

中远海运发展股份有限公司  
**COSCO SHIPPING Development Co., Ltd.**

**A Share Stock Code: 601866**

**H Share Stock Code: 2866**

**Articles of Association**  
**of**  
**COSCO SHIPPING Development Co., Ltd.**

**(Adopted by a special resolution at the  
General Meeting held on 23 December 2019)**

*(The Articles of Association was originally drafted in Chinese and the English translation is for your reference only. In case of any inconsistencies between the Chinese and the English version, the Chinese version shall prevail.)*

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**COSCO SHIPPING DEVELOPMENT CO., LTD.**  
**ARTICLES OF ASSOCIATION**

**Chapter I      General provisions**

- Article 1.1      The Articles of Association of Association are formulated pursuant to "Company Law", "Securities Law" and other relevant laws and regulations in order to protect the legitimate rights and interests of the Company and shareholders and creditors thereof and regulate the organization and behavior of the Company. Guide to Articles of Association art .1
- Article 1.2      The Company was established as a limited company in accordance with the "Company Law", "Securities Law", "Special regulations of the State Council regarding overseas placement and listing of companies limited" (hereinafter referred to as the "special regulation" and other laws and regulations of the state. MP art .1
- As approved by the SASAC on February 5, 2004 through its document GZGG [2004] No. 49, and set up by China Shipping (Group) Corporation (China Shipping (Group) Corporation was restructured and renamed to “China Shipping Group Company Limited” on 13 December 2017, the old company name is used in the relevant articles of the Articles of Association where the history of the Company is stated) as the exclusive sponsor through sponsorship, the Company is registered with Shanghai Administration for Industry and Commerce on March 3, 2004 and obtains its business license. The current registration number of the Company’s Legal Person Business License and its Unified Social Credibility Code is: 91310000759579978L.
- Before the first issue of H Shares, the Company had China Shipping (Group) Corporation as its shareholder, and the shares held by it were stated-owned legal entity shares.
- Article 1.3      Name of the Company as registered MP art .2
- Chinese name: 中远海运发展股份有限公司
- English name: COSCO SHIPPING Development Co., Ltd.
- Article 1.4      Company domicile: Room A-538, International Trade Center MP art .3
- China (Shanghai) Pilot Free Trade Zone
- Zip code: 201306
- Telephone: 8621-65966666
- Fax: 8621-65966498
- Article 1.5      The legal representative of the Company is the chairman of the Company. MP art .4
- Article 1.6      As a permanently existing company limited, foreign-invested share holding company limited and an independent legal entity, the Company is under the jurisdiction and protection of the laws, stipulations and other relevant regulations MP art .5

of China.

- Article 1.7 The assets of the Company are divided into equal shares. The Company's shareholders assume responsibilities to the Company with their shares, and the Company assumes responsibilities for its liabilities with all its assets. Company Law art .3
- Article 1.8 After being adopted by the Company's general meeting through its special resolution and approved by relevant competent departments of the state, the Articles of Association will come into effect on the date of registration with the industrial and commercial administration, and fully replace its Articles of Association originally registered with the administration. MP art .6
- From the date of its effectiveness, the Articles of Association will become a legally binding document for regulating the Company's organization and actions as well as the rights and duties between the Company and its shareholders and between the shareholders.
- Article 1.9 The Articles of Association is binding upon the Company's shareholders, directors, supervisors, chief executive officer, general manager, deputy general managers and other top management. The above mentioned personnel may file right claims regarding company's matters as per the Articles of Association. MP art .7
- As per the Articles of Association, shareholders may raise a claim against other shareholders; shareholders may raise a claim against the Company's directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives; shareholders may raise a claim against the Company, and the Company may raise a claim against the shareholders. Shareholders may raise a claim against shareholders, or against company's directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives. Guide to Articles of Association art .10
- The claims as mentioned in the preceding clause include lawsuits brought to the court or arbitration application filed with arbitration institutions.
- Article 1.10 Senior executives as referred to in the Articles of Association include the chief executive officer, general manager, deputy general managers, chief accountant or chief financial officer, general counsel, Board secretary and other senior management personnel appointed by the Company's Board of Directors. Guide to Articles of Association art .11
- Article 1.11 The Company may invest in other limited-liability companies or limited-liability companies of shares, and assume responsibilities for the invested company with the capital contribution. MP art .8
- Save as otherwise specified in the laws, the Company shall not be an investor bearing joint liability for its invested enterprises, nor shall it become a shareholder of unlimited liabilities of other profitable organizations. Company Law art .15
- Article 1.12 The Company may raise capital or seek loans, including (but not limited to) issuing bonds, and may mortgage or pledge its property provided that the Company observes PRC laws, administrative regulations and the Articles of Association.

Article 1.13 The Company may set up related organizations, assign necessary staff for the said organizations and include the said staff under unified management pursuant to relevant laws and regulations.

## **Chapter II Business objective and scope**

Article 2.1 The Company's business objective is: To maximize operational efficiency by adhering to the market orientation policy, building up talent pool, developing the mainstay shipping business, promoting active marketing, establishing service brand, structuring innovative organizational system, regulating internal management, strengthening cost control, developing corporate culture and related businesses. MP art.9

Article 2.2 Business scope of the Company: general cargo shipping in domestic coastal cities and the middle and lower-stream of Yangtze River; container feeder service in domestic coastal cities for foreign trade purpose; international shipping (including scheduled container shipping service); container manufacturing, repairing and leasing; vessel leasing, trading of self-owned containers and self-used vessels; marine and engineering management of general cargo vessels (excluding bulk freighters) in domestic coastal cities; vessel overhaul, maintenance, trading, leasing and operation; asset management; and other vessel management services (operating under licence where administrative approval is required). MP art.10

The Company's business scope is based on the scope as approved by the industrial and commercial administration. Depending on market variation and its own operational requirement, after approval by the authority, the Company may adjust the business scope and business forms in due time, and set up affiliates in China or other countries.

## **Chapter III Shares and registered capital**

Article 3.1 The Company has at any time ordinary stock. The ordinary shares issued by the Company include domestic shares and foreign shares. Based on requirement and after approval by company examination and approval departments authorized by the State Council, the Company may set other types of stock. MP art.11  
APP3 9

Article 3.2 All shares issued by the Company are stock shares with face value, and the face value per share is 1 Yuan RMB. MP art.12

Article 3.3 After approval by the security administration of the State Council, the Company may issue shares to domestic investors and overseas investors. MP art.13

The overseas investors as mentioned in the preceding clause refer to foreign investors and investors in Hong Kong, Macao and Taiwan areas that subscribe the stock issued by the Company. The domestic investors refer to the investors within the territory of the People's Republic of China with exception of the above mentioned areas that subscribe the stock issued by the Company.

Article 3.4 The stock to be subscribed in RMB as issued by the Company to domestic investors is called domestic capital stock. The stock subscribed in foreign currencies as issued by the Company to overseas investors is called foreign MP art.14

capital stock. The foreign capital stock that is listed overseas is called overseas listed foreign capital stock. The domestic capital stock that is listed at Shanghai Stock Exchange is called A Shares. The foreign capital stock that is listed at Hong Kong Stock Exchange is called H Shares. Save as otherwise specified in the Articles of Association, shareholders of domestic shares, A Shares and H Shares are all common shareholders and shall have the same rights and obligations.

The A Shares issued by the Company with Shanghai Stock Exchange shall be kept at Shanghai Branch of China Securities Depository and Clearing Corporation Limited, and H Shares listed in Hong Kong shall primarily be put under custody of HKSCC Nominees Limited.

Article 3.5

With approval of the SASAC, the number of ordinary shares issued by the Company at the time of its incorporation was 3,830,000,000, which ordinary shares were state-owned corporate shares, all held by China Shipping (Group) Company.

MP art.15

MP art.16  
App3 9

The number of H Shares at the IPO of the Company was 2,200,000,000 upon approval of the securities regulatory authority of the State Council. After issue of the aforesaid H Shares, the equity structure of the Company is: 6,030,000,000 ordinary shares, including 3,610,000,000 shares held by China Shipping (Group) Company, accounting for approximately 59.87% of the ordinary shares issued by the Company, and 2,420,000,000 shares held by shareholders of H Shares, accounting for approximately 40.13% of the ordinary shares issued by the Company.

Upon approval by a special resolution at a provisional general meeting and approval by the examination and approval authority authorized by the State Council, the Company distributed its dividends as at June 30, 2007 to holders of domestic shares and H Shares. After the aforesaid distribution of dividends, the equity structure of the Company is: 9,346,500,000 ordinary shares, including 5,595,500,000 shares held by China Shipping (Group) Company, accounting for approximately 59.87% of the ordinary shares issued by the Company, and 3,751,000,000 shares held by shareholders of H Shares, accounting for approximately 40.13% of the ordinary shares issued by the Company.

Upon approval by special resolutions at a general meeting, domestic general meeting and H general meeting respectively and approval by the examination and approval authority authorized by the State Council, the Company issued 2,336,625,000 A Shares. After the aforesaid issue of A Shares, the equity structure of the Company is: 11,683,125,000 ordinary shares, including 5,595,500,000 shares held by promoter China Shipping (Group) Company, accounting for approximately 47.89% of the ordinary shares issued by the Company, 3,751,000,000 shares held by shareholders of H Shares, accounting for approximately 32.11% of the ordinary shares issued by the Company, and 2,336,625,000 shares held by shareholders of A Shares other than the promoter, accounting for 20% of the ordinary shares issued by the Company.

In accordance with the "Implementing Measures for the Transfer of Certain State-owned Shares from the Domestic Securities Market to the National Social Security Fund" issued by Ministry of Finance of the PRC along with other ministries of the PRC and the relevant provisions of the State Council, China Shipping (Group) Company has transferred 233,662,500 A Shares held by it to the National Council for Social Security Fund. Upon the completion of such transfer of state-owned shares, the equity structure of the Company is: 11,683,125,000 ordinary shares, including 5,361,837,500 shares held by China Shipping (Group) Company, accounting for approximately 45.89% of the ordinary shares issued by the Company, 3,751,000,000 shares held by shareholders of H Shares, accounting for approximately 32.11% of the ordinary shares issued by the Company, and 2,570,287,500 shares held by shareholders of A Shares other than the promoter, accounting for 22% of the ordinary shares issued by the Company.

Upon approval by special resolutions at a general meeting, meeting of shareholders of A Shares and meeting of shareholders of H Shares respectively, the Company repurchased 75,000,000 H Shares and cancelled such H Shares. Following completion of the cancellation, the equity structure of the Company is: 11,608,125,000 ordinary shares, including 3,676,000,000 shares held by shareholders of H Shares, accounting for approximately 31.667% of the ordinary shares issued by the Company, and 7,932,125,000 shares held by shareholders of A Shares, accounting for 68.333% of the ordinary shares issued by the Company.

Article 3.6 The Board of the Company may make arrangement for separately issuing H Shares and A Shares in accordance with the issue scheme approved by the securities regulatory authority of the State Council. MP art .17

The Company may issue H Shares in accordance with the preceding paragraph within 15 months after approval by the securities regulatory authority of the State Council; the Company shall issue A Shares in accordance with the preceding paragraph within 6 months after approval by the securities regulatory authority of the State Council, otherwise the approval document shall become invalid, and the Company shall again seek approval by the securities regulatory authority of the State Council.

Article 3.7 The Board of Directors of the Company may implement separately the plans for issue of overseas listed H Shares and A Shares as approved by the State Council security administration. MP art .18

Article 3.8 The registered capital of the Company is: RMB11,608,125,000. MP art .19

Article 3.9 As may be required for its operation and development, the Company may approve capital increase in accordance with relevant regulations in the Articles of Association. MP art .20  
Guide to Articles of Association art .21

The Company may increase capital in the following forms:

(I) Subscription of new shares by non-particular investors;

- (II) Placement of new shares to present shareholders;
- (III) Distribution of new shares to present shareholders;
- (IV) Converting common reserve fund into share capital;
- (V) Non-publically issued shares;
- (VI) Other forms as permitted by the laws and regulations.

The Company's issue of new shares for capital increase, after approval in line with the regulations of the Articles of Association, will proceed in accordance with relevant state's laws and regulations.

Article 3.10 Unless otherwise specified in the laws and regulations, company's stock with fully contributed stock capital can be transferred freely without any additional lien. MP art .21  
APP3 1(2)

#### **Chapter IV Capital reduction and repurchase of shares**

Article 4.1 In accordance with the regulations in the Articles of Association, the Company may decrease its registered capital. MP art .22

Article 4.2 To reduce its registered capital, the Company must formulate a balance sheet and list of properties. MP art .23  
Company Law  
art .177

The Company shall notify the creditors in 10 days after making the resolution to reduce its registered capital, and make declarations in the newspapers in 30 days. The creditors are entitled to request the Company to pay off its debts or provide corresponding sinking guarantee in 30 days after receiving the said notification, or in 45 days after the first date of declaration.

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

Article 4.3 After adoption in the procedure stated in the Articles of Association and approval by relevant state's authority, the Company may repurchase the stock issued by it in the following cases: MP art .24  
Guide to Articles of  
Association art .23  
Company Law  
art .142

- (I) To reduce the Company's registered capital;
- (II) To merge with other companies holding stock of the Company;
- (III) To carry out employee stock ownership plans or equity incentive plans;
- (IV) Shareholders object to resolutions of the general meeting concerning merger or division of the Company, requiring the Company to buy their shares;
- (V) To convert convertible corporate bonds issued by the Company;
- (VI) The share repurchase is necessary to maintain the value of the Company



and the interests of its shareholders.

The Company shall not buy or sell shares of the Company unless in the aforesaid circumstances.

In buying back the shares already issued, the Company shall observe the relevant laws, regulations and Articles 4.4 and 4.8 of the Articles of Association.

Article 4.4 After approval by relevant state's authority, the Company may repurchase the stock in one of the following forms:

MP art .25  
Guide to Articles of  
Association art .24  
Company Law  
art .142

- (I) Send a repurchase offer to all the shareholders with the same proportion;
- (II) Repurchase the stock in the public way at the securities exchange;
- (III) Repurchase the stock in the agreement form at other places than the securities exchange;
- (IV) Other means stipulated by laws and regulations or approved by the securities authority of the State Council.

When the Company repurchases its shares under items (III), (V) or (VI) of Article 4.3, such repurchase shall be conducted by way of public centralized trading in the securities exchange or other means as permitted by other laws, regulations or rules of the securities exchange.

Article 4.5 Stock repurchase by the Company in the agreement form at other places than the securities exchange is subject to approval by the general meeting in accordance with the Articles of Association. After approval by the general meeting in the same form, the Company may cancel or revise the contract concluded in the above mentioned way, or abandon any of its rights specified in the contract.

MP art .26

The contract on stock repurchase as mentioned in the preceding clause includes (but not limited to) the agreement on the consent to assume the duty for stock repurchase and obtain the right for the repurchased stock.

The Company shall not transfer the contract for the stock repurchase or any right stated in the contract.

Article 4.6 Where the Company repurchases the redeemable stock which it is entitled to do so in a non-open form or in the form of an offer, the price shall not exceed a certain price ceiling. If the repurchase is conducted in the form of an offer, then, the offer must be made to all the shareholders under the same conditions.

MP art .27  
Guide to Articles of  
Association art .25  
Company Law  
art .142  
App 3 8(1)&(2)

After repurchasing the stock in accordance with the law, the Company shall cancel such stock in the period specified by the legal and administrative stipulations. After the Company has bought back its shares, such shares shall be cancelled within 10 days after buyback in the circumstance set out in (I) of Article 4.3, or shall be transferred or cancelled within 6 months in the circumstances set out in (II) and (IV), or the total number of shares held by the

Company shall not exceed 10% of its total outstanding shares and such shares shall be transferred or cancelled within three years in the circumstances set out in (III), (V) and (VI).

The total par value of the cancelled shares shall be deducted from the registered capital of the Company, and the resulting change of the registered capital shall be registered with the original company registration authority.

MP art .28

Article 4.7 Unless the Company is in the stage of liquidation, its repurchase of the stock issued by it shall comply with the following regulations:

- (I) Where the Company repurchases the stock at the face value, the sum should be subtracted from the income from the new stock issued for repurchase of the old stock in the Company's face balance of distributable profit.
- (II) Where the Company repurchases the stock at a price above the face value, that portion equal to the face value is to be subtracted from the income from the new stock issued for repurchase of the old stock in the Company's face balance of distributable profit, while the portion in excess of the face value shall be handled in the following way:
  - (1) Where the repurchased stock is issued at the face value, it is to be subtracted from the Company's face balance of distributable profit;
  - (2) Where the repurchased stock is issued at a price above the face value, the sum is to be subtracted from the income from the new stock issued for repurchase of the old stock in the Company's face balance of distributable profit, but the amount subtracted from the income gained from issue of the new stock shall not exceed the total premium gained from issue of the repurchased old stock, or the amount in the Company's premium account (or the account of capital surplus) at the time of repurchase (including the account of premium for issue of the new stock);
- (III) Sums that are paid by the Company for the following purposes should be expended from the Company's distributable profit:
  - (1) Obtain the right to repurchase the stock;
  - (2) Revise the contract for the stock repurchase;
  - (3) Cancel its duties stated in the repurchase contract.
- (IV) The amount subtracted from the distributable profit and used for repurchase of the face value of the stock, after the total face value of the cancelled stock is subtracted from the Company's registered capital in accordance with relevant regulations, shall enter the Company's premium account (or the account of capital surplus).

Article 4.8 Where the Company repurchases its shares under items (I) or (II) of Article 4.3, a resolution thereon shall be resolved at the general meeting. Where the Company repurchases its shares under items (III), (V) or (VI) of Article 4.3, a resolution thereon may, pursuant to the Articles of Association, be resolved at a Board meeting that is attended by at least two-thirds of all directors.

Guide to Articles of Association art .25  
Company Law art .142

#### **Chapter V Financial support for repurchase of shares of the company**

Article 5.1 The Company or its subsidiaries shall not at any time or in any way, provide any financial support to those who purchase or intend to purchase the Company's stock. The above mentioned purchasers of the Company's stock include those who assume direct or indirect liabilities on account of their purchase of the Company's stock.

MP art .29

The Company or its subsidiary companies shall not at any time or in any way provide any financial support to the above mentioned obligors in order to reduce or relieve them from such liabilities.

This clause is not applicable to the condition mentioned in Article 5.3 of the Articles of Association.

Article 5.2 The financial support as mentioned in this chapter includes (but not limited to) the following forms:

MP art .30

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

The duties assumed as mentioned in this chapter include those assumed by the obligor on account of changes in its financial positions through its conclusion of a contract or arrangement (regardless of whether the contract or the arrange may be executed in the compulsory way, or whether they are assumed by the obligor individually or jointly by him and any other people) or through any other ways.

Article 5.3 Following acts are not deemed as those prohibited in Article 5.1 of the Articles of Association:

MP art .31

- (I) The Company provides the financial support really in the interests of the Company, and such financial support is not mainly intended to purchase the stock of the Company, or such support is an auxiliary part of a total

plan of the Company;

- (II) The Company distributes its properties as dividends in accordance with the law;
- (III) Distribute the dividends in the form of stock;
- (IV) Reduce the registered capital, repurchase stock or adjust the structure of stock right in accordance with the Articles of Association;
- (V) The Company provides loans for its normal business activities in its business scope (but it should not result in net assets decrease in the Company, or despite of that, such financial support is expended from the Company's distributable profit).

## **Chapter VI Share and register of shareholders**

Article 6.1 The share certificates are evidence of the shares held by shareholders issued by the Company.

Article 6.2 The Company's share certificates shall be in registered form.

MP art .32

Share certificates of the Company shall specify the following major particulars:

- (I) Name of the Company;
- (II) Date of incorporation of the Company;
- (III) Class, par value and number of shares represented by each share certificate;
- (IV) The serial number of each share certificate;
- (V) Other matters required to be specified pursuant to the Company Law, Special Regulations and as required by the stock exchange on which the Company is listed.

Article 6.3 Shares of the Company may be transferred, presented, inherited and mortgaged pursuant to relevant laws, administrative regulations and the Articles of Association.

Any transfer and assign of shares shall be registered with the share registrar appointed by the Company.

Article 6.4 Share certificates shall be signed by the Chairman. Where the stock exchanges on which shares of the Company are listed require the share certificates to be signed by member of senior management, the share certificates shall also be signed by such member of senior management. The share certificates shall take effect after being affixed with the Company's Securities Seal or affixed with the Company's Securities Seal by printing provided that such Seal shall only be affixed with the authority of the Board of Directors. The signatures of the Chairman or other member of senior management of the Company can also be

MP art .33  
ZJHH art .1  
App3 2(1)

applied to the share certificates by printing.

Should the Company's shares be issued and traded in paperless manner, those stipulations from the securities regulatory and supervisory authorities at the place where such shares are listed shall be applied.

Article 6.5 The Company does not accept the shares of the Company being held as security under a pledge.

Guide to Articles of Association art .27

Article 6.6 The directors, supervisors, chief executive officer, general manager, deputy general manager and other senior management shall declare their respective shareholdings in the Company and changes thereto on regular basis during their term of office. Transfer of shares by the aforesaid persons shall comply with the relevant laws, regulations and/or relevant listing rules.

Company Law art .141

Article 6.7 Any gains from sale of shares by the directors, supervisors, chief executive officer, and general manager, deputy general manager and other senior management or shareholder holding 5% or more of the shares of the Company within six(6) months after their purchase of the same, and any gains from the purchase of the shares by any of the aforesaid parties within six(6) months after sale of the same shall be disgorged and paid to the Company, and the Board of Directors of the Company shall recover such gains from the abovementioned parties. However, if a securities company holds 5% or more of the Company's shares as a result of its underwriting of the untaken shares in an offer, the sales of those shares shall not be under the said six (6)-month restriction.

Guide to Articles of Association art .29;  
Securities Law art .47

Director in breach of the provision in the preceding paragraph shall bear joint liability in accordance with law.

Article 6.8 The Company should keep a register of shareholders to record the following:

MP art.34

- (I) the name (description), address (domicile), occupation or nature of each shareholder;
- (II) the class and number of shares held by each shareholder;
- (III) the amount paid or payable for the shares held by each shareholder;
- (IV) the serial number of the shares held by each shareholder;
- (V) the date on which each shareholder is registered as a shareholder;
- (VI) the date on which each shareholder ceases to be a shareholder.

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

Article 6.9 The Company may, in accordance with the mutual understandings and agreement reached between the securities regulatory authority of the State Council and the overseas securities regulatory organizations, maintain its register of shareholders of H Shares at a place outside Mainland China, and appoint an overseas agent to manage the same. The original copy of the register of shareholders of H Shares

MP art .35  
A13D (1)(b)

listed in Hong Kong shall be kept in Hong Kong.

The Company shall keep a copy of the register of shareholders of H Shares at the domicile of the Company. The appointed overseas agent shall at all times ensure the consistency of the original and the copy of the register of shareholders of H Shares. In case of inconsistencies between any information recorded in the original and the copy of the register of shareholders of H Shares, the original register shall prevail.

Article 6.10 The Company shall keep a complete register of shareholders.

MP art .36

The register of shareholders shall comprise of the following parts:

- (I) the register of shareholders which is kept at the registered address of the Company, other than those provided in paragraphs (II) and (III) of this Article;
- (II) the register of shareholders of the Company's H Shares, the original of which is kept in locality where the shares are listed;
- (III) the register of shareholders which is kept at other place(s) as the Board of Directors deems necessary for listing of the shares of the Company.

Article 6.11 The various parts of the register of shareholders shall not overlap. During the process of the registration of shares in one part of the register, no transfer of such shares shall be registered in the other part of the register.

MP art .37

Changes or rectification of each part of the register of shareholders shall be carried out in accordance with the laws of the place where such part of the register of shareholders is kept.

Article 6.12 All paid up H Shares which are listed in Hong Kong may be freely transferred in accordance with the Article of Association; the Board of Directors may refuse to recognise any instrument of transfer, and give no reasons unless the following conditions are satisfied:

App 3 1(1),  
App 3 1(2) and  
App 3 1(3)

- (I) a fee of Hong Kong dollars two and cents fifty (per instrument of transfer) or of a larger amount as agreed by the Stock Exchange for the registration of the transfer documents of the shares and other documents relating to or affecting the ownership of shares;
- (II) only H Shares which are listed in Hong Kong are involved in the transfer document;
- (III) the stamp duty payable in respect of the transfer document has been paid;
- (IV) the relevant share certificates, together with the evidence as reasonably required by the Board of Directors showing that the transferor is entitled to transfer the shares are produced;
- (V) if the shares are to be transferred to joint holders, the number of joint

holders shall not exceed four;

(VI) the Company shall not have any lien over the relevant shares.

Any shareholder of the overseas-listed foreign-invested shares is entitled to transfer part or all of his/her/its shares by way of effecting the normal written transfer instrument or signed or printed transfer instrument generally applied in place where these shares are listed. Such share transfer can be made by adopting standard registration form prescribed by the Hong Kong Stock Exchange. The signature of the transfer instrument shall be handwritten or printed by the transferor and the transferee.

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

The Company's overseas shares listed in Hong Kong shall be transferred in writing by an instrument of transfer in the usual or common form or in such form as the Board of Directors may accept; the said instrument of transfer can only be signed by hand, or signed by hand or in a printed form if the transferor or the transferee is a clearing house or its nominee. All instruments of transfer shall be kept at the legal address of the Company or other places designated by the Board from time to time.

Changes or rectification of each part of the register of shareholders shall be carried out in accordance with the laws of the place where such part of the register of shareholders is kept.

Article 6.13 No change may be made in the register of members as a result of a transfer of shares within 30 days prior to the date of a general meeting or within 5 days before the determination date for the Company's distribution of dividends. Where the relevant stock exchanges or the regulatory authorities in the place where the shares of the Company are listed have other regulations, such regulations shall be followed.

MP art .38

Article 6.14 When the Company needs to convene a general meeting, distribute dividends, conduct liquidation or perform other acts as required for the purpose of determining shareholdings, the Board of Directors or the convenor of the general meeting shall determine a record date for the determination of shareholdings and shareholders whose names appear in the register of members after market close at record date shall be the shareholders entitled to the relevant rights and interests.

MP art .39; Guide to Articles of Association; art .31

Article 6.15 Any person who disputes the register of members and asks for inclusion of his/her/its name (title) in or removal of his/her/its name (title) from the register of members may apply to a court of competent jurisdiction for rectification of the register of members.

MP art .40

Article 6.16 If the share certificate (the "original certificate") held by any person who is a registered shareholder or who claims to be entitled to have his/her/its name (title) entered in the register of members is lost, such person may apply to the Company for a replacement share certificate in respect of such shares (the "Relevant

MP art .41

Shares").

Application by a holder of domestic shares, who has lost his/her/its share certificate, for a replacement share certificate shall be dealt with in accordance with Article 143 of the Company Law.

Application by a holder of H Shares, who has lost his/her/its share certificate, for a replacement share certificate may be dealt with in accordance with the law of the place where the original register of members for holders of H Shares is maintained, the rules of the stock exchange or other relevant regulations. The issuance of a replacement share certificate shall comply with the following requirements:

- (I) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarial certificate or a statutory declaration, of which the contents shall include the grounds upon which the application is made and the circumstances and evidence of the loss, and the declaration showing that no other person is entitled to have his/her/its name entered in the register of members in respect of the Relevant Shares.
- (II) The Company has not received any declaration made by any person other than the applicant declaring that his/her/its name shall be entered in the register of members in respect of such shares before it decides to issue a replacement share certificate to the applicant.
- (III) The Company shall, if it intends to issue a replacement share certificate to the applicant, publish a notice of its intention to do so at least once every 30 days within a period of 90 days in such newspapers as prescribed by the Board of Directors.
- (IV) The Company shall, prior to publication of its intention to issue a replacement share certificate, deliver to the stock exchange on which its shares are listed, a copy of the notice to be published and may publish the notice upon receipt of confirmation from such stock exchange that the notice has been exhibited in the premises of the stock exchange. Such notice shall be exhibited in the premises of the stock exchange for a period of 90 days.
- (V) In the case of an application which is made without the consent of the registered holder of the Relevant Shares, the Company shall deliver by mail to such registered shareholder a copy of the notice to be published.
- (VI) If, by the expiration of the 90-day period referred to in items (III) and (IV) of this article, the Company has not received any objection from any person in respect of the issuance of the replacement share certificate, it may issue a replacement share certificate to the applicant pursuant to his/her/its application.
- (VII) Where the Company issues a replacement share certificate pursuant to this article, it shall forthwith cancel the original share certificate and document, and the cancellation of the original share certificate and



issuance of a replacement share certificate shall be recorded in the register of members accordingly.

- (VIII) All expenses relating to the cancellation of an original share certificate and issuance of a replacement share certificate shall be borne by the applicant and the Company is entitled to refuse to take any action until reasonable guarantee is provided by the applicant.

Article 6.17 Where the Company issues a replacement share certificate pursuant to the Company's Articles, as for a bona fide purchaser obtaining new share certificates referred to above or a shareholder registered as a owner of the shares (in case of a bona fide purchaser), his/her/its name (title) shall not be removed from the register of members.

MP art .42

Article 6.18 The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original share certificate or the issuance of the replacement share certificate unless the claimant is able to prove that the Company has acted in a deceitful manner.

MP art .43

### **Chapter VII Rights and duties of shareholders**

Article 7.1 A shareholder of the Company is a person who lawfully holds shares in the Company and whose name (title) is entered in the register of members.

MP art .44

A shareholder shall enjoy rights and assume obligations in accordance with the class and amount of shares held by him/her; shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations.

The Company shall not exercise any power to freeze or otherwise impair the rights attached to any shares held by any person on the grounds that such person has not disclosed his/her direct or indirect equity interest to the Company.

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Article 7.2 Where two or more persons are registered as joint holders of any shares, these persons shall be deemed as the common owners of the related shares, subject to the following restrictions:

- (I) if one of the joint holders has passed away, the surviving shareholder shall be deemed by the Company to have the ownership of the related shares, but the Board of Directors is entitled to ask for the provision of the suitable death certificate for the purpose of revision of the register of members;
- (II) for the joint holders, only the first named shareholder in the register of members has the right to receive the share certificates of the related shares, receive the notice of the Company, attend the general meeting and exercise his/her/its voting right; while, any notice delivered to the said shareholder shall be deemed as if the notice has been delivered to all of the joint holders of the related shares;
- (III) a receipt of any dividend bonus or capital returns payable to the joint shareholders sent by any of the joint shareholders to the Company shall be deemed as a valid receipt sent by all the joint shareholders to the

Company.

Article 7.3

The shareholders of ordinary shares of the Company shall enjoy the following rights:

MP art .45

(I) to receive dividends and other distributions in proportion to their shareholdings;

Guide to Articles of Association art .32

(II) to request, convene, preside over, attend and to vote at the general meeting in person or by proxy in accordance with the laws;

Company Law art .22, 151, 152

(III) to supervise the Company's business operations, the right to present proposals or to raise queries;

(IV) to transfer, confer or pledge shares in accordance with laws, administrative regulations and rules as well as the Articles of Association;

(V) to obtain relevant information in accordance with the Articles of Association, in which information includes:

Listing Rules 19A.50

1. to obtain the Articles of Association, subject to payment of costs;

2. to inspect for free and copy, subject to payment of a reasonable fee, the following:

(1) all parts of the register of shareholders;

(2) personal particulars of each of the directors, supervisors, chief executive officer, general managers, deputy general managers and other senior management personnel of the Company, including:

(A) present and former name and alias;

(B) principal address (place of residence);

(C) Nationality;

(D) primary and all other part-time occupations and duties;

(E) identification documents and the numbers thereof.

(3) status of the Company's share capital;

(4) reports on the aggregate par value, number of shares, ceiling and bottom price of each class of shares repurchased by the Company since the previous financial year, as well as all the expenses paid by the Company therefor;

(5) minutes of general meetings (only available to

shareholders);

- (6) the latest audited financial statements of the Company, and the reports of directors, supervisors and auditors;
  - (7) stubs of corp or at ebonds, resolutions of Board meetings, resolutions of Supervisory Committee meetings, and financial reports;
  - (8) copy of the latest annual return filed with Chinese State Administration for Industry and Commerce or other competent authorities;
  - (9) special resolutions of the Company.
- (VI) in the event of the termination and liquidation of the Company, the right to participate in the distribution of remaining assets of the Company in accordance with the number of shares held;
- (VII) shareholders having objection to resolutions of the general meeting concerning merger or division of the Company may require the Company to buy their shares;
- (VIII) to commence legal proceedings and claim related rights concerning any act infringing upon the interests of the Company or its shareholders pursuant to Company Law or other laws and regulations;
- (IX) other rights conferred by the laws, regulations, relevant listing rules and the Articles of Association.

Article 7.4 Shareholders of the Company's ordinary shares shall assume the following obligations:

MP art .46

- (I) to observe laws, administrative regulations and the Articles of Association;
- (II) to pay up any shares subscribed by them in the manner as they agree to invest in the Company;
- (III) not to withdraw their capital unless in the circumstances stipulated by laws and regulations; and
- (IV) not to abuse shareholder's right to damage the interests of the Company or other shareholders; not to abuse the independent status of the Company as a legal person or shareholder's limited liability to damage the interests of the creditors of the Company;

Guidance to Articles of Associations art .37

Any shareholder of the Company who abuses shareholder's right and causes any loss to the Company or other shareholders shall be taken liable for compensation in accordance with the laws.

Any shareholder the Company who has abused the independent capacity

of the Company as a legal person or shareholder's limited liability to evade debts and damaged the interests of the creditors of the Company shall bear joint liability for the Company's debts.

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

Except for the conditions agreed upon by the share subscriber at the time of subscription, the shareholder does not bear any liability for further contribution to share capital.

Article 7.5 A written report shall be submitted to the Company on the date when the pledge is executed by a shareholder holding more than 5% of voting shares of the Company in respect of his shares.

Guide to Articles of Association art .38

Article 7.6 The controlling shareholders and de facto controllers of the Company shall not use their connected relations to damage the interests of the Company. If they violate the rules and cause damages to the Company, they shall be liable to pay compensations

Guide to Articles of Association art .39

The controlling shareholders and de facto controllers of the Company shall bear fiduciary duty towards the Company and public shareholders. The controlling shareholders shall duly exercise their rights as contributors strictly in accordance with the laws, and shall not damage the legitimate rights and interests of the Company and public shareholders by such means as profit distribution, asset reorganization, external investment, fund appropriation and loan guarantee and shall not abuse its capacity as a controlling shareholder to damage the interests of the Company and public shareholders.

Article 7.7 Except for the obligations as imposed by the laws, regulations or the listing rules of the relevant stock exchange, the controlling shareholder, when exercising its rights as a shareholder, shall not make any decisions imperiling the interests of all or part of the shareholders by exercising its voting rights in respect of:

MP art .47

- (I) act honestly in the best interests of the Company in removing a director or supervisor;
- (II) to approve the expropriation by a director or supervisor in any manner of the Company's assets in any form (for the benefits of his own or another person), including (but not limited to) any opportunity beneficial to the Company;
- (III) to approve the expropriation by a director or supervisor of the personal rights and benefits of other shareholders (for the benefits of his own or another person), including (but not limited to) any right to distribution and voting, unless pursuant to the reorganization of the Company as submitted to and adopted by the general meeting in accordance with the Articles of Association.

Article 7.8 The "controlling shareholder" referred to in the preceding article means a person who satisfies one of the following conditions:

MP art .48

- (I) a person who, acting alone or in concert with others, has the power to elect more than half of the Board of Directors;
- (II) a person who, acting alone or in concert with others, has the power to exercise 30% or more or has the power to control the exercise 30% or more of the voting rights in the Company;
- (III) a person who, acting alone or in concert with others, holds 30% or more of the issued and outstanding shares of the Company;
- (IV) a person who, acting alone or in concert with others, has de facto control of the Company in any other way.

### **Chapter VIII General meeting**

Article 8.1 The general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with law. MP art .49

Article 8.2 The general meeting shall exercise the following functions and powers: MP art .50

- (I) to decide on the Company's operational policies and investment plans and to consider and approve any material investment plans requiring approval of a general meeting; Company Law art .38, 142
- (II) to elect and replace directors and to decide on matters relating to the remuneration of directors; Guide to Articles of Association art .40
- (III) to elect and replace supervisors assumed by representatives of the shareholders and to decide on matters relating to the remuneration of supervisors; Guarantee Notice
- (IV) to examine and approve the Board of Directors' reports;
- (V) to examine and approve the supervisory committee's reports;
- (VI) to examine and approve the Company's proposed annual preliminary and final budgets;
- (VII) to examine and approve the Company's profit distribution plans and loss recovery plans;
- (VIII) to pass resolutions on the increase or decrease of the Company's registered capital;
- (IX) to pass resolutions on matters such as the merger, division, dissolution, liquidation and alternation of corporation form of the Company;
- (X) to pass resolutions on the issuance of bonds by the Company;
- (XI) to pass resolutions on the appointment, dismissal and non- reappointment of the accounting firms of the Company;

- (XII) to amend the Articles of Association;
- (XIII) to pass resolutions on the Company's external guarantees which shall be approved by the general meeting pursuant to Article 8.4 hereof
- (XIV) to consider the Company's purchase or disposal of major assets within one year with a transaction amount exceeding 30% of the latest audited total assets of the Company;
- (XV) to consider resolutions raised by the shareholders representing 3% or more of the voting shares of the Company;
- (XVI) share incentive scheme;
- (XVII) to consider and approve matters relating to the changes in the use of proceeds from share offerings;
- (XVIII) to pass resolutions on share repurchase made by the Company under items (I) or (II) of Article 4.3; and
- (XIX) other matters on which resolutions should be passed at the general meeting in accordance with the laws, regulations, relevant listing rules and the Articles of Association.

The general meeting may authorize or appoint the Board to handle matters authorized or delegated by the general meeting.

Under necessary and reasonable circumstances, the general meeting may authorize the Board to decide, within the scope of a mandate granted by the general meeting, specific matters relating to matters to be resolved on by the general meeting which may not be decided upon immediately at a general meeting.

Article 8.3 The Company shall not, without the prior approval of the shareholders at a general meeting, enter into any contract with any person other than directors, supervisors, chief executive officer, general manager, deputy general managers or other senior management personnel, whereby the management of the whole or part of substantial business of the Company is to be handed over to such person.

MP art .51

Article 8.4 Proposals in relation to guarantee to be provided by the Company to external parties are subject to consideration and approval by the Board and they shall be submitted to the general meeting for review and approval after being reviewed by the Board when:

Guide to Articles of Association art .41  
Guarantee Notice

- (I) the total amount of external guarantees provided by the Company and its subsidiaries reaches or exceeds 50% of the latest audited net assets;
- (II) the gearing ratio of the entity to be guaranteed exceeds 70%;
- (III) the amount of a single guarantee exceeds 10% of the latest audited net assets;

- (IV) the guarantee is provided to shareholders, the de facto controllers and their connected persons;
- (V) any external guarantee to be given by the Company after the total amount of guarantees provided by the Company has reached or exceeded 30% of the latest audited total assets of the Company;
- (VI) other matters concerning guarantees that shall be approved by the general meeting as stipulated by the laws and regulations and the Articles of Association.

"External guarantee" as mentioned in the Articles of Association refers to guarantee provided by the Company for other parties, including those provided by the Company for its subsidiaries. "Total amount of external guarantee of the Company and its subsidiaries" refers to the sum of the total external guarantee provided by the Company including those provided by the Company for its subsidiaries and the total amount of external guarantees provided by the subsidiaries of the Company.

If any director, the chief executive officer, general manager, deputy general manager and other senior executive causes loss to the Company by violating any stipulations regarding the examination and approval authority and procedure of approval concerning external guarantee specified in the laws, administrative regulations and the Articles of Association, he shall be taken liable for compensation, and the Company may pursue action against him pursuant to the laws.

Article 8.5 Matters which, pursuant to the laws, administrative regulations and the Articles of Association, are required to be approved by the general meeting shall be considered at such meetings so as to protect the decision-making power of the shareholders of the Company on such matters. Under necessary and reasonable circumstances, the general meeting may authorize the Board to decide, within the scope of a mandate granted by the general meeting, specific matters relating to matters to be resolved on by the general meeting which may not be decided upon immediately at a general meeting.

Governance Standards art .7; Company Law art .104

Article 8.6 Resolutions on grant of a mandate to the Board of Directors by a general meeting mandate granted shall be passed by shareholders holding more than half of the voting shares present at the meeting (including their proxies) if they relate ordinary business; and shall be passed by shareholders holding more than two-thirds of the voting shares present at the meeting (including their proxies) if they relate special business. The description of the mandate shall be exact and specific.

Article 8.7 The general meeting is divided into annual general meeting and extraordinary general meeting. The general meeting is convened by the Board of Directors.

MP art .52

Article 8.8 Annual general meetings are held once a year, and shall take place within 6 months from the end of the previous financial year.

Guide to Articles of Association art .42, 43;

General meetings may be held in a physical form or in a non-physical form as permitted by law.

Company Law  
art .100  
Opinion art .6

The Board of Directors shall call an extraordinary general meeting within 2 months upon occurrence of any of the following:

- (I) When the number of directors is less than that specified in the Company Law, or two thirds of that specified in the Articles of Association;
- (II) When the uncovered loss of the Company reaches one third of the entire share capital of the Company;
- (III) When shareholder(s) severally or jointly holding 10% or more of the Company's shares request to do so;
- (IV) When the Board of Directors deems necessary or the Supervisory Committee so requests;
- (V) When two or more independent directors so requests;
- (VI) Other circumstances stipulated by laws, administrative regulations, department rules or the Articles of Association.

The number of shareholding mentioned in (III) above is calculated as required in writing by the shareholder(s).

#### Article 8.9

The Company shall give a written notice of an annual general meeting 20 days before the date of the annual general meeting, while it shall give a written notice of an extraordinary general meeting 15 days before the date of the extraordinary general meeting, to inform all shareholders whose names are shown in the share register of the matters to be considered at the meeting as well as the date, the time and place of the meeting.

Guide to Articles of  
Association art .54  
Company Law  
art .102

However, if the Company intending to convene a general meeting has only promoting shareholders, it may, with a general written consent from all such shareholders, be exempt from such requirement in the preceding paragraph concerning relevant notice and reply deadlines.

#### Article 8.10

At general meetings of the Company, the Board of Directors, Supervisory Committee, and shareholder(s) severally or jointly holding more than 3% of the Company's shares may propose motions to the Company.

Guide to Articles of  
Association art .53

Shareholder(s) severally or jointly holding 3% or more of the Company's shares may submit an extraordinary motions in writing to the convener 10 days before a general meeting is convened; the convener shall issue a supplementary notice of general meeting within two days upon receipt of such extraordinary motions, to announce the particulars of the extraordinary motions.

Save as specified in the preceding paragraph, the convener shall not change the motions set out in the notice of general meeting or add any new motions after the notice of general meeting is served.



Article 8.11 The matters to be considered and decided on the general meeting shall be determined pursuant to the Company Law and the Articles of Association, and the general meeting may resolve on any matter specified in the Articles of Association.

Guide to Articles of Association art .53

Motions not set out in the notice of general meeting or not complying with Article 8.9 of the Articles of Association shall not be voted on or resolved at the general meeting.

Article 8.12 Motions of a general meeting refer to specific motions regarding matters which shall be discussed at the general meeting . Motions at a general meeting shall meet the following requirements:

Articles of Association art .52, 53

- (I) The contents shall comply with provisions of the laws, regulations and the Articles of Association and shall fall within the scope of functions and powers of the meeting;
- (II) The motions shall cover specific topics for discussion and specific matters to be resolved;
- (III) The motions shall be served or submitted to the Convener in writing.

Article 8.13 The notice of general meeting shall meet the following requirements:

MP art .56  
Guidance to Article of Associations art .55, 56

- (I) Be given in writing;
- (II) Designate the place, date and time of the meeting;
- (III) State the matters to be discussed at the meeting;
- (IV) Provide shareholders with such information as is needed to enable the shareholders to make informed decisions on the matters to be discussed. This principle includes (but not limited to) specific terms and conditions of the transactions contemplated and the contract (if available) shall be provided, and that the reasons for and effects of the proposed transaction shall be properly explained, when the Company proposes merge, repurchase of shares, restructuring of its share capital or other reorganization;
- (V) where any director, supervisor, chief executive officer, general manager, deputy general manager or other senior management personnel has material interests in the matters to be discussed, the nature and to what extent they are interested therein shall be disclosed; where the impact of the matters to be discussed on such director, supervisor, chief executive officer, general manager, deputy general manager and other senior management personnel who are shareholders is different from the impact on other shareholders of the same type, then that difference shall be illustrated;

- (VI) contain the full text of any special resolutions to be passed at the meeting;
- (VII) contain conspicuously a statement that shareholders entitled to attend and vote have a right to appoint one or more proxies to attend and vote on his behalf and that a proxy so appointed need not be a shareholder;
- (VIII) specify the time and address for lodging the proxy forms for use at the meeting.

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

1. personal particulars, including academic qualifications, work experiences, and concurrent positions;
2. whether such person has any connection with the Company, its controlling shareholders and de facto controllers;
3. the number of shares of the Company held by such person;
4. whether such person has been punished by the securities regulatory authority of the State Council or any other relevant authority or been reprimanded by any stock exchange.

Unless a director or supervisor is elected via the accumulative voting system, the election of each director or supervisor candidate shall be proposed as a separate proposal.

After the notice of general meeting is issued, the meeting shall not be postponed or cancelled and the motions set out in the notice shall not be cancelled without proper reasons . In the case of any postponement or cancellation of the meeting, the convener shall make an announcement and give the reasons therefor at least 2 workdays prior to the date on which the meeting is originally scheduled.

Article 8.14 Notices of general meetings shall be delivered to shareholders (with or without voting right at the general meeting) by hand or by pre-paid mails to the address as recorded in the register of shareholders. For A Share holders, such notices can also be made in the form of an announcement for A Shares. For H Share holders, notices of general meetings can be made in the form of an announcement on the website of the Stock Exchange and the Company’s website.

MP art .57  
App3 7(3)

The announcement for A Shares as mentioned in the preceding paragraph shall be published in one or more newspapers as designated by the securities supervisory authority of the State Council. Once published, all A Share holders shall be deemed to have received the relevant notice.

Guide to Articles of Associations art .54

Article 8.15 The accidental omission to give notice of a meeting to, and the non- receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate that meeting or any resolution passed at that meeting.

MP art .58

Article 8.16 Any shareholder entitled to attend and vote at the general meeting has the right to appoint one or more persons (who are not necessarily a shareholder) as his proxy (ies) to attend and vote on his behalf. The proxy(ies) so appointed shall, in accordance with the instructions given by the shareholder:

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- (I) have the same right as the shareholder to speak at the general meeting;
- (II) have the right to demand or jointly with others to demand a poll;
- (III) to vote by show of hands or on a poll, but in the event of more than one proxy is appointed, such proxies can only vote on a poll;
- (IV) Where the shareholder is a recognized clearing house as defined in Hong Kong laws, it may authorize one or more persons as he deems appropriate to act on his behalf at any general meeting or class meeting; however, where several persons are thus authorized, the power of attorney shall specify the number and class of shares represented by each of such persons. The persons thus authorized may exercise rights on behalf of the recognized clearing house (or agent thereof) as if such persons were the individual shareholders of the Company.

Article 8.17 The Board of Directors, independent directors and qualified P General shareholders may collect votes from shareholders of the Company at a general meeting. The public collection of votes of shareholders of the listed company shall comply with the provisions of the relevant regulatory authority and the stock exchange on which the Company's shares are listed. While collecting votes of shareholders, sufficient disclosure of information such as the specific voting preference shall be made to the shareholders from whom voting rights are being collected. No consideration or other form of de facto consideration shall be involved in the collection of voting rights from shareholders. The Company shall not impose any limitation related to minimum shareholdings on the collection of voting rights.

P General  
Public  
Shareholders  
art . I (III)

Article 8.18 An individual shareholder attending a general meeting in person shall produce his/her identity card or other identity certificate or share account card; a proxy attending a general meeting on behalf of an individual shareholder shall produce his/her identity card and power of attorney of the shareholder. For a corporate shareholder, its legal representative or a proxy appointed thereby shall attend the meeting. The legal representative attending the meeting shall produce his/her identity card or valid certificate bearing evidence of his/her qualifications as legal representative; a proxy attending the meeting on behalf of the legal representative shall produce his/her identity card and power of attorney issued by the legal representative of the corporate shareholder.

MP art .62;  
Guidance to  
Articles of  
Associations art .60

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

1. the name of the proxy;
2. whether the proxy has any right to vote or not;

3. instructions as to vote for or against or abstain from voting on each and every resolution included in the agenda of the general meeting;
4. the date of issue and validity period of the power of attorney;
5. Signature (or seal) of the appointor. In case of a corporate shareholder, the corporate seal shall be affixed; and
6. specify the number of shares to be represented by the proxy; if several persons are appointed as the shareholder 's proxies, the power of attorney shall specify the number of shares to be represented by each proxy.

Any proxy form given by the Company's Board of Directors to shareholders for the purpose of appointing their proxies shall be such as to enable a shareholder to freely instruct his proxy (ies) to vote in favor of or against the relevant resolutions, and give separate instructions as regards to each of the matters to be voted on for each topic of the meeting . The proxy form shall contain a statement that, if no instruction is given, his proxy (ies) may vote as he may think fit.

Article 8.19 The proxy form for appointing a proxy shall be placed at the Company's domicile or another place as designated in the notice of the meeting no less than 24 hours before the time appointed for convening of the meeting where the proxy form is intended for use, or 24 hours prior to the designated voting time. Where the proxy form is signed by another person authorized by the appointor, the power of attorney or (if any) or other authority (if any) under which it is signed shall be notarially certified. The certified power of attorney (if any) or other authority (if any) shall be placed at the Company's domicile or another place as designated in the notice of the meeting, along with the proxy form for voting

MP art .61

In case of a corporate shareholder, its legal representative or another person authorized by a resolution of the Board of Directors or other decision-making organ shall attend the Company's general meeting as representative.

Article 8.20 A vote made in accordance with the terms of a proxy shall be valid notwithstanding the death or loss of capacity of the appointor or revocation of the proxy or the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that the Company has not received any written notice in respect of such matters prior to the commencement of the relevant meeting.

MP art .63

Article 8.21 When a connected transaction is considered at a general meeting, the connected shareholders shall not vote, and the voting shares held by them shall not be counted in the total number of valid shares with voting rights; the announcement of any resolution made at the general meeting shall adequately disclose information relating to voting by non-connected shareholders.

Guide to Articles of Association art .79

A connected shareholder mentioned above refers to a shareholder: who is a connected person or a person or an associate (as defined in relevant listing rules) of such person and that person has material interests in the to-be-voted transactions in accordance with the listing rules(as amended from time to time)

though he is not a connected person

Article 8.22 Resolutions made at general meetings are divided into ordinary resolutions and special resolutions.

MP art .64

An ordinary resolution of a general meeting shall be passed by more than half of the shareholders (including proxy (ies)) with voting rights attending the general meeting.

A special resolution of a general meeting shall be passed by more than two thirds of the shareholders (including proxy (ies)) with voting rights attending the general meeting.

The attending shareholders (including proxies) shall vote for or against every matter to be voted on, unless securities registration and settlement institutions, as the proxies of Shares traded through Shanghai-Hong Kong Stock Connect, make declarations according to the intention of actual holders. Abstentions will not be counted when the Company calculates the poll results concerning the particular matter.

Article 8.23 A shareholder (including his proxy(ies)) shall exercise his voting right in respect of the number of voting shares held by him, with each share having one vote except otherwise provided in Article 10.4 of the Articles of Association concerning accumulative voting on election of directors. The Company has no voting right for the shares it holds, and such part of shares shall be excluded from the total number of voting shares represented by the shareholders attending the general meeting.

MP art .65; Guide to Articles of Association art .78

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

The Company shall, subject to the general meetings being legally and validly held and in accordance with requirements under laws, administrative regulations, regulatory rules and these Articles of Association, make it convenient for the shareholders to attend the general meetings through various means, including using modern information technology to establish an online voting platform in priority to the extent technically feasible.

The controlling shareholder and actual controller of the Company shall not limit or hinder small and medium investors from exercising their voting rights in accordance with laws, and shall not damage legal rights of the Company and small and medium investors.

Article 8.24 A resolution of the general meeting shall be decided on a show of hands unless a poll is demanded by any of the following persons before (or after) any vote by a show of hands:

MP art.66

(I) Chairman of the meeting;

- (II) At least two shareholders entitled to vote present in person or by proxy;
- (III) One or more shareholders present in person or by proxy and representing 10% or more of all Shares carrying right to vote at the meeting individually or in aggregate.

Unless a poll is demanded, the declaration by the chairman of the meeting as to the result of the voting on a resolution by a show of hands and the entering of the same into the minutes book of the meeting shall be the conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

The demand for a poll may be withdrawn by the person making such demand.

Article 8.25 A poll demanded on the election of the chairman of the meeting, or on a question of adjournment of the meeting, shall be taken forthwith; A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded. MP art .67

Article 8.26 On a poll taken at a meeting, shareholders (including their proxies) who are entitled to two votes or more need not cast all their votes in favour of or against a resolution. MP art .68

Article 8.27 The following matters shall be passed by ordinary resolution at a general meeting: MP art .70  
Guide to Articles of  
Association art .76

- (I) Work reports of the Board of Directors and Supervisory Committee;
- (II) Plans for profit distribution and for making up of losses proposed by the Board of Directors;
- (III) Appointment and removal of the members of the Board of Directors and Supervisory Committee (excluding employee representative supervisors), and their remuneration and method of payment;
- (IV) the Company's annual budget and statement of final accounts;
- (V) the Company's annual report;
- (VI) Matters other than those that should be resolved by an special resolution as specified in the laws, regulations and the article of association; and
- (VII) Other matters other than those that shall be passed by special resolution at a general meeting as stipulated by the laws, regulations and relevant Listing Rules.

Article 8.28 The following shall be passed by a special resolution at the general meeting: MP art .71  
Guide to Articles of  
Association art .77

- (I) an increase or reduction of the share capital of the Company, or issuance of shares of any class, warrants and other similar securities by the Company;
- (II) An issuance of debentures by the Company;
- (III) The merger, division, dissolution and liquidation of the Company;
- (IV) amendments to the Articles of Association of Association;
- (V) Acquisition or disposal of major assets or provision of guarantee by the Company within one year with the amount exceeding 30% of the latest audited total assets of the Company;
- (VI) Approval of share incentive scheme;
- (VII) other matters which are resolved by ordinary resolutions at general meeting to be of material effect to the Company or are required by the Articles of Association of Association to be passed by special resolutions;
- (VIII) A share repurchase made by the Company under items (I) or (II) of Article 4.3;
- (IX) Other matters which shall be passed by special resolution at a general meeting as stipulated by the laws, regulations and relevant Listing Rules.

Article 8.29 All resolutions passed at general meetings shall comply with PRC laws, administrative regulations and the Articles of Association.

Article 8.30 Where more than two independent directors, the Supervisory Committee or shareholders severally or jointly holding 10% or more of the shares of the Company demand the convening of an extraordinary general meeting, it shall proceed as follows:

MP art .72;  
 Guide to Articles of  
 Association art .47,  
 48;  
 Opinion art .6;  
 Rules for General  
 Meetings

- (I) one or more counterpart requisitions stating the objectives of the meeting is submitted to the Board of Directors requiring the convening of an extraordinary general meeting. The Board of Directors shall, within ten days upon the receipt of the same give a written reply as to convene an extraordinary general meeting or not in accordance with the laws, administrative regulations and the Articles of Association.
- (II) If the Board of Directors agrees to convene an extraordinary general meeting, it shall issue a notice for convening of the general meeting, within five days after the Board of Directors has made the decision . No amendments to the original proposal shall be made without the prior consent of the proposer(s).
- (III) If the Board of Directors does not agree to convene the extraordinary general meeting, it shall explain in an announcement.
- (IV) If the Board of Directors does not agree to the proposal made by the

Supervisory Committee to convene the shareholders' extraordinary general meeting, or fails to give a relevant notice within 10 days upon receipt of the request, it shall be deemed that the Board of Directors is unable to fulfill or fails to fulfill its responsibilities to convene the general meeting. The Supervisory Committee can hereby convene and preside the meeting by itself. The procedures of convening of the meeting should be similar to those of convening a general meeting by the Board of Directors as far as possible.

- (V) If the Board of Directors does not agree to the proposal made by the shareholders to convene the shareholders' extraordinary general meeting shareholders shall make a written proposal to the Supervisory Committee for convening such meeting.

If the Supervisory Committee agrees to convene the extraordinary general meeting it shall dispatch a notice of such meeting . No amendments to the original proposal shall be made without the prior consent of the proposer(s).

If the supervisory fails to dispatch a notice of the general meeting within a prescribed period of time it shall be deemed that the Supervisory Committee fails to convene and preside over the general meeting . The shareholder(s) holding individually or in aggregate 10% or more of the shares of the Company for consecutive for 90 days may convene a meeting by themselves. The procedures of convening of the meeting should be similar to those of convening a general meeting by the Board of Directors as far as possible.

If the Supervisory Committee or the shareholders themselves convenes a meeting as provided for in the preceding paragraph they shall notify the board in writing and file with the relevant regulatory authority pursuant to the relevant regulations. The board and board secretary shall be cooperative in relation to the meeting and the Board shall provide the shareholders' register. The reasonable expenses for the meeting shall be borne by the Company and deducted from the monies payable by the Company to the defaulting directors.

Article 8.31 The general meeting shall be presided over by the Board of Directors. If the chairman is unable or fails to fulfill the duty thereof, the vice chairman shall convene and preside over the meeting; if even the vice chairman is unable or fails to fulfill the duty thereof, the general meeting shall be presided over by a supervisor elected by the majority of the supervisors.

MP art .73;  
Guide to Articles of  
Association art .67

Where a general meeting is convened by the Supervisory Committee itself, the general meeting shall be presided over by the Chairman of the Supervisory Committee (if any). If the Chairman is unable or fails to fulfill the duty thereof, the vice chairman shall convene and preside over the meeting. If the vice Chairman is unable or fails to perform his duty, the general meeting shall be presided over by a supervisor elected by the majority of the supervisors.

Guide to Articles of  
Association art .49,  
67

Where a general meeting is convened by shareholders themselves, the general meeting shall be presided over by a representative elected by the conveners. If a chairman has not been designated, shareholders present at the meeting may elect a person to act as chairman. If for any reason the shareholders are unable to elect a



chairman, the shareholder with the greatest number of voting shares present at the meeting, whether in person or by proxy, shall act as chairman.

If the chairman of the meeting violates the rules of procedures during the general meeting so that the meeting is unable to proceed, shareholders present at the meeting may by majority vote elect a person as chairman to proceed with the meeting.

Article 8.32 The chairman of the meeting shall decide whether a resolution of the general meeting has been passed or not . His decision, which is final and conclusive, shall be announced at the meeting and recorded in the minutes of meeting. The Company shall announce the resolutions of the general meetings in accordance with the governing laws, regulations and the relevant provisions of the stock exchange on which the shares of the Company are listed.

MP art .74

Article 8.33 If the chairman of the meeting has any doubt to the result of any resolution put to the vote of the meeting, he may have the votes counted . Where the chairman of the meeting fails to have the votes counted, and shareholders or their proxies have objections to the result announced by the chairman of the meeting, they are entitled to demand that the votes be counted immediately after the declaration of the result, and the chairman of the meeting shall have the votes counted promptly.

MP art .75

Article 8.34 If the votes are counted at a general meeting, the result of such counting shall be recorded in the minutes of the meeting.

MP art.76, 77  
Company Law  
art .107;  
Rules for General  
Meetings

General meetings shall have minutes, which shall be recorded by the Board secretary and signed by the presider, attending directors, supervisors, Board secretary, convener or representatives thereof.

Resolutions passed at general meetings shall be recorded as minutes . Meeting minutes shall be in Chinese, and the minutes, together with the attendance register and power of attorney of attending proxies, shall be kept at the Company's domicile for at least 10 years.

Copies of the minutes of meeting shall be available for inspection free of charge by shareholders during business hours of the Company . Upon the request of any shareholder for a copy of the relevant minutes of meeting, the Company shall send out the copy of the minutes so requested within seven days after having received reasonable charges.

Article 8.35 Where any shareholder is required to abstain from voting on any particular resolution or restricted to vote only for or against any particular resolution under the laws and regulations or relevant listing rules, any votes cast so by or on behalf of such shareholder in contravention of such requirements or restrictions shall not be counted.

APP3 14

## **Chapter IX Special procedure for voting by class shareholders**

Article 9.1 Shareholders holding different classes of shares shall be classified as class

MP art.78

shareholders.

Class shareholders shall enjoy the rights and shall undertake the obligations pursuant to the provisions of laws, administrative regulations and the Articles of Association of Association.

Article 9.2 Rights conferred on any class of shareholders may not be varied or abrogated unless approved by a special resolution at the general meeting and by holders of shares of that class at a class meeting conducted in accordance with Articles 9.4 to 9.8.

MP art .79

Where any change in domestic and overseas laws, administrative regulations and relevant listing rules or any decision made by the domestic or overseas regulatory authority gives rise to change or abrogation of the rights of class shareholders, no approval at a general meeting or class general meeting shall be necessarily required unless there are provisions set out in relevant laws and regulations to the contrary.

Article 9.3 The following shall be deemed as a variation or abrogation of the right of a class shareholder:

MP art .80

- (I) to increase or reduce the number of shares of such class, or to increase or reduce the number of shares of any class carrying equal or more rights on voting, distribution or other privileges;
- (II) to exchange all or part of the shares of such class, or to exchange or grant rights to exchange all or part of the shares of another class into the shares of such class;
- (III) to abrogate or reduce the rights of shares of that class to receive dividends declared or accumulated;
- (IV) to reduce or abrogate the preferential rights conferred on shares of that class to receive dividends or distribute assets upon the liquidation of the Company;
- (V) to increase, abrogate or reduce the conversion rights, options rights, voting rights, rights of transfer, pre-emptive rights and rights to acquire the securities of the Company conferred on shares of such class;
- (VI) to abrogate or reduce the rights conferred on shares of that class to receive monies payable by the Company in a particular currency;
- (VII) to create a new class of shares conferred with equal or more rights on voting, distribution or other privileges than those conferred on shares of that class;
- (VIII) to restrict or increase restrictions on the transfer or ownership of shares of that class;
- (IX) to issue subscription rights or conversion rights in respect of that class or

another class of shares;

- (X) to increase the rights and privileges of another class of shares;
- (XI) to implement any reorganisation plan of the Company which will lead to a non pro rata assumption of obligations by holders of shares of different classes;
- (XII) to amend or abrogate the provisions set out in this chapter.

Article 9.4 Shareholders of the affected class, whether or not otherwise having the right to vote at general meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning items (2) to (8) and (11) to (12) of Article 9.3, but interested shareholder(s) shall not be entitled to vote at class meetings.

MP art .81

The meaning of "interested shareholder(s)" as mentioned in the preceding paragraph is:

- (I) in the case of a repurchase of shares by offers to all shareholders on a pro rata basis or public dealing on a stock exchange under Article 4.4, a "controlling shareholder" within the meaning of Article 7.8;
- (II) in the case of a repurchase of share by an off-market contract under Article 4.4, a holder of the shares to which the proposed contract relates;
- (III) in the case of a restructuring of the Company, a shareholder within a class who bears less than a proportionate obligation imposed on that class under the proposed restructuring or who has an interest in the proposed restructuring different from the interest of shareholders of that class.

Article 9.5 Resolutions of a class of shareholders shall be passed by votes representing more than two-thirds of the voting rights of shareholders of that class represented at the relevant meeting who, in accordance with Article 9 .4, are entitled to vote at class meetings.

MP art .82

Article 9.6 A written notice of a class meeting shall be given pursuant to the requirements of the notice period for convening a general meeting as specified in Article 8.9 of the Articles of Association to notify all of the shareholders in the share register of the class of the matters to be considered, the date, the time and the place of the class meeting.

Company Law  
art .102

Article 9.7 Notice of class meetings need only be served on shareholders entitled to vote thereat.

MP art .84

Any meeting of a class of shareholders shall be conducted in a manner as similar as possible to that of general meetings. The provisions of the Articles of Association relating to the manner to conduct any general meeting shall apply to any meeting of a class of shareholders.

Article 9.8 In addition to other classes of shareholders, holders of domestic shares and

MP art .85,  
A13D(1)(f)

holders of H shares are deemed to be different class of shareholders.

The special procedures for voting at any meeting of a class of shareholders shall not apply to the following circumstances: A13D (1)(f)(i)

- (I) where the Company issues, upon the approval by special resolution of its shareholders at a general meeting, either separately or concurrently once every twelve months, not more than 20% of each of its issued and outstanding A shares and H shares; or A13D (1)(f)(ii)
- (II) where the Company's plan to issue A shares and H shares at the time of incorporation is implemented within fifteen months from the date of approval by the securities supervisory and administrative authorities of the State Council. Where the Company's plan to issue A shares and H shares at the time of its establishment is carried out within fifteen months from the date of approval by the securities regulatory authorities of the State Council.

## **Chapter X Board of directors**

Article 10.1 The Company shall have a Board of Directors which shall be responsible for reporting its work to the general meeting. The Board of Directors shall consist of five to nineteen directors, including one chairman and no more than two vice chairmen. Of the directors, at least two members shall be executive directors taking charge of the day-to-day business consigned by the Company; the other members shall be non-executive directors who do not deal with the day-to-day business. MP art .86  
Opinion art .6;  
Opinions of independent directors art . I(III)

At least one third of the total members of the Board of Directors shall be independent directors, and at least one independent director shall have appropriate professional qualification or shall have accounting or related financial management expertise.

At least half (inclusive) of the directors shall be external directors (i.e., directors not holding any position in the Company), and the Board of Directors shall have at least two independent non-executive directors (i.e., directors independent of the shareholders of the Company and not holding any position in the Company).

Article 10.2 A director shall be elected or changed at the general meeting, with a term of office of three years commencing on the date of election. Upon expiry of his term, a director shall be eligible for re-election. However, the consecutive terms of a re-elected independent director shall not exceed six years. Prior to the expiry of the term of office of a director, a new director shall be elected on a timely basis at a general meeting. MP art .87  
Company Law art .45  
Opinions of independent directors art .IV(IV)

The term of office of a director re-elected or by-elected at a general meeting shall commence on the date of election and effective till the expiry of the term of the Board of Directors.

List of candidates for directors shall be submitted as a resolution to be resolved at general meetings . Candidates for directors other than independent directors shall

be nominated by the Board, the Supervisory Committee, or shareholder(s) severally or jointly holding more than 3% of the total number of shares attached with voting rights of the Company, and shall be elected at a general meeting of the Company.

A written notice of the intent of candidates nominated for directors and the candidates' clear indication of their acceptance of nomination shall be delivered to the Company after the date of delivery of the notice of the general meeting at which the director is to be elected and at least seven days before the date of such meeting, and the notice period shall not be shorter than seven days.

APP3 4 (4)  
4(5)

Subject to compliance with the relevant laws and administrative regulations, any director with an unexpired term of office may be removed by an ordinary resolution at the general meeting (but without prejudice to any claim for compensation pursuant to any contract).

APP3 4 (3)

Where a director has not been timely re-elected at the expiry of the term of office, the original director shall perform his/her duties as a director, prior to the assumption by the re-elected director, in accordance with the laws, administrative regulations and rules as well as the provisions of the Articles of Association.

The chairman of the board shall be elected or removed by a majority of all the directors of the board. The term of office of each of the chairman is three years, renewable upon re-election.

A director is not required to hold any shares of the Company.

Article 10.3 Non-independent directors shall be elected by the following procedure:

(I) The consent of the person who is nominated as a non-independent director shall be sought before nomination and adequate information about the occupation, academic qualification, title, detailed working experience, all concurrent undertakings, etc. shall be gathered submitted to the Company in writing. The candidates shall undertake in writing to the Company stating that they accept the nominations, their information disclosed publicly is truthful and complete and they will diligently fulfill the obligations as a director upon election.

Governance  
Standards art 18, 19

(II) Where a person is nominated as a non-independent director candidate before the Company holds the Board meeting, and if there are relevant provisions set out in the governing laws, regulations and/or the relevant listing rules, the written documents relating to the nominee as described in (I) of this article shall be announced together with the resolution of the Board pursuant to the said provisions.

(III) Where shareholders severally or jointly holding more than 3% of the total number of the shares attached with voting rights of the Company propose an extraordinary resolution regarding the election of non-independent directors, the letter of intention of the proposing director, the notice in writing of the nominee indicating his willingness to accept the nomination, the written documents and undertakings of the nominee as

described in (I) of this article shall be submitted to the Company ten days prior to the date of the general meeting. The said notice shall not be issued earlier than the next day after the issue of the notice of the meeting at which directors will be elected, and shall not be later than seven days before the date of the said meeting.

Article 10.4 Resolutions in respect of the election of directors shall be passed using an accumulative voting method, which means if more than two directors are to be elected at the general meeting, every share held by the voting shareholders shall have one voting right equal to the number of directors to be elected, and any shareholder may put all of his voting rights on one director candidate or put his voting rights among different director candidates.

Company Law  
art .105  
Governance  
Standards art .17

Article 10.5 The Board of Directors shall be responsible for general meeting and shall exercise the following powers:

MP art .88  
Guide to Articles of  
Association art .107  
Company Law  
art .46, 142

- (I) to be responsible for convening general meeting and reporting its work to the general meeting;
- (II) to implement resolutions approved at general meetings;
- (III) to decide on the Company's business operating plans, as well as investment plans and investment proposals other than those to be considered and approved at general meetings;
- (IV) to formulate the Company's proposed annual financial budget and final accounts;
- (V) to formulate the Company's profit distribution plan (including final dividend distribution plan) and plan for recovery of losses;
- (VI) to formulate proposals for the increase in or reduction of the Company's registered capital and the issuance of corporate bonds or other securities and listing;
- (VII) to formulate plans for share repurchase by the Company under the circumstances stipulated in items (I) and (II) of Article 4.3, and plans for merging, separation and dissolution or transformation of the Company's structure;
- (VIII) to approve share repurchase by the Company under any of the circumstances stipulated in items (III), (V) and (VI) of Article 4.3;
- (IX) to decide on other external guarantees which require the approval of the general meetings pursuant to laws, administrative regulations and the Articles of Association;
- (X) to decide on the investment, purchase and disposal of assets, asset mortgage, entrusted financial management, connected transactions, etc. within the authority granted by general meetings;

- (XI) to decide on the establishment of the Company's internal management structure;
- (XII) in accordance with the chairman's nomination, to appoint or dismiss the Company's chief executive officer or board secretary, and in accordance with the chief executive officer's nomination, to appoint or dismiss the general manager, deputy general manager, chief accountant or chief financial officer, general counsel and other senior management personnel that shall be appointed by the Company's Board of Directors and to decide on their remuneration; to appoint or replace the members of the Board of Directors and the supervisory committee of the wholly-owned subsidiaries of the Company, to appoint, replace or recommend on the appointment of the shareholder representative, director and supervisors of the subsidiaries and associates of the Company;
- (XIII) to formulate the Company's basic management systems;
- (XIV) to formulate and implement share incentive scheme (including share option plan permitted by laws and regulations);
- (XV) to formulate proposals for the amendments of the Company's Articles of Association;
- (XVI) subject to in compliance with the relevant laws of China, to decide upon the Company's wage standard and welfare and incentive policy;
- (XVII) to resolve on the other important matters and administrative affairs of the Company other than those which shall be resolved at general meetings pursuant to Company Law and the Articles of Association, and to enter into other important agreements;
- (XVIII) to formulate the Company's plans for major acquisition or disposal;
- (XIX) to promote corporate governance and decision making in accordance with law, to supervise the construction planning of legal corporate governance, to develop and implement the general legal adviser system, and to guide the study of resolving major issues on construction of legal corporate governance, so as to provide the conditions and protection for the construction of legal corporate governance in accordance with law;
- (XX) to perform other functions as delegated by the general meeting and the Articles of Association of the Company.

Except for resolutions of the Board of Directors in respect of matters specified in items (VI), (VII), (VIII), (IX), (XII), (XV) of this article which shall be passed by more than two-thirds of all the directors, resolutions of the Board of Directors in respect of all other matters may be passed by a majority of directors

If any director of the Company is associated with the enterprises that are involved in the matters to be resolved at the Board meetings, he or she shall not exercise his or her voting rights for such matters, nor shall such director exercise voting

rights on behalf of other directors. Such Board meetings shall be convened by a majority of the directors present thereat who are not connected. The resolution of the Board meeting shall be passed by more than half of the non-connected directors. If the number of non-connected directors attending the meetings is less than 3, such resolutions shall be submitted to the general meeting for approval.

The Board of Directors' resolutions in respect of connected transactions of the Company shall only come into effect upon the signing by independent directors.

Opinion art .6

If the matter to be considered at the Board meeting involves any legal issue, the general counsel shall attend the meeting and provide legal advice.

Article 10.6 During the intervals of the Board meetings, the Board authorizes the chairman to exercise partial powers . The contents of the authorization shall be specific and detailed . Issues involving material interests of the Company shall be subject to decision by the Board as a whole.

Governance  
Standards art .33

Article 10.7 The Board of Directors shall not, without the prior approval of shareholders at a general meeting, dispose of or agree to dispose of any fixed assets of the Company where the aggregate of the expected value of the consideration for the proposed disposal and the value of the consideration for any similar disposal of fixed assets in the four months immediately preceding the proposed disposal, exceeds 33% of the value of the Company's fixed assets as stated in the last balance sheet placed before the general meeting. Should there be any inconsistency between the preceding requirements and provisions of the stock exchange on which the Company's shares are listed and traded in respect of the issue, the latter shall prevail . Should there be any inconsistency between requirements and provisions of the stock exchanges of the country in which the Company's shares are listed, the strictest one shall prevail.

MP art .89  
Opinion art .4

A "disposal of fixed assets" as referred to in this article includes an act involving the transfer of an interest in certain assets but does not include the provision of fixed assets by way of security.

Breach of the first paragraph of this article shall not affect the validity of any transaction entered into by the Company in disposing of fixed assets.

Where the Board makes decisions on market development, mergers and acquisitions, and investments in new areas, projects with the amount of investment or mergers and acquisitions reaching 10% or more of the Company's total assets, a public consultant firm shall be engaged to provide professional advice as an important basis for the Board's decision- making.

Article 10.8 The Board shall clarify its scope of powers on external investment, asset purchase and disposal, asset mortgage, external guarantees, entrusted financial management and connected transactions, and shall establish stringent examination and decision making procedure; and material investment projects shall be considered by relevant experts and professionals and be submitted to the general meeting for approval.

Guide to Articles of  
Association art .110

Article 10.9 The chairman of the Board of Directors shall perform the following functions:

MP art .90



- (I) Preside over the general meetings and convene and preside over the meetings of the Board of Directors;
- (II) review the implementation of resolutions of the Board of Directors;
- (III) Sign securities issued by the Company;
- (IV) Listen to work reports on construction of legal corporate governance;
- (V) Other functions as delegated by the Board of Directors.

The vice chairman shall assist the chairman in performing his duties. If the chairman is unable or fails to perform his duties, he may designate the vice chairman to perform such duties on his behalf. If the vice chairman is unable or fails to perform his duties, a director shall be elected by more than half of the directors to perform such duties.

Guide to Articles of Association art .113

Article 10.10 The Board of Directors shall hold at least four regular meetings every year, which shall be convened by the chairman and the notice of meeting shall be given to all directors 14 days prior to the convening of the meeting.

Company Law art .110

The chairman of the Board shall convene an extraordinary meeting within 10 days upon occurrence of any of the following events:

Opinion of independent directors V(I)

- (I) proposed by shareholders representing more than 10% of the voting rights;
- (II) deemed necessary by the chairman of the Board;
- (III) jointly proposed by more than one-third of the directors;
- (IV) jointly proposed by more than half of the independent directors;
- (V) proposed by the Supervisory Committee;
- (VI) proposed by the chief executive officer.

If the Company convenes an extraordinary Board meeting, the chairman or the secretary to the Board shall notify all the directors and supervisors within a reasonable period of time before the meeting.

Board meetings shall in principle be convened at the domicile or listing place of the Company.

Board meetings shall be conducted in Chinese and interpreters shall be available for Chinese-English simultaneous interpretation if necessary.

Article 10.11 If the Board decides to convene a regular or extraordinary meeting, the chairman or the secretary to the Board shall, before the deadline specified in the Article 10 .10, inform all the directors of the time and place of the Board meeting via telex, telegram, fax, express mail, registered mail or by hand.

MP art .92  
Guide to Articles of Association art .116

Where a director, who is present at the meeting, has not raised any objection that he/she has not been notified of the meeting before or at the meeting, such director shall be deemed to have notified of the meeting.

Company Law  
art .110

Board meetings may be held in the form of telephone conference or by means of similar communication facilities. So long as the directors participated in the meeting are able to hear the speech of other directors clearly and communicate, all the directors participated in the meeting shall be deemed to have attended the meeting in person.

Article 10.12 In respect of any important matter to be decided by the Board, a notice and adequate information shall be sent to all the directors before the deadline specified in Article 10 .11, in strict accordance with the specified procedure . Directors may require to be provided supplementary information . Where more than one-fourth directors or more than 2 independent directors deem the documents as inadequate or the certification as unclear, they may jointly propose to adjourn the Board meeting or suspend discussing some topics, and the Board shall adopt such a proposal.

Opinion art .3

Where a director, who is present at the meeting, has not raised any objection that he/she has not been notified of the meeting before or at the meeting, such director shall be deemed to have no objection to the information regarding such meeting.

Article 10.13 Board meetings shall generally be held only if more than half of all the directors are present. If the matters to be considered by the Board of Directors are required to be resolved by a two-thirds majority of directors according to laws and regulations or Article 10.5, Board meetings shall be held only if more than two-thirds of all the directors are present.

MP art .93  
Company Law  
art .111

Each director has one vote. The Board of Directors' resolutions must be voted for by more than half of all the directors unless otherwise required by relevant laws and regulations or the Articles of Association.

In the event of equal pros and cons, the chairman of the Board of Directors has the right to cast one more vote.

Article 10.14 Directors shall attend the Board meeting in person. Where a director is unable to attend the meeting in person due to some reasons, he/she may authorize in writing another director to attend the meeting on his/her behalf and the letter of proxy shall specify the scope of authorization.

MP art .94  
Guide to Articles of  
Association art .99

The director attending the meeting for another director shall exercise the rights of the latter director within the scope of authorization. Any director who is unable to attend a particular Board meeting and has not authorized a proxy to attend on his behalf shall be deemed as waiving the right to vote at that meeting.

If any director fails to attend Board meetings in person or by proxy for two consecutive times or any independent director fails to attend Board meetings in person for three consecutive times, the said director or independent director shall be deemed incapable of performing his or her duties, and the Board shall suggest

Opinions of  
independent  
Directors art .IV(V)

that the general meeting remove the said director.

The expenses incurred by the directors for attending Board meetings shall be borne by the Company. These expenses shall include the costs of transportation between the premises of the director and the venue of the meeting in different cities and accommodation expenses during the meeting. Out-of-pocket expenses such as rent of the meeting place and local transportation costs shall be paid by the Company.

Article 10.15 The decisions on the matters considered on Board meetings convened or not convened shall be recorded as minutes in Chinese. The independent directors' opinions shall be set out in the resolutions of the Board meetings. The minutes of each Board meeting shall be provided to all the directors as soon as possible. Directors who wish to make supplementary amendments to the minutes shall report their opinions on the proposed amendments to the chairman within a week upon receipt of the minutes. After the minutes are finalized, all the attending directors and persons recording the minutes shall sign on the minutes. Minutes of the Board meetings shall be kept at the domicile of the Company, and a complete copy shall be sent to every director as soon as possible. The meeting minutes shall be kept for at least 10 years.

MP art .95  
Guide to Articles of  
Association art .122

Article 10.16 Directors attending the meeting shall sign their names on the minutes of the meeting. Where a resolution of the Board meetings violates laws, administrative regulations or the Articles of Association and causes serious losses to the Company, the directors who took part in such a resolution shall be liable to compensate the Company. However, if a director can prove that he had expressed his opposition to such resolution when it was put to the vote, and such opposition is recorded in the minutes of the meeting, the director may be relieved of such liability.

Article 10.17 The Board of Directors may accept Board meetings in the form of written communications over the resolutions to replace meetings on site. However, draft motions of the meeting must be delivered to all directors by hand, mail, telegraph or fax. After the Board of Directors has delivered the motion to all directors and that the number of directors giving consent and signature to the motion has reached the quorum, such motion, if delivered to the secretary to the Board of Directors by means of methods referred to above, shall become a board resolution and no convening of a Board meeting shall be required.

Article 10.18 A director shall abstain from voting and shall not have a right to vote if he/she or any of his/her associates (as defined in the Listing Rules) has a conflict of interest with any resolution proposed at a Board meeting. Such director shall not be counted in the quorum of the relevant meeting.

Article 10.19 A director may resign before his term of office expires. In resigning his duties, a director shall tender a resignation to the Board in writing and an independent director, in particular shall specify any matter which is related to his resignation or which he considers necessary to bring to the attention of the Company's shareholders and creditors, and the disclosure of which will be made by the Board in two days.

Guide to Articles of  
Association art .100

If the number of members of the Board falls below the quorum as a result of any resignation, such resignation shall not become effective until the vacancy resulting from such resignation is filled up by a succeeding director. The remaining directors shall convene an extraordinary general meeting as soon as possible to elect a director to fill the vacancy caused by the said resignation. Before a resolution is made at a general meeting in relation to the election of directors, the functions and powers of such resigning director and other remaining directors shall be subject to reasonable restrictions.

If the proportion of independent directors of the Board falls below the minimum requirement of the relevant regulatory authority as a result of the resignation of any independent director, such resignation shall not become effective until the vacancy resulting from such resignation is filled up by a succeeding independent director.

Save as provided in the preceding paragraph, a director's resignation shall become effective when his or her resignation is served to the Board.

## **Chapter XI Independent directors**

Article 11.1 Independent director candidates shall be nominated by the Board, the Supervisory Committee, or shareholder(s) severally or jointly holding more than 1% of the total number of the voting shares of the Company, and shall be elected at a general meeting of the Company.

Opinions of  
Independent  
Directors art. IV(I)

- (I) The nominator of an independent director candidate shall seek the consent of the nominee before nomination, shall collect adequate information about the occupation, academic qualification, title, detailed work experience, all concurrent undertakings, etc., and shall submit the said information in writing to the Company. The candidates shall undertake in writing to the Company that they accept the nomination, that the information announced about them is true and adequate, and that they will diligently fulfill their duties as directors if elected;
- (II) The nominator of independent director candidates shall give an opinion on the qualification and independence of the nominee to act as an independent director, covering relevant provisions in applicable laws, regulations and/or relevant listing rules, and the nominee shall publicly declare in accordance with such provisions that there is no relationships between him and the Company which may possibly affect his independent and objective judgment;
- (III) Where an independent director candidate is nominated before the Company holds the Board meeting, if the governing laws, regulations and/or the relevant listing rules have relevant provisions, the written documents relating to the nominee as described in (I) and (II) of this Article shall be announced together with the resolution of the Board in accordance with the said provisions;
- (IV) If shareholder(s) severally or jointly holding more than 3% of the total number of the voting shares of the Company or the Supervisory

Committee submits a provisional proposal on election of independent directors, then a written notice stating the intention to nominate director candidates and the nominee's consent to the nomination, the written documents and undertakings of the nominee as described in (I) and (II) of this Article shall be submitted to the Company 10 days before the convening of the general meeting;

- (V) Before the general meeting for election of independent directors, if the governing laws, regulations and/or the relevant listing rules have relevant provisions, the Company shall pursuant to the said provisions submit the relevant documents concerning the nominee to the securities regulatory authority of the State Council and/or its local office and the stock exchange in which the Company's shares are listed. If the Board disputes the particulars pertaining to the nominee, the written opinions of the Board shall also be submitted. If the securities regulatory authority of the State Council opposes to the nomination of a candidate, such candidate may not be included as an independent director candidate. When a general meeting is convened to elect independent directors, the Board shall make a statement on whether there was any objection to the nominations from the securities regulatory authority of the State Council.

Article 11.2 An independent director shall meet the following basic conditions:

- (I) having the qualifications as director of the Company in accordance with the laws, administrative regulations and other relevant provisions;
- (II) having the independence as required by the laws, administrative regulations, department rules and the relevant listing rules;
- (III) having basic knowledge about operations of listed companies, and proficient in relevant laws, administrative regulations and rules (including but not limited to applicable accounting standards);
- (IV) having more than five years' experience in legal and economic work or other work required for fulfilling the duties of independent directors;
- (V) other conditions specified in the Articles of Association.

Article 11.3 Independent directors shall have independence. The following persons shall not serve as independent directors save for otherwise specified in the governing laws, regulations and/or relevant listing rules:

- (I) persons employed by the Company or its subsidiaries and their immediate family members or other relatives (immediate family members shall include spouse, parents and children, while other relatives shall include siblings, parents-in-law, sons/daughters-in-law, spouses of siblings, siblings of spouse);
- (II) natural person shareholder who directly or indirectly holds more than 1% of the Company's issued shares or who is one of the top ten shareholders of the Company, and his immediate family members;

- (III) entity owned by the shareholders which directly or indirectly hold more than 5% of the Company's issued shares or the persons working in the entities owned by any top five shareholders of the Company, and their immediate family members;
- (IV) persons who fall into categories (I) to (III) in the preceding year;
- (V) persons who provide financial, legal and consulting services to the Company or its subsidiaries;
- (VI) persons deemed by the securities regulatory authority of the State Council as not qualified to serve as an independent director.

If an independent director fails to attend the Board meeting in person or by proxy for two consecutive times or fails to attend the Board meeting in person for three consecutive times, the Board shall propose to remove the said director at the general meeting. Unless in the circumstances mentioned above or as specified in Company Law where a person is prohibited from acting as a director, no independent director may be removed before his term of office expires without any justification. In the event of premature removal, the Company shall disclose it as a special issue. If the removed independent director deems his removal by the Company as unjustifiable, he may make an explicit declaration.

Article 11.4 An independent director shall have the following special powers in addition to the powers granted to directors under the Company Law, other relevant laws, administrative regulations and the Articles of Association:

- (I) Major connected transactions (as defined in accordance with the standards issued from time to time by the relevant regulatory authority) that shall be considered and approved at a general meeting pursuant to the laws, regulations and/or relevant listed rules, and appointment or dismissal of accounting firm, shall comply with the relevant provisions of in the laws, regulations and/or relevant listed rules (if any), and shall be submitted to the general meeting for consideration upon approval by more than half of the independent directors. Resolutions made by the Board in relation to the connected transactions of the Company shall not be effective unless signed by the independent directors; the independent directors may, before making judgment, appoint an intermediary to provide independent financial and advisory reports as a basis for their judgment;
- (II) to propose to the Board for appointment or dismissal of accounting firm;
- (III) to propose to convene an extraordinary general meeting;
- (IV) to propose to convene a Board meeting;
- (V) to independently appoint external audit and consulting institutions;
- (VI) to openly collect voting rights from shareholders before a general meeting is held;

Opinion art .6

- (VII) to directly report to the general meeting, the securities regulatory authority of the State Council and other relevant authorities.

Independent directors shall seek the consent of more than half of all the independent directors before exercising the powers under (II), (IV), (VI) and (VII); more than two independent directors may exercise the powers under (III); independent directors shall seek the consent of all the independent directors before exercising the powers under (V).

Article 11.5 Independent directors shall, in addition to fulfilling the aforesaid duties, provide the Board or general meeting with independent opinions on the following matters:

- (I) nomination, appointment and dismissal of directors;
- (II) appointment or dismissal of senior executives;
- (III) remunerations of directors and senior executives of the Company;
- (IV) matters which independent directors deem likely to damage the interests of minority shareholders;
- (V) material capital transactions between the Company and its shareholders or connected enterprises;
- (VI) the Board makes no cash dividend distribution plan;
- (VII) other issues specified in relevant laws and regulations and the Articles of Association.

Independent directors shall express one of the following opinions on the aforesaid issues: agreement; qualified opinion and reason therefor; objection and reason therefor; inability to express opinion and obstacle therefor.

Article 11.6 Independent directors shall submit their yearly work reports at the general meeting of the Company and make a statement on fulfillment of their duties

## **Chapter XII Secretary to the board of directors of the company**

Article 12.1 The Company has a secretary to the Board of Directors, who is a senior officer. The Board may establish a secretary office if necessary.

MP art .96

Article 12.2 The secretary to the Board of Directors of the Company should be a natural person having the required professional knowledge and experience and is appointed by the Board.

MP art .97

The principal tasks of the secretary to the Board are:

Working Guidelines  
for Secretaries  
Chapter 1, 2

- (I) helping the directors with the daily work of the Board, keeping the directors informed of the regulations, policies and requirements of domestic and overseas regulatory authorities on corporate operations, and assisting the directors, chief executive officer and the general manager in

duly observing domestic and overseas laws and regulations, the Articles of Association and other relevant provisions while exercising their functions and powers;

- (II) arranging and preparing the documents for the Board meetings and the general meetings, keeping meeting minutes, ensuring that the decisions made on the meetings comply with the statutory procedures, and monitoring the execution of the resolutions of the Board;
- (III) arranging and coordinating information disclosure, coordinating relations with investors, and enhancing transparency of the Company;
- (IV) participating in organizing capital raising;
- (V) dealing with intermediaries, regulatory authorities and media, and improving public relations;
- (VI) executing other tasks assigned by the Board and the chairman.

The duties of the secretary to the board include:

- (I) organizing and arranging for Board meetings and general meetings; preparing meeting documents, handling relevant meeting affairs; making minutes of the meetings and ensuring their accuracy; keeping meeting documents and minutes; taking the initiative to monitor the implementation of relevant resolutions. Reporting to the Board any important issues occurring during the implementation and giving relevant advice to the Board.
- (II) ensuring the material issues decided by the Board are carried out in strict accordance with the procedures stipulated. At request of the board, participating in the arrangement of consultation and analysis on the issues to be decided by the Board and offering relevant opinions and suggestions; handling the day-to-day affairs of the Board and its relevant committees as entrusted.
- (III) acting as the liaison officer of the Company with the securities regulatory authorities, responsible for arrangement, preparation and timely submission of the documents required by the regulatory authorities as well as accepting and organizing the implementation of any assignment from the regulatory authorities.
- (IV) coordinating and organizing the Company's information disclosure; establishing and improving the information disclosure system; attending all of the Company's meetings involving information disclosure; and keeping informed of the Company's material operation decisions.
- (V) keeping the Company's price-sensitive information confidential and establishing effective confidentiality systems and measures; in case any of the Company's price-sensitive information is divulged due to any reason, taking necessary remedial measures, responsively explaining and clarifying it, and reporting to the regulatory authorities in overseas



jurisdictions where the shares of the Company are listed and the securities regulatory authority of the State Council.

- (VI) coordinating and organizing marketing activities; coordinating reception of visitors, handling investor relations; keeping in touch with investors, intermediaries and news media; coordinating replies to inquiries from the public; and ensuring investors to obtain the information disclosed by the Company in a timely manner; organizing and preparing the Company's domestic and overseas marketing and promotion activities; preparing conclusive reports on marketing and important visits; and arranging the submission of the reports to the securities regulatory authority of the State Council.
- (VII) handling and keeping the information on shareholders' register, directors' register, the number of shares held by major shareholders, records of directors' shares and a list of the holders of outstanding bonds of the Company.
- (VIII) assisting directors, chief executive officer and the general manager in duly observing the domestic and overseas laws, regulations, the Articles of Association and other relevant provisions while exercising their functions and powers; upon becoming aware that the Company has passed or may pass resolutions which may breach the relevant provisions, being liable for immediately reminding the Board and being entitled to report such facts to the securities regulatory authority of the State Council and other regulatory authorities.
- (IX) coordinating the provision of relevant information necessary for the Company's Supervisory Committee and other regulatory authorities to discharge their duties; assisting in carrying out due diligence investigation on the performance of their fiduciary duties by the chief financial officer, directors, chief executive officer and the general manager of the Company.
- (X) exercising other functions and powers as conferred by the Board, as well as other functions and powers as required by laws in any jurisdiction where the shares of the Company are listed and the relevant provisions of the stock exchange.

Article 12.3 A director or other senior management personnel of the Company may serve as secretary to the Board of the Company concurrently. An accountant from the accounting firm as appointed by the Company shall not serve as the secretary to the Board of the Company concurrently.

MP art .98

Where the post of secretary to the Board is concurrently held by a Director and if a certain action requires separate conduct by the director and the secretary to the Board, that director holding the post of secretary shall not be permitted to act with dual capacity.

Article 12.4 The secretary to the Board shall fulfill their duties with due diligence in accordance with the Articles of Association and the Working Guidelines for

Secretaries.

### **Chapter XIII Chief executive officer, general manager and deputy general managers of the company**

Article 13.1 The Company has one chief executive officer, who is nominated by the chairman of the Board of Directors and appointed or dismissed by the Board of Directors.

MP art.99  
Guide to Articles of  
Association art .124

The Company has one general manager, who is nominated by the chief executive officer and appointed or dismissed by the Board of Directors.

The Company has several deputy general managers, who shall assist in carrying out the work of the general manager. Deputy general managers, the chief accountant and the chief financial officer shall be nominated by the chief executive officer and appointed or dismissed by the Board.

Persons holding positions other than directors in the entities owned by the controlling shareholders and beneficial controllers of the Company shall not serve as senior executives of the Company.

Governance  
Standards art .69

Article 13.2 The term of office of the chief executive officer or the general manager shall be three years, subject to re-appointment upon expiry of his term. The chief executive officer may serve as the general manager concurrently.

Article 13.3 The chief executive officer shall be accountable to the Board of Directors and in general charge of the operation and management of the Company (particularly in the operation and management of offshore companies) and shall exercise the following functions and powers:

- (1) to organize the implementation of the decisions, resolutions, policies and development plans of the Board of Directors and the Supervisory Committee, and report to the Board of Directors;
- (2) to organize the implementation of the Company's annual business plans, budgets and investment plans;
- (3) to coordinate the Company's internal and external relations;
- (4) to formulate the Company's internal management organization;
- (5) to devise the Company's basic management system;
- (6) to draw up the basic rules and regulations of the Company;
- (7) to be responsible for submitting the annual work report and other reports to the Board of Directors;
- (8) to employ or dismiss management personnel whose employment or dismissal is not subject to the approval of the Board of Directors and determine their remuneration;
- (9) to propose the convening of the extraordinary meeting of the Board of

Directors;

- (10) other matters as authorized by these Articles of Association and the Board of Directors.

The chief executive officer of the Company may attend the Board meetings, but only the chief executive officer who is also a Director has a voting right at the Board meeting.

MP art .128

Article 13.4 The general manager is accountable to the chief executive officer, and shall assist with the work of the chief executive officer (particularly in the operation and management of domestic companies) and exercise the following functions and powers:

- (1) responsible for implementing the daily operations and management of the Company;
- (2) responsible for convening the daily performance analysis meetings of the Company;
- (3) responsible for coordinating the daily management and administration of the subsidiaries;
- (4) assisting the chief executive officer to coordinate the Company's internal and external relations;
- (5) drafting the annual development plans, operation policy and annual business plan of the Company;
- (6) drafting the basic management systems of the Company;
- (7) drafting specific rules and regulations of the Company;
- (8) coordinate the operation of each department of the Company;
- (9) review and approve all budgeted expenses and expenditures of the Company;
- (10) formulate the salary, welfare, rewards and punishments of the Company's employees and determine the engagement and dismissal of such employees;
- (11) responsible for developing the business and staff training;
- (12) other duties as authorized by the chief executive officer.

The general manager of the Company may attend the Board meetings, but only the managing director has a voting right at the Board meeting.

MP art .101

Article 13.5 In exercising their functions and powers, the chief executive officer, general manager, deputy general managers, chief accountant or chief financial officer shall not modify the resolutions passed at the general meeting and the Board

meeting, nor shall they exceed the scope of authorization.

Article 13.6 In performing their functions and powers, the chief executive officer, general manager, deputy general managers, chief accountant or chief financial officer shall act honestly and diligently in accordance with the laws, regulations and the Articles of Association.

Article 13.7 The chief executive officer, general manager, deputy general manager, chief accountant, chief financial officer and other senior executive may resign prior to the expiration of his term of office, however, he shall notify the Board by giving 30 days' written notice; a department manager shall notify the general manager by giving 30 days' written notice.

Article 13.8 The general manager shall formulate relevant working rules for general manager, which shall be implemented upon approval by the Board.

#### **Chapter XIV Supervisory committee**

Article 14.1 The Company shall have a supervisory committee, which is a standing organization of the Company responsible for supervising the Board and its members, the chief executive officer, general manager, deputy general managers, chief accountant, chief financial officer and other senior executives, and preventing the same from abusing their powers to infringe upon the legitimate rights and interests of the shareholders, the Company and employees thereof.

MP art .103

Article 14.2 The Supervisory Committee is composed of not less than 3 persons (inclusive), including one as chairman of the Supervisory Committee. His appointment and dismissal is subject to voting by more than two thirds of the supervisors. They have a term of 3 years, and are eligible for re-election and re- appointment. The chairman shall make arrangement for fulfilling the duties of the Supervisory Committee.

MP art .104, A13D  
(1)(d)(i)

The duties of the chairman of the Supervisory Committee include:

ZJHH art .5

- (I) convening and presiding over meetings of the Supervisory Committee;
- (II) making arrangement for fulfilling the duties of the Supervisory Committee;
- (III) exercising other functions and powers conferred by the Supervisory Committee.

Article 14.3 The Supervisory Committee can be composed of external supervisors (not serving any positions in the Company, including shareholder's representatives, same below) and employees' representatives. External supervisors are elected and dismissed by the general meeting of the Company, while the employees' representatives are elected and dismissed by the employees of the Company in a democratic way.

MP art .105  
Guide to  
Articles of  
Association art. 143

In the Supervisory Committee of the Company, external supervisors shall account for more than one half of all the supervisors. The proportion of employees'

Opinion 7

representative in the Supervisory Committee should not be lower than one third.

Additional and supplemental supervisors elected by the general meeting or the Company's employees, have their term starting from the date of election and ending on the termination of the term of the Supervisory Committee.

Article 14.4 The directors, chief executive officer, general managers, deputy general managers and other senior executives of the Company shall not serve as supervisor concurrently.

MP art .106

Article 14.5 The Supervisory Committee shall hold at least two regular meetings every year.

MP art .107

The chairman shall convene and preside over meetings of the Supervisory Committee; where the chairman cannot or does not fulfill his duty, more than one half of the supervisors may elect a supervisor to convene and preside over the meetings of the Supervisory Committee.

Guide to Articles of Association art .143, 148

The notice convening the meeting of the Supervisory Committee shall be served to all the supervisors 10 days before the date of a regular meeting or 5 days before the date of an interim meeting. The notice shall include the following information:

- (I) the time, venue and duration of the meeting;
- (II) the reasons and topics for discussion; and
- (III) the date on which the notice is sent.

Article 14.6 If a supervisor fails to attend meetings of the Supervisory Committee in person or by proxy for two consecutive times, the said supervisor shall be deemed incapable of performing his duties and shall be removed by the general meeting or the meeting of employees' representatives.

Article 14.7 If the term of office of a supervisor expires but reelection is not made responsively or if any supervisor resigns during his term of office so that the membership of the Supervisory Committee falls short of the quorum, the said supervisor shall continue to fulfill his duties as supervisor pursuant to relevant laws, administrative regulations and the Articles of Association until a new supervisor is elected.

Article 14.8 The Supervisory Committee is responsible for the general meeting, and performs the following functions in accordance with the law:

MP art .108  
Guide to Articles of Association art .144  
Opinion art .7

- (I) Inspect the financial issues of the Company;
- (II) Examine the periodical reports of the Company prepared by the Board and issue written opinions thereon;
- (III) Supervise over the actions taken by the directors, chief executive officer, general manager, deputy general managers and other senior executives of the Company in violation of the laws, regulations or the Articles of

Association when performing their duties; propose dismissal of directors, chief executive officer, general manager, deputy general managers and other senior executives who are in breach of the laws, administrative rules, the Articles of Association or the resolutions of general meetings;

- (IV) When the actions taken by the directors, chief executive officer, general manager, deputy general managers and other senior executives of the Company impair the interests of the Company, require the above mentioned persons to take corrective actions;
- (V) Review such financial documents as financial reports, operation reports and profit distribution schemes to be submitted by the Board to the general meeting. In the event of any doubts, it may in the name of the Company appoint a certified public accountant or practising auditors to help with the recheck;
- (VI) Propose the convening of extraordinary general meetings and, in case that the Board fails to perform its duties to convene and preside over the general meetings in accordance with the Company Law, convene and preside over the general meetings;
- (VII) Deal with or sue against directors and senior executives on behalf of the Company;
- (VIII) Present proposals to the general meetings;
- (IX) Propose to convene an interim Board meeting;
- (X) Other functions and powers stipulated by the relevant laws, administrative rules and the Articles of Association or granted by the general meetings.

Supervisors may attend the meetings of the Board of Directors, but have no voting right.

Guide to Articles of Association art .140

The Supervisory Committee may give an opinion on the appointment of an accounting firm for the Company, may appoint another accounting firm to independently examine the financial issues of the Company if necessary, and may directly report to the securities regulatory authority of the State Council and other relevant authorities.

The shareholder supervisor shall independently report to the general meeting on the honesty and due diligence of the senior executives of the Company.

The supervisors may attend the Board meetings and make inquiries or suggestions in relation to the resolutions of Board meetings.

#### Article 14.9

A supervisors' meeting can only be held when more than one half supervisors can attended.

MP art .109  
A13D (1)(d)(ii)

Resolutions of the Supervisory Committee are subject to the voting by more than two thirds of the supervisors.

Article 14.10 The Supervisory Committee may require directors, chief executive officer, general manager and deputy general manager and other senior executives of the Company, and internal and external auditors to attend meetings of the Supervisory Committee and answer the questions raised.

Article 14.11 The Supervisory Committee shall file resolutions as minutes, which shall be signed by the attending supervisors. Any supervisor shall have the right to make an explanatory note in the minutes regarding his speech at the meeting. The minutes of the Supervisory Committee shall be kept for at least 10 years.

Guide to Articles of Association art .147

Article 14.12 Reasonable expenses occurred from the appointment of lawyers, accounting firm, practising auditors and other professionals by the Supervisory Committee when performing its functions, shall be borne by the Company.

MP art .110

Article 14.13 The supervisors shall honestly perform their functions in accordance with the laws, administrative regulations and the Articles of Association.

MP art .111

## **Chapter XV Qualification and duties of the company's directors, supervisors, chief executive officer, general manager, deputy general managers and other senior management personnel**

Article 15.1 A person shall be disqualified from being a director, supervisor, chief executive officer, general manager, deputy general manager or other senior executives of the Company in any one of the following circumstances:

MP art .112  
Guide to Articles of Association art .95

- (I) The individual has no capacity to undertake civil liabilities or restricted capacity to undertake civil liabilities;
- (II) A period of five years has not yet elapsed since the penalisation on conviction of corruption, bribery, encroachment of properties, embezzlement of properties or disrupting social and economic order; or a period of five years has not yet elapsed since being deprived of political rights for commission of offences;
- (III) A period of three years has not yet elapsed since the completion of the liquidation of any company or enterprise which was insolvent due to poor management and where the person acted as a chairman, factory manager or manager of such company or enterprise and was personally liable for such insolvency;
- (IV) A period of three years has not yet elapsed since revocation of the business license of a company or enterprise due to illegal business operations where the person was the legal representative of such company or enterprise and for which he was personally liable;
- (V) The person is personally liable for a substantial loan which was due for payment but remains unpaid;
- (VI) Be investigated by the judicial organ after case-filing on account of breach of criminal law, pending conclusion of the case;
- (VII) Not qualified to serve as a senior executive of an enterprise as specified in

the laws and administrative regulations;

- (VIII) Not a natural person;
- (IX) A period of five years has not yet elapsed since the date of award on violation of related securities regulations and involvement in fraudulent or dishonest actions as rendered by the governing authority;
- (X) Prohibition on conducting activities in the security market imposed by the securities regulatory authority of the State Council has not expired.

In any of the aforesaid circumstances, the Board shall, upon obtaining the relevant information, immediately stop the related director, supervisor, chief executive officer, general manager, deputy general manager or other senior executives from further performing their duties, and replace the same following the corresponding procedures.

Article 15.2 Save as specified in the Articles of Association or properly authorized by the Board, no director shall act on behalf of the Company or the Board in his personal name. If a director acts in his own name but a third party may reasonably think the said director is acting on behalf of the Company or the Board, the said director shall make a prior statement of his standpoint and capacity.

Guide to Articles of Association art .102

Article 15.3 Where the director, chief executive officer, general managers, deputy general managers, and other senior executives of the Company acts on behalf of the Company, the effectiveness of such act towards any third party acting in good faith shall not be affected by the non-compliance in terms of incumbency, election or qualification of such person.

MP art .113

Article 15.4 Apart from the obligations provided in laws, administrative regulations, or the relevant listing rules, the director, supervisor, chief executive officer, general manager, deputy general manager and other senior executives of the Company shall also assume the following obligations towards every shareholder, when exercising their functions and powers granted by the Company:

MP art .114

- (i) not operating business beyond the business scope specified in the business license;
- (ii) acting in good faith with a view to maximize the Company's interests;
- (iii) not depriving the Company of its properties by any means, including (but not limited to) favorable opportunities for the Company; and
- (iv) not depriving shareholders of personal rights and interests, including (but not limited to) the rights of distribution and voting, except the restructuring of the Company submitted to and approved by the general meeting in accordance with the Articles of Association.

Article 15.5 When exercising their rights or performing their duties, the director, supervisor, chief executive officer, general manager, deputy general manager and other senior executives of the Company shall be responsible for behaving with prudence, diligence and skills a reasonably prudent person would exercise under

MP art .115



similar circumstances.

Article 15.6 When performing their duties, the director, supervisor, chief executive officer, general manager, deputy general manager and other senior executives of the Company shall observe the principle of good faith, and shall not place themselves in a position where their interest may conflict with their obligations. The principle includes (but is not limited to) the following obligations:

MP art .116  
Guide to Articles of  
Association art .97

- (i) acting in good faith with a view to maximize the Company's interests;
- (ii) exercising rights within the scope of authority, without exceeding such scope;
- (iii) personally exercising the discretionary power without manipulated by other persons;  
  
the discretionary power shall not be assigned to any other person, unless as approved by laws, administrative regulations, or with informed approval of the general meeting;
- (iv) equally treating shareholders of the same class and fairly treating those of different class;
- (v) except as otherwise provided in the Articles of Association or with informed approval of the general meeting, not to enter into any contracts, transactions or arrangements with the Company;
- (vi) without informed approval of the general meeting, not to utilize the Company's property by any means for their own interests;
- (vii) not to take advantage of the position to accept bribes or other illegal income, or misappropriate the property of the Company by any means, including (but not limited to) favorable opportunities for the Company;
- (viii) without informed approval of the general meeting, not to accept commissions related to the Company's transactions;
- (ix) observing the Articles of Association, faithfully performing their responsibilities and protecting interests of the Company, and not to take advantage of their position and power to seek personal interests;
- (x) without informed approval of the general meeting, not to compete with the Company by any means;
- (xi) not to misappropriate the Company's funds or to lend such funds to other persons, not to deposit the Company's funds in the account opened in personal name or otherwise, or utilize the assets of the Company to provide guarantee for the personal debt of the Company's shareholders or other persons; and
- (xii) without informed approval of the general meeting, not to reveal the confidential information of the Company gained during their term of

office; unless for the interest of the Company, not to take advantage of such information for personal purposes, however, in any one of the following circumstances; such information may be disclosed to the court or other governmental authorities:

- (1) provided by laws;
- (2) required for public interests; and
- (3) required by the director, supervisor, chief executive officer, general manager, deputy general manager and other senior executives for his/her own interests.

Earnings obtained by directors, the chief executive officer, general manager, deputy general manager and other senior executives in violation of the provisions herein shall belong to the Company, and they shall be liable for compensation for any loss incurred to the Company.

Article 15.7 If the directors, supervisors, chief executive officer, the general manager, deputy general managers or other senior executives are required to attend the general meeting, they shall attend the meeting and make explanations in relation to the inquiries and suggestions of the shareholders. The directors, supervisors, chief executive officer, the general manager, deputy general managers or other senior executives of the Company shall honestly provide the Supervisory Committee with relevant information and shall not prevent the Supervisory Committee from exercising their functions and powers.

Company Law  
art .150  
Guide to Articles of  
Association art .70

Article 15.8 The directors, supervisors, chief executive officer, general manager, deputy general managers and other senior executives of the Company shall not instruct following persons or organizations (hereafter referred to as "related persons") to do what the directors, supervisors, chief executive officer, general manager, deputy general managers and other senior executives are prohibited:

MP art .117

- (i) the spouse or minor children of director, supervisor, chief executive officer, general manager, deputy general manager and other senior executives of the Company;
- (ii) trustees of the director, supervisor, chief executive officer, general manager, deputy general manager and other senior executives of the Company and those specified in item (i) of this Article;
- (iii) partners of the director, supervisor, chief executive officer, general manager, deputy general manager and other senior executives of the Company and those specified in items (i) and (ii) of this Article;
- (iv) companies in which the director, supervisor, chief executive officer, general manager, deputy general manager and other senior executives of the Company, whether alone or jointly with those specified in items (i), (ii) and (iii) of this Article or other directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives of the Company, has de facto controlling interest; and

- (v) the director, supervisor, chief executive officer, general manager, deputy general manager and other senior executives of the controlled companies specified in item (iv) of this Article.

Article 15.9 The obligations of good faith of the director, supervisor, chief executive officer, general manager, deputy general manager and other senior executives of the Company shall not necessarily terminate upon expiration of their term of office, and their obligations to hold the business secrets of the Company confidential shall remain valid after the expiration of their tenures of office . The duration of other obligations shall be decided in accordance with the principle of fairness, depending on the interval between the date when an event arises and the date when they leave their post, and depending on the circumstances and conditions under which their relationship with the Company terminates.

MP art .118

Article 15.10 The responsibilities borne by the director, supervisor, chief executive officer, general manager, deputy general manager and other senior executives of the Company due to violation of a certain obligation may be discharged by the informed general meeting of shareholders, with the exception of the circumstances specified in Article 7.7.

MP art .119

Article 15.11 Where the director, supervisor, chief executive officer, general manager, deputy general manager and other senior executives of the Company has direct or indirect material interest with the contracts, transactions or arrangements (except the employment contracts between the Company and its directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives) signed or planned by the Company, such person shall notify the Board of Directors of the nature and degree of the interest as soon as possible, regardless of whether such matter, in general, shall be subject to approval of the Board of Directors.

MP art .120

Save as otherwise provided by related laws, regulations and related listing rules, directors shall not vote on contracts, transactions or arrangements in which the said directors or their coordinators (as defined in Listing Rules) have material interests, and shall not be counted in the quorum of the meeting.

APP3 4(1)

Unless the interested directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives have informed the Board of Directors of the matter in accordance with the requirements specified in the preceding paragraph of this article, and the Board of Directors has approved it at a meeting where such persons are not incorporated into the quorum and nor do they participate in the voting, the Company shall have the right to cancel such contracts, transactions or arrangements, except that the counterparty is an innocent party who is unaware of the violation of their obligations by related directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives.

When the related persons of the director, supervisor, chief executive officer, general manager, deputy general manager and other senior executives of the Company have an interest with a certain contract, transaction or arrangement, it shall be deemed that the director, supervisor, chief executive officer, general

manager, deputy general manager and other senior executives have an interest as well.

Article 15.12 Before a contract, transaction or arrangement is first taken into consideration by the Company, if the interested directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives of the Company have notified the Board of Directors in writing form, declaring that because of the reasons specified in the notification, they have an interest with the contract, transaction or arrangement of the Company in the future, it shall be deemed that they have made the disclosure as required in the preceding article hereof, within the scope of the disclosure of the notification.

MP art .121

Article 15.13 The Company shall not pay taxes for its directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives by any means.

MP art .122

Article 15.14 The Company shall not, directly or indirectly, provide loans or loan guarantee for the directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives of the Company and its holding company, nor shall it provide the same to their related persons.

MP art .123

This article shall be inapplicable to the following circumstances:

- (i) the Company provides loans or loan guarantee for its subsidiaries;
- (ii) pursuant to the employment contracts approved by the general meeting of shareholders, the Company provides loans, loan guarantee or other funds for its directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives, to enable them to make payment for the Company or for the expenses arising from the performance of their duties;
- (iii) if the ordinary course of business of the Company includes the lending of money or the giving of guarantees, the Company may provide loans or loan guarantee for its directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives and their related persons in the ordinary course of its business on normal commercial terms.

Article 15.15 Where the Company provides loans in violation of the preceding article, the payee shall return the loans immediately, regardless of the loan conditions.

MP art .124

Article 15.16 The Company shall be free of compulsory execution of the loan guarantee if it provides such loan guarantee in violation of the first paragraph of Article 15.14, with the exception of the following circumstances:

MP art .125

- (i) when providing loans to the related persons of the director, supervisor, chief executive officer, general manager, deputy general manager and other senior executives of the Company and its holding company, the provider is not aware of the circumstances; and

- (ii) the collateral provided by the Company has been legally sold by the loan provider to a purchaser acting in good faith.

Article 15.17 The "guarantee" referred to in the preceding article shall include the activities whereby the guarantor bears the responsibility or provides property to ensure the obligation performance of the guarantee.

MP art .126

Article 15.18 The Company can by liability insurance for the directors and supervisors with the content of the general meeting, save as the liabilities caused by the breach of laws and the Articles of Association by the he directors and supervisors.

Governance  
Standards  
art. 24

Article 15.19 In case when the director, supervisor, chief executive officer, general manager, deputy general manager and other senior executives of the Company violate their obligations towards the Company, apart from the rights and remedial measures provided by laws and administrative regulations and rules, the Company shall have the right to take the following measures:

MP art .127

- (i) requiring relevant directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives to compensate the Company for the losses resulted from their dereliction of duty;
- (ii) cancelling any contract or transaction between the Company and relevant directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives and that between the Company and a third party (if the third party have known or should have known that the directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives had violated their obligation towards the Company);
- (iii) requiring relevant directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives to hand over the proceeds generated in violation of their obligations;
- (iv) recovering related directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives for the funds that originally shall be collected by the Company, including (but not limited to) commissions; and
- (v) requiring relevant directors, supervisors, chief executive officer, general manager, deputy general manager and other senior executives to return the interest generated by or possibly generated by the fund that originally shall be turned over to the Company.

Article 15.20 With the prior approval of the general meeting of shareholders, the Company shall sign written contracts with its directors and supervisors in respect of compensation. The matter of compensation aforesaid shall include:

MP art .128

- (i) compensation of directors, supervisors or senior executives of the Company;

- (ii) compensation of directors, supervisors or senior executives of the Company's subsidiaries;
- (iii) compensation of other services supporting the management of the Company and its subsidiaries;
- (iv) compensatory amounts for the loss of office or retirement of a director or supervisor.

Except for the aforesaid contracts, the director and supervisor shall not file any lawsuit against the Company and claim the benefits they shall obtain for the foregoing matters.

Article 15.21 The compensation contracts between the Company and its directors and supervisors shall provide that when the Company is acquired, with the prior approval of the general meeting of shareholders, directors and supervisors of the Company shall have the right to obtain the compensatory or other amounts to which they are entitled due to losing their post or retirement.

MP art .129

The acquisition referred to above shall mean any one of the following circumstances:

- (i) any person makes an offer of acquisition to all shareholders; and
- (ii) any person makes an offer of acquisition with the aim to make the offeror become the controlling shareholder of the Company. The term "controlling shareholder" is defined in Article 7.8 hereof.

If relevant directors and supervisors violate the provisions of this article, any fund received by them shall be owned by the persons who accept the foregoing offer and sell their shares and meanwhile the directors and supervisors shall bear the expense incurred by allocation of the fund proportionally. The expenses shall not be subtracted from the fund.

## **Chapter XVI Accounting regulation and profit distribution**

Article 16.1 The Company formulates its accounting regulations in accordance with the laws, regulations, and the Chinese accounting code as stipulated by the competent financial department of the State Council.

MP art .130

Article 16.2 The Company shall, upon termination of each fiscal year, prepare its financial report, subject to examination in accordance with the law.

MP art .131

The Company adopts the calendar year as the fiscal year, starting on January 1 and ending on December 31 of each calendar year. The Company adopts RMB as the bookkeeping base currency.

Article 16.3 The Board of Directors of the Company shall, at each annual meeting of shareholders, present to the shareholders a financial report prepared by the Company as specified by relevant laws, regulations, as well as regulatory documents promulgated by local government and competent departments . Such

MP art .132

report shall be audited.

Article 16.4 The financial report of the Company shall be placed at the Company for the shareholders to consult, 20 days before the convening of the annual meeting of shareholders. Each shareholder of the Company is entitled to obtain the financial report as stated in this chapter.

MP art .133

The Company shall send to each holders of H Shares the photocopies of the financial report, together with the balance sheet (including such documents as shall be attached in accordance with Chinese laws and regulations) and profit and loss statement or income and expenditure statement (including the aforesaid report) via postage paid mail. The financial report shall be delivered in person or mailed to each shareholder at latest 21 days before the annual meeting of shareholders at the addresses as recorded in the register of shareholders.

APP3 art . 5

Article 16.5 The Company's financial reports shall be prepared in accordance with Chinese accounting code and laws and regulations, as well as international accounting code or that of the overseas listing location. In the event of major discrepancies between the financial reports prepared in accordance with the two accounting codes, they shall be stated in the remarks of such report. Company's distribution of its after-tax profits of the relevant fiscal year shall be based on the two aforesaid financial reports, whichever has the lower after-tax profit.

MP art .134

Article 16.6 The interim performance or financial data published or disclosed by the Company shall be prepared in accordance with Chinese accounting code and regulations, as well as in line with international accounting code or that of the overseas listing location.

MP art .135

The Company shall issue four financial reports in every fiscal year, i.e. the firstly quarterly financial report issued within 30 days after the end of the first 3 months of the fiscal year; the interim financial report issued within 60 days after the end of the first 6 months of the fiscal year; the third quarterly financial report issued within 30 days after the end of the first 9 months of the fiscal year; and the annual financial report issued within 120 days after the end of the fiscal year.

Guide to Articles of Association art .150

The Company shall disclose its financial reports pursuant to the relevant laws and regulations or on the other dates or in the other forms specified by the regulatory authority.

The Company shall not establish other accounting books than those specified by the laws.

Article 16.7 After completion of its interim accounting report and annual accounting report, the Company shall handle the procedure and make them public in accordance with the laws and regulations of China regarding securities, as well as the regulations of the location of the securities exchange listing the Company's stock.

Article 16.8 The Company shall prepare its financial reports in accordance with relevant laws, administrative regulations and the provisions of the relevant authorities of the state.

Guide to Articles of Association art .150

Article 16.9 The Company shall withdraw 10% of the annual profits as the statutory common reserve fund of the Company. Such withdrawal may be stopped when the statutory common reserve fund of the Company has accumulated to more than 50% of the registered capital of the Company.

Guide to Articles of Association art .152;  
Company Law  
166

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

After statutory common reserve fund is withdrawn out of the after-tax profits, discretionary common reserve fund may also be withdrawn as per a resolution made at a general meeting.

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

Article 16.10 The Company shall not distribute dividends or distribute its profit in any other manner before it makes up for its losses and makes allocations to statutory surplus reserve. The dividends bear no interest, except that the Company fails to distribute related dividends to shareholders when they fall due.

Company Law 166

Article 16.11 The capital surplus includes the following sums:

MP art .138  
Company Law  
art .167

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

Article 16.12 The common reserve funds (including statutory common reserve fund, discretionary common reserve fund and capital reserve) of the Company shall be used to make up for the losses, enhance the operating scale or increase the capital of the Company. However, the capital reserve shall not be used to make up for the losses of the Company. If the Company converts the common reserve funds into the capital by a resolution of the general meeting, the Company shall distribute new shares as per the existing equity structure or increase the par value per share. However, when statutory common reserve fund is converted into capital, the amount of the said fund left shall not be less than 25% of the registered capital of the Company.

Company Law  
art .168

After the profit distribution plan is adopted at the general meeting, the Board shall finish distributing dividends (or shares) within two months after conclusion of the general meeting.

Guide to Articles of Association 154

Article 16.13 The Company may distribute the dividends in the following forms:

- (I) Cash;
- (II) Shares.



Article 16.14 The basic principles of the profit distribution policy of the Company are as follows:

- (I) The Company shall take full account of return to investors and distribute dividend to its shareholders each year in proportion to the distributable profit realized in the year concerned (being the lower of the amounts as stated in the financial statements and the consolidated financial statements of the parent company);
- (II) The Company shall devote itself in creating reasonable return to its shareholders, maintain the continuity and stability of its profit distribution policy, and operate its businesses for the long-term interest of the Company, the entire interest of all its shareholders and the sustainable development of the Company; the Company's profit distribution shall neither exceed the amount of accumulated distributable profit nor undermine its ongoing operation;
- (III) The Company shall give priority to dividend distribution in cash.

Article 16.15 The profit distribution policy of the Company is specified as follows:

- (I) Profit shall be distributed in the following manner:

The Company may distribute dividends in cash, in shares, in a combination of both cash and shares or otherwise as permitted by laws and regulations. The Company shall give priority to dividend distribution in cash. Subject to the adherence of the profit distribution principles and conditions, the Company shall in principle distribute profit each year. The Board of the Company may propose interim profit distribution with reference to the Company's profitability and capital requirements.

- (II) Specific circumstances and proportions of cash dividend of the Company are as follows:

The following conditions shall be met in distributing cash dividends by the Company:

1. If the Company makes profit and the distributable profit realized in the year concerned (i.e. after-tax profits of the Company net of loss recovery and allocation of its profits to the statutory reserve) are positive (according to the financial statements of the parent company) with adequate liquidity, the Company may distribute dividend in cash provided that it shall not undermine the subsequent ongoing operation of the Company.
2. External auditors had issued a standard unqualified audit report for the financial statements of the Company for that year.
3. The capital needs for the Company's normal operation are satisfied and there is no such event as significant cash expenditure, excluding projects funded by raised proceeds. Such significant

cash expenditure refers to the proposed external investment, asset acquisition, repayment of debts or acquisition of equipment by the Company with accumulated expenditure within the following 12 months amounting to or exceeding 30% of the latest audited net assets of the Company.

The Company shall comply with the proportions set out as follows when proceeding with distributing cash dividends:

Pursuant to the provisions of the Company Law of the People's Republic of China and relevant laws and regulations, as well as the Articles of Association, provided that the conditions for cash dividend distribution are satisfied and are in consistent with the normal operation and sustainable development of the Company, dividends distributed in the form of cash to be made for each of the coming three years shall not be less than 10% of the distributable profit realized for that year, on condition that no imminent cash outlays are expected. Also, the accumulated cash distribution of profit for the three years shall not be less than 30% of the average annual distributable profit of the Company for the same period. The specific distribution proportion for each year shall be determined by the Board of the Company based on the Company's operating conditions and relevant rules of the CSRC and submitted to the general meeting for consideration and approval.

The Board of the Company shall take various factors into consideration, including its industry features, development stages, business model and profitability as well as whether it has any substantial capital expenditure arrangements, and differentiate the following circumstances to propose a differentiated policy for cash dividend distribution pursuant to the procedures stipulated in the Articles of Association:

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

In the case that it is difficult to distinguish the Company's stage of development but the Company has significant capital expenditure arrangements, the profit distribution may be dealt with pursuant to the preceding provisions.

- (III) Conditions for distributing dividends in shares by the Company are as follows:

Where the Company's business is in a sound condition, and the Board considers that the share price of the Company does not reflect its share capital size and distributing dividend in the form of shares is in the entire interest of all the shareholders of the Company, the Company may adopt dividend distribution in the form of shares provided that the above conditions for cash dividend are fully satisfied. Should the Company distribute dividends in shares, it should be made on the premise of maintaining reasonable cash dividend returns and appropriate capital size and take into account the growth of the Company and dilution in net assets per share.

Article 16.16 Procedures for reviewing the profit distribution plan of the Company and related information disclosure are as follows:

- (I) Procedures for consideration of the profit distribution plan of the Company:

1. The Company's profit distribution plan shall be drafted by the management of the Company with reference to investors' opinions, and shall then be submitted to the Board and the supervisory committee of the Company for consideration and independent directors shall express their opinions. The Board shall thoroughly discuss the profit distribution plan, keep detailed records of the contents of the recommendations of the management, key points of the speeches of the Directors present at the meeting, voting results of the Board, etc. and prepare written minutes to be properly kept as the Company's records. The Board shall thoroughly discuss the rationality of the profit distribution plan and prepare a specific resolution and submit it to the general meeting for consideration.
2. If the Board receives a distribution plan from other shareholders that satisfies relevant conditions, the Board shall ask the relevant shareholders for the specific reasons and background of such plan, and publish an announcement setting out the contents and reasons of the plan in accordance with the "Rules of Procedures for General Meeting" of the Company and submit it to the general meeting for consideration.
3. Independent directors may solicit opinions from minority shareholders, put forth profit distribution plan and submit it directly to the Board for consideration and approval.
4. Before the cash dividend distribution plan is considered at the shareholders' general meeting, different channels should be used to proactively communicate and interact with shareholders, in particular, the medium and small shareholders, and the Company

shall fully listen to the opinions and demands of minority shareholders and timely answer the questions raised by minority shareholders.

5. After the end of an accounting year, when the Board meeting does not propose any plan for profit distribution in cash in spite of making profit in that accounting year, it shall explain matters such as the specific reasons for not proposing any profit distribution in cash and the actual usage of the profit retained by it for the independent directors to issue their opinions on such issues, and then submit the same at the general meeting for approval in accordance with the relevant laws, regulations and regulatory policies.

(II) Information disclosures regarding profit distribution plan of the Company:

1. The Company shall disclose in details in its periodic report the formulation and implementation of the profit distribution policy, especially cash dividend policy, and state whether the policy is in compliance with the requirements of the Articles of Association or the resolutions passed at the general meeting; whether the basis and ratio of the distribution of dividends are clear; whether the relevant decision-making procedures and systems are sound; whether the independent directors have duly performed their duties; whether there are enough channels for medium and small shareholders to express their views and concerns, and whether their legal interests are sufficiently protected, etc.
2. In the event of any adjustment or alteration to the cash dividend policy, the Company shall fully describe whether the conditions and procedures for such adjustment or alteration are compliant and transparent.
3. Where no cash dividends distribution plan are proposed by the Board of the Company for the year when profits are recorded, the Board shall explain in details the reasons for not distributing cash dividends, the exact usage of and application plan for the retained profits in the periodic report, and the independent directors shall express their opinions thereon.
4. Where there is a change in the control of the Company resulting from securities issuance, material asset restructuring, merger and division or acquisition, the Company shall disclose in details the cash dividend policy and relevant arrangements after the offering or issuance, restructuring or change in control, as well as the Board's explanation of the aforesaid in the prospectus, offering proposal, report of material asset restructuring, report of changes in equity or report of acquisition.

Article 16.17 Any alteration of the Company's profit distribution policy: In case of war, natural disasters and other force majeure, or changes in the Company's external

operational environment resulting in material impact on its production and operations, or relatively significant changes in the Company's operational position, the Company may adjust its profit distribution policy.

The Board shall conduct specific discussion over adjustment to its profit distribution policy, provide detailed reasons for such adjustment, form a written report to be considered by independent Directors, and then submit the same at the general meeting for approval by way of a special resolution. In considering alterations to its profit distribution policy, the Company shall make internet voting accessible to its shareholders.

Article 16.18 Cash dividends and other monies paid by the Company to holders of A Shares shall be paid in RMB. Cash dividends and other monies paid by the Company to holders of H Shares shall be stated and announced in RMB and paid in HK\$. Foreign currency needed by the Company to pay cash dividends and other monies to holders of H Shares shall be obtained pursuant to relevant state regulations on foreign exchange.

The Company has the right to sell the shares of shareholders whom the Company has failed to contact if the following two provisions are met:

APP3 13(2)(a) and 13(2)(b)

- (1) Dividends of the related shares have been delivered 3 times within 12 years and have not been claimed; and
- (2) The Company puts advertisement) as defined in the Listing Rules) on newspapers after the 12 years has expired stating its intention to sell the shares and informs the Stock Exchange of such intention.

Article 16.19 Save as otherwise specified in relevant laws and administrative regulations, if the cash dividends and other monies are paid in HK\$, the exchange rate shall be the average middle exchange rate issued by People's Bank of China one Gregorian week before announcement of the dividends and other monies.

Article 16.20 In distributing dividends to shareholders, the Company shall deduct and pay taxes payable by the shareholders pursuant to PRC tax laws.

Article 16.21 The Company shall appoint receiving agents for shareholders holding foreign capital stock. The receiving agent shall, on behalf of the related shareholders, receive dividends distributed by the Company for foreign capital stock as well as other payable sums.

MP art .140

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

ZJHH art .8

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

A13D 1(c)

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

Article 16.22 The Company shall conduct internal audit and assign full-time auditors to conduct internal audit and supervision on the revenues/expenditures and economic activities of the Company. Guide to Articles of Association art .156

Article 16.23 The internal audit system and duties of the auditors shall be subject to the approval of the Board. The auditors shall be accountable to the Board and report his work to the same. Guide to Articles of Association art .157

## **Chapter XVII Appointment of accounting firm**

Article 17.1 The Company shall appoint independent accounting firm conforming with relevant regulations of the state to audit company's annual financial reports and to examine company's other financial reports. MP art .141

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

When the meeting of inauguration does not perform the function specified in the preceding clause, it is performed by the Board of Directors.

Article 17.2 The period of appointment for the accounting firm appointed by the Company starts at the end of the current annual meeting of shareholders and terminates at the end of the next annual meeting of shareholders. Reelection is possible after expiry of the term of office. MP art .142

Article 17.3 The accounting firm appointed by the Company has the following rights: MP art .143

- (I) Consult company's accounting books, records or vouchers at any time, and has the right to request company's directors, chief executive officer, general manager, deputy general managers or other senior executives to provide relevant information and explanation;
- (II) Request the Company to adopt all rational measures to obtain from its subsidiaries such information and explanation as needed for the accounting firm to perform its functions;
- (III) Attend shareholder's meetings, obtain any meeting notice or other information about the meeting that any shareholder is entitled to, and speak at any general meeting on matters concerning it as the accounting firm of the Company.

Article 17.4 In the event of a vacant position of the accounting firm, the Board of Directors may, prior to a general meeting, appoint an accounting firm to fill in the vacancy. But when the vacancy continues, if the Company has other accounting firms in appointment, such firms may continue to perform their functions. MP art .144

Article 17.5 Regardless of the terms and conditions in the contract concluded between the accounting firm and the Company, the general meeting may, before termination of the term of any accounting firm, dismiss it through an ordinary resolution. If the related accounting firm has the right to demand a reimbursement from the MP art .145

Company on account of its dismissal, such right will not be affected thereby.

- Article 17.6 Remuneration of the accounting firm or the method of its determination is decided upon by the general meeting. Remuneration of an accounting firm appointed by the Board of Directors is determined by the Board of Directors. MP art .146
- Article 17.7 Company's appointment, dismissal or no renewal of appointment of the accounting firm is decided upon by the general meeting, and shall be submitted to the securities administration in the State Council for record purpose MP art .147
- Article 17.8 When the shareholder's meeting intends to adopt a resolution to appoint an accounting firm not in appointment to fill in any vacancy of the position of the accounting firm, or renew the appointment of an accounting firm appointed by the Board of Directors to fill in the vacancy, or dismiss an accounting firm prior to termination of its term, the following regulations shall be conformed with: A13D (1)(e)(i)
- (I) Before the general meeting notice is delivered, the proposition about the appointment or dismissal shall be sent to the accounting firm to be appointed or to be dismissed, or to the one that has left its post in the related fiscal year (leaving the post including being dismissed, resignation and retirement from the post).
  - (II) If the accounting firm about to leave the post makes a written statement and requests the Company to inform the shareholders of such statement, unless the Company receives such statement too late, it shall adopt the following measurements:
    - (1) In the notice delivered for the purpose of making a resolution, state that the accounting firm about to leave the post has made a statement;
    - (2) Send the duplicate of such statement as an attachment to the notice to the shareholders in the methods as specified in the Articles of Association.
  - (III) If the Company fails to send the statement of the related accounting firm as specified in Item (2) of this clause, the related accounting firm may request such statement to be read out at the general meeting, and may make further complaints.
  - (IV) The accounting firm leaving the post is entitled to attend following meetings:
    - (1) The general meeting when the firm's term is due;
    - (2) The general meeting held to fill in the vacancy occurring from the firm's being dismissed;
    - (3) The general meeting held on account of the firm's resignation.

The accounting firm leaving the post is entitled to receive all notices of the aforesaid meetings or other information relating to such meetings, and speak at

the aforesaid meetings about matters involving it as the preceding accounting firm of the Company.

- Article 17.9 If the Company intends to dismiss or not to renew appointment of an accounting firm, it shall inform the accounting firm in advance. The accounting firm is entitled to make a statement to the general meeting. Where the accounting firm resigns, it shall explain to the general meeting whether the Company has done something improper. MP art .148
- Article 17.10 The accounting firm may resign by placing the written notification of resignation at the domicile of the Company. The notification will come into effect on the date of its being placed at the domicile of the Company or at a later date as stated in the notification. The notification shall include following statements: A13D (1)(e)(ii)
- (I) A statement that its resignation does not involve anything that should be explained to the Company's shareholders or creditors; or
  - (II) Any statement about such conditions as should be explained.
- Article 17.11 Within 14 days after receiving the written notification as stated in Article 17.10 of the Articles of Association, the Company shall send photocopies of such notification to the competent authority. If the notification carries such statements as mentioned in Item (2), Article 17.10 of the Articles of Association, the Company shall place the duplicate of such statements at the domicile of the Company for shareholders to consult. In addition, the Company shall send the aforesaid duplicate of statement via postage paid mail to each holder of H Shares, at the addresses as recorded in the register of shareholders. A13D (1)(e)(iii)
- Article 17.12 If the resignation notification of the accounting firm carries such statements as mentioned in Item (2), Article 17.10 of the Articles of Association, the accounting firm may request the Board of Directors to call a provisional general meeting to listen to its explanation regarding its resignation. A13D (1)(e)(iv)

### **Chapter XVIII Insurance**

- Article 18.1 All kinds of insurance of the Company shall be filed with the insurance companies that are registered in China and are permitted by Chinese laws to provide insurance to Chinese companies.
- Article 18.2 Type of insurance, insured amount, insurance period and other insurance terms are determined after discussion by the Board of Directors of the Company in accordance with the practice of companies of the same sector in other countries, convention in China, as well as legal requirements.

### **Chapter XIX Labor management**

- Article 19.1 The Company formulates its regulations regarding labor management, personnel affairs, wage and welfare and social insurance in accordance with Chinese laws, decrees and relevant regulations.
- Article 19.2 The Company implements the system of appointment for all levels of management personnel and a contract system for ordinary employees. The



Company may decide by itself on personnel deployment, and is entitled to recruit by itself management personnel as well as workers and staff and dismiss them in accordance with the laws and regulations in the contract.

Article 19.3 The Company is entitled to decide by itself the wage income and welfare benefits of all levels of management personnel and other employees, depending on its own economic efficiency in the scope specified by relevant regulations.

Article 19.4 The Company arranges medical insurance, retirement insurance and unemployment insurance for its management personnel and other employees in accordance with relevant stipulations of the Chinese government and local government, as well as implements the laws, stipulations and relevant regulations regarding retirement and labor insurance for laid off workers.

## **Chapter XX Trade union**

Article 20.1 The Company's employees are entitled to organize a trade union and carry out its activities in accordance with the trade union law of the People's Republic of China. The trade union shall organize activities out of the normal business hours, unless otherwise specified by the Board of Directors.

## **Chapter XXI Merging and separation of the company**

Article 21.1 The Company can conduct legal merger or separation.

MP art .149

For the Company's merging or separation, the Board of Directors of the Company should submit a scheme. After its adoption in the procedure specified in the Articles of Association, relevant procedures for examination and approval will be handled in accordance with the law. Shareholders against the scheme for the Company's merging or separation are entitled to request the Company or the shareholders that agree to such scheme to purchase its stock at a fair price. Special documents shall be prepared for resolutions concerning the merger and separation and made available for shareholders. Such documents shall be served on shareholders of H Shares by mail.

Article 21.2 The Company's merging may be effected in the form of either consolidation or new establishment.

MP art .150;  
Company Law  
art .172, 173, 174

For the Company's merging, the merging parties shall sign an agreement on the merging and formulate a balance sheet and lists of properties. The Company shall inform the creditors in 10 days after the date of making the resolution for such merging, and make at least 3 declarations in the newspapers in 30 days.

After the Company's merging, the claims and debts of all the merging parties shall be carried on by the Company or the new company existing after such merging.

Article 21.3 Upon separation of the Company, its properties shall be split correspondingly.

MP art .151

For the separation of the Company, all the parties involved in the separation should sign an agreement on the separation, and formulate a balance sheet and lists of properties. The Company shall inform the creditors in 10 days after the

date of making the resolution for such separation, and make at least 3 declarations in the newspapers in 30 days.

Debts incurred by the Company before its separation shall be borne as joint liabilities of the separate companies after the separation, except where the Company has reached a written agreement with the creditors as to the repayment arrangements before such separation.

Company Law  
art .176

Article 21.4 Where registered items are amended on account of the Company's merging or separation, registration for such amendments shall be completed with the company registration authority. In the event of the Company's dissolution, the registration procedure for cancellation of the Company should be completed in accordance with the law. Where a new company is established, the registration procedure for company establishment should be completed in accordance with the law.

MP art .152

## **Chapter XXII                      Dissolution and liquidation of the company**

Article 22.1 In one of the following cases, the Company shall be dissolved, and cleared in accordance with the law:

MP art .153

- (I) The general meeting makes a resolution on dissolution;
- (II) The Company has to be dissolved on account of its merging or separation;
- (III) The Company is declared as bankrupt in accordance with the law on account of its being unable to repay due debts;
- (IV) The Company is ordered to close down or has its business license canceled or revoked for violation of laws or administrative regulations;
- (V) If the Company gets into serious trouble in operations and management and continuation may incur material losses of the interests of the shareholders, and no solution can be found through any other channel, the shareholders holding more than 10% of the total voting rights of the Company may request the people's court to dissolve the Company, and the people's court will dissolve the Company pursuant to law.

Company Law  
art .180, 182

Article 22.2 Where the Company is dissolved on account of the regulation in Item (I) of the preceding clause, a liquidation group shall be set up in 15 days, and its members shall be determined by the general meeting through an ordinary resolution.

MP art .154

Where the Company is dissolved on account of the regulation in Item (III) of the preceding clause, the people's court shall, in accordance with relevant laws, organize the shareholders, relevant authorities and professionals to form a liquidation group for the liquidation work.

Where the Company is dissolved on account of the regulation in Item (IV) of the preceding clause, the relevant competent department shall organize the shareholders, relevant authorities and professionals to form a liquidation group for the liquidation work.

Article 22.3 If the Board of Directors decides upon the liquidation of the Company (with exception of liquidation in the event of the Company being declared as bankrupt), it shall, in the notice convening the general meeting to be held on this, state that the Board of Directors has made a comprehensive investigation of the Company's conditions, and hold that the Company can clear off all the liabilities of the Company within 12 months after the commencement of liquidation . Immediately upon adoption of the resolution of the shareholder's meeting on liquidation, the functions of the Board of Directors of the Company will be terminated.

MP art .155

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

Article 22.4 The liquidation group shall notify all creditors within 10 days after its establishment and shall make announcements in newspapers within 60 days. The liquidation group shall register the creditor's rights. In the rights declaration period, the liquidation group shall not make repayment to the creditors.

MP art .156  
Company Law  
art .185

Article 22.5 During the period of liquidation, the liquidation group performs the following functions:

MP art .157

- (I) Clear up the Company's properties and formulate the balance sheet and list of properties;
- (II) Send notifications or declarations to the creditors;
- (III) Dispose of and clear up pending business of the Company;
- (IV) Pay due taxes and taxes accrued during the course of liquidation;
- (V) Clear off claims and debts;
- (VI) Dispose of the Company's remaining properties after its repayment of the debts;
- (VII) Participate in civil proceedings on behalf of the Company.

Article 22.6 After clearing up the Company's properties and formulating the balance sheet and list of properties, the liquidation group shall formulate the liquidation scheme and submit it to the general meeting or relevant competent department for confirmation.

MP art .158

After payment of liquidation expenses, the assets of the Company shall be liquidated in the following order of priority: (i) salaries and social insurance premiums of employees of the Company and legal compensation; (ii) outstanding taxes; (iii) bank loans, bonds and other debts of the Company.

Company Law  
art .186

The assets of the Company remaining after repayment as specified in the preceding paragraph shall be distributed in the following order to the shareholders

as per the types of their shares and their shareholding percentages:

- (I) to distribute to holders of preferred shares, if any, as per the par value of the preferred shares; to distribute to holders of preferred shares as per the percentages of preferred shares held by the said holders if the remaining assets are insufficient to repay the preferred shares;
- (II) to distribute to holders of ordinary shares as per their shareholdings thereof.

During the period of liquidation, the Company shall not carry out any new business activities.

Article 22.7 In the event of the Company's dissolution, where the liquidation group finds out that the Company's properties are insufficient for repayment of the debts after clearing up the Company's properties and formulating

MP art .159

the balance sheet and lists of properties, it shall immediately apply for declaration of bankruptcy with the people's court.

After the Company is declared as bankrupt through a verdict made by the people's court, the liquidation group shall prepare and hand over liquidation matters to the people's court.

Article 22.8 After completion of the Company's liquidation, the liquidation group shall prepare a liquidation report as well as an income/expenditure statement and financial books for the period of liquidation, which, after verification by certified public accountants in China, are submitted to the general meeting or relevant competent department for confirmation. The liquidation group shall submit the above-mentioned documents to the company registration authority, apply for deregistration of the Company, and declare the Company's termination within 30 days after the date of confirmation by the general meeting or relevant competent department.

MP art .160

### **Chapter XXIII Revision procedure for the articles of association**

Article 23.1 The Company may revise the Articles of Association in accordance with the laws, regulations and the stipulations in the Articles of Association.

MP art .161  
Guide to Articles of Association art 188;

Article 23.2 Following is the revision procedure for the Articles of Association:

MP art. 162

- (I) The Board of Directors adopts a resolution on the base of the Articles of Association, suggesting that the general meeting shall revise the Articles of Association and formulate a revision scheme;
- (II) Inform the shareholders of the revision scheme, and call a general meeting to vote on it;
- (III) Without prejudice to the relevant provisions in the Articles of Association of the Company, the contents of the revision to be submitted to the general meeting for voting should be adopted through a special resolution;

- (IV) Where the revision of the Articles of Association involves contents of the "Mandatory provisions", it will become effective after approval by the company approval department authorized by the State Council and by China Securities Regulatory Committee. Where registered items of the Company are involved, the procedure for registration amendment shall be completed.

## **Chapter XXIV Settlement of disputes**

Article 24.1 The Company sticks to the following rules for settlement of disputes:

- (I) Disputes or right claims concerning the Company's affairs that arise on the base of the rights and duties as specified in the Articles of Association, the "company law" and other relevant laws and regulations between shareholders of H Shares and the Company, between shareholders of H Shares and the Company's directors, supervisors, chief executive officer, managers or other senior management personnel, and between shareholders of H Shares and shareholders of domestic Shares, shall be submitted by related parties for solution through arbitration.

MP art .163;  
ZJHH art .11

The aforesaid dispute or claim submitted for arbitration shall be the entire dispute or claim; all the persons who complain for the same reason or who are required to participate in the settlement of the dispute or claim shall accept the arbitration award if they are the Company or its shareholders, directors, supervisors, chief executive officer, general managers, deputy general managers or other senior management personnel. It's not required for disputes relating to definition of shareholders and shareholders' register to be settled through arbitration.

Listing Rules  
19A .54(3)

- (II) Arbitration applicants may apply with China International Business and Trade Arbitration Commission for its arbitration in accordance with its regulations, or with International Arbitration Center of Hong Kong for its arbitration based on its regulations for securities arbitration.
- (III) After the arbitration applicant submits the dispute or right claim for arbitration, the other party shall have the arbitration at the arbitration agency chosen by the applicant.
- (IV) If the arbitration applicant selects International Arbitration Center of Hong Kong for the arbitration, then any party may request that the arbitration be conducted in Shenzhen in accordance with the regulations on securities arbitration of the said center.
- (V) Where the disputes or right claims as mentioned in Item (I) are settled through arbitration, the laws of the People's Republic of China will apply, unless otherwise specified in the laws and regulations.
- (VI) The award made by the arbitration agency shall be final and binding upon all parties.

## **Chapter XXV                      Notice**

Guide to Articles of  
Association art .163

- Article 25.1     The notice of the Company may be served as follows:
- (I)     by personal delivery;
  - (II)    by post;
  - (III)   by bulletin;
  - (IV)   by electronic means or publication on the website of the Company;
  - (V)    by other means specified in the Articles of Association.
- Article 25.2     Corporate communications refers to any documents issued or to be issued by the Company for the information or action of any holders of its securities, including but not limited to: (1) the directors' report, its annual accounts together with a copy of the auditors' report and, where applicable, its summary financial report; (2) the interim report and, where applicable, its summary interim report; (3) a notice of meeting; (4) a listing document; (5) a circular; and (6) a proxy form.
- Save as otherwise specified in the Articles of Association, corporate communications, notices, information or written statements sent by the Company to the shareholders shall be served by hand or prepaid mail to the registered addresses of each of the shareholders, or by electronic means or publication on the Company's website.
- Article 25.3     Save as otherwise specified, notices or reports required or allowed by the Articles of Association or the Related Listing Rules to be sent by announcement shall be announced on at least one of the national newspapers and periodicals designated by the securities regulatory authority of the State Council and on other newspapers and periodicals in China designated by the Board, and shall be announced in English and Chinese on the same day on at least one of the principal English and Chinese newspapers and periodicals in Hong Kong, or by electronic means or by posting on the website of the Company as stipulated by the Articles of Association or by any other means as prescribed in the Related Listing Rules. Save as otherwise specified, the Company shall simultaneously disclose any announcements or reports issued pursuant to the Listing Rules of the Stock Exchange of Hong Kong Limited in Hong Kong to the domestic market.
- Article 25.4     In the event of such notice being delivered by mail, the Company is only required to clearly write the address and name (title) of the receiver, prepay the postage, and put the notice in the envelope. The envelope containing the notice will be deemed as being sent when it's put into the mail box and as being received in 48 hours after it is mailed.

## **Chapter XXVI                      Interpretation and definition of the articles of association**

- Article 26.1     The Board of Directors of the Company interprets the Articles of Association . Matters that are not touched in detail in the Articles of Association shall be submitted by the Board of Directors to resolve at the general meeting.

Article 26.2 The Articles of Association is made in Chinese and English, and the Chinese version shall prevail.

Article 26.3 "Above" or "below" as used in the Articles of Association shall include the word immediately following.

Article 26.4 The following words and expressions in the Articles of Association shall have the meanings given below, except for those that mean differently in accordance with the context:

"The Articles of Association" refers to the Articles of Association of the Company.

"The Board of Directors" refers to the Board of Directors of the Company.

"Chairman" refers to the chairman of the Board of Directors.

"Director" refers to any director of the Company.

"Domicile of the Company" refers to Room A-538, International Trade Center, China (Shanghai) Pilot Free Trade Zone.

"RMB" refers to the legal currency of China.

"Foreign currency" refers to the lawful currency, other than Renminbi, of other countries or regions which are accepted by the state foreign exchange administration authority and can be used to pay for offer shares.

"A Shares" refer to shares approved to be issued and listed on the domestic stock exchange by the securities regulatory authority of the State Council, the par value of which is denominated in Renminbi and which are subscribed and traded in Renminbi.

"H Shares" refer to shares approved to be listed by The Stock Exchange of Hong Kong Limited, the par value of which is denominated in Renminbi and which are subscribed for and traded in Hong Kong dollars.

"Secretary to the Board of Directors" refers to the company secretary as appointed by the Board of Directors.

"China" or "the country" refers to the People's Republic of China.

"SASAC" refers to the State-owned Assets Supervision and Administration Commission of the State Council.

"Stock Exchange" refers to The Stock Exchange of Hong Kong Limited.

"Company" refers to the Company of COSCO SHIPPING Development Co., Ltd.

"Accounting firm" refers to auditors and accounting firms with the meaning ascribed thereto by the Listing Rules.

"Company Law" refers to Company Law of the People's Republic of China.

"Securities Law" refers to Securities Law of the People's Republic of China.

"MP" or "Mandatory Provisions" refers to the "Mandatory Provisions of the Articles of Association of a Company to be Listed Overseas".

"APP3" refers to Appendix 3 of the new regulations for securities listing on Stock Exchange.

"A13D" refers to Part D, Appendix 13 of the new regulations for securities listing on Stock Exchange.

"Listing Rules of the Stock Exchange of Hong Kong Limited" refers to Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

"Listing Rules of Shanghai Stock Exchange" refer to Rules governing the listing of securities on Shanghai Stock Exchange.

"Related Listing Rules" refer to Listing rules of Hong Kong Stock Exchange and Shanghai Stock Exchange.

"ZJHH" refers to Letter of Opinions on Supplementary Amendments to Articles of Association of Companies to Be Listed in Hong Kong (Zheng Jian Hai Han (1995) No. 1).

"Opinion" refers to Opinion on Further Promoting Regulation of Operation and In-Depth Reform of Companies Listed Overseas.

"Working Guidelines for Secretaries" refers to Working Guidelines for Secretaries of Board of Directors of Companies Listed Overseas.

"Guide to Articles of Association" refers to Guide to Articles of Association of Listed Companies (amended in 2019).

"Governance Standards" refers to Standards for the Governance of Listed Companies (amended in 2018).

"Rules for General meetings" refers to rules for General meetings of Listed Companies (amended in 2016).

"General Public Shareholders" refers to Provisions on Strengthening the Protection of the Rights and Interests of the General Public Shareholders.

"Opinions on the System of Independent Directors" refers to Guidance Opinions Regarding the Establishment of the System of Independent Directors of Listed Companies.

"Guarantee Notice" refers to Notice on the Standardization of the External Guarantees for Listed Companies.