

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

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

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

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

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

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

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

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

**Adopted by the 2007 annual shareholders’ general meeting on 30 May 2008  
Approved by the State-Owned Assets Supervision and Administration Commission  
of the State Council on 4 March 2009**

**Adopted by the 2008 annual shareholders’ general meeting on 10 June 2009  
Approved by the State-Owned Assets Supervision and Administration Commission  
of the State Council on 19 October 2009**

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

**Adopted by the 2012 second extraordinary general meeting on 26 June 2012**  
**Adopted by the 2012 third extraordinary general meeting on 20 December 2012**  
**Approved by the State-Owned Assets Supervision and**  
**Administration Commission of the State Council on 3 May 2013**

**Adopted by the 2015 first extraordinary general meeting on 22 December 2015**  
**Adopted by the 2016 first extraordinary general meeting on 26 January 2016**  
**Adopted by the 2017 first extraordinary general meeting on 23 January 2017**  
**Adopted by the 2017 second extraordinary general meeting on 30 March 2017**  
**Adopted by the 2017 third extraordinary general meeting on 27 October 2017**  
**Adopted by the 2018 first extraordinary general meeting on 19 October 2018**  
**Adopted by the 2020 annual shareholders' general meeting on 25 May 2021**  
**Adopted by the 2021 second extraordinary general meeting on 30 December 2021**  
**Adopted by the 2022 second extraordinary general meeting on 20 September 2022**  
**Adopted by the 2023 third extraordinary general meeting, the 2023 first A shareholders'**  
**class meeting and the 2023 first H shareholders' class meeting on 26 October 2023**

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## CHAPTER 1: GENERAL PROVISIONS

Article 1 Air China Limited (the “Company”) is a joint stock limited company established in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China (the “Securities Law”) and other relevant laws and regulations of the State.

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

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

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

Article 3 The Company’s address: 1st Floor-9th Floor 101, Building 1, 30 Tianzhu Road, Shunyi District, Beijing, China.

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

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

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

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

- Article 6 In accordance with the provisions of the Company Law, the Securities Law, the Guidance on the Articles of Association of Listed Companies (the “Guidance”), the Standards on Corporate Governance for Listed Companies (the “CG Standards”), the Rules Governing the Listing of Stocks on the Shanghai Stock Exchange, the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “Hong Kong Listing Rules”) and other PRC laws and administrative regulations and departmental rules, the Company amended the original Articles of Association of the Company (the “Original Articles of Association”) and adopted these Articles of Association (the “Articles of Association” or “these Articles of Association”).
- Article 7 From the date on which the Articles of Association come into effect, the Articles of Association constitute the legally binding document regulating the Company’s organisation and activities, and the rights and obligations between the Company and each shareholder and among the shareholders.
- Article 8 The Articles of Association are binding on the Company and its shareholders, directors, supervisors, president, vice presidents and other senior officers; all of whom may, according to the Company’s Articles of Association, assert their rights in respect of the affairs of the Company.
- A shareholder may take action against the Company pursuant to the Company’s Articles of Association. The Company may take action against a shareholder, directors, supervisors, president, vice presidents and other senior officers of the Company pursuant to the Company’s Articles of Association. A shareholder may also take action against another shareholder, and may take action against the directors, supervisors, president, vice presidents and other senior officers of the Company pursuant to the Company’s Articles of Association.
- The “other senior officers” referred to in these Articles of Association mean the board secretary, chief accountant, chief pilot, general legal counsel and other senior officers appointed by the board of directors of the Company.
- Article 9 The Company may invest in other enterprises; provided that unless otherwise provided by laws, regulations and other regulatory documents, the Company shall not act as a capital contributor which assumes joint and several liabilities of the enterprises it invested in.
- Article 10 According to the Constitution of the Communist Party of China, the Company shall establish an organization of the Communist Party of China to carry out the activities of the Party, establish a working organ for the Party, allocate sufficient and competent personnel to handle Party affairs and provide sufficient funds to operate the Party organization.

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

Article 11                   The Company's objectives are: to maximise Shareholders' interests by providing safe, fast, accurate, economical, convenient and satisfactory air package and cargo transportation services through customer-oriented, market driven operations with the end of advanced communications technologies, and develop telecommunications and information businesses.

Article 12                   The Company's scope of business shall be consistent with and subject to the scope of business approved by the authority responsible for the registration of the Company.

The Company's scope of business includes: International and domestic scheduled and unscheduled air passenger, air cargo, mail and luggage transportation; domestic and international business aviation services; management and administration of aircraft, aircraft maintenance, repair and overhaul services, business agency among airlines companies; and ground services, air express service (other than mails and objects of the same nature as mails) related to the main business; on-board duty free items, on-board retail of goods and underwriting the aviation accident insurance; import and export businesses; hotel management; undertaking exhibitions; conference services; property management; design, production, agency and publish of advertisement; technology training; lease of self-owned property; rental of machinery and equipment; accommodation; catering services; sales of handicrafts and souvenirs; wholesale of agriculture, forestry, animal husbandry and fishery products, wholesale of food, beverages and tobacco products, wholesale of textiles, clothing and household goods, wholesale of culture, sporting goods and equipment, wholesale of mineral products, building materials and chemical products, wholesale of machinery and equipment, hardware and electronic products, general retail, special retail of food, beverage and tobacco products, special retail of textiles, clothing and daily necessities, special retail of cultural and sporting goods and equipment, sales of automobiles, motorcycles, spare parts and fuels and other types of energy resources, special retail of household appliances and electronics, special retail of hardware, furniture and interior decoration materials, and Internet retailing. (Catering services, accommodation and other projects subject to approval in accordance with the law shall be operated with the approval of relevant authorities to the extent authorized by the approval.)

Article 13                   Based on its business development needs and upon approval of the relevant governmental authorities, the Company may adjust its scope of business and manner of operation from time to time, and may establish branch organisations and/or representative offices (irrespective of whether controlled or owned by it) in the PRC or overseas.

### CHAPTER 3: SHARES AND REGISTERED CAPITAL

Article 14 There shall, at all times, be ordinary shares in the Company. Subject to the approval of the department authorized by the State Council, the Company may, according to its requirements, create different classes of shares.

Article 15 The shares issued by the Company shall each have a par value of Renminbi one (1.00) yuan.

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

Article 16 The Company may issue shares to Domestic Investors and Foreign Investors according to the laws, and shall file with the securities regulatory authority of the State Council according to the requirements.

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

Article 17 Shares which the Company issues to Domestic Investors for subscription in Renminbi shall be referred to as “Domestic Shares”. Shares which the Company issues to Foreign Investors for subscription in foreign currencies shall be referred to as “Foreign Shares”. Foreign Shares which are listed overseas are called “Overseas-Listed Foreign Shares”. Both holders of Domestic Shares and holders of Foreign Shares are holders of ordinary shares, and have the same obligations and rights.

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

Article 18 A Shares are ordinary shares in Renminbi that have been admitted for listing on domestic stock exchanges. H Shares are shares that have been admitted for listing on The Stock Exchange of Hong Kong Limited (the “Stock Exchange”).

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

Article 19

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

<b>Name of Promoters</b>	<b>Number of Shares Subscribed</b>	<b>Method of Capital Contribution</b>	<b>Date of Capital Contribution</b>
China National Aviation Holding Corporation Limited	5,054,276,915	A capital contribution of RMB560,782,100 was made in cash and a contribution of RMB6,451,765,800 was made in form of the assets and liability of its subsidiaries and those relating to its principal passenger and cargo businesses	9 September 2004
China National Aviation Corporation (Group) Limited	1,445,723,085	A capital contribution of RMB2,005,866,000 was made in form of equity interest	9 September 2004

Article 20

As approved by the competence authorities, the changes in the share capital of the Company were as follows:

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

Upon completion of the offering of the H Shares set forth above, the Company has issued 1,639,000,000 A shares in 2006.

Upon the completion of the issuance of A shares, the Company has issued 1,179,151,364 H Shares to Cathay Pacific Airways Limited, a shareholder of the Company, in 2006.

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



Upon the completion of the aforesaid non-public issue of A Shares and H Shares, the Company has issued 192,796,331 new A Shares to China National Aviation Holding Corporation Limited, a shareholder of the Company, on a non-public issue basis in the year of 2013.

Upon the completion of the aforesaid non-public issue of A Shares, the Company has issued 1,440,064,181 A Shares on a non-public issue basis in the year of 2017.

Upon the completion of the aforesaid non-public issue of A Shares, the Company has issued 1,675,977,653 A Shares on a non-public issuance basis in the year of 2023.

The present share capital structure of the Company is as follows: the Company has a total of 16,200,792,838 ordinary shares in issue, of which 11,638,109,474 shares are held by holders of A Shares, representing approximately 71.84% of the Company's total share capital, and 4,562,683,364 shares are held by holders of H Shares, representing approximately 28.16% of the Company's total share capital.

Article 21                   The registered capital of the Company is RMB16,200,792,838.

Article 22                   The Company or the Company's subsidiaries (including the Company's affiliated enterprises) shall not provide any assistance in the form of donates, advances, guarantees, compensation or loans to persons who acquire or intend to acquire the shares of the Company.

#### **CHAPTER 4: INCREASE, DECREASE AND REPURCHASE OF SHARES**

Article 23                   The Company may, based on its operating and development needs, authorize the increase of its capital pursuant to the Articles of Association.

The Company may increase its capital in the following ways:

- (1) by public offering of shares;
- (2) by non-public offering of shares;
- (3) by issuing bonus shares to its existing shareholders;
- (4) by converting the common reserve into share capital;

- (5) by any other means which is prescribed by law and administrative regulations and approved by the securities regulatory authority of the State Council.

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

Article 24 According to the provisions of the Articles of Association, the Company may reduce its registered capital.

Article 25 The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital.

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

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

Article 26 The Company shall not acquire shares of the Company. However, except in one of the following circumstances:

- (1) reducing its registered capital;
- (2) merging with another company that holds shares in the Company;
- (3) using the shares for the employee share ownership plan or as share incentive;
- (4) acquiring as requested the shares of shareholders who vote against any resolution on the merger or demerger of the Company adopted at a shareholders' general meeting;
- (5) using the shares for the conversion of the corporate bonds issued by the listed company which are convertible into shares;

- (6) necessary for safeguarding the value of the Company and the shareholders' interests;
- (7) other circumstances permitted by laws and administrative regulations.

The Company's repurchase of its issued shares shall comply with the provisions of Article 27 to Article 28 of these Articles of Association.

#### Article 27

The Company may acquire the shares of the Company by way of open and centralized trading, or by other means approved by the laws and regulations and the securities regulatory authority of the State Council.

The repurchase of the shares of the Company arising from the circumstances provided under items (3), (5) and (6) of the first paragraph of Article 26 of these Articles of Association shall be carried out by way of open and centralized trading.

#### Article 28

The purchase of the shares of the Company arising from the circumstances provided under items (1) and (2) of the first paragraph of Article 26 of the Articles of Association shall be made by the resolution of the shareholders' general meeting; the purchase of the shares of the Company arising from the circumstances provided under items (3), (5) and (6) of the first paragraph of Article 26 of the Articles of Association may be made by the resolutions of the board of directors in a board meeting where more than two-thirds (2/3) of directors are present under the provisions of the Articles of Association or the authorization granted at the shareholders' general meeting.

After the purchase of the shares of the Company according to the provision of Article 26, the shares shall be cancelled within 10 days from the date of purchase under the circumstance of the item (1) of the first paragraph; the shares shall be transferred or cancelled within 6 months under the circumstances of items (2) and (4) of the first paragraph; the total number of shares then held by the Company shall not exceed ten percent of the total number of its issued shares and the shares so purchased shall be transferred or cancelled within 3 years under the circumstances of items (3), (5) and (6) of the first paragraph.

If it is otherwise provided for the repurchase and cancellation of shares under the relevant rules of the regulatory authorities and stock exchanges of the jurisdictions where the shares of the Company are listed, such requirements shall prevail.

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

## CHAPTER 5: SHARE TRANSFER

Article 29 Unless otherwise provided in laws, regulations and other regulatory documents, the shares of the Company shall be transferrable in accordance with laws without any lien attached.

Article 30 The Company shall not accept any pledge being created over its own shares.

Article 31 The shares of the Company held by the promoters shall not be transferred within one year from the date of establishment of the Company. The shares issued before the Company's public offering of shares shall not be transferred within one year from the date on which the shares of the Company are listed and traded on a stock exchange.

The directors, supervisors and senior officers of the Company shall report to the Company the shares of the Company held by him/her and the changes thereof. During the term of his/her office, the shares transferred by him/her each year shall not exceed 25% of the total shares of the Company that he/she holds. The shares of the Company held by the aforesaid persons shall not be transferred within one year from the date on which the shares of the Company are listed and traded on a stock exchange. The aforesaid persons shall not transfer the shares of the Company that he/she holds within half a year after leaving his/her office.

Article 32 Should a shareholder, director, supervisor or senior officer holding 5% or more of the Company's shares sells his/her shares in the Company or other securities of equity nature within six months from the date of purchase of the same, or repurchase the shares within six months from the date of selling the same, the profits derived from such activities shall be vested in the Company. The board of directors of the Company shall recover from the aforementioned parties the gains derived therefrom, except where a securities company holding 5% or more of the shares as a result of its purchase of remaining shares after sold under an underwriting obligation, and otherwise required by the securities regulatory authority of the State Council.

Shares or other securities of equity nature held by directors, supervisors, senior officers and natural person shareholders referred to in the preceding paragraph include shares or other securities of equity nature held by their spouses, parents, children and under accounts of other persons.

Should the Company's board of directors not comply with the provision set forth in the first paragraph of this Article and act accordingly, the shareholders shall have the right to request the board of directors to duly act in accordance with the same within 30 days. Should the Company's board of directors not act in accordance with the same within the aforementioned period, the shareholders shall have the right to initiate proceedings at a People's Court directly in his/her own name for the interests of the Company.

Should the Company's board of directors not comply with the provision set out in the first paragraph of this Article and act accordingly, the responsible directors shall assume joint liabilities in accordance with the laws.

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

Article 33                      Share certificates of the Company shall be in registered form.

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

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

Article 34                      Share certificates of the Company may be assigned, given as a gift, inherited or pledged in accordance with relevant provisions of laws, administrative regulations and these Articles of Association, and relevant registration shall be carried out with the share registration institution authorized by the Company.

Article 35

Share certificates of the Company shall be signed by the legal representative of the Company's board of directors. Where the stock exchange(s) on which the Company's shares are listed require other senior officer(s) of the Company to sign on the share certificates, the share certificates shall also be signed by such senior officer(s). The share certificates shall take effect after being affixed with the seal of the Company (including the seal of the Company especially for securities). The share certificate shall be affixed with the seal of the Company or the seal of the Company especially for securities under the authorization of the board of directors. The signatures of the Chairman of the board of directors or other senior officer(s) of the Company may be in printed form. Subject to the conditions of paperless offering and trading of the shares of the Company, the laws and rules otherwise provided by the regulatory authorities of the jurisdictions where the shares of the Company are listed are applicable.

Article 36

The Company shall keep a register of shareholders which shall contain the following particulars:

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

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

Article 37

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

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

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

#### Article 38

The Company shall have a complete register of shareholders, which shall comprise the following parts:

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

#### Article 39

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

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

#### Article 40

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

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

- (1) a fee of HK\$2.50 per instrument of transfer or such higher amount agreed from time to time by the Stock Exchange for registration of the instrument of transfer and other documents relating to the right of ownership of the shares;
- (2) the instrument of transfer only relates to Foreign-Listed Foreign Shares listed in Hong Kong;
- (3) the stamp duty which is chargeable on the instrument of transfer has already been paid;
- (4) the relevant share certificate(s) and any other evidence which the board of directors may reasonably require to show that the transferor has the right to transfer the shares have been provided;
- (5) if it is intended that the shares be transferred to joint owners, the maximum number of joint owners shall not be more than four (4);
- (6) the Company does not have any lien on the relevant shares.

If the Company refuses to register a transfer of shares, the Company shall issue to the transferor and transferee a notice regarding such decision within 2 months starting from the date of formal application for transfer of shares.

#### Article 41

Where provisions of laws, administrative regulations, other directives and the relevant stock exchanges or regulatory authorities of the jurisdictions where the shares of the Company are listed governing the period of closure of register of members before convening the shareholders' general meeting or the record date for determining the distribution of dividends of the Company, such requirements shall prevail.

#### Article 42

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



## Article 43

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

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

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

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

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

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

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

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

### **Article 44**

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

A shareholder shall enjoy rights and assume obligations according to the class and amount of shares held by him; shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations.

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

Article 45

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

Article 46

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

- (1) the right to receive dividends and other distributions in proportion to the number of shares held;
- (2) the right to request to convene, convene, preside over, attend or appoint a proxy to attend shareholders' general meetings and to speak and vote thereat in proportion to the number of shares in their possession pursuant to the laws;
- (3) the right of supervisory management over the Company's business operations and the right to present proposals or to raise queries;
- (4) the right to transfer, donate or pledge the shares in their possession in accordance with laws, administrative regulations and provisions of the Articles of Association;
- (5) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:
  - (i) the right to obtain a copy of the Articles of Association, subject to payment of costs;
  - (ii) the right to inspect, and copy after payment of a reasonable fee:
    - (a) all parts of the register of shareholders;
    - (b) report on the state of the Company's share capital;
    - (c) minutes of shareholders' general meetings;

- (d) counterfoils of corporate bonds, resolutions of the board of directors, resolutions of the supervisory board, financial and accounting report;
- (6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of surplus assets of the Company in accordance with the number of shares held;
- (7) With respect to shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or demerger of the Company, the right to request the Company to acquire their shares;
- (8) other rights conferred by laws, administrative regulations, departmental rules and regulations and the Articles of Association of the Company.

Where shareholders request for inspection of the relevant information or demand for materials as mentioned in the preceding paragraphs, they shall provide the Company with written documents evidencing the class and number of shares of the Company they hold. Upon verification of the shareholder's identity, the Company shall provide information requested by such shareholder.

#### Article 47

If the content of a resolution of the shareholders' general meeting or the board of directors of the Company violates the laws or administrative regulations, the shareholders shall have the right to submit a petition to the People's Court to render the same invalid.

If the procedures for convening or the method of voting at a shareholders' general meeting or meeting of the board of directors violate the laws, administrative regulations or these Articles of Association, or the contents of a resolution violate these Articles of Association, the shareholders shall have the right to submit a petition to the People's Court to revoke the same within sixty (60) days from the date on which such resolution is passed.

#### Article 48

Any director or senior officer who, when performing their duties in the Company, violates the laws, administrative regulations, or the provisions contained in these Articles of Association resulting in causing losses to the Company, the shareholders individually or jointly holding 1% or more of the shares of the Company for 180 consecutive days or more shall have the right to request in writing the supervisory committee to initiate proceedings at a People's Court. Where the supervisory committee, when performing its duties in the Company, violates the laws, administrative regulations, or the provisions contained in these Articles of Association resulting in causing losses to the Company, the shareholders shall have the rights to request in writing to the board of directors to initiate proceedings at a People's Court.

If the supervisory committee or the board of directors refuses to initiate proceedings upon receipt of the written request of shareholders stated in the preceding paragraph, or fails to initiate such proceedings within thirty (30) days from the date on which such request is received, or in case of emergency where failure to initiate such proceedings immediately will result in irreparable damage to the Company's interests, the shareholders described in the preceding paragraph shall have the right to initiate proceedings at a People's Court directly in their own names in the interest of the Company.

If any person infringes the lawful rights and interests of the Company, thus causing any losses to the Company, the shareholders described in the first paragraph of this Article may initiate proceedings at a People's Court in accordance with the provisions of the preceding two paragraphs.

Article 49 If any director or senior officer violates the laws, administrative regulations or these Articles of Association resulting in causing harm to the interests of the shareholders, the shareholders may initiate proceedings at a People's Court.

Article 50 The ordinary shareholders of the Company shall assume the following obligations:

- (1) to comply with the Articles of Association;
- (2) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) unless otherwise provided for by the laws and regulations, not to withdraw their shares;
- (4) not to abuse the rights of the shareholders to impair the interests of the Company or other shareholders; not to abuse the independent legal person status of the Company and the enjoyment of limited liabilities of the shareholders to impair the Company's creditors interest. Should the Company's shareholders abuse their shareholder's rights and cause losses to the Company or other shareholders, the said shareholders shall be liable for damages pursuant to the law. Should the Company's shareholders abuse the Company's independent legal person status and the enjoyment of limited liabilities of the shareholders to evade debt liabilities, resulting in materially impairing the interests of the Company's creditors, the said shareholders shall bear joint and several liabilities to the Company's debts;
- (5) other obligations imposed by laws, administrative regulations and the Articles of Association.

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

Article 51                   Should a shareholders holding 5% or more of the voting shares pledges any shares in his/her possession, he or she shall submit to the Company a written report on the day on which he/she pledges his/her shares.

Article 52                   The controlling shareholders and the de facto controlling persons of the Company shall not make use of its connected relationship to impair the Company's interest. The abovementioned persons who violate such provisions and cause losses to the Company shall be liable for damages to the Company.

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

Article 53                   A "controlling shareholder" means a shareholder who holds shares representing 50% or more of the total share capital of the Company; or a shareholder having sufficient voting right in respect of the shares he/she holds to pose a significant influence on the resolutions of the shareholders' general meetings despite holding less than 50% of the total share capital of the Company.

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

Article 54                   The shareholders' general meeting is the organ of authority of the Company, and shall exercise the following functions and powers in accordance with laws:

- (1) to decide on the Company's operational policies and investment plans;
- (2) to elect and replace directors (excluding the employee representative director) and to decide on matters relating to the remuneration of directors;
- (3) to elect and replace supervisors appointed from personnel who are not representatives of the employees and to decide on matters relating to the remuneration of supervisors;

- (4) to examine and approve the board of directors' reports;
- (5) to examine and approve the supervisory committee's reports;
- (6) to examine and approve the Company's proposed preliminary and final annual financial budgets;
- (7) to examine and approve the Company's profit distribution plans and loss recovery plans;
- (8) to decide on the increase or reduction of the Company's registered capital;
- (9) to decide on matters such as merger, division, dissolution, liquidation or change of the form of the Company;
- (10) to decide on the issue of debentures by the Company;
- (11) to decide on the appointment, dismissal and non-reappointment of the accountants of the Company;
- (12) to amend the Articles of Association;
- (13) to resolve the material purchase and sale of assets with a value in excess of 30% of the most recent audited total assets of the Company during the year;
- (14) to resolve issues relating to the provision of guarantee in favour of third parties that must be approved at the shareholders' general meeting in accordance with the laws, administrative regulations, other regulatory documents and Articles of Association;
- (15) to consider and approve the variation of use of proceeds;
- (16) to consider the shares incentive program and employee share ownership plan;
- (17) to decide on other matters which, according to laws, administrative regulations, other regulatory documents and the Articles of Association, need to be approved by shareholders in general meetings;

## Article 55

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

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

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



Article 56

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

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

Article 57

Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. The annual general meetings shall be convened once every year and shall be held within 6 months from the end of the preceding financial year. Meeting venues shall be fixed for the shareholders' general meetings, and the shareholders' general meetings shall be convened in the on-site conference mode. The Company also provides the online voting manner for the convenience of shareholders in attending their general meetings.

The Company may facilitate the shareholders participating in the shareholders' general meetings by providing other manners and means to participate in the shareholders' general meetings, provided that the legality and effectiveness of the shareholders' general meeting are ensured. Shareholders are deemed to be present in the shareholders' general meetings in the aforesaid manners and forms.

The Company shall convene an extraordinary general meeting within 2 months of the occurrence of any one of the following events:

- (1) where the number of directors is less than the minimum number stipulated in the Company Law or two-thirds of the number specified in the Articles of Association;

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

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

#### Article 58

The board of directors shall convene a shareholders' general meeting within the time limit as stipulated in Article 57 of these Articles of Association.

The independent directors, the supervisory committee or shareholders who separately or jointly hold shares of the Company in excess of 10% shall have the right to propose to the board of directors and request for convening an extraordinary general meeting. The following procedures shall be adopted should the independent directors, the supervisory committee, shareholders who separately or jointly hold shares of the Company in excess of 10% propose to the board of directors and request for convening of an extraordinary general meeting:

- (1) Sign a copy, or several copies, of written request in the same form and substance, and request the board of directors to convene a meeting, with clearly stated topics for discussion at the meeting. Within 10 days of receiving the aforesaid written request, the board of directors shall reply in writing on whether or not they agree to convene the meeting.
- (2) Should the board of directors agree to convene the meeting, a notice for convening such meeting shall be issued within 5 days after the board of directors has passed the resolution. Prior approval for making amendment to the original proposal contained in the notice shall be obtained from the original proposer.
- (3) Should the board of directors not agree to convene the meeting as proposed by the independent directors, it shall state its reasons and issue an announcement of the same.

- (4) Should the board of directors not agree to convene the meeting as proposed by the supervisory committee, or not provide any reply within 10 days upon receipt of the said request, the board of directors is deemed to be unable to perform or failed to perform its duties in respect of convening such meeting. The supervisory committee may convene and preside over the meeting by itself. The procedures for convening such meeting shall be identical to those employed by the board of directors for convening a meeting as far as practicable.
- (5) Should the board of directors not agree to convene the meeting as proposed by the shareholders, or not provide any reply within 10 days upon receipt of the said request, the shareholders shall propose to the supervisory committee in writing to convene the meeting.

Should the supervisory committee agree to convene the meeting, it shall issue a notice for convening the meeting within 5 days upon receipt of the said request. Prior approval for making amendment to the original proposal contained in the notice shall be obtained from the original proposer.

Should the supervisory committee not issue a notice for the meeting within the stipulated period, the supervisory committee shall be deemed to not convene and preside over such meeting and shareholders who separately or jointly hold 10% or more of the Company's shares for a consecutive 90 days or more may convene and preside over the said meeting themselves (Prior to the announcement of the resolutions adopted at the meeting, the shares held by the convening shareholders shall not be less than 10% of the total number of shares). The procedures for convening such meeting shall be identical to those employed by the board of directors for convening a meeting as far as practicable.

Should the supervisory committee or the shareholders convene and hold a meeting by itself/themselves pursuant to the preceding paragraphs, it/they shall inform the board of directors in writing, and file the same with the relevant competent departments in accordance with the applicable requirements. The board of directors and the secretary to the board of directors shall provide assistance in connection with the meeting. The board of directors shall provide the share register. The Company shall bear all reasonable costs incurred by the meeting.

#### Article 59

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

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

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

#### Article 60

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

Issues not specified in the notice as provided for in Article 62 and Article 59 of the Articles of Association or proposals which do not conform with the requirements contained in Article 61 of the Articles of Association shall not be voted and resolved at the shareholders' general meetings.

#### Article 61

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

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

Article 62

Where the Company convenes an annual general meeting, a written notice of the meeting shall be given to the shareholders entitled to attend this general meeting 20 days prior to the date of the meeting. Where the Company convenes an extraordinary general meeting, a written notice of the meeting shall be given to the shareholders entitled to attend this general meeting 15 days prior to the date of the meeting.

If it is otherwise provided in the laws, administrative regulations, other regulatory documents and the securities regulatory authorities or stock exchanges in the jurisdictions where the shares of the Company are listed, such requirements shall prevail.

Article 63

The notice of a shareholder's general meeting shall include the following information:

- (1) the time, the venue and the duration of the meeting;
- (2) matters and proposals submitted to the meeting for consideration;
- (3) contain a conspicuous statement that: all shareholders are entitled to attend the shareholders' general meeting, and may appoint proxies in writing to attend the meeting and vote on their behalf. A proxy need not be a shareholder of the Company;
- (4) the record date of shareholding for determining the entitlement of shareholders to attend the shareholders' general meeting;
- (5) the name and telephone number of the standing contact person for meeting affairs;
- (6) the voting time and voting procedures for online voting or other means of voting.

Article 64

In the event that the election of directors and supervisors is to be discussed at a shareholders' general meeting, the notice of the shareholders' general meeting shall fully disclose the details of candidates for the directors and supervisors in accordance with the relevant requirements.

Article 65

Notice of shareholders' general meeting shall be served on the shareholders (whether or not such shareholder is entitled to vote at the meeting), by way of announcement or other ways provided in Article 212. Where a notice is served by way of announcement, upon the publication of such announcement, all relevant persons shall be deemed to have received the notice.

- Article 66                   When notice of a shareholders' general meeting is dispatched, the shareholders' general meeting shall not be postponed or cancelled without proper reasons and the proposals stated in the notice of the shareholders' general meeting shall not be cancelled. In the event that the shareholders' general meeting is postponed or cancelled, the convener shall make an announcement at least two business days prior to the originally scheduled date of convening the shareholders' general meeting and expatiate on the reasons.
- Article 67                   All ordinary shareholders registered on the record date of shareholding or their proxies shall be entitled to attend the shareholders' general meeting and exercise their voting rights in accordance with the relevant laws, regulations and these Articles of Association.
- Article 68                   Shareholders may attend the shareholders' general meeting in person or appoint a proxy (whether or not such person is a shareholder) to attend and vote on their behalf.
- If the shareholder is the recognized clearing house defined by the applicable listing rules or other securities laws and regulations, such shareholder is entitled to appoint one or more persons as his proxies to attend on his behalf at a general meeting, but, if one or more persons have such authority, the letter of authorization shall contain the number and class of the shares in connection with such authorization. Such person can exercise rights equivalent to the rights of other shareholders of the Company on behalf of the recognized clearing house (or its attorney), including the right to speak and to vote.
- Article 69                   The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing, or if the appointor is a legal entity, either under seal or under the hand of a director or a duly authorized attorney. The letter of authorization shall contain the number of the shares to be represented by the attorney. The letter of authorization shall specify the number of shares to be represented by the attorney. If several persons are authorized as the attorney of the shareholder, the letter of authorization shall specify the number of shares to be represented by each attorney.
- Article 70                   If the instrument appointing a voting proxy is signed by a person under a power of attorney on behalf of the appointor, such power of attorney or other authority shall be notarially certified. A notary certified copy of that power of attorney or other authority shall, together with the instrument appointing the voting proxy, be deposited at the premises of the Company or at such other place as is specified for that purpose in the notice convening the meeting.

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

#### Article 71

The authorization letter issued by shareholders to appoint other persons to attend the shareholders' general meeting shall clearly state the followings:

- (1) the name of the proxy;
- (2) whether the proxy has the right to vote;
- (3) the respective instruction of voting "for", "against" or "abstain" for each resolution in the agenda of the shareholders' general meeting;
- (4) date of signing the proxy form and the effective period;
- (5) signature (or seal) of the principal. If the principal is a corporate shareholder, the seal of the corporate shall be affixed.

Such a form shall contain a statement that, in the absence of specific instructions from the shareholder, specifies whether the proxy may vote as he thinks fit.

#### Article 72

If an individual shareholder attends the meeting in person, he/she shall present his/her identity card or other valid documents or certificates showing his/her identity and the shareholding certificate. If an individual shareholder appoints a proxy to attend the shareholders' general meeting, such proxy shall present his/her own identification documents and the power of attorney signed by the appointor. Legal person shareholders shall be represented at the meeting by the legal representative or the proxy appointed by the legal representative. If the legal representative attends the meeting, he/she shall present his/her identity card and a valid certificate proving his/her qualification as a legal representative. If the legal representative of a legal person shareholder appoints a proxy to attend the shareholders' general meeting, such proxy shall present his/her own identification documents and the power of attorney signed by the legal representative. If a person is authorized by resolution to attend the shareholders' general meeting upon resolutions at the board of directors of a legal person shareholder or other decision making authority, such person shall present his/her own identification documents and the written authorization issued upon resolution by the board of directors of the legal person shareholder or other decision making authority with the legal person seal affixed thereon. The letter of authorization shall specify its date of issue.

Article 73

In the event that the Company's board of directors, independent directors, shareholders who have satisfied certain conditions (which are determined based on such standards as promulgated from time to time by the relevant competent authorities) or investor protection institutions established in accordance with laws and regulations publicly request the shareholders to entrust them to exercise the proposal rights, voting rights and other shareholders' rights on their behalf, the solicitor shall disclose the soliciting announcement and relevant soliciting documents in accordance with the laws and regulations, and the Company shall cooperate. Consideration or de facto consideration for soliciting the shareholders' rights publicly is prohibited. Any person who publicly solicits the shareholders of the Company to entrust him/her to exercise the proposal right, voting right and other shareholders' rights on their behalf shall also comply with other provisions stipulated by the relevant competent authorities and the stock exchanges on which the shares of the Company are listed and traded.

Article 74

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

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

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



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

Article 75 At the annual general meeting, the board of directors and the supervisory committee shall report to the shareholders' general meeting on their respective work over the past year.

Article 76 Prior to voting, the chairman of the meeting shall announce the number of shareholders and proxies present at the meeting and the total number of voting shares held by them. The number of shareholders and proxies present at the meeting and the total number of voting shares held by them shall be subject to registration of the meeting.

Article 77 The convener shall ensure that the shareholders' general meeting is held continuously until a final resolution is formed. If the shareholders' general meeting is suspended or no resolution can be made due to force majeure and other special reasons, necessary measures shall be taken to resume the shareholders' general meeting as soon as possible or to terminate this shareholders' general meeting directly, and an announcement shall be made promptly. At the same time, the convener shall report to the local office of securities regulatory authority of the State Council and the stock exchange in the locality of the Company.

Article 78 Resolutions of shareholders' general meetings shall be divided into ordinary resolutions and special resolutions.

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

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

Article 79 A shareholder (including a proxy), when voting at a shareholders' general meeting, may exercise such voting rights as are attached to the number of voting shares which he represents. Except otherwise provided for election of directors in Article 102 and election of supervisors in Article 143 of these Articles of Association in connection with the adoption of the cumulative voting system, each share shall have one (1) vote. The shares held by the Company itself shall not be attached with voting rights. Those shares shall not be counted as the total number of voting shares held by shareholders attending the shareholders' general meetings.

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

Article 80 In the course of considering matters relating to connected transactions at a shareholders' general meeting, the connected shareholders shall abstain from voting. The number of shares carrying the voting rights held by such shareholders shall be excluded from the total number of valid votes. The voting result of the non-connected shareholders shall be fully disclosed in the announcement of the resolution of the shareholders' general meeting.

The said connected shareholders means the following shareholders: shareholders who are connected parties or, in case of non-connected parties, persons who have material interests in transactions pending for resolution or their associates pursuant to the applicable securities listing rules as amended from time to time.

Article 81 Unless the Company is in a crisis or other special circumstances, it shall not, without approval by a special resolution at a shareholders' general meeting, enter into a contract to handover all or material business management of the Company to a person other than a director, supervisor, president, vice president and other senior officer.

Article 82 Except for the cumulative voting system, the shareholders' general meeting shall vote on all proposals one by one, and if there are different proposals on the same matter, they shall be voted in chronological order in which the proposals are made. Except for force majeure and other special reasons that cause the shareholders' general meeting to be suspended or unable to come to resolution, the shareholders' general meeting shall not set aside the proposals or withhold from voting.

Article 83 When a proposal is considered at a shareholders' general meeting, no amendment shall be made to the proposal, otherwise, the relevant change shall be regarded as a new proposal and cannot be voted on at this shareholders' general meeting.

Article 84 Each voting right shall be exercised either at the meeting, by online voting or any of other available means. In case of repeated voting on the same voting right, the result of the first vote shall prevail.

Article 85 Before voting takes place on a proposal at a shareholders' general meeting, two shareholders' representatives shall be elected to participate in vote counting and scrutinizing. In the event that a shareholder is related to the matter to be considered, the relevant shareholder and his/her proxy shall not participate in the vote counting and scrutinizing.

When voting takes place on a proposal at a shareholders' general meeting, lawyers, representatives of shareholders and supervisors shall be jointly responsible for vote counting and scrutinizing, and shall announce the voting results on the spot. The voting results of resolutions shall be recorded in the minutes.

The shareholders of the Company or their proxies who cast votes by online voting or other means shall be entitled to check their respective voting results through corresponding voting systems.

Article 86 A shareholders' general meeting shall not conclude earlier at the venue than over the network or otherwise. The chairman of the meeting shall announce the voting details and result of every proposal and announce whether a proposal has been passed or not based on the voting result.

Before the voting result is officially announced, the relevant parties including the Company, counting officer, monitoring officer, substantial shareholders and network service provider involved at the venue of the shareholders' general meeting, over the network or otherwise shall be obliged to keep the voting details confidential.

Article 87 A shareholder attending the shareholders' general meeting shall express its opinion of "for", "against" or "abstain" on the proposal submitted for voting.

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

Votes that are not filled in, incorrectly filled in, or not legible, or votes that are not cast are considered to be abstention by the voter, and the result of the vote on the number of shares held by such voter shall be counted as “abstained”.

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

Article 89 The following matters shall be resolved by an ordinary resolution at a shareholders’ general meeting:

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

Article 90 The following matters shall be resolved by a special resolution at a shareholders’ general meeting:

- (1) the increase or reduction in share capital and the issue of shares of any class, warrants and other similar securities;
- (2) the issue of debentures of the Company;
- (3) the demerger, spin-off, merger, dissolution and liquidation or change of the form of the Company;
- (4) amendment of the Articles of Association;

- (5) the material purchase or sale of assets or the provision of guarantee by the Company during the year that is in excess of 30% of the most recent audited total assets value of the Company;
- (6) the shares incentive program;
- (7) any other matter as provided for by the laws, administrative regulations or the Articles of Association, and as considered by the shareholders at a shareholders' general meeting, and resolved by way of an ordinary resolution, which is of a nature which may have a material impact on the Company and should be adopted by special resolution.

Article 91 Any resolution adopted by a shareholders' general meeting shall comply with relevant provisions of PRC laws, administrative regulations and these Articles of Association.

Article 92 The Company shall make a public announcement on the resolutions of the shareholders' general meeting in accordance with the applicable laws and the relevant provisions stipulated by the stock exchange(s) on which the shares of the Company are listed and traded.

Article 93 If the chairman of the meeting has any doubt as to the result of a resolution which has been put to vote at a shareholders' meeting, he may have the votes counted. If the chairman of the meeting has not counted the votes, any shareholder who is present in person or by proxy and who objects to the result announced by the chairman of the meeting may, immediately after the declaration of the result, demand that the votes be counted and the chairman of the meeting shall have the votes counted immediately.

Article 94 If votes are counted at a shareholders' general meeting, the result of the count shall be recorded in the minute book.

The convenor shall ensure that the particulars included in the record of the meeting are true, accurate and complete. The Company secretary shall make the record of the shareholders' general meeting, which shall be signed by the person presiding the meeting (chairman of the meeting), directors, supervisors, board secretary and convenor attending the meeting or their representatives.

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

Article 95 Copies of the minutes of proceedings of any shareholders' meeting shall, during business hours of the Company, be open for inspection by any shareholder without charge. If a shareholder requests for a copy of such minutes from the Company, the Company shall send a copy of such minutes to him within seven (7) days after receipt of reasonable fees therefor.

## **CHAPTER 9: THE PARTY COMMITTEE**

Article 96 According to the requirements of the Constitution of the Communist Party of China and subject to the approval by upper Party organization, the Company shall establish the Chinese Communist Party Committee of Air China Limited. The Party Committee is comprised of one secretary and several other members, and shall establish the Commission for Discipline Inspection of the Party in accordance with the requirements.

Article 97 The Party Committee of the Company shall play a leading role, set the right direction, keep in mind the big picture, ensure the implementation of Party policies and principles, discuss and decide on major issues of the Company in accordance with the regulations. Decisions relating to major operation and management matters shall be made in accordance with relevant regulations by the board of directors or the management after the pre-study and discussion by the Party Committee. The main duties of the Party Committee are as follows:

- (1) to enhance the political building of the Party in the Company, adhere to and implement the fundamental system, basic system and important system of socialism with Chinese characteristics, educate and guide all Party members to closely align with the Party Central Committee with Comrade Xi Jinping at its core in terms of political stance, direction, principles and path;
- (2) to thoroughly study and implement Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, study and propagate the Party's theory, thoroughly implement the Party's line, principles and policies, supervise and guarantee the implementation of major strategy deployments of the Party Central Committee and the resolutions of the Party organization at a higher level in the Company;
- (3) to investigate and discuss major issues relating to the operation and management of the Company and support the board of directors and the management in exercising their powers and performing their duties in accordance with the laws;

- (4) to strengthen the leadership and gatekeeping role in the process of selection and appointment of personnel of the Company, and enhance the building of the leadership team, the cadre team and the talent team of the Company;
- (5) to undertake the main responsibility in improving Party conduct and upholding integrity, lead and support the internal discipline inspection committee to discharge its supervisory and disciplining responsibilities as well as exercise strict administrative discipline and political rules and promote Party self- governance exercised fully and with right into the grassroots level;
- (6) to strengthen the building of primary- level Party organizations and of its contingent of Party members, unite and lead employees to devote themselves into the reform and development of the Company;
- (7) to lead the Company’s ideological and political work, the spirit and civilization progress, the United Front work and lead the mass organizations such as the Labour Union, the Communist Youth League and the Women’s Organization of the Company.

#### Article 98

By insisting on and improving the leadership mechanism of “Dual Entry and Cross Appointment”, eligible members of the Party Committee may take seats in the board of directors and the management through statutory procedures, while eligible members of the board of directors and the management who are also Party members may take seats in the Party Committee in accordance with relevant requirements and procedures.

Generally, the position of the secretary of the Party Committee and the chairman of the board of directors shall be assumed by the same person. The president who is a Party member shall serve as the deputy secretary of the Party Committee. The full-time deputy secretary should generally take seat in the board of directors and hold no positions in the management.

### **CHAPTER 10: BOARD OF DIRECTORS**

#### Article 99

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

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

An independent director refers to a director who does not hold any position other than a director in the Company and has no direct or indirect interest relationship with the Company, its substantial shareholders and actual controllers, or any other relationship that may affect his independent and objective judgment.

#### Article 100

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

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

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

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

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



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

#### Article 101

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

- (1) The nominator of a candidate for the non-independent directors shall seek the consent of such candidate prior to nomination and shall have a full understanding towards the profession, education, job position, detailed working experience and all other positions held concurrently as well as preparing written materials containing the said information to the Company. Candidates shall undertake to the Company in writing that they have agreed to accept the nomination and that all disclosed information relating to them are true and complete and shall guarantee that they will conscientiously perform the director's responsibilities after being elected.
- (2) If the nomination of a candidate for the non-independent directors is taken place before the board meeting of the Company was convened and if the applicable laws, regulations, other regulatory documents and/or the relevant regulatory authorities of the jurisdictions where the shares are listed and the listing rules contain relevant provisions, the written materials concerning the nominee set out in sub-paragraph (1) of this Article shall be publicly announced together with the resolutions of the board meeting in accordance with such provisions.
- (3) If a shareholder holding, alone or together, more than three percent (3%) of the total voting shares of the Company proposes an ex tempore motion on the election of non-independent directors (excluding the employee representative director) at the shareholders' general meeting of the Company, the written notice specifying the intention to propose a person for election as a director and the willingness of the nominee to accept nomination together with the written materials and undertakings containing such particulars of the nominee as set out in sub-paragraph (1) of this Article shall be despatched to the Company within ten (10) days prior to the shareholders' general meeting. Such notice shall commence no earlier than the day after the despatch of the notice of the meeting for election of directors and end no later than seven (7) days prior to the date of such meeting.

- Article 102 At a shareholders' general meeting, the cumulative voting system shall be adopted for voting on the motions for election of directors (excluding the employee representative director). In other words, when electing two or more directors at a shareholders' general meeting, the number of voting rights carried by each of the shares held by a voting shareholder is the same as the number of directors to be elected such that a shareholder may exercise the voting rights in a way to concentrate all his votes on a particular candidate or to spread his votes on several candidates.
- Article 103 The Chairman and the deputy Chairmen shall be elected and removed by more than one-half of all members of the board of directors. The term of office of each of the Chairman and the deputy chairmen shall be 3 years, which term is renewable upon re-election.
- Article 104 The board of directors shall make inquiries with the Party committee before making decisions on major issues of the Company.
- Article 105 The board of directors is responsible to the shareholders' general meeting for formulating strategies, making decisions and preventing risks and shall exercise the following duties and powers in accordance with statutory procedures and the Articles of Association:
- (1) to be responsible for the convening of the shareholders' general meeting and to report on its work to the shareholders in general meetings;
  - (2) to implement the resolutions passed by the shareholders in general meetings;
  - (3) to determine the Company's business plans and investment proposals;
  - (4) to formulate the Company's preliminary and final annual financial budgets;
  - (5) to formulate the Company's profit distribution proposal and loss recovery proposal;
  - (6) to formulate proposals for the increase or reduction of the Company's registered capital and for the issuance of the Company's debentures;
  - (7) to draw up the Company's proposals for the merger, division, dissolution or change of the form of the Company;

- (8) to decide on other issues relating to the provision of guarantee in favor of a third party other than those must be approved at a shareholders' general meeting pursuant to the laws, regulations, other regulatory documents and these Articles of Association;
- (9) to decide on the external investments, purchase and sale of assets, creation of mortgage over assets, entrusted asset management, connected transactions, external donations and other matters within the scope of authorization conferred by the shareholders' general meeting;
- (10) to decide on the Company's internal management structure;
- (11) to appoint or dismiss the president of the Company, secretary to the board of directors, conduct appraisal on their performance and determine remunerations; and to appoint or dismiss, with reference to the nomination by the president, the vice presidents, chief accountant, chief pilot, general legal counsel and other senior officers, conduct appraisal on their performance and determine remunerations;
- (12) to formulate the basic management structure of the Company;
- (13) to manage matters relating to the disclosure of information by the Company;
- (14) to make recommendations to the shareholders' general meetings on the appointment or change of the accounting firm which performs the audit work for the Company;
- (15) to hear from the Company's president reports on work performed and to inspect the work of the president;
- (16) to formulate proposals for any amendment of the Company's Articles of Association;
- (17) to determine the risk management system, the internal control system and the legal compliance management system of the Company, and monitor the relevant systems and their implementation;
- (18) to guide, inspect and assess the internal audit works and approve the annual audit plan and important audit reports pursuant to laws;
- (19) to promote the development of corporate governance and supervise the legality of the operation of the management;

(20) to exercise any other powers stipulated by laws, regulations, other regulatory documents and these Articles of Association and conferred by the shareholders in general meetings.

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

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

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

#### Article 106

The Chairman of the board of directors and the president may exercise part of the functions and powers of the board of directors upon authorization by the board of directors. The authorization by the board of directors and the exercise of the authorized functions and powers by the authorized person shall comply with the relevant regulations of the Measures for Authorization Management, which is formulated by the board of directors.

#### Article 107

The board of directors shall not, without the prior approval of shareholders in a general meeting, dispose of or agree to dispose of any fixed assets of the Company where the estimated value of the consideration for the proposed disposal and the value of the consideration for any such disposal of any fixed assets of the Company that has been completed in the period of 4 months immediately preceding the proposed disposal, on an aggregate basis exceeds 33% of the value of the Company's fixed assets as shown in the latest balance sheet which was considered at a shareholders' general meeting.

For the purposes of this Article, “disposition” includes an act involving the transfer of an interest in assets but does not include the usage of fixed assets for the provision of security.

The validity of a disposition by the Company shall not be affected by any breach of the first paragraph of this Article.

Before the board of directors makes a decision on market development, merger and acquisition, investment in new areas, etc., in relation to projects involving investment or acquisition or merger exceeding a certain proportion (to be determined by shareholders’ meeting) of the total assets of the Company, an independent consulting agency shall be engaged to provide professional opinions which shall be an important basis of the decisions of the board of directors.

#### Article 108

Unless otherwise provided for in the laws, regulations, other regulatory documents and/or the relevant requirements of regulatory authorities of the jurisdictions where the shares are listed and the listing rules, the board of directors shall, within the scope of authority as conferred by the shareholders’ general meeting, have the right to decide on an investment (including risk investment) or acquisition project. For any major investment or acquisition project which is beyond the limits of authority of the board of directors to examine and approve thereof, the board of directors shall organize the relevant experts and professionals to conduct an evaluation thereof and report the same to the shareholders’ general meeting for approval.

#### Article 109

The board of directors may establish the strategy and investment committee, the audit and risk management committee (the supervision committee), the nomination committee, the remuneration and appraisal committee, the aviation safety committee and other special committees. The members’ composition, duties and responsibilities, and procedures of each special committee of the board of directors are specifically determined according to the terms of reference of each special committee, which are drawn up by the board of directors.

#### Article 110

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

- (1) to preside over shareholders’ general meetings and to convene and preside over meetings of the board of directors;
- (2) to check on the implementation of resolutions passed by the board of directors at directors’ meetings;
- (3) to sign the securities certificates issued by the Company;

- (4) to sign important documents of the board of directors and other documents that shall be signed by the legal representative of the Company;
- (5) to exercise the authorities of legal representative;
- (6) to receive reports on operation and management and study related issues;
- (7) to manage the internal audit of the Company as the primary responsible person for internal audit work;
- (8) in the event of emergency due to force majeure or major crisis that makes it impossible to convene a board meeting in a timely manner, to exercise special disposal powers within the authority of the board of directors in accordance with laws and regulations and in the interests of the Company, and to report to the board of directors after exercising such power so as to ratify the same in accordance with the procedures;
- (9) to exercise other powers conferred by the board of directors.

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

#### Article 111

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

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

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

- (1) where shareholders representing more than 10% of the voting rights propose to do so;
- (2) where the chairman of the board of directors deems it necessary;
- (3) where one-third or more of the directors jointly propose to do so;
- (4) where one half or more of the independent directors jointly propose to do so;
- (5) where the supervisory committee proposes to do so;
- (6) where the president proposes to do so;
- (7) where the securities regulatory authority requires to do so; and
- (8) where other circumstances specified in the Articles of Association of the Company occur.

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

#### Article 112

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

- (1) For periodic meetings of the board of directors of which the time and venue have been stipulated by the board of directors beforehand, no notice of the convening of such meetings will be needed.
- (2) For meetings of the board of directors of which the time, venue and agenda have not been decided by the board of directors beforehand, the secretary of the board of directors shall notify the directors and supervisors of the time and venue of such meeting at least 14 days in advance by telex, by telegram, by facsimile, by express service or by registered mail or in person or by email, unless otherwise provided for in Article 111 herein.
- (3) Notice of meetings may be served in Chinese, with an English translation attached thereto when necessary. A director may waive his right to receive notice of a board meeting.

Article 113

All directors must be notified about the important matters that shall be decided by the board of directors within the time limit stipulated in Article 112 of these Articles of Association and sufficient materials shall be provided at the same time in strict compliance with the required procedures. Directors may request for supplementary information. If more than one-fourth of the directors or more than two outside directors consider that the materials provided are not sufficient or supporting arguments are not clear, they may jointly propose to postpone the board meeting or postpone the discussion of certain matters on the agenda of the board meeting and the board of directors shall accept such proposal.

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

In principle, the board meetings shall be convened in the form of on-site meetings. When the directors have sufficient information to vote, they may also pass the resolution by forms of communication such as video conference and teleconference, or a combination of onsite meeting and other forms of communication or present such information in writing to be considered separately as a written resolution. If a board meeting is held in the form of a teleconference, with the aid of similar communication equipment or a combination of onsite meeting and the afore-mentioned forms of communication, so long as the directors participating in the meeting can clearly hear and communicate with each other, they shall be deemed to be present in person at the meeting.

Article 114

A board of directors meeting shall only be convened if a majority of the number of the board members are present (including any directors appointed pursuant to Article 115 of these Articles of Association to attend the meeting as the representatives of other directors). Each director has one vote. Any resolution requires the affirmative votes of more than half of all the board of directors in order to be passed.

Article 115

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



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

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

Article 116 The board of directors may accept a written resolution in lieu of a board meeting provided that a draft of such written resolution shall be delivered to each director in person, by mail, by telegram, by facsimile or by email. If the board of directors has delivered such proposed written resolution to all the directors and the directors who signed and approved such resolution have reached the required quorum, and the same have been delivered to the secretary of the board of directors, then such resolution shall take effect as a resolution of the board meeting, without having to hold a board meeting.

Article 117 The board of directors shall keep minutes of resolutions passed at meetings of the board of directors in Chinese. The directors attending the board meeting shall have the right to request to have the descriptive information on their speech given thereat to be recorded in the minutes. Opinions of the independent (non-executive) directors shall be clearly stated in the resolutions of the board of directors. The minutes of each board meeting shall be provided to all the directors promptly. Directors who wish to amend or supplement the minutes shall submit the proposed amendments to the Chairman in writing within one week after receipt of the meeting minutes. The minutes shall be signed by the directors present at the meeting and the person who recorded the minutes after they are finalised. The minutes of board meetings shall be kept at the premises of the Company in the PRC and a complete copy of the minutes shall be promptly sent to each director. Documents of meetings shall be kept as permanent records.

Article 118 Where a written resolution is reached in the absence of the statutory procedures but has been signed by the directors, even if each director has expressed his/her view in different ways, such resolution of the board meeting shall have no legal effect.

If a resolution of the meeting of the board of directors violates the laws, regulations, other regulatory documents, the Company's Articles of Association and resolutions of shareholders' general meetings, the directors who participated in the passing of such resolution shall be directly liable therefor. However, if it can be proven that a director had expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from such liability. A director who abstained from voting or was absent from the meeting without appointing a proxy to attend on his or her behalf may not be released from such liability. A director who had expressly objected to the resolution during discussion but had not clearly vote against such motion may not be released from such liability.

Article 119 Subject to all relevant laws and administrative regulations, the shareholders' general meeting may remove any director (excluding the employee representative director) by an ordinary resolution before the expiration of his term of office. However, the director's right to claim for damages arising from his removal shall not be affected thereby.

Article 120 A director may resign prior to the expiration of his term of office. If a director resigns from his office, he shall submit a written report of his resignation to the board of directors. Independent directors shall provide an explanation on the circumstances which are relevant to his resignation and which in his opinion are necessary to bring to the attention of the shareholders and creditors of the Company.

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

If the resignation of an independent director will result in the board of directors of the Company or its special committees having less than the minimum required proportion of independent directors as required by the relevant laws and regulations or the Articles of Association or result in lack of accounting professionals among the independent directors, then such independent director's report of resignation shall only become effective after a new independent director has been appointed to fill the vacancy so caused by his resignation.

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

## **CHAPTER 11: INDEPENDENT DIRECTORS**

### **Article 121**

Candidates for the independent directors shall be nominated by the board of directors, supervisory committee or shareholder(s) holding, whether alone or together, one percent (1%) or more of the total amount of voting shares in the Company and elected at shareholders' general meeting. The investor protection institution established according to laws may publicly request the shareholders to entrust it to exercise the right to nominate independent directors on their behalf.

- (1) The nominator of a candidate for the independent directors shall seek the consent of such candidate prior to nomination and shall have a full understanding towards the profession, education, job position, detailed working experience and all other positions held concurrently, and whether there is any gross dishonesty or other adverse records as well as preparing written materials containing the said information to the Company. Candidates shall undertake to the Company in writing that they have agreed to accept the nomination and that all disclosed information relating to them are true and complete and shall guarantee that they will conscientiously perform the director's responsibilities when elected.
- (2) The nominator shall provide his opinion in connection with the qualification and independency of such nominees for acting as an independent director. If the applicable laws, regulations, other regulatory documents and/or the relevant listing rules contain the relevant provisions, the nominee shall make a public statement in accordance with such provisions that there does not exist any relationship between himself and the Company which may influence his independent objective judgement.

- (3) If the nomination of a candidate for the independent directors is taken place before the board meeting of the Company is convened and if the applicable laws, regulations, other regulatory documents and/or the relevant listing rules contain the relevant provisions, the written materials concerning the nominee set out in subparagraphs (1) and (2) of this Article shall be publicly announced together with the resolutions of the board meeting in accordance with such provisions.
- (4) If a shareholder holding, alone or together, more than 3% of the voting right of the Company or the supervisory committee proposes an ex tempore motion on the election of non-independent directors, the written notice specifying the intention to propose a person for election as a director and the willingness of the nominee to accept nomination together with the written materials and undertakings containing such particulars of the nominee as set out in subparagraphs (1) and (2) of this Article shall be despatched to the Company within ten (10) days prior to the shareholders' general meeting.
- (5) Before a general meeting of shareholders is convened to elect independent directors, if the applicable laws, regulations, other regulatory documents and/or the relevant listing rules contain the relevant provisions, the Company shall in accordance with such provisions submit relevant materials regarding all nominees to the authority in charge of securities of the State Council and/or its local residence office and the stock exchanges on which the Company's shares are listed. If the board of directors of the Company objects to the qualifications of the nominees, a written opinion of the board of directors in connection therewith shall also be submitted at the same time. If the authority in charge of securities of the State Council has an objection to a nominee, such nominee shall not qualify to be a candidate for election as an independent director. When convening a shareholders' general meeting to elect independent directors, the board of directors of the Company shall explain whether or not the authority in charge of securities of the State Council had any objection to any of the candidates for independent directors.

## Article 122

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

- (1) he or she shall possess the qualifications to act as the director of the Company in accordance the relevant requirements of laws, regulations and other regulatory documents;

- (2) he or she conforms with independence required by the relevant laws, regulations, other regulatory documents and the listing rules;
- (3) he or she possesses the basic knowledge of operation of a listed company and is familiar with relevant laws and administrative regulations as well as rules and regulations (including but not limited to the accounting principles);
- (4) he or she shall have not less than 5 years experience in law, accounting, economics or other working experience necessary for performing duties of an independent director;
- (5) he or she shall have good character traits and shall not have any gross dishonesty or other adverse records;
- (6) he or she shall fulfil other conditions as provided for in these Articles of Association.

#### Article 123

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

- (1) persons working in the Company or its subsidiaries, as well as their direct family members or major social relations (in which direct family members refer to their spouses, parents and children etc.; and major social relations refer to siblings, parents-in-law, sons or daughters-in-law, spouses of their siblings and siblings of their spouses etc.);
- (2) natural person shareholders as well as their direct family members who directly or indirectly hold not less than one percent (1%) of the issued shares of the Company or who are ranked as the top ten shareholders of the Company;
- (3) persons as well as their direct family members who work in entities which are such shareholders of the Company directly or indirectly holding not less than five percent (5%) of the shares of the Company in issue or which are ranked as the top five shareholders of the Company;
- (4) persons as well as their direct family members who work in the subsidiary of the Company's controlling shareholder and actual controller;

- (5) persons who have material business transactions with the Company and its controlling shareholders, actual controllers or their respective subsidiaries, or persons who hold positions in such entities and their controlling shareholders or actual controllers that have material business transactions with the same;
- (6) persons who provide financial, legal, consulting, recommendation and other services for the Company, its controlling shareholders, actual controllers or their respective subsidiaries, including but not limited to all personnel of the project team, reviewers at all levels, personnel signing the report, partners, directors, senior officers and principal responsible persons of the intermediary institutions providing services;
- (7) persons who have satisfied the conditions stated in sub-paragraph (1) to sub-paragraph (6) in the last 12 months;
- (8) persons who are determined by the authority in charge of securities to be unqualified to act as independent directors.

The subsidiaries of the controlling shareholders and actual controllers of the Company mentioned in preceding subparagraphs (4) to (6) do not include the enterprises controlled by the same state-owned assets management institution as the Company and not forming a connected relationship with the Company according to relevant regulations.

Independent directors shall conduct self-examination on their independence every year and submit the self-examination results to the board of directors. The board of directors shall evaluate the independence of the independent directors in office and issue special opinions every year, which shall be disclosed together with the annual report.

#### Article 124

If an independent director fails to attend two consecutive board meetings in person and to appoint other independent directors to attend on his/her behalf, the board of directors shall propose at the shareholders' general meeting that such independent director should be removed. Where an independent director is removed from office prior to the expiration of his/her term of office by the Company through statutory procedures, the Company shall make special disclosure. The removed independent director may make a public statement if he believes that he has been improperly removed from his office.

#### Article 125

Independent directors shall perform the following duties:

- (1) to participate in the decision-making of the board of directors and express clear opinions on the matters discussed;

- (2) to supervise the potential material conflicts of interest between the Company and its controlling shareholders, actual controllers, directors and senior officers in accordance with the relevant provisions of the Measures for the Administration of Independent Directors of Listed Companies, so as to ensure that the decisions of the board of directors are in line with the overall interests of the Company and protect the legitimate rights and interests of minority shareholders;
- (3) to provide professional and objective suggestions on the operation and development of the Company, and promote the improvement of the decision-making level of the board of directors;
- (4) other duties as stipulated by laws, regulations and the Articles of Association.

#### Article 126

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

- (1) to independently engage an intermediary to audit, consult on or verify specific matters of the Company;
- (2) to propose to the board of directors to convene an extraordinary general meeting;
- (3) to propose to convene a board meeting;
- (4) to publicly solicit shareholders' rights from shareholders according to laws;
- (5) to express independent opinions on matters that may damage the rights and interests of the Company or minority shareholders;
- (6) other functions and powers as stipulated by laws, regulations and the Articles of Association.

An independent director shall obtain the consent from more than half of all independent directors in the case of exercising his/her functions as described in preceding sub-paragraphs (1) to (3).

If an independent director exercises the functions and powers as described in the sub-paragraph (1) of this Article, the Company shall timely disclose the same. If the aforesaid functions and powers cannot be normally exercised, the Company shall disclose the specific circumstances and reasons.

#### Article 127

The following matters shall be submitted to the board of directors for consideration after being approved by more than half of all independent directors:

- (1) connected transactions that should be disclosed;
- (2) changes in or waivers of commitments by the Company and related parties;
- (3) the decisions made and measures taken by the board of directors of the acquired company in connection with the acquisition;
- (4) other matters as stipulated by laws, regulations and the Articles of Association.

#### Article 128

The independent directors shall hold special meetings on a regular or irregular basis, and the matters as described in sub-paragraphs (1) to (3) of paragraph 1 of Article 126 and Article 127 of these Articles of Association shall be considered at special meetings of independent directors.

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

The special meeting of independent directors shall be convened and presided over by an independent director jointly recommended by more than half of the independent directors; if the convener does not perform his duties or is unable to perform his duties, two or more independent directors may convene the meeting and elect a representative to preside over the meeting on their own.

The Company shall provide convenience and support for the convening of special meetings of independent directors.

#### Article 129

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



## CHAPTER 12: SECRETARY OF THE BOARD OF DIRECTORS

Article 130           The Company shall have one (1) secretary of the board of directors. The secretary shall be a senior officer of the Company.

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

Article 131           The secretary of the Company's board of directors shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the board of directors.

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

- (1) assist the board of directors of the Company to strengthen the development of modern enterprise system and corporate governance mechanism with Chinese characteristics, organize research on corporate governance and organize the formulation of rules and regulations in relation to corporate governance;
- (2) to organize the implementation of the corporate governance system and manage the relevant affairs;
- (3) assist the directors in the day-to-day work of the board of directors, continuously provide the directors with, advise the directors of and ensure that the directors understand the regulations, policies and requirements of the foreign and domestic regulatory authorities on the operation of the Company, assist the directors and the president in effectively complying with relevant foreign and domestic laws, regulations, the Company's Articles of Association and other relevant regulations;
- (4) responsible for the organization and preparation of documents for board meetings and shareholders' meetings, take proper meeting minutes, ensure that the resolutions passed at the meetings comply with statutory procedures and supervise the implementation of the resolutions of the board of directors;
- (5) responsible for the organization and coordination of information disclosure, coordinate the relationship with investors and enhance transparency of the Company;
- (6) participate in arranging of financing through capital markets;

- (7) deal with intermediaries, regulatory authorities and media, maintain good public relations work;
- (8) assist the Chairman in formulating major proposals, establishing or amending various rules and regulations for the operation of the board of directors;
- (9) execute other tasks assigned by the board of directors or the chairman of the board of directors;
- (10) other duties as stipulated by laws, regulations, other regulatory documents (including the listing rules) and the Articles of Association.

Article 132                   A director or other senior management personnel of the Company may also act as the secretary of the board of directors.

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

Article 133                   The secretary of the board of directors shall diligently exercise his duties in accordance with the laws, administrative regulations, departmental rules and the relevant provisions of these Articles of Association.

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

### **CHAPTER 13: PRESIDENT**

Article 134                   The Company shall have a president who shall be appointed or dismissed by the board of directors.

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

Article 135                   The term of office for a president shall be 3 years and is renewable if re-appointed.

Article 136

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

- (1) to be in charge of the Company's production, operation and management and to organize the implementation of the resolutions of the board of directors;
- (2) to organize the implementation of the Company's annual business plan and investment proposal;
- (3) subject to applicable laws and these Articles of Association, to decide on transactions, which are related to the Company's main business, and the value of which shall not exceed certain amount, or certain proportion of the Company's latest audited net assets (the said amount and proportion to be determined by the shareholders' meeting);
- (4) to sign contracts and agreements on behalf of the Company in accordance with the authorization granted by the board of directors or the legal representative;
- (5) to draft plans for the establishment of the Company's internal management structure, and where necessary, make plans for general institutional adjustment;
- (6) to draft the Company's basic management system;
- (7) to formulate basic rules and regulations for the Company;
- (8) to propose the appointment or dismissal of the vice presidents, chief accountant, chief pilot and general legal counsel of the Company;
- (9) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the board of directors;
- (10) to propose to convene an extraordinary meeting of the board of directors;
- (11) other powers conferred by the Articles of Association and the board of directors.

Article 137

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

Article 138 In performing their duties and powers, the president, vice presidents, chief accountant, chief pilot, general legal counsel and other senior officers shall act honestly and diligently in accordance with laws, regulations, other regulatory documents and the Articles of Association.

#### **CHAPTER 14: SUPERVISORY COMMITTEE**

Article 139 The Company shall have a supervisory committee. The supervisory committee is a permanent supervisory body of the Company responsible for supervising the board of directors and its members, the president, vice presidents, chief financial officer and other senior officers of the Company to prevent them from abusing their powers and infringing the legal rights and interests of the shareholders, the Company and its employees.

Article 140 The supervisory committee shall compose of five (5) supervisors. The number of outside supervisor (hereinafter meaning supervisors who do not hold office in the Company) shall account for one half or more of the total number of supervisory committee members. The number of supervisors representing employees shall not be less than one-third (1/3) of the total number of supervisors. The supervisory committee shall have one (1) chairman who shall be elected by more than half of the number of supervisors. Each supervisor shall serve for a term of 3 years, which term is renewable upon reelection and re-appointment.

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

Article 141 The supervisory committee shall include three (3) supervisors who shall represent the shareholders (all of whom are outside supervisors) and two (2) supervisors who shall represent the employees. Supervisors who represent the shareholders shall be elected or removed by the shareholders in general meetings, and the supervisor who represents employees shall be elected or removed by the employees democratically.

Where necessary, the supervisory committee may establish an office responsible for the day-to-day work of the supervisory committee.

Article 142 The list of candidates for supervisors representing shareholders shall be proposed in form of a motion to the shareholders' general meeting for resolution. Candidates for supervisors representing employees shall be nominated by the board of directors, supervisory committee or by shareholder(s) holding, alone or together, more than three percent (3%) of the total amount of voting shares in the Company and shall be elected or removed at the shareholders' general meeting.

Article 143           The cumulative voting method shall be adopted for voting the resolution to elect supervisors (excluding supervisors acted by staff representatives) at the shareholders' general meeting of the Company. Namely, for the election of more than two supervisors at the shareholders' general meeting, each share held by the shareholders participating in the voting shall carry the voting right equal to the total number of supervisors to be elected. The shareholders can either cast all the votes to elect one person or cast the votes to elect several persons.

Article 144           The directors, president, vice presidents and other senior management of the Company shall not act concurrently as supervisors.

Article 145           The board of supervisors' meetings shall be convened at least once every 6 months. The chairman of the board of supervisors shall convene and chair the said meetings. Should the chairman of the board of supervisors be unable to perform his/her duties or fail to perform his/her duties, a supervisor jointly elected by more than half of the number of supervisors shall convene and chair the board of supervisors' meeting. A notice of the board of supervisors' meetings shall be delivered to all supervisors in writing 10 days prior to the convening of the said meeting. The notice of meeting shall incorporate the following information:

- (1) The date, venue and duration of the meeting;
- (2) The reason for convening the meeting and the topics for discussion thereat;
- (3) The date on which the notice is issued.

Article 146           If, at the time when the term of office of a supervisor expires, the election of a new supervisor is not held in time, and if a supervisor resigns during his/her term of office and causes the number of members of the supervisory committee fall below those required by law, the incumbent supervisor shall continue to perform his/her supervisor's responsibilities in accordance with the relevant laws, administrative regulations and these Articles of Association until the newly elected supervisor take his/her office.

Article 147           The supervisory committee shall be accountable to the shareholders in a general meeting and shall exercise the following functions and powers in accordance with law:

- (1) to review the Company's financial position situation, to examine the Company's reports prepared by the board of directors on a regular basis and to prepare written opinion after the same have been examined;

- (2) to monitor the performance directors, president, vice presidents, financial controller and other senior officers of their duties to ensure that they do not act in contravention of any law, regulation or the Articles of Association, and to recommend the dismissal of any directors and senior management personnel who has violated the laws, administrative regulations, the Articles of Association or the resolutions passed at the shareholders' general meetings;
- (3) to demand any director, president, vice president, financial controller or any other senior officer who acts in a manner which is harmful to the Company's interest to rectify such behaviour;
- (4) to verify the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the board of directors to the shareholders' general meetings and to authorize, in the Company's name, publicly certified accountants and practising auditors to assist in the re-examination of such information should any doubt arise in respect thereof;
- (5) to propose to a motion at the shareholder's annual general meeting;
- (6) to propose to convene an extraordinary general meeting and to convene and preside over the shareholders' general meetings when the board of directors fails to do so;
- (7) to propose to convene an extraordinary meeting of the board of directors;
- (8) to represent the Company in negotiations with, or in bringing actions against, a director or senior management officer;
- (9) other functions and powers specified in laws, administrative regulations and in these Articles of Association as well as those as conferred by the shareholders' general meeting.

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

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

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

Article 148 Supervisors may require the directors, the president, vice president and other senior management personnel to the Board and internal and external auditing personnel to attend meetings of the supervisory committee and to answer matters of concerns of the supervisory committee.

Article 149 Resolutions of the supervisory committee shall be passed by more than half of the number of supervisors.

Article 150 The supervisory committee shall take minutes of the resolutions at the meetings. Supervisors who attend the meeting and the person taking the minutes shall sign the minutes. The supervisors attending the supervisory committee meeting shall have the right to request to have the descriptive information on their speech given thereat to be recorded in the minutes. Minutes of the supervisory committee meeting shall be treated as important file and kept properly for a period of at least 10 years.

Article 151 All reasonable fees incurred in respect of the employment of professionals (such as, lawyers, certified public accountants or practising auditors) which are required by the supervisory committee in the exercise of its functions and powers shall be borne by the Company.

Article 152 A supervisor shall carry out his duties honestly and faithfully in accordance with laws, administrative regulations and the Articles of Association.

#### **CHAPTER 15: THE QUALIFICATIONS AND DUTIES OF THE DIRECTORS, SUPERVISORS, PRESIDENT, VICE PRESIDENTS AND OTHER SENIOR OFFICERS OF THE COMPANY**

Article 153 A person may not serve as a director, supervisor, president, vice presidents or any other senior officers of the Company if any of the following circumstances apply:

- (1) a person who does not have or who has limited capacity for civil conduct;
- (2) a person who has been sentenced for corruption, bribery, infringement of property or misappropriation of property or other crimes which disrupt the social economic order, where less than 5 years have elapsed since the

sentence was served, or a person who has been deprived of his political rights and not more than 5 years have elapsed since the sentence was served;

- (3) a person who is a former director, factory manager or manager of a company or enterprise which has been dissolved or put into liquidation and who was personally liable for the winding up of such company or enterprise, where less than 3 years have elapsed since the date of completion of the insolvent liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise the business licence of which was revoked due to violation of law and who are personally liable therefor, where less than 3 years have elapsed since the date of the revocation of the business licence;
- (5) a person who has a relatively large amount of debts which have become overdue;
- (6) a person who is currently under investigation by judicial organs for violation of criminal law;
- (7) a person who, according to laws, administrative regulations or departmental rules, cannot act as a leader of an enterprise;
- (8) a person other than a natural person;
- (9) a person who has been convicted by the competent authority for violation of relevant securities regulations and such conviction involves a finding that such person has acted fraudulently or dishonestly, where less than 5 years have elapsed since the date of such conviction;
- (10) a person who has been confirmed by the authority in charge of securities of the State Council as being prohibited from participating in the market or have not been released from such prohibition;
- (11) other contents as provided for by the laws, administrative regulations or departmental rules.



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

Article 154

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

Article 155

The directors of the Company shall comply with the laws, administrative regulations and these Articles of Association, and shall have the following loyalty obligations to the Company:

- (1) not to take advantage of his authority to accept bribes or other illegal income, and not to misappropriate the property of the Company;
- (2) not to misappropriate the funds of the Company;
- (3) not to open an account in his own name or in the name of any other individual to deposit the assets or funds of the Company;
- (4) not to lend the Company's funds to others or provide guarantees for others with the Company's property in violation of the provisions of these Articles of Association and without the consent of the shareholders' general meetings or the board of directors;
- (5) not to enter into contracts or conduct transactions with the Company in violation of the provisions of these Articles of Association or without the consent of the shareholders' general meeting;

- (6) without the consent of the shareholders' general meeting, not to take advantage of his authority to seek for himself or others business opportunities that should belong to the Company, or to engage in business of the same kind as that of the Company for himself or others;
- (7) not to accept commissions from transactions with the Company for his own benefit;
- (8) not to disclose the secrets of the Company without authorization;
- (9) not to damage the interests of the Company by taking advantage of its connected relationship;
- (10) other loyalty obligations stipulated by laws, administrative regulations, departmental rules and these Articles of Association.

The income obtained by a director in violation of the provisions of this Article shall belong to the Company; If any loss is caused to the Company, he/she shall be liable for compensation.

#### Article 156

Directors shall abide by laws, administrative regulations and these Articles of Association, and shall have the following diligence obligations to the Company:

- (1) to exercise the rights granted by the Company cautiously, conscientiously and diligently to ensure that the business activities of the Company comply with the requirements of national laws, administrative regulations and various national economic policies, and that the business activities do not exceed the business scope specified in the business license;
- (2) to treat all shareholders fairly;
- (3) to keep abreast of the business operation and management status of the Company;
- (4) to sign a written confirmation opinion on the periodic report of the Company. Ensure that the information disclosed by the Company is true, accurate and complete;
- (5) to provide the board of supervisors with relevant information and materials truthfully, and not to hinder the board of supervisors or supervisors from exercising their powers;

(6) other diligence obligations stipulated by laws, administrative regulations, departmental rules and these Articles of Association.

Article 157 Directors shall be deemed to be failed to carry out their duties if they fail to attend two consecutive board meetings in person and to appoint other directors to attend board meetings on their behalf. The board of directors shall propose at the shareholders' general meeting for the removal of such directors.

Article 158 The provisions in Article 155 on the loyalty obligation of directors and in subparagraphs (4), (5) and (6) of Article 156 on the diligence obligation shall also apply to senior officers.

Article 159 Supervisors shall abide by laws, administrative regulations and these Articles of Association, and shall have the obligations of loyalty and diligence to the Company. Supervisors shall neither accept bribes or other illegal income by taking advantage of their authority, nor shall they misappropriate the property of the Company.

Article 160 All directors, supervisors and the secretary of the board of directors of the Company shall attend the shareholders' general meeting when the meeting is convened, and president, vice president and other senior management personnel shall attend the same as non-voting attendees and provide response and explanations to the interrogations and suggestion raised by the shareholders.

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

Article 161 If a director, supervisor, president and vice president and other senior officer of the Company resigns or his or her term of office expires, his or her fiduciary duty owed to the Company and shareholders may not be necessarily discharged before his or her report of resignation takes effect or within a reasonable period thereafter and within a reasonable period after the expiry of his or her terms of office while his or her duty to keep confidential of the trade secrets of the Company shall remain effective after the expiry of his or her term of office until such secrets enter into the public domain. The survival of other duties shall be determined in accordance with the principles of fairness as well as taking into consideration the time interval between the occurrence of the event concern and the timing of his or her departure together with the circumstances and conditions under which the said person terminates his or her relationship with the Company.

Article 162 Any director, supervisor, president, vice president and other senior management personnel who, when performing their duties in the Company, violates the laws, administrative regulations, departmental rules and regulations or the provisions contained in the Articles of Association resulting in causing losses to the Company shall be liable for indemnifying the Company. Any director, supervisor, president, vice president or other senior officer whose term of office has not been expired shall be liable for compensation of any losses incurred by the Company due to his or her absence from duty without permission.

Article 163 Subject to the exceptions provided by these Articles of Association, a director shall not vote at the relevant meeting of the board of directors in respect of any contract, transaction or arrangement in which he, or his connected persons (as defined in the applicable listing rules as amended from time to time), are materially interested and he shall not be counted as part of the quorum of such meeting.

Article 164 Subject to the approval by the shareholders' general meeting, the Company may take out liability insurance for any director, supervisor, president, vice president and any other senior officer of the Company, except for those liability resulting from the violation of laws, regulations, other regulatory documents and the Articles of Association by such director, supervisor, president, vice president and other senior officer of the Company.

## **CHAPTER 16: FINANCIAL AND ACCOUNTING SYSTEMS, PROFIT DISTRIBUTION AND AUDIT**

Article 165 The Company shall establish its financial and accounting systems in accordance with laws, administrative regulations and PRC accounting standards formulated by the finance regulatory department of the State Council.

Article 166 The fiscal year of the Company shall be on the basis of the solar calendar beginning on 1 January and ending on 31 December of the same year.

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

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

Article 167                   The board of directors of the Company shall place before the shareholders at every annual general meeting such financial reports which the relevant laws, administrative regulations and directives promulgated by competent regional and central governmental authorities require the Company to prepare. Such reports must be audited and reviewed.

Article 168                   The Company's financial reports shall be made available for shareholders' inspection at the Company twenty (20) days before the date of every shareholders' annual general meeting. Each shareholder shall be entitled to obtain a copy of the financial reports referred to in this Chapter.

The Company shall send to each holder of Overseas-Listed Foreign Shares by prepaid mail at the address registered in the register of shareholders the said reports not later than twenty-one (21) days before the date of every annual general meeting of the shareholders.

Provided that the laws and regulations and the relevant listing rules of the jurisdictions where the shares of the Company are listed are complied with, the abovementioned report may also be issued or provided to the holders of Overseas- Listed Foreign Shares by other means as specified in Article 212 herein.

Article 169                   The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards, or that of the place outside the PRC where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in the financial statements. In distributing its after-tax profits, the lower of the two amounts shown in the financial statements shall be adopted.

Article 170                   Any interim results or financial information published or disclosed by the Company must also be prepared and presented in accordance with PRC accounting standards and regulations, and also in accordance with either international accounting standards or that of the place overseas where the Company's shares are listed.

Article 171 The Company shall publish its financial reports four times every fiscal year, that is, the first quarterly financial report shall be published within thirty (30) days after the expiration of the first 3 months of each fiscal year; the interim financial report shall be published within sixty (60) days after the expiration of the first 6 months of each fiscal year; the third quarterly financial report shall be published within thirty (30) days after the expiration of the first 9 months of each fiscal year; and the annual financial report shall be published within one hundred and twenty (120) days after the expiration of each fiscal year.

Article 172 The Company's financial reports shall be prepared pursuant to the relevant laws, administrative regulations and departmental rules and regulations.

Article 173 The Company shall not keep accounts other than those required by law.

Article 174 When distributing its after-tax profits in a given year, the Company shall contribute 10% of such profits to the Company's statutory common reserve fund. Where the accumulated amount of the statutory common reserve fund reaches 50% or more of the registered capital of the Company, no further contribution is required.

Where the statutory common reserve fund is insufficient to make for the losses of the Company in the previous year, before making contribution to the statutory common reserve fund, the profits made in the current year shall be used to make up for the losses first.

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

Article 175 Capital surplus fund includes the following items:

- (1) premium on shares issued at a premium price;
- (2) any other income designated for the capital surplus fund by the regulations of the finance regulatory department of the State Council.

Article 176 The common reserve funds (including the statutory common reserve fund, discretionary common reserve funds and capital surplus fund) of the Company shall be applied for making up for losses, expanding the Company's production and operation or capitalisation; provided that the capital surplus fund shall not be used for covering the loss of the Company.

When capitalising the statutory common reserve fund, the balance of such fund shall not be less than 25% of the registered capital prior to capitalisation.

#### Article 177

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

The Company shall not allocate dividends or carry out other allocations in the form of bonuses before it has compensated for its losses and made allocations to the statutory common reserve fund. No shares of the Company held by the Company shall participate in these allocations.

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

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

#### Article 178

Basic principles for dividends distribution policy:

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

#### Article 179

Specific dividends distribution policy of the Company:

- (1) The form of dividends distribution:

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

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

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

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

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

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

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

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

Where the Company is in a sound operating condition, and the board of directors considers that the Company's stock price does not reflect the Company's scale of capital, and issuing shares in lieu of dividends will



be in the interests of all shareholders of the Company as a whole, a proposal for the issuance of shares in lieu of dividends may be proposed upon fulfillment of the above conditions concerning cash dividends.

Article 180

Alteration of the Company's dividend distribution policy:

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

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

Article 181

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

- (1) The dividends distribution plan of the Company shall be drawn up by the management of the Company and submitted to the board of directors and the supervisory committee of the Company for consideration. The board of directors shall thoroughly discuss the rationality of the dividends distribution plan and the independent Directors shall explicitly express their opinions. A special resolution formulated by the board of directors shall be submitted to the Shareholders' general meeting for consideration. The board of directors will also fully listen to the opinions of minority Shareholders.
- (2) When formulating specific plan for distribution of cash dividends by the Company, the board of directors shall study and identify with caution the timing, conditions and minimum proportion, conditions for adjustment and requirements for decision-making procedures involved in implementing the distribution of cash dividends, etc. Independent Directors shall explicitly express their opinions thereon. Independent

Directors may collect opinions from minority shareholders for putting forward a profit distribution proposal which can be directly submitted to the board of directors for consideration.

- (3) Where the Company does not distribute cash dividends under the special circumstances as prescribed in the foregoing Article 179, the board of directors shall explain the specific reasons for not distributing cash dividends, the exact purpose for the retained profit and the estimated investment return. Such explanation, along with the opinions expressed by the independent directors, shall be submitted to the shareholders' general meeting for consideration and be disclosed on the designated media of the Company.

Subject to Article 56 and subparagraph (20) of the first paragraph of Article 105 of these Articles of Association, the board of directors may decide to distribute interim or special dividends.

#### Article 182

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

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

#### Article 183

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

#### Article 184

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

Article 185 When distributing dividends to its shareholders, the Company shall withhold and pay on behalf of its shareholders the taxes levied on the dividends in accordance with the provisions of the PRC tax law.

Article 186 The Company shall appoint receiving agents for holders of the Overseas-Listed Foreign Shares. Such receiving agents shall receive dividends which have been declared by the Company and all other amounts which the Company should pay to holders of Overseas-Listed Foreign Shares on such shareholders' behalf.

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

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

Article 187 The Company shall establish an internal audit system by employing professional auditing personnel, who shall conduct internal audit and supervision on the income and expenses and economic activities of the Company.

Article 188 The Company's basic systems for internal audit and internal control assessment shall become effective after the approval of the board of directors. The establishment of the internal audit institution of the Company and the person in charge, who shall be accountable to the board of directors and shall report to the board of directors, are determined by the board of directors.

## **CHAPTER 17: APPOINTMENT OF ACCOUNTANCY FIRM**

Article 189 The Company shall engage accountants' firms that complies with the requirements of the Securities Law and the listing rules of the jurisdictions where the shares of the Company are listed, to perform the tasks of auditing accounting statements, verifying the net assets and other relevant consulting services.

Article 190 The accounting firm appointed by the Company shall hold office for 1 year from the conclusion of the annual general meeting of shareholders at which they were appointed until the conclusion of the next annual general meeting of shareholders. The appointment thereof may be renewed at expiry.

- Article 191 The accounting firm appointed by the Company shall enjoy the following rights:
- (1) a right to review to the books, records and vouchers of the Company at any time, the right to require the directors, president, vice presidents and other senior officers of the Company to supply relevant information and explanations;
  - (2) a right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the discharge of its duties;
  - (3) a right to attend and speak at any shareholders' general meeting in relation to matters concerning its role as the Company's accounting firm.

Article 192 If there is a vacancy in the position of accountant of the Company, the board of directors may appoint an accounting firm to fill such vacancy before the convening of the shareholders' general meeting.

Article 193 The shareholders in a general meeting shall have the power to remove the Company's accounting firm by ordinary resolution before the expiration of its term of office.

Article 194 The remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined by way of an ordinary resolution by the shareholders in a general meeting. The remuneration of an accounting firm appointed by the board of directors shall be determined by the board of directors.

Article 195 Notice should be given ten (10) days in advance to the accounting firm if the Company decides to remove such accounting firm or not to renew the appointment thereof. Such accounting firm shall be entitled to make representations at the shareholders' general meeting. Where the accounting firm resigns from its position, it shall make clear to the shareholders in a general meeting whether there has been any impropriety on the part of the Company.

## **CHAPTER 18: MERGER AND DEMERGER OF THE COMPANY**

Article 196 The Company may conduct merger or demerger in accordance with the law.

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

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

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

Article 197

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

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

A creditor has the right, within thirty (30) days upon receipt of the notice, or for those who have not received the notice, within forty-five (45) days from the date of the public announcement, to demand the Company to repay its debts or provide a corresponding guarantee for such debt.

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

Article 198

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

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

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

Article 199 The Company shall, in accordance with law, apply for change in its registration with the companies registration authority where a change in any item in its registration arises as a result of any merger or division. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with law. Where a new company is established, the Company shall apply for registration thereof in accordance with law.

## **CHAPTER 19: DISSOLUTION AND LIQUIDATION**

Article 200 The Company shall be dissolved upon the following reasons:

- (1) the term of operation of the Company prescribed in these Articles of Association has expired, or other causes for dissolution as stipulated in these Articles of Association occur;
- (2) a resolution for dissolution is passed by shareholders at a general meeting;
- (3) dissolution is necessary due to a merger or demerger of the Company;
- (4) the company has its business licence revoked, or is ordered to close up or to have its business cancelled in accordance with the law; or
- (5) If a company has encountered serious difficulties in its operations and management and the company's continued existence may materially harm the interests of the shareholders, and if the same fails to be resolved by any other means, shareholders holding ten percent or more of the aggregate voting rights of the Company may request a People's Court to dissolve the Company.

Article 201 Under the circumstances described in sub-paragraph (1) of Article 200 in these Articles of Association, the Company may continue to exist through amendment of these Articles of Association.

Amendment of these Articles of Association in accordance with the above paragraph shall be passed by no less than two-thirds of the voting rights held by the shareholders present at the general meeting.

Article 202 A liquidation committee shall be set up within fifteen (15) days commencing from the date on which the events being the grounds for dissolution occurred, in order to start liquidation process where the Company is dissolved pursuant to sub-paragraphs (1), (2), (4) and (5) of Article 200 in these Articles of Association. The members of the liquidation committee shall be composed of persons decided by directors or decided at shareholders' general meeting. If the Company fails to set up the liquidation committee within the time limit, the creditors may apply to the People's Court for appointment of relevant persons to form a liquidation committee and carry out liquidation.

Article 203 The liquidation committee shall, within ten (10) days of its establishment, send notices to creditors and shall, within sixty (60) days of its establishment, publish a public announcement in a newspaper. Creditors should, within thirty (30) days upon receipt of the notice, or for those who have not received the notice, within forty-five (45) days from the date of the public announcement, declare their claims to the liquidation committee.

When declaring claims, creditors shall state relevant particulars of their claims and provide supporting materials. The liquidation committee shall register the claims.

The liquidation committee shall not make repayment to creditors during the claims declaration period.

Article 204 During the liquidation period, the liquidation committee shall exercise the following functions and powers:

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

Article 205

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

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

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

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

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

Article 206

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

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

Article 207

Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report and submit it to the shareholders' general meeting or the relevant governing authority for confirmation and to the companies registration authority to apply for cancellation of registration and announce the termination of the Company.



## **CHAPTER 20: PROCEDURES FOR AMENDMENT OF THE COMPANY'S ARTICLES OF ASSOCIATION**

- Article 208                    The Company may amend its Articles of Association in accordance with the requirements of laws, regulations, other regulatory documents and the Articles of Association.
- Article 209                    The amendment to the Articles of Association shall be handled in accordance with the following procedures:
- (1) The board of directors shall adopt a resolution therefor in accordance with these Articles of Association and formulate the proposal for the amendment of the Articles of Association; or the shareholders shall propose the proposal for the amendment of the Articles of Association;
  - (2) The shareholders shall be notified of the amendment proposal and a shareholders' general meeting shall be convened to reach a resolution;
  - (3) Content of the amendment to the Articles of Association shall be adopted by special resolutions.
- Article 210                    The Company shall amend these Articles of Association under any of the following circumstances:
- (1) following the amendments to the Company Law or other relevant laws or administrative regulations, the matters provided for in these Articles of Association conflict with the requirements of the amended laws or administrative regulations;
  - (2) following the change in the state of the Company's affairs, its conditions become inconsistent with matters provided for in these Articles of Association;
  - (3) following a resolution passed at a shareholders' general meeting, it is determined to amend the Articles of Association.
- Article 211                    Where amendments of the Articles of Association involve the registered particulars of the Company, procedures for alteration of registration shall be handled in accordance with the law. Matters on amendment to the Articles of Association shall be publicly disclosed if so required by laws, regulations and the listing rules and regulatory authorities of the jurisdictions where the shares of the Company are listed.

## CHAPTER 21: NOTICES AND PUBLIC ANNOUNCEMENTS

### Article 212

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

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

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

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

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

(6) the proxy form.

Article 213 If the notice of the Company is given in person, the recipient shall sign (or seal) on the return receipt and the date of signing the return receipt by the recipient shall be deemed to be the date of delivery.

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

Article 214 Where a notice is sent by post, the notice shall be put into a clearly addressed and prepaid postage envelope. Such notice shall be deemed to have been issued on the date on which the envelope containing the notice has been delivered to the post office and served on the third working day commencing from the date of issue.

## **CHAPTER 22: SUPPLEMENTARY**

Article 215 The formulation and amendment of these Articles of Association shall come into force after being passed by a special resolution at a shareholders' general meeting.

Article 216 The matters not covered in these Articles of Association shall be dealt with in accordance with relevant laws, administrative regulations, rules and the listing rules and the securities regulatory requirements of the jurisdictions where the shares of the Company are listed, in conjunction with the actual circumstances of the Company. In the event that these Articles of Association is in conflict with the newly promulgated relevant laws, administrative regulations, rules or the listing rules and the securities regulatory requirements of the jurisdictions where the shares of the Company are listed, such newly promulgated laws, administrative regulations, rules or the listing rules and the securities regulatory requirements of the jurisdictions where the shares of the Company are listed shall prevail.

- Article 217            These Articles of Association are written in Chinese and English. If there is any discrepancy between the Chinese version and the English version, the Chinese version shall prevail.
- Article 218            The board of directors of the Company shall be responsible for the interpretation of these Articles of Association, and the shareholders in general meeting shall have the right to amend the Articles of Association.
- Article 219            In these Articles of Association, reference to “accounting firm” shall have the same meaning as “auditor” in Hong Kong Listing Rules.
- Article 220            For the purpose of these Articles of Association, the terms “not less than”, “within”, “not more than” are all inclusive terms and the terms “more than half”, “less than”, “exceed”, “beyond”, “below” and “above” are exclusive terms.