributing its after-tax profits, the lower of the two amounts shown in the financial statements shall be adopted.
- Article 187                   Any interim results or financial information published or disclosed by the Company must also be prepared and presented in accordance with PRC accounting standards and regulations, and also in accordance with either international accounting standards or that of the place overseas where the Company's shares are listed.
- Article 188                   The Company shall publish its financial reports four times every fiscal year, that is, the first quarterly financial report shall be published within thirty (30) days after the expiration of the first three (3) months of each fiscal year; the interim financial report shall be published within sixty (60) days after the expiration of the first six (6) months of each fiscal year; the third quarterly financial report shall be published within thirty (30) days after the expiration of the first nine (9) months of each fiscal year; and the annual financial report shall be published within one hundred and twenty (120) days after the expiration of each fiscal year.
- Article 189                   The Company's financial reports shall be prepared pursuant to the relevant laws, administrative regulations and departmental rules and regulations.

- Article 190                    The Company shall not keep accounts other than those required by law.
- Article 191                    When distributing its after-tax profits in a given year, the Company shall contribute 10% of such profits to the Company's statutory common reserve fund. Where the accumulated amount of the statutory common reserve fund reaches 50% or more of the registered capital of the Company, no further contribution is required.
- Where the statutory common reserve fund is insufficient to make for the losses of the Company in the previous year, before making contribution to the statutory common reserve fund, the profits made in the current year shall be used to make up for the losses first.
- After making contribution to the statutory common reserve fund from its after-tax profits, the Company may, subject to resolutions adopted at a general meeting, make contributions to discretionary common reserve funds from its after-tax profits.
- Article 192                    Capital surplus fund includes the following items:
- (1)    premium on shares issued at a premium price;
  - (2)    any other income designated for the capital surplus fund by the regulations of the finance regulatory department of the State Council.
- Article 193                    The common reserve funds (including the statutory common reserve fund, discretionary common reserve funds and capital surplus fund) of the Company shall be applied for making up for losses, expanding the Company's production and operation or capitalisation; provided that the capital surplus fund shall not be used for covering the loss of the Company.
- When capitalising the statutory common reserve fund, the balance of such fund shall not be less than 25% of the registered capital prior to capitalisation.
- Article 194                    After making up for the losses and making contributions to the common reserve fund, any remaining profits shall be distributed to the shareholders in proportion to their respective shareholders.
- The Company shall not allocate dividends or carry out other allocations in the form of bonuses before it has compensated for its losses and made allocations to the statutory common reserve fund. No shares of the Company held by the Company shall participate in these allocations.



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

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

#### Article 195

Basic principles for dividends distribution policy:

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

#### Article 196

Specific dividends distribution policy of the Company:

- (1) The form of dividends distribution:

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

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

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

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

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

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

When the aforesaid conditions of cash distribution are met, cash dividends shall be distributed once a year. The board of directors of the Company can propose an interim dividend distribution according to the Company's status of profitability and capital needs.

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

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

#### Article 197

#### Alteration of the Company's dividend distribution policy:

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

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

#### Article 198

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

- (1) The dividends distribution plan of the Company shall be drawn up by the management of the Company and submitted to the board of directors and the supervisory committee of the Company for consideration. The board of directors shall thoroughly discuss the rationality of the dividends distribution plan and the independent Directors shall explicitly express their opinions. A special resolution formulated by the board of directors shall be submitted to the Shareholders' general meeting for consideration. The board of directors will also fully listen to the opinions of minority Shareholders.
- (2) When formulating specific plan for distribution of cash dividends by the Company, the board of directors shall study and identify with caution the timing, conditions and minimum proportion, conditions for adjustment and requirements for decision-making procedures involved in implementing the distribution of cash dividends, etc. Independent Directors shall explicitly express their opinions thereon. Independent Directors may collect opinions from minority shareholders for putting forward a profit distribution proposal which can be directly submitted to the board of directors for consideration.
- (3) Where the Company does not distribute cash dividends under the special circumstances as prescribed in the foregoing Article 196, the board of directors shall explain the specific reasons for not distributing cash dividends, the exact purpose for the retained profit and the estimated investment return. Such explanation, along with the opinions expressed by the independent directors, shall be submitted to the shareholders' general meeting for consideration and be disclosed on the designated media of the Company.

Subject to Article 64 and subparagraph (17) of the first paragraph of Article 114 of these Articles of Association, the board of directors may decide to distribute interim or special dividends.

Article 199 After the resolution of profit distribution has been adopted by the shareholders at a general meeting, the board of directors of the Company is required to complete the distribution of dividends (or shares) within two (2) months following the meeting.

In case of the Shareholders' illegal occupation of company funds, the Company shall deduct the cash dividends distributed to such Shareholders, in order to repay the Shareholders' funds occupied.

Article 200 The Company shall declare and pay cash dividends and other amounts which are payable to holders of A Shares in Renminbi. The Company shall calculate and declare cash dividends and other payments which are payable to holders of Foreign Shares in Renminbi, and shall pay such amounts in the local currency of the jurisdiction where Overseas-Listed Foreign Shares are listed (in case there are more than one jurisdictions of listing, such amounts shall be paid in the local currency of the jurisdiction which the board determines as the main listing place of the Company). The foreign exchange required by the Company to pay cash dividends and other amounts to holders of Overseas-Listed Foreign Shares shall be obtained in accordance with the relevant foreign exchange administrative regulations of the State.

Article 201 Unless otherwise provided for in relevant laws and administrative regulations, where cash dividends and other amounts are to be paid in Hong Kong dollars, the applicable exchange rate shall be the average closing rate for the relevant foreign currency announced by the Peoples' Bank of China during the week prior to the announcement of payment of dividend and other amounts.

Article 202 When distributing dividends to its shareholders, the Company shall withhold and pay on behalf of its shareholders the taxes levied on the dividends in accordance with the provisions of the PRC tax law.

Article 203 The Company shall appoint receiving agents for holders of the Overseas-Listed Foreign Shares. Such receiving agents shall receive dividends which have been declared by the Company and all other amounts which the Company should pay to holders of Overseas-Listed Foreign Shares on such shareholders' behalf.

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

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

Article 204            The Company shall establish an internal audit system by employing professional auditing personnel, who shall conduct internal audit and supervision on the income and expenses and economic activities of the Company.

Article 205            The Company's internal audit system and the responsibility of the auditing personnel shall become effective after the approval of the board of directors. The person in charge of the audit shall be accountable to the board of directors and shall report to the board of directors.

## **CHAPTER 18 : APPOINTMENT OF ACCOUNTANCY FIRM**

Article 206            The Company shall appoint an independent firm of accountants which is qualified under the relevant regulations of the State to audit the Company's annual report. Such firm of accountants shall also review the Company's other financial reports, verify the net assets and carry out other businesses such as the relevant consultation services.

The first auditors of the Company may be appointed before the first annual general meeting of the Company at the inaugural meeting. Auditors so appointed shall hold office until the conclusion of the first annual general meeting.

If the inaugural meeting does not exercise the powers under the preceding paragraph, those powers shall be exercised by the board of directors.

Article 207            The accounting firm appointed by the Company shall hold office for one year from the conclusion of the annual general meeting of shareholders at which they were appointed until the conclusion of the next annual general meeting of shareholders. The appointment thereof may be renewed at expiry.

Article 208            The accounting firm appointed by the Company shall enjoy the following rights:

- (1) a right to review to the books, records and vouchers of the Company at any time, the right to require the directors, president, vice presidents and other senior officers of the Company to supply relevant information and explanations;

- (2) a right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the discharge of its duties;
- (3) a right to attend shareholders' general meetings and to receive all notices of, and other communications relating to, any shareholders' general meeting which any shareholder is entitled to receive, and to speak at any shareholders' general meeting in relation to matters concerning its role as the Company's accounting firm.

Article 209                    If there is a vacancy in the position of accountant of the Company, the board of directors may appoint an accounting firm to fill such vacancy before the convening of the shareholders' general meeting. Any other accounting firm which has been appointed by the Company may continue to act during the period during which a vacancy arises.

Article 210                    The shareholders in a general meeting may by ordinary resolution remove the Company's accounting firms before the expiration of its term of office, irrespective of the provisions in the contract between the Company and the Company's accountant firm. However, the accounting firm's right to claim for damages which arise from its removal shall not be affected thereby.

Article 211                    The remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined by the shareholders in a general meeting. The remuneration of an accounting firm appointed by the board of directors shall be determined by the board of directors.

Article 212                    The Company's appointment, removal or non-reappointment of an accounting firm shall be resolved by the shareholders in a general meeting, and shall file such resolutions with the authority in charge of securities of the State Council for record.

Where a general meeting of shareholders is proposed to resolve to appoint an accounting firm other than an incumbent accounting firm to fill a casual vacancy of an accountant, or to reappoint as the accountant a retiring accounting firm that was appointed by the board of directors to fill a casual vacancy, or to dismiss an accounting firm before the expiration of its term of office, the following provisions shall apply:

- (1) A copy of the appointment or removal proposal shall be sent (before notice of meeting is given to the shareholders) to the accounting firm proposed to be appointed or proposing to leave its post or the firm which has left its post in the relevant fiscal year (leaving includes leaving by removal, resignation and retirement).

- (2) If the accounting firm leaving its post makes representations in writing and requests the Company to give the shareholders notice of such representations, the Company shall (unless the representations have been received too late) take the following measures:
  - (a) in the notice of the shareholders' meeting, state the fact of the representations having been made; and
  - (b) attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in the Company's Articles of Association.
- (3) If the Company fails to send out the accounting firm's representations in the manner set out in sub-paragraph (2) above, such accounting firm may require that the representations be read out at the meeting.
- (4) An accounting firm which is leaving its post shall be entitled to attend the following shareholders' general meetings:
  - (a) the general meeting at which its term of office would otherwise have expired;
  - (b) the general meeting at which it is proposed to fill the vacancy caused by its removal; and
  - (c) the general meeting which convened as a result of its resignation, and to receive all notices of, and other communications relating to, any such meeting, and to speak at any such meeting which concerns it as former auditor of the Company.

#### Article 213

Notice should be given ten (10) days in advance to the accounting firm if the Company decides to remove such accounting firm or not to renew the appointment thereof. Such accounting firm shall be entitled to make representations at the shareholders' general meeting. Where the accounting firm resigns from its position, it shall make clear to the shareholders in a general meeting whether there has been any impropriety on the part of the Company.

An accounting firm may resign its office by depositing at the Company's legal address a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall contain the following statements:

- (1) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or
- (2) a statement of any such circumstances.

The Company shall, within fourteen (14) days after receipt of the notice referred to in the preceding paragraph, serve a copy of the notice to the competent governing authority. If the notice contains the statement under the preceding sub- paragraph (2), a copy of such statement shall be made available at the Company for shareholders' inspection. The Company shall also send a copy of such statement by prepaid mail to each holder of Overseas-Listed Foreign Shares at the address registered in the register of shareholders. Notwithstanding the above, provided that the laws and regulations and the relevant listing rules of the jurisdictions where the shares of the Company are listed are complied with, the abovementioned notice may also be served to the holders of Overseas-Listed Foreign Shares by other means as specified in Article 231 herein.

Where the accounting firm's notice of resignation contains a statement in respect of the above, it may require the board of directors to convene a shareholders' extraordinary general meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.

## **CHAPTER 19 : MERGER AND DEMERGER OF THE COMPANY**

Article 214                      The Company may conduct merger or demerger in accordance with the law.

In the event of the merger or demerger of the Company, the Company shall adopt necessary measures to protect the legal rights and interests of shareholders who object to the merger or demerger of the Company.

A shareholder who objects to the plan of merger or demerger shall have the right to demand the Company or the shareholders who consent to the plan of merger or demerger to acquire such dissenting shareholders' shareholding at a fair price.



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

Article 215

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

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

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

Article 216

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

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

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

Article 217

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

## CHAPTER 20 : DISSOLUTION AND LIQUIDATION

- Article 218                    The Company shall be dissolved and liquidated upon the occurrence of any of the following events:
- (1) a resolution for dissolution is passed by shareholders at a general meeting;
  - (2) dissolution is necessary due to a merger or demerger of the Company;
  - (3) the Company is legally declared insolvent due to its failure to repay debts as they become due; and
  - (4) the company has its business licence revoked, or is ordered to close up or to have its business cancelled in accordance with the law; or
  - (5) If a company has encountered serious difficulties in its operations and management and the company's continued existence may materially harm the interests of the shareholders, and if the same fails to be resolved by any other means, shareholders holding ten percent or more of the aggregate voting rights of the Company may request a People's Court to dissolve the company.
- Article 219                    A liquidation committee shall be set up within fifteen (15) days of the Company being dissolved 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 shareholders in a 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 appointment of relevant persons to form a liquidation committee and carry out liquidation.
- Article 220                    Where the board of directors proposes to liquidate the Company for any reason other than the Company's declaration of its own insolvency, the board shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the board of directors is of the opinion that the Company will be able to pay its debts in full within twelve (12) months from the commencement of the liquidation.
- Upon the passing of the resolution by the shareholders in a general meeting for the liquidation of the Company, all functions and powers of the board of directors shall cease.

The liquidation committee shall act in accordance with the instructions of the shareholders' general meeting to make a report at least once every year to the shareholders' general meeting on the committee's income and expenses, the business of the Company and the progress of the liquidation; and to present a final report to the shareholders' general meeting on completion of the liquidation.

Article 221            The liquidation committee shall, within ten (10) days of its establishment, send notices to creditors and shall, within sixty (60) days of its establishment, publish a public announcement in a newspaper. The liquidation committee shall not make repayment to creditors during the claims declaration period.

Article 222            During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (1) to sort out the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to notify the creditors or to publish public announcements;
- (3) to dispose of and liquidate any unfinished businesses of the Company;
- (4) to pay all outstanding taxes and taxes incurred during the liquidation process;
- (5) to settle claims and debts;
- (6) to deal with the surplus assets remaining after the Company's debts have been repaid;
- (7) to represent the Company in any civil proceedings.

Article 223            After it has sorted out the Company's assets and after it has prepared the balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to a shareholders' general meeting or to the relevant governing authority for confirmation.

After the payment of liquidation expenses with priority, the Company's assets shall be distributed in accordance with the following sequence: (i) salaries; (ii) social insurance premiums and statutory compensation payments; (iii) outstanding taxes; (iv) bank loans, and company bonds and other debts of the Company.

Any surplus assets of the Company remaining after payment referred to in the preceding paragraph shall be distributed to its shareholders according to the class of shares and the proportion of shares held in the following sequence:

- (1) In the case of preferential shares, distribution shall be made to holders of such preferential shares according to the par value thereof; if the surplus assets are not sufficient to repay the amount of preferential shares in full, the distribution shall be made to holders of such shares in proportion to their respective shareholdings.
- (2) In the case of ordinary shares, distribution shall be made to holders of such shares in proportion to their respective shareholdings.

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

Article 224

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

After a Company is declared insolvent by a ruling of the People's Court, the liquidation committee shall transfer all matters arising from the liquidation to the People's Court.

Article 225

Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report, a statement of income and expenses received and made during the liquidation period and a financial report, which shall be verified by a Chinese registered accountant and submitted to the shareholders' general meeting or the relevant governing authority for confirmation.

The liquidation committee shall, within thirty (30) days after such confirmation, submit the documents referred to in the preceding paragraph to the companies registration authority and apply for cancellation of registration of the Company, and publish a public announcement relating to the termination of the Company.

## **CHAPTER 21 : PROCEDURES FOR AMENDMENT OF THE COMPANY'S ARTICLES OF ASSOCIATION**

Article 226

The Company may amend its Articles of Association in accordance with the requirements of laws, administrative regulations and the Articles of Association.

- Article 227                   The amendment to the Articles of Association shall be handled in accordance with the following procedures:
- (1)   The board of directors shall adopt a resolution therefor in accordance with these Articles of Association and formulate the proposal for the amendment of the Articles of Association; or the shareholders shall propose the proposal for the amendment of the Articles of Association;
  - (2)   The shareholders shall be notified of the amendment proposal and a shareholders' general meeting shall be convened to reach a resolution;
  - (3)   Content of the amendment to the Articles of Association shall be adopted by special resolutions.
- Article 228                   The Company shall amend these Articles of Association under any of the following circumstances:
- (1)   following the amendments to the Company Law or other relevant laws or administrative regulations, the matters provided for in these Articles of Association conflict with the requirements of the amended laws or administrative regulations;
  - (2)   following the change in the state of the Company's affairs, its conditions become inconsistent with matters provided for in these Articles of Association;
  - (3)   following a resolution passed at a the shareholders in general meeting, it is determined to amend the Articles of Association.
- Article 229                   Amendment of the Articles of Association which involve the contents of the Mandatory Provisions of Overseas-Listed Companies' Articles of Association shall become effective upon receipt of approvals from the companies approving department authorized by the State Council.
- Article 230                   Where amendments of the Articles of Association involve the registered particulars of the Company, procedures for alteration of registration shall be handled in accordance with the law. Matters on amendment to the Articles of Association shall be publicly disclosed if so required by laws and administrative regulations.

## CHAPTER 22 : NOTICES AND PUBLIC ANNOUNCEMENTS

### Article 231

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

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

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

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

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

(6) the proxy form.

Article 232

If the notice of the Company is given in person, the recipient shall sign (or seal) on the return receipt and the date of signing the return receipt by the recipient shall be deemed to be the date of delivery.

If a notice of the Company is made by public announcement, the date of service shall be the date on which the first announcement is published. If the corporate communication is made or provided at the Company's website to holders of Overseas-Listed Foreign Shares, such corporate communication shall be deemed to be made and served at the later of: (1) the date on which a notice notifying that the corporate communication has already been published on the Company's website is issued to holders of Overseas-Listed Foreign Shares pursuant to the Hong Kong Listing Rules; or (2) the date on which the corporate communication is first published on the Company's website (in the event that corporate communication is published on the website subsequent to the issuance of the said notice).

Article 233

Where a notice is sent by post, the notice shall be put into a clearly addressed and prepaid postage envelope. Such notice shall be deemed to have been issued on the date on which the envelope containing the notice has been delivered to the post office and served on the third working day commencing from the date of issue.

## **CHAPTER 23 : DISPUTE RESOLUTION**

Article 234

The Company shall abide by the following principles for dispute resolution:

- (1) Whenever any disputes or claims arise between: holders of the Overseas-Listed Foreign Shares and the Company; holders of the Overseas-Listed Foreign Shares and the Company's directors, supervisors, president, vice presidents or other senior officers; or holders of the Overseas-Listed Foreign Shares and holders of other shares, in respect of any rights or obligations arising from these Articles of Association, the Company Law or any rights or obligations conferred or imposed by the Company Law and other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall, where such

person is the Company, the Company's shareholders, directors, supervisors, president, vice presidents or other senior officers of the Company, comply with the arbitration. Disputes in respect of the definition of shareholders and disputes in relation to the register of shareholders need not be resolved by arbitration.

- (2) A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission in accordance with its Rules or the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

If a claimant elects for arbitration to be carried out at Hong Kong International Arbitration Centre, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.

- (3) If any disputes or claims of rights are settled by way of arbitration in accordance with sub-paragraph (1) of this Article, the laws of the PRC shall apply, save as otherwise provided in the laws and administrative regulations.
- (4) The award of an arbitral body shall be final and conclusive and binding on all parties.

## **CHAPTER 24 : SUPPLEMENTARY**

- Article 235                      These Articles of Association are written in Chinese and English. If there is any discrepancy between the Chinese version and the English version, the Chinese version shall prevail.
- Article 236                      The board of directors of the Company shall be responsible for the interpretation of these Articles of Association, and the shareholders in general meeting shall have the right to amend the Articles of Association.
- Article 237                      In these Articles of Association, reference to “accounting firm” shall have the same meaning as “auditor”.
- Article 238                      For the purpose of these Articles of Association, the terms “not less than”, “within”, “not more than” are all inclusive terms and the terms “more than half”, “less than”, “beyond” and “exceed” are exclusive terms.