

(If there is any inconsistency between the English and Chinese versions of Articles of Association, the Chinese version shall prevail.)

Hainan Meilan International Airport Company Limited

**(A Joint Stock Limited Company Incorporated in
the People's Republic of China)**

Articles of Association

(Adopted by the Shareholders' General Meeting on 4th September, 2002, and became effective on 18th September, 2002 upon the approval of the State Economic and Trade Commission, and modified by the Annual General Meeting on 17th May, 2004, the Extraordinary General Meeting on 15th October, 2007, the Annual General Meeting on 30th May, 2008, the Extraordinary General Meeting on 16th December, 2008, the Annual General Meeting on 17th May, 2011, the Extraordinary General Meeting on 24th October, 2011, the Annual General Meeting on 29th May, 2012, the Extraordinary General Meeting on 20th August, 2012, the Extraordinary General Meeting on 14th February, 2014, the Extraordinary General Meeting on 5th January, 2015, the Extraordinary General Meeting on 3rd July, 2015, the Extraordinary General Meeting on 30th October, 2015, the Annual General Meeting on 18th May, 2016, the Annual General Meeting on 25th May, 2018, the Extraordinary General Meeting on 9th July, 2018, the Extraordinary General Meeting on 10th October, 2019 and the Extraordinary General Meeting and the Domestic Shareholders Class Meeting and the H Shareholders Class Meeting on 21st February, 2020, the Extraordinary General Meeting on 21st February, 2023, the Extraordinary General Meeting on 27th December, 2024)

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

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Hainan Meilan International Airport Company Limited

Articles of Association

(This Articles of Association has been adopted by the resolution of the Extraordinary General Meeting on 27th December 2024)

CHAPTER 1 GENERAL PROVISIONS

Article 1 The Company is a joint stock limited company incorporated in accordance with the “PRC, Company Law” (the “Company Law”), and other relevant laws and administrative regulations of the State.

The Company was incorporated by promoters, upon obtaining the approval “Hainan Share System Enterprises Office Document [2000]97” issued by the Hainan Province Share System Enterprises Office on 26th December, 2000. The Company was registered with the Hainan Province Administration for Industry and Commerce on 28th December, 2000, and received the Company’s business license. The license number of incorporation is 4600001008403. The current unified social credit code is 91460000721271724R.

The Company’s promoters are Haikou Meilan International Airport Company Limited, Hainan Airlines Company Limited, HNA Group Company Limited, Central South Civil Aviation Economy Development Corporation, and China Southern Airlines Company Limited.

Article 2 The Company’s registered name in Chinese: 海南美蘭國際空港股份有限公司

The Company’s name in English: Hainan Meilan International Airport Company Limited

Article 3 Registered address: Complex Building of Meilan Airport, Haikou, Hainan, PRC.

Postal code: 571126

Telephone number: (86-898) 69966999

Facsimile number: (86-898) 69968999

Article 4 The legal representative of the Company shall be a director or general manager (also known as president or chief executive officer, hereinafter the same) who executes the affairs of the Company on behalf of the Company, and shall be elected by the board of directors (with the approval of more than half of all directors); if a director or general manager who serves as legal representative resigns, he or she shall be deemed to have resigned from his or her office at the same time as the legal representative; and in the event of resignation of a legal representative, the Company shall, within thirty (30) days from the date of resignation of the legal representative, convene a board meeting to elect and determine a new legal representative.

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

Article 6 The Articles of Association (the “Articles of Association”) shall be the legally binding document regulating the Company’s organisation and actions, relationship between the Company and the shareholders, and rights and obligations among the shareholders.

Article 7 The Articles of Association shall have binding effect on the Company, and its shareholders, directors, supervisors, general manager, (or called president, CEO etc., hereinafter the same) and other senior management personnel. Such persons shall be entitled to exercising their rights regarding the Company according to the Articles of Association.

The shareholders may bring legal actions against the Company, other shareholders, directors, supervisors, general manager and other senior management personnel of the Company in accordance with applicable laws and regulations and the Articles of Association; the Company may bring legal actions against the shareholders, directors, supervisors, general manager and other senior management personnel in accordance with applicable laws and regulations and the Articles of Association.

The other senior management personnel according to the Articles of Association are the vice general manager (also called vice president, hereinafter the same), the secretary to the board of directors, CFO (also called finance director, hereinafter the same) and other management decided by the Company’s board of directors.

Article 8 The Company may invest in other enterprises. The Company shall comply with the provisions of laws that it shall not be jointly and severally liable for the debts of the invested enterprises.

Article 9

The Company is an enterprise legal person. The Company has independent legal person property and is entitled to property right of legal person. The Company shall conduct all its business in full compliance with applicable laws, rules, regulations and model documents, including but not limited to the Company Law and the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Listing Rules”), etc. (hereinafter collectively referred to as the “Laws and Regulations”), and shall protect the legal rights of shareholders. All the Company’s capital is divided into equal shares. Shareholders’ liability towards the Company is limited to the extent of the shares they subscribe. The Company is liable to its liabilities to the extent of all the Company’s assets. The legitimate rights and interests of the Company shall be protected by law and shall not be infringed upon.

CHAPTER 2 OBJECTIVES AND SCOPE OF BUSINESS**Article 10**

The Company’s operation objectives are to establish and operate a first rate airport service enterprise, and to abide by the management guideline of “safety first and customers always number one,” in order to provide the Company’s customers with reliable and safety protection and the best services. At the same time, the Company aims to achieve better financial and social benefits, in order to provide shareholders with good return on their investment, as well as good career prospects for employees. The goal is for the Company to move towards capital markets.

Article 11

The scope of business of the Company is determined by the Articles of Association. The Company can amend the Articles of Association and change the scope of business. For items within the scope of business of the Company that are subject to approval under the laws and administrative regulations shall be approved in accordance with the law.

The business scope of the Company includes:

Licensed items: civil airport operation; public air transport; project construction; storage, transportation and filling (including extraction) of civil aviation fuel; catering services; food production; retail of tobacco products; liquor operation; food sale; healthcare services; import and export of goods (For operation projects that are subject to approval in accordance with the law, their operation shall only commence after obtaining approval from the relevant authorities. The specific operation projects shall be subject to the permit or license issued by relevant authorities.)

General items: housing rental; commercial complex management services; general cargo warehouse services (excluding items subject to licensing like hazardous chemicals); international air cargo transport agency; domestic cargo transport agency; packaging of goods transported by air; hardware retail; sale of electronic products; sale of communication equipment; sale of network equipment; general merchandise sale; sale of knitwear and textiles; retail of arts and crafts and collectibles (except ivory and its products); motor vehicle repair and maintenance; information consulting services (excluding information consulting services subject to licensing); conference and exhibition services; sale of office supplies; retail of aquatic products; healthcare services (non-medical); stationery retail; wholesale of sporting goods and equipment; retail of computer hardware and ancillary equipment; sale of household appliances; sale of sound equipment; information technology consulting services; data processing and storage support services; property management; advertising production; advertising publication; advertising design and agency; cultural venue management services; business training (excluding educational training, vocational skill training and other forms of training that are subject to licensing); ticket agency; playground services; car park services; internet-based sales (except for sale of goods that are subject to licensing); car wash services; retail of automobile parts and accessories; packing services for transportation of goods; sales of gifts and flowers; retail of pet food and supplies; sales of motor vehicle charging; and operation of charging infrastructure for electric vehicles. (Except for projects that are subject to approval in accordance with the law, business activities can be carried out with business licenses.)

CHAPTER 3 SHARE CAPITAL AND REGISTERED CAPITAL

- Article 12** The Company always has ordinary shares ready on hand. The Company may issue classes of shares with rights different from those of the ordinary shares as it deems necessary, subject to the amendment of the Articles of Association and in accordance with the provisions of the Company Law.
- Article 13** All shares issued by the Company are par shares and each share has par value of RMB1.00.
- Article 14** The Company may issue shares to domestic or overseas investors after fulfilling the applicable laws and regulations and the statutory procedures stipulated in the Articles of Association.

Overseas investors referred to in the above paragraph and the Articles of Association are the investors from places outside China, Hong Kong Special Administrative Region, Macau Special Administrative Region or Taiwan Region of the People's Republic of China who have subscribed for shares in the Company. Domestic investors are the investors who have subscribed for shares in the Company and who are residents of the People's Republic of China other than the above-mentioned regions.

Article 15

Unless otherwise provided by applicable laws and regulations or the Articles of Association, the shares issued by the Company to domestic investors are called domestic shares. The shares issued by the Company to overseas investors are called foreign shares. Foreign shares that are listed outside China are called overseas listed foreign shares. Both domestic share and overseas share shareholders are common share shareholders.

The targets of the Company's overseas issuance and listing shall be overseas investors, unless they meet the requirements of applicable laws and regulations or unless otherwise provided by State.

The Company may raise funds in foreign currencies or Renminbi in an overseas issuance and listing.

The domestic unlisted shares issued by the Company (meaning shares issued by the Company but not listed or traded on a domestic trading exchange) shall be centrally registered and deposited with a domestic securities registration and clearing institution, and the registration and clearing arrangements for the overseas listed shares shall be subject to the regulations of the overseas listing place. Shareholders holding domestic unlisted shares of the Company who apply for conversion of their domestic unlisted shares into overseas listed shares and listing and circulation of such shares on overseas exchanges shall comply with the relevant regulations of the China Securities Regulatory Commission and entrust the Company to file with the China Securities Regulatory Commission.

Article 16

The Company was incorporated as a joint stock company by promoters according to the permit, Hainan Share Office No. [2000]97, dated the 26th December, 2000, issued by the Hainan Province Share System Enterprises Office. The total number of issued ordinary shares is 250,000,000, all subscribed by the promoters below, representing 100% of issued ordinary shares at the time of incorporation:

Haikou Meilan International Airport Company Limited	237,500,000 shares	95%
Hainan Airlines Company Limited	5,287,500 shares	2.115%
HNA Group Company Limited	3,512,500 shares	1.405%
Central South Civil Aviation Economy Development Corporation	2,775,000 shares	1.11%
China Southern Airlines Company Limited	925,000 shares	0.37%

Article 17

After incorporation, the Company increased its capital for the first time by issuing ordinary shares. The newly issued shares are 223,213,000 overseas listed foreign shares including 198,000,000 shares of initial offer and 25,213,000 shares of over-allotment. At the same time, 3,700,000 domestic shares were transferred into overseas listed foreign shares.

After the afore-mentioned capital increase by issuing ordinary shares, the Company's share structure is as follows: there are 473,213,000 common shares including 246,300,000 domestic shares that account for 52.05% of the total common shares. These shares are held as follows: 237,500,000 shares by Haikou Meilan International Airport Company Limited, 5,287,500 by Hainan Airlines Company Limited, 3,512,500 by HNA Group Company Limited. There are 226,913,000 foreign shares held by foreign shareholders, which account for 47.95% of the total common shares.

Article 18

In respect of the Company's plan regarding the issue of overseas listed foreign shares or domestic shares, the Company's board of directors may make arrangements to issue the shares respectively in accordance with the provisions of applicable laws and regulations.

Article 19 The Company's registered capital after the completion of the issue of overseas listed foreign shares is RMB473,213,000.

Article 20 As for the operation and development requirements, the Company may increase its capital in accordance with the applicable laws and regulations and the relevant provisions of the Articles of Association.

The Company may increase its capital by the following means:

- (1) Issuing new shares to non-designated investors;
- (2) Placing new shares to existing shareholders;
- (3) Issuing new shares to existing shareholders;
- (4) Issuing new shares to designated investors; and
- (5) Adopting other means permitted by applicable laws and regulations and the Articles of Association.

When issuing new shares to increase capital, the Company shall adhere to the procedures prescribed by the applicable laws and regulations, after obtaining internal approval in accordance with the Articles of Association.

Article 21 Subject to the laws and administrative regulations, the Company's shares may be freely transferred, without any right of lien.

Article 22 Under the premises of adherence to the Articles of Association and provisions of applicable laws and regulations, once the Company's shares are transferred, the names of the transferees shall become the holders of such shares and shall be registered in the register of shareholders.

Article 23 All the issue or transfer of overseas listed foreign shares shall be registered and maintained in the register of overseas listed foreign shares shareholders of the listing stock exchange.

Article 24 The shares of the Company may be transferred in accordance with the law. All transfers of overseas listed foreign shares shall be conducted using an written instrument of transfer in the usual or common form or in any other form accepted by the board of directors or in such standard documents of transfer or form of transfer as may from time to time be prescribed by The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange” or the “Stock Exchange”) in which the shares of the Company are listed. The transfer documents may be signed by the transferor and transferee by hand or stamped with the effective Company chop (if the transferor or transferee is a corporation), when the transferor or transferee is designated clearing house (as defined in Securities and Futures Ordinance of Hong Kong or the relevant effective regulations from time to time) or its proxy, the transfer form may be signed or stamped.

All transfer documents shall be filed at the Company’s registered address, or the address designated by the board of directors from time to time.

Article 25 The Company’s overseas listed foreign shares may be traded in the Hong Kong Stock Exchange.

CHAPTER 4 CAPITAL REDUCTION AND SHARE REPURCHASE

Article 26 The Company may reduce its registered capital according to the applicable laws and regulations and the provisions of the Articles of Association.

Article 27 When reducing its registered capital, the Company shall prepare the balance sheet and the inventory of assets.

The Company shall notify its creditors within ten (10) days from passing the resolution on the reduction of registered capital at the shareholders’ meeting and shall publish announcements in the newspapers or the National Enterprise Credit Information Publicity System within thirty (30) days. Creditors have the right to request the Company to repay its debts or provide guarantee within thirty (30) days from the date they receive the notice of capital reduction, or within forty-five (45) days from the date of announcement published for those creditors not receiving such a notice.

Article 28 The Company shall not acquire the Company’s shares. However, except under any one of the following circumstances:

- (1) Reducing the Company’s registered capital;

- (2) Merging with other companies which hold the Company's shares;
- (3) Using the shares in employee shares ownership plans or equity incentives;
- (4) Acquiring shares held by shareholders with a different view in respect of resolutions regarding merger or division adopted at the shareholders' meeting;
- (5) Using the shares for converting company-issued corporate bonds convertible into shares;
- (6) Being necessary to maintain the value of the Company and the rights and interests of its shareholders; and
- (7) Other circumstances prescribed by the applicable laws and regulations.

Article 29

Subject to applicable laws and regulations and the provisions of the Articles of Association, the Company may repurchase its shares by one of the following methods:

- (1) Making a repurchase offer to all shareholders on a pro-rata basis;
- (2) Repurchasing shares by public trading on the Stock Exchange;
- (3) Repurchasing shares by agreement outside the Stock Exchange; or
- (4) Other means as stipulated by the applicable laws and regulations.

However, if the Company acquires its shares under the circumstances as stipulated in sections (3), (5) and (6) of Article 28 of the Articles of Association, it shall be conducted by way of open centralised transaction.

If the Company acquires its shares, the Company shall fulfill its information disclosure obligations in accordance with provisions of applicable laws and regulations.

Article 30 The acquisition of the Company's shares under the circumstances as stipulated in section (1) and section (2) of Article 28 of the Articles of Association shall be passed by resolution of the shareholders' meeting. Where the Company acquires its shares under the circumstances as stipulated in sections (3), (5) and (6) of Article 28 of the Articles of Association, it shall be made as prescribed by the Articles of Association or under the authorisation by the shareholders' meeting and approved by way of a resolution at the board meeting attended by more than two thirds (2/3) of the directors of the Company.

Article 31 After acquiring the shares of the Company in accordance with Article 28 of the Articles of Association, the Company shall cancel such shares within ten (10) days from the date of acquisition for circumstances under section (1) of Article 28 of the Articles of Association, or transfer or cancel such shares within six (6) months from the date of acquisition for circumstances under section (2) and section (4) of Article 28 of the Articles of Association; for circumstances under sections (3), (5) and (6) of Article 28 of the Articles of Association, the total number of shares of the Company held by the Company shall not be more than ten percent (10%) of the Company's total number of issued shares and shall be transferred or cancelled within three (3) years.

Article 32 Unless the Company is undergoing liquidation, the repurchase of its issued shares shall adhere to the applicable laws and regulations and the relevant provisions of the Articles of Association.

CHAPTER 5 FINANCIAL ASSISTANCE FOR THE PURCHASE OF COMPANY'S SHARES

Article 33 The Company shall not provide gifts, loans, guarantees and other financial assistance for others to acquire shares of the Company or its parent company, except for the Company's implementation of employee stock ownership plan.

Article 34 In the interests of the Company, by resolutions of the shareholders' meeting, or by resolutions of the board of directors in accordance with the Articles of Association or the authorisation of the shareholders' meeting, the Company may provide financial assistance for others to acquire shares of the Company or its parent company, provided that the cumulative total amount of the financial assistance shall not exceed ten percent (10%) of the total amount of the issued share capital. Resolutions made by the board of directors shall be passed by more than two-thirds (2/3) of all directors.

Article 35 In the event of any damages caused to the Company due to their violation of the preceding two Articles, the responsible directors, supervisors and senior management personnel shall be liable for compensation.

CHAPTER 6 SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS

Article 36 The shares of the Company shall take the form of share certificates. Share certificates issued by the Company are evidence of shares held by the shareholders. Shares issued by the Company shall be registered shares.

The issue price of the Company's par value share certificates may be based on the par value or may exceed the par value, but may not be lower than the par value.

The Company's share certificates are in paper form or in any other forms prescribed by applicable laws and regulations. Where the Company's share certificates are in paper form, the following information shall be included:

- (1) The name of the Company;
- (2) The incorporation date of the Company or the time at which the share certificates are issued;
- (3) The class of share, its face value and the number of shares represented;

- (4) The serial number of the share certificate; and
- (5) Other information required by the applicable laws and regulations and the Stock Exchange.

Article 37

Share certificates are signed by the legal representative of the Company with the Company chop. If the Listing Rules or Stock Exchange require the signatures of relevant senior management personnel, the share certificates will be signed by the relevant senior management personnel. Share certificates shall become effective after stamped with the Company chop authorised by the board of directors, or securities stamp by special requirement, or stamped by printed method. The stamping of the Company chop on the share certificates shall be authorised by the board of directors. The printed method may also be used for the signatures of the legal representative or relevant senior management personnel of the Company.

Article 38

The Company shall make a register of shareholders and deposit it at the Company. A register of shareholders shall record the following information:

- (1) The name and address of each shareholder;
- (2) The class and number of shares subscribed by each shareholder;
- (3) If the share certificates are issued in paper form, the serial numbers of share certificates; and
- (4) The date on which each shareholder receives the shares.

Article 39

The Company establishes a register of shareholders in accordance with the certificates provided by the securities registration authority, which is sufficient evidence of shareholders' ownership of the Company's shares. The register of shareholders shall be available for inspection by shareholders, but the register of shareholders may be suspended by the Company according to applicable laws and regulations.

Article 40

The Company shall maintain a complete register of shareholders.

The register of shareholders shall include the followings:

- (1) The register of shareholders, kept at the Company's registered office, except according to sections (2) and (3) of this Article;

- (2) The register of shareholders of overseas listed foreign shares kept at the place where the Stock Exchange is located; and
- (3) The register kept at other places when the board of directors deems it necessary for the listing of the Company's shares.

Article 41

Various parts of the register of shareholders shall not be duplicate. When a part of the shares in the register of shareholders is being transferred, such shares shall not be registered in other parts of the register of shareholders during the transfer period.

The amendment and correction of various parts of the register shall be undertaken according to the laws of the place where the register of shareholders is kept.

Article 42

Within twenty (20) days of the convening of the shareholders' meeting, or five (5) days prior to the book close closing date for distribution of dividends, no registration changes shall be made to the register of shareholders. However, if there is any other provision in relation to the changes to the register of shareholders of the Company as stipulated by the applicable laws and regulations, such provision shall prevail.

Article 43

The board of directors or convener of the shareholders' meeting shall fix the date of registration of share ownership, when the Company convenes the shareholders' meeting, distributes dividends, conducts liquidation, or carries out other activities requiring the confirmation of share ownership. After the closing date of registration of share ownership, shareholders recorded in the register shall be the Company's shareholders who are entitled to relevant interests.

Article 44

Any person who wishes to register or delete his name from the register because of his difference of opinion on the register of shareholders may apply to the court within the jurisdiction of the register of shareholders for verification.

Article 45

If any shareholder who has registered or requested to register his name on the register of shareholders loses his share certificates, application can be made to the Company for replacement by new share certificates of such shares according to the requirements of applicable laws and regulations.

Article 46 The names of the purchasers in good faith of the above-mentioned new shares, reissued by the Company according to regulation of the Articles of Association, and all shareholders who registered as owners of these shares thereafter (when purchased in good faith), shall not be deleted from the register of shareholders.

Article 47 The Company has no obligation to indemnify any person who suffers any loss resulting from the cancellation of original share certificates or reissue of share certificates, unless the person can prove that the Company has committed a fraudulent act.

CHAPTER 7 RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Article 48 A shareholder of the Company is the person who holds the Company's shares legally and whose name is recorded in the register of shareholders.

Shareholders' share rights and obligations are based on the class and number of shares held. Shareholders holding the same class of shares enjoy equal rights and bear the same obligations.

Article 49 Common share shareholders have the following rights:

- (1) Receive dividend and other kinds of distribution according to the number of shares held;
- (2) Request, convene, preside, attend or appoint nominees to attend and speak at the shareholders' meetings according to the law, and exercise voting rights (except as required by the relevant requirements of Listing Rules to abstain from voting in respect of individual matters by individual shareholders);
- (3) Propose suggestions or make inquiries on the Company's operation;
- (4) Transfer, donate or pledge shares held according to applicable laws and regulations and the Articles of Association;
- (5) Receive the following information according to applicable laws and regulations and the Articles of Association, and pay the necessary cost (if applicable) to the Company;

- (6) Share in the distribution of surplus assets according to the number of shares held when the Company is being liquidated as a result of dissolution;
- (7) Require the Company's acquisition of shares held given a different view in respect of resolutions regarding merger and division adopted in a shareholders' meeting; and
- (8) Other rights conferred by applicable laws and regulations and the Articles of Association.

Article 50

Common share shareholders bear the following obligations:

- (1) Abide by the Articles of Association;
- (2) Pay subscription money for the shares of a particular class subscribed; and
- (3) Other necessary obligations imposed by applicable laws and regulations and the Articles of Association.

Apart from the conditions agreed by the share purchasers at the time of purchase, shareholders do not bear any obligation regarding the share capital imposed afterwards.

Article 51

The controlling shareholders and the actual controlling person of the Company shall not use their relationship (as defined in the Company Law, hereinafter the same) to damage the interests of the Company. If they violate this provision and cause losses to the Company, they shall be liable for compensations.

Where the controlling shareholders and the actual controlling person of the Company direct the directors and senior management personnel of the Company to engage in acts which are prejudicial to the interests of the Company or its shareholders, they shall bear joint and several liabilities.

Article 52

The controlling shareholder referred to in the previous Article possesses one of the following conditions:

- (1) A shareholder who holds ordinary shares representing more than fifty percent (50%) of the total share capital of the Company; or
- (2) A shareholder whose shareholding is less than fifty percent (50%) but the voting rights attached to his/her/its shareholding are sufficient to have a material impact on the resolutions of a shareholders' meeting.

Reference to de facto controller above shall mean individuals who via investment relationships, agreements or other arrangements can actually control the activities of the Company.

CHAPTER 8 SHAREHOLDERS' MEETINGS

Article 53

The shareholders' meeting, comprising all shareholders, is the organ of authority of the Company, which exercises its powers in accordance with the laws.

Article 54

The shareholders' meeting exercises the following powers:

- (1) To elect or change directors, and decide on matters relating to the remuneration of directors;
- (2) To elect or change supervisors who are not employees' representatives and decide on matters relating to the remuneration of supervisors;
- (3) To examine and approve reports of the board of directors;
- (4) To examine and approve reports of the supervisory committee;
- (5) To examine and approve the Company's proposals for profit distribution and for recovery of losses;
- (6) To decide on any increase or reduction in the Company's registered capital;

- (7) To decide on matters such as merger, division, dissolution, liquidation or amendment to the method of operation of the Company; however, subject to the requirements of applicable laws and regulations, if the price to be paid by the Company for the merger does not exceed ten percent (10%) of the Company's net assets, the merger may be resolved without a shareholders' meeting;
- (8) To decide on the issuance of corporate bonds, or to authorise the board of directors to resolve on the issuance of corporate bonds;
- (9) To decide on the matters such as the employment, dismissal of the accounting firm that undertakes the Company's auditing activities as well as of its remuneration;
- (10) To examine and approve matters in respect of the Company's purchase or sale of material assets accounting for more than thirty percent (30%) of the Company's latest audited total assets within one (1) year;
- (11) To examine and approve the following guarantees of the Company (referring to guarantees provided to the Company and the others, including the guarantees provided to controlling subsidiaries):
 1. The amount of guarantees provided by the Company to others within one (1) year has reached or exceeded thirty percent (30%) of the Company's latest audited total assets;
 2. A single guarantee amount exceeding ten percent (10%) of the Company's latest audited net assets;
 3. Any guarantees provided after the total amount of external guarantees (refers to the sum of total amount of external guarantee of the Company that includes guarantee provided by the Company to holding subsidiaries and total amount of external guarantee of holding subsidiaries of the Company) of the Company and its subsidiaries has reached or exceeded fifty percent (50%) of the Company's latest audited net assets;
 4. Any guarantees provided to a guaranteed party with an asset liability ratio of more than seventy percent (70%); and
 5. Any guarantees provided to the shareholders, de facto controllers and their related parties.

- (12) To amend the Articles of Association;
- (13) To examine any interim proposals put forward in accordance with the law by shareholders singly or jointly holding one percent (1%) or above of the voting rights;
- (14) To examine and approve equity incentive schemes; and
- (15) To decide on any other matters to be decided by the shareholders' meeting according to the applicable laws and regulations and the Articles of Association.

Subject to the relevant provisions of applicable laws and regulations, the shareholders' meeting may authorise the board of directors to decide to issue shares not exceeding fifty percent (50%) of the issued shares within three (3) years. However, the funding with non-monetary assets as consideration shall be resolved by the shareholders' meeting. If the shareholders' meeting authorises the board of directors to decide on the issuance of new shares, the resolution of the board of directors shall be approved by two-thirds (2/3) or more of all the directors.

If the board of directors decides to issue shares in accordance with the preceding provisions resulting in a change in the registered capital or the number of issued shares of the Company, amendments to the matters recorded in the Articles of Association shall not be subject to the vote of the shareholders' meeting, unless otherwise provided for in the Listing Rules.

Article 55

Unless approved by the shareholders' meeting, the Company may not sign contract with any person other than the Company's directors, supervisors, general manager and other senior management personnel, that gives that person the responsibility of managing all or major part of the Company's business.

Article 56

Shareholders' meetings can be classified into annual general meetings (also referred to as "annual general meetings") and extraordinary general meetings (also referred to as "extraordinary general meetings"). Annual shareholders' meetings are held once a year and shall be held within six (6) months after the end of the previous financial year.

Extraordinary general meetings are required to be held within two (2) months after the occurrence of any of the following events:

- (1) The number of directors is less than the number provided for the Company Law or less than two thirds (2/3) of the number required by the Articles of Association;
- (2) The aggregate losses of the Company which are not made up reach one third (1/3) of the Company's total paid-up share capital;
- (3) A request by shareholders singly or jointly holding ten percent (10%) or more of the Company's voting rights;
- (4) When deemed necessary by the board of directors;
- (5) When requested by the supervisory committee; or
- (6) Other circumstances as stipulated in the applicable laws and regulations and the Articles of Association.

Shareholders who individually or collectively hold more than ten percent (10%) of the shares of the Company request the board of directors to hold an extraordinary general meeting, the board of directors and the supervisory committee shall make a decision on whether to convene an extraordinary general meeting within ten (10) days from the date of receipt of the request, and shall give a written reply to the shareholders.

Article 57

When the Company convenes an annual general meeting, it shall notify all the shareholders twenty (20) business days before the meeting (exclusive of the date of the meeting) by means of public announcement stating the time, venue of and matters to be considered at the meeting. When the Company convenes an extraordinary general meeting, it shall notify all the shareholders fifteen (15) days or ten (10) business days (whichever is longer) before the meeting (exclusive of the date of the meeting) by means of public announcement. Where the Listing Rules contain special provisions as to the period of notice to be given for convening a shareholders' meeting, such provisions shall also apply.

The business day referred to in the Articles of Association shall mean a day on which the Stock Exchange is open for business for dealing in securities.

Article 58

When the Company convenes a shareholders' meeting, shareholders individually or the jointly holding more than one percent (1%) of the shares of the Company may propose a provisional proposal and submit it to the board of directors in writing ten (10) days before a shareholders' meeting is convened. An extraordinary proposal shall have a definite subject and specific resolution and shall be within the terms of reference of the shareholders' meeting. The board of directors shall notify other shareholders by means of the announcement in accordance with the applicable laws and regulations and submit such provisional proposal to the shareholder's meeting for consideration, provided that the provisional proposal may not violate laws, administrative regulations or the provisions of the Articles of Association, or fall within the scope of authority of the shareholders' meeting. The board of directors may postpone the relevant meeting in order to comply with applicable laws and regulations.

Article 59

A shareholders' meeting shall not decide on any matter not stated in the notice of the shareholders' meeting and supplemental announcement (if any).

Article 60

A notice of the shareholders' meeting shall be in written form and contain the following requirements:

- (1) The venue, date and time of the meeting;
- (2) Specify the date of registration of shares held by shareholders entitled to attend the shareholders' meeting; the interval between the shares registration date and the date of the meeting shall be subject to the requirements by applicable laws and regulations;
- (3) Specify the name and telephone number of the permanent contact person for meeting affairs;
- (4) The matters to be deliberated at the shareholders' meeting;
- (5) Provide sufficient information and explanation to shareholders for matters to be considered to enable them to make informed decisions. This principle includes (but not limited to) providing the relevant transaction conditions and contracts (if applicable) of the agreements when the Company proposes merger, repurchase of shares, restructuring of share capital or other restructuring, and providing serious explanation of the causes and consequences;

- (6) When any director, supervisor, general manager or other senior management personnel has great conflict of interest with the matters to be considered in the meeting, he shall disclose the nature and seriousness of the conflict of interest. If the matters to be considered shall affect that director, supervisor, general manager or other senior management personnel as shareholder differently from other classes of shareholders, explanation is necessary for clarifying the differences;
- (7) Contain the entire text of any special resolution to be considered and passed at the shareholders' meeting;
- (8) Explain in clear wording that shareholders with the rights to attend and vote in the shareholders' meeting have the right to appoint one (1) or more than one (1) proxies to attend and vote. Such a proxy needs not be a shareholder; and
- (9) State the time and place for delivery of the proxy appointment letter.

Article 61

Notices of shareholders' meetings shall be made by announcement. For the shareholders of overseas listed foreign shares, notices of shareholders' meetings can also be delivered or made through the Company's website or methods as stipulated by the Listing Rules from time to time upon satisfactory with the requirements of applicable laws and regulations.

The announcement mentioned above shall be published in media that comply with requirements of the securities regulatory authorities under the State Council, or published on the website of the Company and the Stock Exchange. After the announcement, shareholders are deemed to have received the notice of the shareholders' meeting.

Article 62

The shareholders' meeting and the resolutions passed in the meeting will not be ineffective because certain persons who possess the right to be notified did not receive the notice due to accidental omission, or certain persons did not receive the notice at all.

Article 63

In the event of attending the meeting in person an individual shareholder shall present one's identity card or other valid certificates. In the event of appointing a proxy to attend, valid personal identity certificates and the shareholder's power of attorney shall be furnished (unless such power of attorney has been deposited with the Company in advance in accordance with Article 65 of the Articles of Association).

A corporate shareholder shall appoint a legal representative or a proxy of the legal representative to attend the meeting. In the event when the legal representative attends the meeting, personal identity card and valid proofs capable of showing the eligibility of the legal representative shall be furnished. In the event when the proxy of the legal representative attends the meeting, the proxy shall present one's identity card and a written power of attorney issued by corporate shareholder in accordance with the laws (unless such power of attorney has been deposited with the Company in advance in accordance with Article 65 of the Articles of Association) (except where shareholder is a recognised clearing house (the "recognised clearing house") as defined in the relevant ordinances in force from time to time made by Hong Kong Law and the securities regulatory rules of the place where the company's shares are listed and its nominee).

If the shareholder is a recognised clearing house (or its proxy), such shareholder may appoint one or more persons whom they deemed appropriate to be its proxy in any shareholders' meeting or creditors' meetings. However, if more than one person is appointed, the appointment letter shall state the number of shares and classes of shares in respect of which each such person is so authorised and the appointment letter shall be signed by an authorised officer of the recognised clearing house. The person so appointed may represent the clearing house (or its proxy) to exercise its rights (without producing proof of shareholding, notarised authorisation and/or further evidence that it is duly authorised) and shall be entitled to the same statutory rights as other shareholders, as if such person is an individual shareholder of the Company.

Article 64

The power of attorney issued by the shareholder to authorise another person to attend the shareholders' meeting shall state the following items:

- (1) Name and identity card number of the proxy;
- (2) Name of the principal, the nature and number of shares of the Company held by the appointer, and whether the principal has voting rights;
- (3) Instructions to vote for, against and abstain from voting on each issue on the agenda of the shareholders' meeting;
- (4) Issuance date and validity period of the power of attorney; and

- (5) Signature (or seal) of the principal. In case of a corporate shareholder, its corporate seal shall be affixed or such instrument shall be signed by a person duly authorised by it.

Article 65

The appointment letter for appointing voting proxy shall be delivered at least twenty-four (24) hours before the convening of the relevant meeting, or twenty-four (24) hours before the designated time for voting, to the Company's legal address or another place designated by the notice of the shareholders' meeting. For appointment letters signed by persons appointed by the member, the appointment letter authorising the signature and other appointment documents shall be notarised. The notarised appointment letter and other appointment documents shall be delivered together with the appointment letter for appointing voting proxy to the company's legal address or another place designated by the notice of the shareholders' meeting.

If the member is a legal person, its legal representative or board of directors, or person appointed and delegated by other decision authority shall represent the member as proxy to attend shareholders' meeting. For the purposes of the Articles of Association, the proxy attending the meeting and the actions taken by the proxy in the meeting shall be considered as the member attending the meeting (as appropriate) and taking such actions personally. A corporate shareholder may execute the form of proxy by its duly authorised person.

Article 66

Any proxy form distributed by the board of directors to shareholders to appoint proxy shall provide members the freedom to instruct the proxy to vote for, against or abstain from voting in the shareholders' meeting, and give instruction for voting for each of the items on the agenda. The proxy form shall state clearly that if the member does not give instruction, the proxy can vote according to his wishes. The proxy form shall specify that in the absence of instruction from the member as to voting on a resolution, it shall be at the discretion of the proxy to decide whether to vote; it shall be at the discretion of the proxy to decide how to vote if he/she decides to vote.

Article 67

In the event the member is deceased, loses his functions, withdraws the appointment, withdraws the authority for appointment or has transferred his shares before voting, the voting by the proxy appointed by the member is still valid, if the company does not receive a written notice of such events prior to the meeting.

Article 68

Resolutions of the shareholders' meeting shall be classified into ordinary resolutions and special resolutions.

An ordinary resolution shall be passed by more than half of the voting rights represented by shareholders (including proxies) attending the meeting in favour of the resolution.

A special resolution may be passed by more than two thirds (2/3) of the voting rights represented by the shareholders (including proxies) attending the meeting in favour of the resolution.

Article 69

When shareholders (including proxies) attend the shareholders' meetings, they have one voting right for each share held. However, shares held by the Company have no voting rights and such portion of shares shall not be counted in the total number of shares with the right to vote in shareholders' meetings.

When any resolutions in respect of related transaction is to be considered in shareholders' meetings, the related shareholders shall abstain from voting and the number of voting shares they represented shall not be counted in the total number of effective votes. The related shareholders may, if unable to abstain from voting under special circumstances, cast their votes in accordance with the normal procedures upon the unanimous consent of other non-related shareholders.

When any resolutions in respect of the Company's provision of guarantees to its shareholders or de factor controller or its related person is to be considered in shareholders' meetings, shareholders being controlled by the aforesaid shareholders or de factor controller shall abstain from voting on such resolution and such resolution shall be passed by more than half of the voting rights cast by other shareholders attending the meeting.

Where any shareholder is, pursuant to the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting 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 70 The resolutions proposed at shareholders' meetings of the Company shall be voted on by way of poll provided that, subject to the requirements under the Listing Rules, the chairman of the meeting may in good faith allow the resolutions relating purely to a procedural or administrative matter to be voted on by show of hands.

Article 71 In casting votes, shareholders (including proxies) holding two or more voting shares do not have to cast the votes all for or all against the resolution or abstain from voting.

Article 72 The following matters shall be approved by ordinary resolutions in the shareholders' meeting:

- (1) To elect or change directors, and decide on matters relating to the remuneration of directors;
- (2) To elect or change supervisors who are not employees' representatives, and decide on matters relating to the remuneration of supervisors;
- (3) To examine and approve reports of the board of directors;
- (4) To examine and approve reports of the supervisory committee;
- (5) To examine and approve the Company's proposals for profit distribution and for recovery of losses;
- (6) To decide on the issuance of the corporate bonds, or to authorise the board of directors to decide on the issuance of the corporate bonds;
- (7) To decide on the appointment or dismissal of accounting firms undertaking the audit of the Company;
- (8) To examine and approve the external guarantees as referred in Article 54 section (11) of the Articles of Association (except the external guarantees which shall be approved by special resolutions in the shareholders' meeting in accordance with Article 73 section (4) of the Articles of Association);
- (9) To examine and approve the equity incentive schemes of the Company;
and

- (10) Other matters other than those required by applicable laws and regulations or the Articles of Association to be approved by special resolutions.

Article 73

The following matters shall be approved by special resolution in the shareholders' meeting:

- (1) To increase or reduce the Company's registered capital;
- (2) To decide on merger, division, dissolution, liquidation or change in corporate form of the Company;
- (3) To amend the Articles of Association;
- (4) Any matters in respect of the Company's purchase, sale of material assets or the guaranteed amount provided to others accounting for more than thirty percent (30%) of the Company's latest audited total assets within one (1) year;
- (5) Matters of material importance to the Company which the shareholders' meeting has decided, by ordinary resolution, should be approved by special resolution; and
- (6) Other matters, which should be approved by special resolution, as required under the applicable laws and regulations.

Article 74

Shareholders seeking to convene an extraordinary general meeting or class shareholders' meeting shall follow the following procedures:

- (1) Shareholders individually or collectively holding ten percent (10%) or more of voting shares in the proposed meeting shall sign one or several written requests with similar content and format to request the board of directors to convene an extraordinary general meeting or class shareholders' meeting and list the resolutions to be considered. The amount of shareholding is calculated on the date of the shareholders making the written request;

- (2) In accordance with the applicable laws and regulations and the Articles of Association, the board of directors shall, within ten (10) days from the date of receiving the above written request, decide whether to convene the extraordinary general meeting or class shareholders' meeting and provide a written response to the above shareholder(s). If the board of directors agrees to convene the above extraordinary general meeting or class shareholders' meeting, it will issue a notice of convening the extraordinary general meeting or class shareholders' meeting as soon as possible after the resolution of the board of directors is made; where such notice changes the original request, the consent of relevant shareholders shall be obtained. Where the board of directors refuses to convene an extraordinary meeting or class shareholders' meeting or if no decision has been made on whether or not to convene the above extraordinary general meeting or class shareholders' meeting within ten (10) days from the date of receipt of the written request mentioned above, or if no written response is given to the aforesaid shareholders, the shareholders who have made such a request may propose to the supervisory committee to convene the extraordinary general meeting or class shareholders' meeting with reference to the provision of the section (1) above.

- (3) In accordance with the applicable laws and regulations and the Articles of Association, the supervisory committee shall, within ten (10) days from the date of receiving the above written request, decide whether to convene the extraordinary general meeting or class shareholders' meeting and provide a written response to the above shareholder(s). If the supervisory committee agrees to convene the above extraordinary general meeting or class shareholders' meeting, it will issue a notice of convening the extraordinary general meeting as soon as possible after the resolution of the supervisory committee is made; where such notice changes the original request, the consent of relevant shareholders shall be obtained. Where the supervisory committee refuses to convene an extraordinary general meeting or class shareholders' meeting or if no decision has been made on whether or not to convene the above extraordinary general meeting or class shareholders' meeting within ten (10) days from the date of receipt of the written request mentioned above, or if no written response is given to the aforesaid shareholders, the shareholders making such request and separately or jointly holding more than ten percent (10%) of the shares carrying voting rights in the proposed meeting for a consecutive period of ninety (90) days or above may convene and preside over an extraordinary general meeting or class shareholders' meeting themselves. The procedures to convene shall, to the extent possible, be identical to the procedures the Board convenes the shareholders' meeting and class shareholders' meeting.

The reasonable expenses incurred by the shareholders who convene the meeting by themselves as a result of the board of directors, the supervisory committee failure to do so shall be borne by the Company, and to be deducted from the money due to the negligent director, supervisors.

Article 75

Shareholders' meeting shall be convened by the board of directors and presided over by the chairman of the board of directors who shall act as the chairman of the meetings. When the chairman cannot or fails to perform such duty, the vice chairman shall take the chair to preside as chairman of such meetings. When the vice chairman cannot or fails to perform such duty, one (1) director elected by more than half of the directors shall take the chair to preside as chairman of such meetings.

In the event that the board of directors cannot or fails to perform the duty for convening a shareholders' meeting, the supervisory committee shall act timely to convene and chair the meeting. In the event that the supervisory committee cannot convene and chair the meeting, shareholders separately or jointly holding ten percent (10%) or more of the shares of the Company for a consecutive period of ninety (90) days or above may convene and chair the meeting themselves.

Shareholders' meetings that are convened by the supervisory committee itself shall be presided over by the chairman of the supervisory committee. In the event that the chairman of the supervisory committee is unable or unwilling to perform the duty, one (1) supervisor jointly elected by more than one-half of the supervisors shall preside over the meeting.

Shareholders' meeting that are convened by the shareholders themselves shall be subject to the provision in Article 74 of the Articles of Association.

Article 76 The chairman of the shareholders' meeting shall announce the voting results of the voted issue and whether the resolutions are approved or not at the shareholders' meeting, and shall record it in the minutes of the meeting.

Article 77 If the chairman of the shareholders' meeting has any doubt about the voting result of a resolution, he may request a vote count. If the chairman of the meeting has not carried out any vote count and the shareholders or their proxies disagree with the result announced by the chairman of the meeting, they have the right to request a vote count immediately after the announcement. The chairman of the meeting shall immediately carry out the vote count as per request.

Article 78 If vote counting is carried out at the meeting, the result shall be recorded in the minutes of the meeting.

The minutes of the meeting, together with the sign-in book of attending shareholders and proxy forms shall be kept at the Company's legal address.

Article 79 If the shareholder's meeting requires the presence of directors, supervisors, general manager and other senior management personnel, directors, supervisors, general manager and other senior management personnel shall be present at the meeting and respond to the shareholders' enquiries.

CHAPTER 9 SPECIAL PROCEDURES FOR RESOLUTION ON CLASS SHAREHOLDERS

Article 80 Members holding different classes of shares are class shareholders.

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

Article 81 The Company, wishing to alter or cancel the rights of class shareholders, shall proceed only by special resolution in the shareholders' meeting and by convening a separate meeting of affected class shareholders according to Articles 83 to 87.

Article 82 The following conditions are deemed to alter or eliminate the rights of shareholders of a particular class:

- (1) To increase or reduce the number of shares of that class; or to increase or reduce the number of shares of another class that enjoys the same or more voting right, distribution right and other privileges as that class;
- (2) To exchange part or all of shares of that class into another class, or change part or all of shares of the other class into that class or authorize such a conversion;
- (3) To remove or reduce the accumulated dividend or the right to the accumulated dividend for that class;
- (4) To reduce or cancel the priority enjoyed by that class to dividend, or the right to priority distribution at the Company's liquidation;
- (5) To increase, remove or reduce the rights of exchange, selection, voting, transfer and preferred subscription, and the rights of receiving the Company's securities, enjoyed by that class;
- (6) To remove or reduce the right to receive the Company's accounts receivable for designated currency enjoyed by that class;
- (7) To create a new class of shares enjoying the same or more rights of voting, distribution and other privileges as that class;

- (8) To restrict or increase restriction on the transfer and ownership of that class;
- (9) To issue option or conversion rights to that class or other classes;
- (10) To increase the rights and privileges of shares of other classes;
- (11) The restructuring of the Company results in different classes bearing responsibilities disproportionately; and
- (12) To amend or remove the rules set by this Chapter.

Article 83

Affected class shareholders, whether they have voting rights in the shareholders' meeting originally or not, shall have voting rights in class meetings in matters concerning Article 82 sections (2) to (8), and (11) to (12). However, shareholders with conflict of interest shall have no voting right in class meetings.

The meaning of shareholder with conflict of interest in this Article is as follows:

- (1) "Shareholder with conflict of interest" is referred to the controlling shareholder as defined in Article 52 of the Articles of Association, when the Company issues repurchase offer for shares to all shareholders on pro rata basis according to Article 29 of the Articles of Association, or repurchase its shares in the open market approved by the Stock Exchange;
- (2) "Shareholder with conflict of interest" is referred to the shareholder who is a party in the negotiation to repurchase shares outside the Stock Exchange according to Article 29 of the Articles of Association; or
- (3) In the Company's restructuring, "shareholder with conflict of interest" is the one who bears a proportionately lower level of obligation compared with other class shareholders, or enjoying different rights from other shareholders in the same class.

Article 84

To be effective, resolutions of a class shareholders' meeting shall be approved by two thirds (2/3) or more of the class shareholders with voting rights present at the meeting according to Article 83.

Article 85

When convening a class shareholders' meeting, the Company shall issue an announcement or written notice to notify all the registered shareholders of the said class of the matters to be considered at the meeting, and the date and venue of the meeting twenty (20) business days (applicable to a class shareholders' meeting being convened at the same time as the annual general meeting) (exclusive of the date of meeting), fifteen (15) days or ten(10) business days (whichever is longer) (applicable to a class shareholders' meeting not being convened at the same time as the annual general meeting) (exclusive of the date of meeting).

If there is any special provision in the Listing Rules, such provision shall prevail.

Article 86

The notices of class shareholders' meetings are required to be delivered only to shareholders with voting rights in the meetings. Class shareholders' meetings shall be conducted with procedures closely similar to that of the shareholders' meetings as far as possible. Articles in the Articles of Association regarding the procedures of convening shareholders' meetings are applicable to class shareholders' meetings.

Article 87

Other than the shareholders of other classes of shares, shareholders of domestic shares and overseas listed foreign shares are considered as shareholders of different classes of shares.

Special procedures for resolutions by class shareholders are not applicable to the circumstances below:

- (1) Approved by special resolution in the shareholders' meeting, the Company may, once within twelve (12) months, issue singly or jointly domestic shares and overseas listed foreign shares, provided that both the amount of domestic and overseas listed foreign shares proposed to issue will not exceed twenty percent (20%) of its issued shares respectively; and
- (2) The issue of domestic and overseas listed foreign shares had been completed within fifteen (15) months after receiving the approval of the China Securities Regulatory Commission when the Company was first established.

CHAPTER 10 BOARD OF DIRECTORS

Article 88

The Company shall have a board of directors consisting of eleven (11) directors, which shall include one (1) chairman and may include one (1) or two (2) vice chairman.

The board of directors should have over half (1/2) outside directors (the directors which are not working in the company), and over one-third (1/3) independent non-executive directors (as defined under the Listing Rules).

Article 89

Directors are elected in shareholders' meetings. The term of service is three (3) years (commencing from the approval date of election). After completion of a term, a director can stand for re-election.

In the event of failure to timely call for re-election on the expiry of term of office of directors, the original directors shall, prior to the assumption of office by re-elected directors, continue to perform their duties as directors in accordance with the provisions of applicable laws and regulations and the Articles of Association.

Chairman and vice chairman are elected and dismissed by the board of directors with more than half of all of the directors. The term of service is three (3) years. They can stand for re-election after their term is completed.

The shareholders' meeting, subject to the provisions of applicable laws and regulations, may dismiss any director whose term is not expired by ordinary resolution, which shall take effect on the date of the resolution (any request for contract indemnity is not affected). If a director is dismissed before the expiry of his/her term of office without justifiable reasons, he/she may claim compensation from the company.

Directors may tender resignation prior to the expiry of term of office. A director who resigns shall submit a written notice to the Company, and the resignation shall become effective on the date the Company receives the notice. However, if the quorum of the board of the directors falls below the statutory minimum number as a result of the resignation of a director during his/her term of office, the former director shall perform the duties as a director in accordance with the applicable laws and regulations and the Articles of Association prior to the engagement of a new director.

Directors need not hold any shares of the Company.

The chairman, vice chairman and the directors may hold the positions of general manager, deputy general manager and other senior management personnel at the same time.

Article 90

The board of directors is responsible to the shareholders' meeting and exercise the following powers:

- (1) To convene the shareholders' meeting and report on its work to the meeting;
- (2) To implement the resolutions of the shareholders' meeting;
- (3) To decide on the Company's business and investment plans;
- (4) To formulate the Company's proposals for distribution of profits and recovery of losses;
- (5) To formulate proposals for the increase or reduction of the Company's registered capital, the issuance of corporate bonds;
- (6) To prepare plans for the merger, division, dissolution or change in corporate form of the Company;
- (7) To decide on the Company's internal management structure;
- (8) To decide on the appointment or dismissal of the Company's general manager and his/her remuneration, and based on the general manager's recommendation, to decide on the appointment or dismissal of deputy general manager and other senior management personnel, and to decide on their remuneration;
- (9) To formulate the Company's basic management system;
- (10) Subject to compliance with the relevant provisions of the Listing Rules, to decide within three (3) years, in accordance with the Articles of Association or under the authorisation by the shareholders' meeting, that the Company shall issue shares not exceeding fifty percent (50%) of the issued shares (provided that, in the case of a capital contribution by way of non-monetary assets, this shall be resolved by the shareholders' meeting);

- (11) To resolve on the issuance of corporate bonds convertible into shares by the Company and the specific conversion method in accordance with the Articles of Association and under the authorisation by the shareholders' meeting;
- (12) To decide on the Company's investment in other enterprises, except for those that should be decided by the shareholders' meeting in accordance with the applicable laws and regulations and the Articles of Association;
- (13) To decide on the guarantees provided by the Company for others, except for those that should be decided by the shareholders' meeting in accordance with the applicable laws and regulations and the Articles of Association;
- (14) To resolve on the provision of financial assistance by the Company to others for the acquisition of shares in the Company or its parent company in accordance with the Articles of Association or under the authorisation by the shareholders' meeting;
- (15) In accordance with the Articles of Association or the authorisation of the shareholders' meeting, to resolve on the acquisition of shares of the Company by the Company under any of the following circumstances, provided that the meeting of the Board shall be held only when more than two-thirds (2/3) of the Directors are present:
 1. Using the shares in employee shares ownership plans or equity incentives;
 2. Using the shares for converting company-issued corporate bonds convertible into shares;
 3. Being necessary to maintain the value of the Company and the rights and interests of its shareholders.
- (16) To formulate the plan to amend the Articles of Association;
- (17) To prepare the Company's plans for major acquisition or sale;
- (18) To evaluate and determine the nature and extent of the risks it is willing to take in achieving the Company's strategic objectives;

- (19) To ensure the establishment and maintenance of appropriate and effective risk management and internal control systems;
- (20) To oversee management in the design, implementation and monitoring of the risk management and internal control systems;
- (21) To make proposals to shareholders' meeting on the appointment, re-appointment or dismissal of accounting firms undertaking the audit of the Company; and
- (22) Other powers conferred by the applicable laws and regulations and the Articles of Association or the shareholders' meeting.

Other than the board of directors' resolutions in respect of the matters specified in sections (5), (6), (10), (13), (14) and (16) of this Article and the provisions of applicable laws and regulations and the Articles of Association, which must be approved by more than two thirds (2/3) of the directors, other sections above may be approved by more than half of the directors.

Article 91

The board of directors of the Company shall set up an audit committee, a nomination committee, a remuneration committee, and a strategy committee, and set up other special committees as needed. Special committees are responsible to the board of directors, perform their duties in accordance with the provisions of the applicable laws and regulations and the Articles of Association and the authorisation of the board of directors, provide consultation and suggestions on major decisions of the board of directors and matters within the scope of the chairman's authorisation of the board of directors, and submit proposals to the board of directors for deliberation and decision. The board of directors shall separately formulate the rules of procedure for the special committees of the board of directors (or the terms of reference and procedures of the special committees) on the composition, responsibilities and procedures of the special committees to standardise the operation of special committees. Special committees shall not make any resolutions in the name of the board of directors, but may exercise decision-making power on authorised matters according to the authorisation of the shareholders' meeting or the board of directors.

The members of the special committees shall consist entirely of directors, among which the majority of the audit committee, the nomination committee and the remuneration committee shall consist of independent non-executive directors. The audit committee and the remuneration committee shall be chaired by independent non-executive directors, and the nomination committee shall be chaired by the chairman of the board of directors or an independent non-executive director.

The establishment and composition of special committees shall continue to comply with the applicable laws and regulations.

Article 92

The chairman may exercise the following powers:

- (1) To preside over shareholders' meetings;
- (2) To convene and preside over meetings of the board of directors;
- (3) To check on the implementation of the resolutions;
- (4) To sign the Company's securities when act as the legal representative of the Company; and
- (5) To exercise other powers conferred by the applicable laws and regulations and the Articles of Association or authorised by the board of directors.

The vice chairman shall assist the chairman in his work. If the chairman is unable or unwilling to perform his duties, the vice chairman shall act on his behalf. If the vice chairman is unable or unwilling to perform his duties, a director jointly elected by more than one-half of the directors shall act on his behalf.

Article 93

The board of directors shall meet at least twice (2) a year. Each meeting shall notify all directors and supervisors ten (10) days before the meeting.

Shareholders representing more than one-tenth (1/10) of the voting rights, more than one-third (1/3) of the directors or the supervisory committee, may propose convening an extraordinary meeting of the board of directors. The chairman of the board of directors shall convene and preside over the meeting of the board of directors within ten (10) days upon the receipt of such proposal.

If there is any special provision in the Listing Rules, such provision shall also prevail.

Article 94

Notices for the convening of regular meeting or extraordinary meeting of the board of directors can be delivered by the following methods:

- (1) If the time, venue and proposed agenda items of the convening of the regular meeting of the board of directors have been fixed in advance by the board of directors, then it is not necessary to give notice of the meeting to each director, but only to notify all supervisors in the manner prescribed in section (2) of this Article;
- (2) If the board of directors has not fixed the time, venue and proposed agenda items of the regular meeting of the board of directors, the chairman shall instruct the secretary to the board of directors, or it shall arrange the staff of the office of the board of directors to serve notice of the time, venue and the matters to be considered of the board meeting by telex, telegraph, fax, special delivery, registered mail, electronic mail or by person to all directors and supervisors ten (10) days prior to the meeting; if there is any special provision in the Listing Rules, such provision shall also prevail;
- (3) If an extraordinary meeting of the board of directors is required to consider urgent matters, the chairman shall instruct the secretary to the board of directors, or it shall arrange the staff of the office of the board of directors to serve notice of the time, venue, the matters to be considered and methods of the extraordinary meeting of the board of directors by telegraph, telex, fax, special delivery or registered mail, electronic mail or by person to all directors and supervisors at least two (2) days prior to the meeting;
- (4) Any director and supervisor may decide to give up the right to receive notice of the meeting of the board of directors;
- (5) A director and a supervisor, who attends to the meeting and has not shown disagreement on receiving notice of the meeting before attending the meeting or at the time of arriving, is deemed to have received notice in accordance with the relevant provisions of this Article;

- (6) The regular meeting of the board of directors and extraordinary meeting of the board of directors may be conducted by telephone conference or with the assistance of other similar communication facilities. If all the directors present can hear clearly the conversation from other directors through the above-mentioned media, all the participating directors are deemed to have attended the meeting in person;
- (7) The board of directors may accept a written resolution to replace a meeting of the board of directors. However, the draft of such resolution must be delivered by telegraph, telex, fax, special delivery or registered mail, electronic mail or by person to every director. If the board of directors has sent the resolution to all the directors, and the number of directors who sign and agree to the resolution reaches the quorum and return the signed document to the secretary to the board of directors by the above methods, such a resolution then becomes a resolution of the board, without having to convene a board meeting. However, if there is any special provision in the Listing Rules, such provision shall prevail; and
- (8) Written resolution signed and agreed by all directors respectively shall be deemed with similar effect as resolutions passed by meetings of the board of directors legally convened. Such written resolution may comprise one (1) set or more documents, with each document signed by one (1) or more directors. A resolution signed by directors or bearing the names of the directors and sent by telegram, telex, fax, special delivery or registered mail, email or by hand shall for the purpose of this clause be regarded as one (1) valid set document duly signed by them.

Article 95

The quorum for the meeting of the board of directors is more than one half of the directors (including proxies) present; but if the applicable laws and regulations and the Articles of Association stipulate otherwise, such provisions shall prevail.

Each director has one voting right. One (1) person shall have one (1) voting right when voting on the resolution of the board. A board resolution shall be passed by more than half of all the directors; but if the applicable laws and regulations and the Articles of Association stipulate otherwise, such provisions shall prevail.

When a quarter (1/4) or more of the directors or two (2) or more non-executive directors (that is, directors, including independent non-executive directors, who are not employees of the Company) consider the provided information regarding the matters under discussion is not sufficient or the evidence is not clear, they may jointly suggest the adjournment of the meeting or the part under consideration. The board of directors shall accept the suggestion.

Subject to the exceptions set out in the Listing Rules, when a director or any one (1) of his close associates (as defined under the Listing Rules) has a material connected relationship with the board resolutions, he shall not be involved and shall abstain from voting in respect of the resolution. When counting attendance for quorum, that director shall not be counted.

When a director has a connected relationship with enterprises or individuals involved in the board resolutions, such director shall promptly report in writing to the board of directors. The director who has a connected relationship shall not exercise any voting rights in respect of such resolutions and shall not exercise any voting rights on behalf of other directors. The quorum for the meeting of the board of directors is half of the present of directors who do not have any connected relationship. A resolution of the board of directors must be passed by more than half of all the directors who do not have any connected relationship. When the number of directors who do not have any connected relationship present at the meeting of the board of directors is less than three (3), the resolutions of the board of directors shall be proposed to the shareholders' meeting of the Company.

Article 96

The director shall attend in person in meetings of the board of directors. If the director cannot attend a meeting, he may appoint in writing another director to be his proxy. The appointment letter shall state clearly the scope of authority.

The director who attends a board meeting as a proxy shall exercise the powers of a director within the scope of authority. A director, who does not attend a board meeting and does not appoint any proxy, is deemed to have given up his voting right in that board meeting.

Article 97

The board of directors shall record the resolutions passed in the meetings as minutes of the meetings. The chairman, secretary to the board and recorder attending the meetings shall sign on the minutes of the meetings.

Directors shall bear responsibility for the resolutions passed. Participating directors, who passed resolutions that are against applicable laws and regulations, and the Articles of Association, the resolutions of the board of directors and whose action causes serious damages to the Company, shall be responsible for indemnity to the Company. A director can be exonerated if he can prove that he was recorded in disagreement when such resolution was passed.

Article 98

From time to time, the board of directors may form committees or working groups of two (2) or more directors can delegate some powers, functions and discretionary power of the board of directors itself to such committees or working groups. The relevant committees or working groups shall work within the scope delegated by the board of directors, and shall abide by the rules set by the board of directors from time to time. The board of directors may resolve at any time to dissolve the relevant committees or working groups or alter their scope of authority.

The quorum of a committee or working group shall be more than half of the two (2) members or all members, whichever is higher. Articles 94 to 97 of the Articles of Association regarding the rules on agenda and minutes of the board meetings are also applicable to committees and working groups, unless otherwise governed by the rules established by the board of directors according to the above paragraph.

Unless otherwise regulated by the board of directors, the general manager who is not a director may attend meetings of the board of directors and has the right to receive notices and other materials of the meetings. However, unless the general manager is also a director, he has no right to vote in the meetings of the board of directors.

CHAPTER 11 SECRETARY TO THE COMPANY'S BOARD OF DIRECTORS

Article 99

The Company shall have a secretary to the board of directors. He is a member of senior management of the Company.

Article 100

The secretary to the board of directors of the Company shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the board of directors. The primary responsibilities of the secretary to the board of directors are:

- (1) To be responsible for preparing shareholders' meetings and maintaining documents;

- (2) To be responsible for preparing meetings of the board of directors and maintaining documents;
- (3) To be responsible for managing the information of shareholders;
- (4) To be responsible for the Company's disclosure of information; and
- (5) To perform other duties required by applicable laws and regulations and the Articles of Association.

Article 101

The Company's directors or other senior management personnel may hold the position of secretary to the board of directors of the Company concurrently. Auditors appointed by the Company may not hold the position of secretary to the board of directors of the Company at the same time.

When a person who holds the positions of director and secretary to the board of directors of the Company at the same time, he shall act on either behalf but not both if a particular action shall be taken by the director and the secretary to the board of directors of the Company respectively.

CHAPTER 12 GENERAL MANAGER OF THE COMPANY

Article 102

The Company shall have one (1) general manager, and several assistant general managers. They are to be appointed and dismissed by the board of directors. The term of service is three (3) years starting from the date of adoption of the resolution in respect of the appointment, which may be renewed upon reappointment.

Article 103

The general manager of the Company is responsible to the board of directors and exercise the powers below: he is to

- (1) Preside over the Company's management work in production and operation; to organise and implement board resolutions;
- (2) Organise and implement the Company's annual operational plan and investment strategy;
- (3) Formulate the Company's plan for installing internal management structure;
- (4) Formulate the Company's basic management system;

- (5) Formulate the Company's basic regulations;
- (6) Offer suggestion for the board of directors to hire or dismiss assistant general managers and other senior management personnel;
- (7) Design, implement and monitor the risk management and internal control systems;
- (8) Provide a confirmation to the board on the effectiveness of the risk management and internal control systems;
- (9) Decide to hire and dismiss management staff who fall outside the scope of the board of directors' hiring and dismissal powers; and
- (10) Exercise other powers conferred by the applicable laws and regulations and the Articles of Association and the board of directors.

Article 104 The general manager of the Company shall attend the meetings of the board of directors.

Article 105 The board of directors may decide that a member of the board of directors shall concurrently serve as the general manager of the Company.

CHAPTER 13 SUPERVISORY COMMITTEE

Article 106 The Company shall establish a supervisory committee. The supervisory committee shall consist of three (3) members, including two (2) shareholders representatives and one (1) employee representative. The shareholders representatives in the supervisory committee shall be elected and replaced by the shareholders' meeting, and the employee representative in the supervisory committee shall be elected by the employees of the Company through the employees' congresses, employees' conference and other forms of democratic elections.

Article 107 The term of office of a supervisor shall be three (3) years and may be renewed upon expiry of the term of office of a supervisor if he/she is re-elected.

If the term of office of a supervisor expires but re-election is not made in a timely manner, or if a supervisor resigns during his/her term of office, resulting in the number of members of the supervisory committee falling below the statutory minimum number, the original supervisor shall continue to perform the duties as supervisor in accordance with applicable laws, regulations and the Articles of Association until the elected supervisor assumes his/her office.

- Article 108** The supervisory committee shall have one (1) chairman. The chairman of the supervisory committee shall be elected by more than half of all the supervisors.
- Article 109** The directors, general manager and other senior management personnel of the Company may not serve concurrently as supervisors.
- Article 110** The supervisory committee shall convene meetings at least once (1) every six (6) months. The supervisors may propose for convening an extraordinary meeting of the supervisory committee. The chairman of the supervisory committee shall convene and preside over the meetings. If the chairman of the supervisory committee is unable or unwilling to perform the duty, one (1) supervisor jointly elected by more than one-half of the supervisors shall convene and preside over the meeting of the supervisory committee.
- Article 111** The supervisory committee exercises the following powers: It is to
- (1) Review the company's finances
 - (2) Supervise the directors, general manager and other senior management personnel in their performance of their duties and propose for the removal of the directors, general manager and other senior management personnel who have violated applicable laws, regulations, the Articles of Association or resolutions of a general meeting;
 - (3) Require correction of those acts of directors, general manager or other senior management personnel which are harmful to the Company's interests;
 - (4) Upon discovery of abnormalities in the Company's operations, the Company may conduct investigations; if necessary, it may engage an accounting firm to assist in its work at the Company's expense;

- (5) Propose the convening of extraordinary general meeting and, when the board of directors fails to perform the duty to convene and preside over a shareholders' meeting as stipulated in the Company Law and the Articles of Association, convene and preside over the shareholders' meeting;
- (6) Make proposals to the shareholders' meeting;
- (7) Take legal actions against directors, the general manager and other senior management in accordance with the provisions of Article 189 of the Company Law; and
- (8) Exercise other powers in accordance with applicable laws, regulations and the Articles of Association.

Supervisors shall attend meetings of the board of directors to raise questions or suggestions in respect of resolutions of the board of directors.

Article 112

A notice of the time, venue and matters to be considered of the meeting by cable, telegraph, fax, special delivery, registered mail, electronic mail or by person shall be given to all supervisors ten (10) days prior to a meeting of supervisory committee; However, in the case of an interim meeting of the supervisory committee, the notice period for the meeting shall be two (2) days before the meeting. Supervisors attending the meeting who have not given notice of failure in receiving the notice prior to the meeting or when the meeting commences shall be considered to have informed of the meeting in accordance with the provisions referred to above. A quorum for the supervisory committee meeting is more than two thirds (2/3) of the supervisors attending the meeting.

The resolution of the supervisory committee shall be passed by more than half of all supervisors. One (1) person shall have one (1) voting right when voting on the resolution of the supervisory committee.

The supervisory committee shall record the resolutions passed in the meetings as minutes of the meetings. The supervisors attending the meetings shall sign on the minutes of the meetings.

Article 113

The necessary expenses incurred by the supervisory committee in the performance of its duties shall be borne by the Company.

Article 114 The supervisory committee may require directors, the general manager and other senior management personnel to submit reports on the performance of their duties.

The directors, the general manager and other senior management personnel shall provide the relevant conditions and information that is in accordance with the facts to the supervisory committee and shall not hinder the exercise of authority by the supervisory committee or the supervisors.

**CHAPTER 14 QUALIFICATIONS AND OBLIGATIONS OF
THE COMPANY'S DIRECTORS, SUPERVISORS, GENERAL MANAGER
AND OTHER SENIOR MANAGEMENT PERSONNEL**

Article 115 Persons in any one of the following categories may not serve as directors, supervisors, general manager, or other senior management personnel of the Company:

- (1) Persons without civil capacity or with restricted civil capacity;
- (2) Persons who have been sentenced to criminal punishment for corruption, bribery, taking of property, misappropriation of property or destruction of the socialist market economic order, or persons who have been deprived of their political rights due to a criminal offense, where less than five (5) years have elapsed since the date of the completion of the sentence; if a suspended sentence is announced, where less than two (2) years have elapsed since the expiry of the probationary period;
- (3) Persons who are former directors, factory managers or general manager of a company or enterprise which has become bankrupt and been liquidated and who are personally liable for the bankruptcy of such a company or enterprise, where less than three (3) years have elapsed since the date of the completion of the bankruptcy and liquidation of the company or enterprise;
- (4) Persons who were legal representatives of a company or enterprise which had its business license revoked due to violation of the law and who are personally liable, where less than three (3) years have elapsed since the date of the revocation of the business license and the order to close down;

- (5) Individuals who are listed by the people's court as being in breach of trust because they have a relatively large amount of debt due and outstanding; or
- (6) Other circumstances as stipulated in applicable laws and regulations and the Articles of Association.

If a director or supervisor is elected or a general manager or other senior management is appointed in violation of the provisions of the preceding paragraph, such election or appointment shall be invalid.

If a director, supervisor, general manager or other senior management personnel falls under the circumstance specified in the first paragraph of this Article during his/her term of office, the Company shall remove him/her from his/her position.

Article 116

The effectiveness of the actions of directors, general manager, and other senior management personnel of the Company towards friendly third parties shall not be affected even if they fail in their duties, election or qualifications.

Article 117

The directors, supervisors, general manager and other senior management personnel shall comply with applicable laws and regulations and the Articles of Association. In addition to the obligations required by applicable laws and regulations, the directors, supervisors, general manager, and other senior management personnel of the Company in carrying out their duties have the following obligations towards each shareholder: They

- (1) May not allow the Company to conduct business beyond the scope permitted by the business license;
- (2) Shall act in all integrity starting from the point of greatest interest to the Company;
- (3) May not use any means to misappropriate the Company's assets, including (but not limited to) opportunities beneficial to the Company; and
- (4) May not abrogate the personal interests of shareholders, including (but not limited to) distribution rights, voting rights but not including the restructuring of the Company passed by the shareholders' meeting according to the Articles of Association.

Article 118

Directors, supervisors, general manager and other senior management personnel of the Company owe a duty of loyalty to the Company. They shall take measures to avoid conflicts of interest between their own interests and those of the Company and shall not take advantage of their positions to seek improper benefits.

Directors, supervisors, general manager and other senior management personnel owe a duty of diligence to the Company. In performing their duties, they shall exercise the level of care that a reasonably prudent manager would exercise in the best interests of the Company.

The provisions of the preceding two paragraphs shall apply to controlling shareholders and actual controllers of the Company who do not serve as directors of the Company but actually execute the affairs of the Company.

Article 119

The directors, supervisors, general manager and other senior management personnel of the Company shall not:

- (1) Embezzle the property of the Company, or misappropriate the funds of the Company;
- (2) Deposit the funds of the Company in the account under its individual name or under the name of other individuals;
- (3) Take advantage of their duties to bribe or accept other illegal income;
- (4) Accept commissions from others for transactions with the Company for his/her own benefit;
- (5) Disclose without authorisation of secrets of the Company; and
- (6) Commit other acts in breach of the duty of loyalty to the Company under applicable laws and regulations and the Articles of Association.

Article 120

The directors, supervisors, general manager, and other senior management personnel of the Company may not direct the following persons or organisations (called “connected persons” in the Articles of Association) to take actions that directors, supervisors, general manager, and other senior management personnel of the Company are prohibited from:

- (1) Spouse and minor children of the directors, supervisors, general manager, and other senior management personnel of the Company;

- (2) Trustees of the directors, supervisors, general manager, and other senior management personnel of the Company or of the persons described in section 1 of this Article;
- (3) Partners of the directors, supervisors, general manager, and other senior management personnel of the Company or of persons described in sections 1 and 2 of this Article;
- (4) Companies controlled in fact solely by the directors, supervisors, general manager, and other senior management personnel of the Company or companies controlled in fact jointly with persons described in sections 1, 2 and 3 of this Article, or other directors, supervisors, general manager, and other senior management personnel of the Company; or
- (5) The directors, supervisors, general manager, and other senior management personnel of those companies said to be controlled in section 4.

Article 121

The obligations of loyalty and diligence owed to the Company by the directors, supervisors, general manager, and other senior management personnel of the Company may not end when their term of service is completed. The obligation to maintain confidential secret is still effective after the term of service. The continuation period for the obligation shall be decided on the principle of fairness, depending on the short or long duration of time between the event and termination of service, and how the relationship with the Company is terminated and under what conditions and terms.

Article 122

Unless otherwise provided by applicable laws and regulations and the Articles of Association, the directors, supervisors, general manager, and other senior management personnel of the Company may be dismissed with the knowledge of the shareholders' meeting due to their contravention of certain responsibility from some material obligations.

Article 123

Directors, supervisors, general manager and senior management personnel of the Company who directly or indirectly enter into contracts or transactions with the Company shall report to the board of directors or the shareholders' meeting (if applicable) on matters relating to such contracts or transactions, and have such matters approved by resolution of the board of directors or the shareholders' meeting (if applicable) in accordance with applicable laws and regulations and the provisions of the Articles of Association.

The same applies to contracts or transactions with the Company involving the close relatives of directors, supervisors, general manager, senior management personnel, or enterprises directly or indirectly controlled by directors, supervisors, senior management personnel or their close relatives, and other related parties with connected relationships to directors, supervisors, and senior management personnel.

Article 124

Directors, supervisors, general manager and other senior management personnel shall not take advantage of his office in seeking business opportunities belonging to the Company for himself/herself or others. However, the following exceptions apply

- (1) Reporting to the board of directors or the shareholders' meeting (if applicable) and being approved by a resolution of the board of directors or the shareholders' meeting (if applicable) in accordance with applicable laws and regulations and the provisions of the Articles of Association; or
- (2) Where the Company is not permitted to make use of the business opportunity in accordance with applicable laws and regulations or the provisions of the Articles of Association.

Article 125

Without reporting to the board of directors or the shareholders' meeting (if applicable) and being approved by a resolution of the board of directors or the shareholders' meeting (if applicable) in accordance with applicable laws and regulations and the provisions of the Articles of Association, directors, supervisors, general manager and other senior management personnel shall not engage in or operate a business similar to that of the company where they served either on their own account or for another person.

Article 126

The income derived by directors, supervisors, general manager and other senior management personnel in violation of the provisions of Article 119 and Articles 123 to 125 of the Articles of Association shall belong to the Company.

Article 127

If any director, supervisor, general manager and other senior management personnel violates the provisions of applicable laws and regulations or the Articles of Association in fulfilling his/her duties, thereby incurring any loss of the Company, he/she shall be liable for compensation.

In the event when directors, general manager, and other senior management personnel have the circumstances provided for in the preceding paragraph, shareholders independently or jointly holding over one percent (1%) of the Company's shares for over one hundred and eighty (180) consecutive days may request to the supervisory committee in writing for legal action at the people's court. Where supervisors have the circumstances provided for in the preceding paragraph, the aforementioned shareholders may request to the board of directors in writing to take the legal action at the people's court.

In the event when the supervisory committee or the board of directors declines to take legal action upon receipt of the written request or has not taken action within thirty (30) days from the day of receipt of the written request or has not taken immediate action despite urgent conditions which would cause irreparable damages to the benefits of the Company, shareholders mentioned in the provisions of the previous paragraph have the right to take legal action at the people's court directly in their own names on behalf of the Company.

In the event when other parties infringe the legitimate rights and interests of the Company and cause losses to the Company, shareholders mentioned in the provisions of the second paragraph of this Article may take legal action at the people's court in accordance with the provisions of the previous two paragraphs.

In the event when directors, supervisors, and senior management personnel of a wholly owned subsidiary of the Company have the circumstances provided for in the first paragraph of this Article, or when others infringe the legitimate rights and interests of a wholly owned subsidiary of the Company, thereby incurring any loss of the wholly owned subsidiary Company, shareholders independently or jointly holding over one percent (1%) of the Company's shares for over one hundred and eighty (180) consecutive days may request to the supervisory committee or the board of directors of the wholly owned subsidiary in writing for legal action at the people's court or direct legal action at the people's court in their own name in accordance with the provisions of the previous three paragraphs.

Article 128

In the event when directors, general manager and senior management personnel violate the provisions of applicable laws and regulations or the Articles of Association, thereby damaging the interests of the shareholders, the shareholders may file an action with the competent people's court.

Article 129 In the event when directors, general manager and other senior management personnel, in the performance of their duties, cause damage to others, the Company shall be liable for compensation; if the directors, general manager and other senior management personnel are intentional or grossly negligent, they shall also be liable for compensation.

Article 130 A controlling shareholder or an actual controller of the Company who instructs a director, general manager or other senior management personnel to engage in an act that is detrimental to the interests of the Company or its shareholders shall be jointly and severally liable with such director, general manager or other senior management personnel.

Article 131 The Company may take out liability insurance to cover the liability of the directors for the indemnity obligations arising from the performance of the Company's duties during the directors' tenure of office.

After the Company has taken out or renewed liability insurance for a director, the board of directors shall report to the shareholders' meeting the amount of liability insurance taken out, the scope of coverage and the insurance premium rate, etc., where the Listing Rules provide otherwise, such provisions shall prevail.

CHAPTER 15 FINANCIAL AND ACCOUNTING SYSTEM AND DISTRIBUTION OF PROFITS

Article 132 The Company shall formulate its own financial and accounting system in accordance with the requirements of applicable laws and regulations.

Article 133 The Company shall prepare financial and accounting reports at the end of each financial year, and conduct audit by auditors according to the law. Financial and accounting reports shall be prepared in accordance with the provisions of applicable laws and regulations.

Article 134 The financial and accounting reports of the Company shall be maintained at the Company for the shareholders' inspection twenty (20) business days before the annual general meeting. The Company shall publish its financial and accounting reports in accordance with applicable laws and regulations.

Article 135 The financial statements of the Company may be prepared in accordance with the Chinese accounting standard and regulations or the accounting standards of international jurisdiction or the place where the Company's shares are listed.

Article 136 The interim results or financial information announced or disclosed by the Company shall be prepared in accordance with the Chinese accounting standard and regulations or the accounting standards of international jurisdiction or the place where the Company's shares are listed.

Article 137 The Company shall issue two (2) financial reports every accounting year, i. e. the interim financial report issued within sixty (60) days after the end of the first six (6) months of the accounting year; and the annual financial report issued within one hundred and twenty (120) days after the end of the accounting year. Where the Listing Rules provide otherwise, such provisions shall prevail.

Article 138 Other than the legally required account books, the Company shall not maintain another set of account books.

The funds of the Company shall not be deposited in the account under the name of any individuals.

Article 139 The Company shall, in distributing after-tax profits for the current year, provide ten percent (10%) of the profits for legal provident fund of the Company. Where the cumulative amount of the Company's legal provident fund is more than fifty percent (50%) of the Company's registered capital, no further provision is needed.

Where the Company's legal provident fund is not sufficient to make up losses in the previous year, profits for the current year shall be first used for making up losses before providing for legal provident fund in accordance with the provisions in the previous section.

The Company may also, after providing for legal provident fund from the after-tax profits, provide for discretionary provident fund from the after-tax profits by resolution of the shareholders' meeting.

After making up losses and providing for provident fund, the remaining after-tax profits of the Company shall be distributed in accordance with the proportion of shares held by the shareholders.

Shares of the Company held by the Company shall not be involved in the distribution of profits.

If the Company distributes profits to the shareholders in violation of the provisions of the Company Law and the Articles of Association, shareholders shall return to the Company profits which have been distributed in contrary to the provisions; in the event of any losses to the Company, the shareholders, responsible directors, supervisors, general manager and other senior management personnel shall be liable for compensation.

Article 140

Capital provident fund of the Company includes the followings:

- (1) Share premium received by the issue of shares by the Company at an issue price above the par value of shares;
- (2) The proceeds from the issue of no-par shares by the Company not included in the amount of registered capital; and
- (3) Other items to be included in capital provident fund as required by financial departments of the State Council.

Article 141

The Company's provident fund can be used for making up losses of the Company, expanding the production and operation of the Company or increasing the capital of the Company.

The discretionary provident fund and the legal provident fund shall first be used in making up the losses of the Company, and for any losses left to be set off, the capital provident fund may be utilised in accordance with the provisions.

When transferring legal provident fund into additional registered capital, the remaining amount of the provident fund shall not be less than twenty-five percent (25%) of the Company's registered capital prior to the transfer.

Article 142

Dividend distribution proposals shall be passed by ordinary resolution of the shareholders' meeting. After consideration of the Company's financial conditions and adherence to the provisions of applicable laws and regulations, shareholders' meeting may authorise the board of directors to distribute and pay interim dividends by an ordinary resolution of the shareholders' meeting. When the Company convenes an annual general meeting to consider the annual profit distribution plan, it may consider and approve the conditions, the proportional limits, and the upper amount limits and other matter for the distribution of interim cash dividend for the subsequent year, provided that the upper limit of the interim dividends shall not exceed the net profit attributable to the Company's shareholders for the corresponding period. Subject to profit distribution conditions, the board of directors should formulate a specific interim profit distribution plan which conforms with the conditions of profits distribution according to the resolution of the shareholders' meeting. The interim dividend is calculated on the basis of the latest audited undistributed profit and is considered to be reasonable.

Article 143

The Company may separately or concurrently adopt the following methods to distribute share dividends:

- (1) Cash;
- (2) Bonus shares; and
- (3) Any other forms as may be permitted by applicable laws and regulations.

Article 144

If the shareholders' meeting approves a resolution on profit distribution, the board of directors shall distribute profits within six (6) months after the resolution is passed at the shareholders' meeting; if the board of directors of the Company formulates specific proposals for the distribution of interim dividend and makes a resolution of the board of directors based on the terms of the interim dividend and the upper limit approved for the following year as approved by the annual general meeting, the Company shall complete the distribution of the interim dividend within two (2) months from the date of the resolution of the board of directors. However, if the Listing Rules provide otherwise for the time limit for completing profit distribution and interim dividend distribution, such provisions shall prevail. The Company shall declare and pay share dividends and other monies to shareholders of domestic shares in Renminbi. Dividends shall be paid in Renminbi. The Company shall declare and pay share dividends and other monies to shareholders of overseas listed foreign shares in Renminbi. Dividends shall be paid in Renminbi or foreign currency (including but not limited to Hong Kong dollars).

The foreign currency required to pay dividends to shareholders of overseas listed foreign shares shall be obtained according to national foreign exchange management regulations.

Article 145

The Company shall make withholdings for income tax from the dividends of individual shareholders according to the regulations of the China Tax Law.

Article 146

The Company shall appoint a receiving agent on behalf of shareholders of overseas listed foreign shares. The receiving agent shall receive the dividends and other monies payable to the relevant shareholders for their overseas listed foreign shares.

The receiving agent appointed by the Company shall comply with the laws of the place where the Company's shares are listed or the relevant requirements of the Stock Exchange.

The receiving agent appointed by the Company for the shareholders of the overseas listed foreign shares listed in the Stock Exchange shall be a registered trustee company in accordance with Hong Kong's "Trustee Ordinance."

Article 147 Under the premises of complying with applicable laws and regulations, the Company may exercise its authority to confiscate unclaimed dividends. However, such authority may only be exercised six (6) years or more after the date of dividends declaration.

CHAPTER 16 APPOINTMENT OF AUDITORS

Article 148 The Company shall appoint independent auditors in accordance with the provisions of the applicable laws and regulations to prepare the Company's annual financial and accounting report, and audit other financial and accounting reports of the Company.

Article 149 The appointment or dismissal of accounting firm responsible for the auditing of the Company shall be determined by shareholders at a shareholders' meeting.

The accounting firm shall be allowed to express its views when a shareholders' meeting of the Company conducts a vote on the dismissal of the accounting firm.

The term of service of accounting firm shall commence from the end of the current shareholders' meeting of the Company and end with the end of the next annual general meeting.

Article 150 The Company shall provide true and complete accounting evidence, accounting books, financial and accounting reports and other accounting information to the appointed auditors without any refusal or withholding or misrepresentation of information. Accounting firms appointed by the Company enjoy the following rights: They may

- (1) Inspect at any time the Company's books, records or bills; and have the right to request the directors, general manager or other senior management personnel of the Company to provide relevant information and explanation;
- (2) Request the Company to take all reasonable measures, obtain from its subsidiaries all necessary information and explanation in order for the accounting firm to carry out their duties; and

- (3) Attend shareholders' meetings, receive notices of meeting that any shareholder can receive or other information related to the meetings; speak on matters related to affairs concerning the accounting firm at any shareholders' meetings.

Article 151 If the position of accounting firm is vacant, shareholders' meeting shall be convened as soon as possible to appoint a new accounting firm to fill such vacancy. But during the period of vacancy, if the Company has other accounting firm in office, such accounting firm may still work.

Article 152 Regardless of how the terms of contract between the Company and the accounting firm is, shareholders' meeting may dismiss the service of auditors by ordinary resolution prior to the end of their term of service. The right of indemnity of the accounting firm thus dismissed shall not be affected.

Article 153 The shareholders' meeting shall decide on the remuneration of the accounting firm or the method of remuneration. The remuneration of the accounting firm appointed by the board of directors shall be determined by the board of directors.

Article 154 When the shareholders' meeting resolves to appoint non-current accounting firm to fill any vacancy in the accounting firm positions, or continue the services of accounting firm hired by the board of directors to fill a vacancy, or dismiss accounting firm prior to the end of the term of service, it shall comply with the relevant provisions of applicable laws and regulations.

Article 155 The Company shall first notify the accounting firm if it intends to dismiss their services. The accounting firm have the right to state their opinions to the shareholders' meeting. Accounting firm, who resign on their own, shall explain to the shareholders' meeting whether there are any improprieties in the Company.

Article 156 In accordance with the relevant provisions of applicable laws and regulations, accounting firm may resign by written notice by delivering the resignation letter to the Company's registered address.

CHAPTER 17 MERGER AND DIVISION OF THE COMPANY

Article 157 The resolution for the merger or division of the Company shall be formulated by the board of directors and resolved by the shareholders' meeting in accordance with the provisions of the Articles of Association (if necessary). Shareholders who disagree with the resolution of the shareholders' meeting on the merger or division of the Company shall have the right to request the Company to acquire their shares.

Where the Company merges with another company in which the former holds not less than ninety percent (90%) of the shares, the merged company is not required to obtain approval by resolution of a shareholders' meeting, but shall notify the other shareholders who have the right to request the Company to acquire their equities or shares at a reasonable price.

If the price paid for the Company's merger does not exceed ten percent (10%) of the Company's net assets, approval by resolution of its shareholders' meeting may not be required.

Where the Company's merger is exempted from approval by resolution of the shareholders' meeting in the preceding two paragraphs, it shall be subject to approval by resolution of the board of directors. The Listing Rules shall also apply where they provide otherwise.

Article 158 The merger of the Company may be conducted in accordance with the provisions of the Company Law, either through absorption merger or new establishment merger.

For merger of the Company, the involved parties shall sign the merger agreement and prepare the balance sheets and inventory of assets. The Company shall advise creditors within ten (10) days of the merger resolution, and publish in newspaper or National Enterprise Credit Information Publicity System the merger notice within thirty (30) days. The creditor may request the Company to settle the liabilities or provide the relevant guarantee within thirty (30) days from receiving the notice or within forty-five (45) days from the announcement if the notice is not received.

Liabilities and debts of the merger parties shall be borne by the merged company or by the new company established during the Company's merger.

Article 159 In a division of the Company, the assets shall be split in an appropriate manner.

For division of the Company, the balance sheets and inventory of assets shall be prepared. The Company shall advise creditors within ten (10) days of the division resolution, and publish in newspaper or National Enterprise Credit Information Publicity System the division notice within thirty (30) days.

The debts of the Company before division shall be borne by the companies established after division jointly and severally, save as otherwise agreed in writing between the Company and the creditor in respect of debt settlement before the division.

Article 160 When the company merges or divides and changes related to registration occur, particulars of the changes shall be registered with the department in charge of company registration according to the law. Where the Company is required to be terminated due to dissolution, adjudged bankruptcy or other legal cause, it shall, in accordance with the law, apply to the company registration authority for deregistration and the company registration authority shall notify the company of its termination; where a new company is established, it shall, in accordance with the law, apply to the company registration authority for registration of its establishment.

CHAPTER 18 DISSOLUTION AND LIQUIDATION OF THE COMPANY

Article 161 The Company shall be dissolved by following reasons:

- (1) When the shareholders' meeting resolves that the Company should be dissolved;
- (2) When dissolution is necessary as a result of the merger or division of the Company;
- (3) When the business license is revoked, the Company is ordered to be closed down or revoked; and

- (4) When the Company is dissolved by the people's court in accordance with Article 231 of the Company Law, being the Company has experienced material difficulties in operation and management, and the continuing operation would lead to substantial losses to the interests of its shareholders and there are no other solutions to resolve the matters, shareholders holding ten percent (10%) or more of the voting rights may appeal to the people's court for dissolution of the Company.

If the Company has any grounds for dissolution specified in the preceding paragraph, it shall publicise the grounds for dissolution through the National Enterprise Credit Information Publicity System within ten (10) days.

If the Company is in the circumstance stipulated in section (1) of this Article and has not yet distributed its property to its shareholders, the Company may continue in existence by a resolution of the shareholders' meeting (shall be approved by more than two-thirds (2/3) of the voting rights held by the shareholders attending the shareholders' meeting).

Article 162

In the event when the Company is dissolved according to section (1), (3) and (4) of the first paragraph of the preceding Article, it shall be liquidated. The directors are the liquidation obligors of the Company shall form a liquidation team for liquidation within fifteen(15) days from the date of occurrence of the cause for dissolution. The liquidation team shall comprise the directors, unless the Articles of Association provide otherwise or it is resolved at a shareholders' meeting to elect another person(s). If the liquidation obligors fail to fulfill their liquidation obligations in a timely manner and cause losses to the Company or creditors, they shall be liable for compensation. Where the Company shall be liquidated in accordance with the above provisions, and if it fails to establish a liquidation team to carry out liquidation after the expiry of the time limit or fails to carry out liquidation after establishing the liquidation team, the interested parties can apply to the people's court for appointing relevant officers to establish the liquidation team to carry out the liquidation.

In the event when the Company is dissolved according to the section (3) of the first paragraph of the preceding Article, the department or the company registration authority that made the decision to revoke the business license, order closure or revocation can apply to the people's court for appointing relevant officers to establish the liquidation team to carry out the liquidation.

Article 163

The liquidation team shall notify creditors within ten (10) days after its establishment, and shall publish notices in newspapers or National Enterprise Credit Information Publicity System within sixty (60) days.

Creditors shall submit its claim to the liquidation team within thirty (30) days upon receipt of the written notice, or within forty-five (45) days of public notice if no written notice is received. When creditors submit their claims, they shall explain the relevant matters of the debt, and provide proof thereof. The liquidation team shall register the debts. In the course of submitting creditors' claims, the liquidation team shall not settle the creditors.

Article 164

The liquidation team shall exercise the following powers during the period of liquidation: It shall

- (1) Process company assets, and to prepare a balance sheet and an inventory of assets;
- (2) Notify creditors by notice or by public announcement;
- (3) Handle business related to the liquidation not yet completed by the Company;
- (4) Pay taxes due and taxes incurred in the course of liquidation;
- (5) Process liabilities and debts;
- (6) Handle remaining assets after settlement of debts; and
- (7) Initiate civil litigation on behalf of the Company.

Members of the liquidation team shall perform their liquidation obligation and bear duties of loyalty and diligence. Members of the liquidation team shall bear the liability for damages suffered by the Company due to their negligence in performing the obligations of liquidation; where members of the liquidation team who cause losses to the creditors due to intentional or gross negligence shall be liable for compensation.

Article 165

After processing company assets, and preparing the balance sheet and inventory of assets, the liquidation team shall formulate a liquidation plan, and report to shareholders' meeting or the people's court for confirmation.

The remaining assets after payment of liquidation expenses, employee wages, social insurance, statutory compensation and taxes, respectively, shall be distributed according to the proportion of shares held by shareholders.

During the liquidation period, the Company shall continue to exist but shall not carry out any business activities not related to the liquidation. The property of the Company shall be not distributed to shareholders until all liabilities have been settled in accordance with the provisions of the preceding paragraph.

Article 166 After processing company assets, and preparing the balance sheet and inventory of assets, the liquidation team discovers that company assets are not sufficient to repay debts, the liquidation team shall immediately apply to the people's court to declare a bankruptcy liquidation.

After the people's court accepts the application for bankruptcy liquidation, the liquidation team shall hand over the liquidation affairs to the bankruptcy administrator designated by the people's court.

Article 167 After liquidation is completed, the liquidation team shall prepare a liquidation report and submit it to the shareholders' meeting or the people's court for confirmation, shall send to the department in charge of company registration, apply for cancellation of the Company's registration.

CHAPTER 19 AMENDMENT OF THE ARTICLES OF ASSOCIATION

Article 168 The Company may amend the Articles of Association in accordance with applicable laws and regulations and the provisions of the Articles of Association.

Article 169 The Company shall amend the Articles of Association upon the occurrence of any of the following events:

- (1) After the amendment of applicable laws and regulations, the provisions provided in the Articles of Association are in conflict with those of the applicable laws and regulations upon such amendment;
- (2) Changes in the Company's circumstances are inconsistent with those set out in the Articles of Association; or
- (3) The shareholders' meeting has decided to amend the Articles of Association.

Article 170 Amendments to the Articles of Association shall be filed with the company registration authority in accordance with the laws. Amendments concerning the registration of the Company need only be registered according to the law.

CHAPTER 20 NOTICES AND ANNOUNCEMENTS

Article 171 The notices of the Company are sent out in the following one or multiple manners:

- (1) Delivered by person;
- (2) Sent by mail;
- (3) Sent by fax or email;
- (4) Subject to applicable laws and regulations and the Articles of Association, by means of publication on the website designated by the securities regulatory authority or the Stock Exchange;
- (5) By announcement;
- (6) By such other means as previously agreed by the Company or the addressee or as recognised by the addressee after receiving the notice; or/and
- (7) By such other means as recognised by applicable laws and regulations and the Articles of Association.

Under the premise of the Company's observation of the relevant laws and regulations of the place(s) in which the shares of the Company are listed and the Listing Rules and the Articles of Association, regarding the providing or sending by the Company of corporate communications (as defined in the Listing Rules) to shareholders of the overseas listed foreign shares in accordance with requirements of such Listing Rules, the Company may also electronically or at the Company's website or such website of the stock exchange where the Company's shares are listed, post such information so as to send provide such information to shareholders of the overseas listed foreign shares, in lieu of such delivery by person or postage prepaid mail so such shareholders.

Where a notice is sent by the Company by means of announcement, all relevant persons shall be deemed to have received the notice upon the publication of the announcement.

Article 172

Where any notice of the Company is sent by person, the addressee shall sign (or seal) on delivery receipt and it shall be deemed to have been served on the date when the addressee signs to acknowledge the receipt of the notice; where any notice of the Company is sent by mail, it shall be deemed to have been served on the fifth business day after its delivery to the post office; and where any notice of the Company is sent by means of announcement, it shall be deemed to have been served on the date of publication of the first announcement.

In case any notice of meeting is not sent to a person who is entitled to receive the notice due to any accidental omission or such person fails to receive the notice of meeting, the meeting and resolutions made at the meeting shall not be invalidated.

CHAPTER 21 SUPPLEMENTARY PROVISIONS

Article 173

If the provisions of the Articles of Association are inconsistent with the provisions of the applicable laws and regulations, the provisions of the applicable laws and regulations shall prevail.

Article 174

The Articles of Association are written in Chinese. If any discrepancies arise between versions in different languages, the Chinese version of Articles of Association filed with the company's registration authority most recently shall prevail.

Article 175

The terms "above", "expiry" used herein shall include the given figure whilst the terms "other than", "below", "less than" "under", "exceeding" and "more than" shall exclude the given figure.

Article 176

The Articles of Association shall be interpreted by the board of directors of the Company.