

SHANDONG CHENMING PAPER HOLDINGS LIMITED

If there is any inconsistency or conflict between the English and Chinese versions, the Chinese version shall prevail for all purposes.

(A foreign-invested joint stock company incorporated in the People's Republic of China with limited liability)

ARTICLES OF ASSOCIATION

(Approved by the 2006 General Meeting on April 30, 2007, and Revised by 2007 2nd Extraordinary General Meeting on September 12, 2007, 2008 1st Extraordinary General Meeting on April 11, 2008, 2008 General Meeting on May 26, 2009, 2012 2nd Extraordinary General Meeting on November 5, 2012, 2012 General Meeting on May 15, 2013, 2013 2nd Extraordinary General Meeting on November 15, 2013, 2015 1st Extraordinary General Meeting on February 13, 2015, 2015 2nd Extraordinary General Meeting on July 22, 2015, 2016 2nd Extraordinary General Meeting on June 2, 2016, 2018 1st Extraordinary General Meeting on February 13, 2018, 2017 General Meeting on June 13, 2018 and 2018 6th Extraordinary General Meeting on December 28, 2018)

(The Articles of Association is formulated in accordance with the currently effective law, regulation and constitutional system of *The Company Law of the People's Republic of China (the "Company Law")*, *Mandatory Provisions for the Articles of Association of Companies Listed Overseas (the "Mandatory Provisions")*, *Circular Regarding Comments on the Amendments to Articles of Association of Companies Listed in Hong Kong ("Zheng Jian Hai Han [1995] No.1")*, *Opinions on Further Standardising Operations and Intensifying Reforms of Companies Listed Overseas ("Opinions")*, *Working Guidelines for Secretary of the Board of Directors of Overseas Listed Companies (the "Working Guidelines for Secretary" or "Zheng Jian Fa Xing Zi [1999] No. 39")*, *Notice on further implementation of Cash Dividends Distribution of Listed Companies (Lu Zheng Jian Fa [2012] No.18)*, *Notice on amendment to Articles of Association governing the Cash Dividends Distribution ([2012] No.18)*, *State Council Guiding Opinions on The Experimental Development of Preference Shares (Guo Fa [2013] No.46)*, *Experimental Administrative Measures on Preference Shares (CSRC Order No.97)* *Guidelines for the Articles of Association for Listed Companies (as amended in 2014) (the "Guidelines for the Articles of Association")*, *Code of Corporate Governance for Listed Companies (the "CG Code" or "Zheng Jian Fa [2002] No. 1')*, *Procedural Rules for General Meeting of Listed Companies (the "Procedural Rules for General Meeting" or "Zheng Jian Fa [2006] No. 21")*, *Guiding Opinions on the Establishment of Independent Director System of Listed Companies (the "Guiding Opinions" or "Zheng Jian Fa [2001] No. 102")* and *Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules")*)

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CHAPTER 1 GENERAL PROVISIONS

Article 1

Mandatory
Provisions
Article 1

Shandong Chenming Paper Holdings Limited (the “Company”) is a joint-stock company with limited liability established under *The Company Law of the People’s Republic of China* (the “Company Law”), *State Council’s Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies* (the “Regulations”), and other governing laws and regulations of the People’s Republic of China (“PRC”).

The Company was established through share offering with the approval of the Document [1993] No.17 issued by Weifang Economic Reform Committee, and was registered with Shouguang County Industry and Commerce Administration and has obtained a business license.

The Company was regulated in accordance with regulations of Guo Fa [1995] No.17 and Lu Zheng Fa [1995] No.126. Approved by Lu Ti Gai Han Zi [1996] No.123 issued by Shandong Economic Reform Committee and Lu Zheng Gu Zi [1996] No.98 issued by the People’s Government of Shandong Province, the Company was re-registered with the Administration of Industry and Commerce of Shandong Province.

Approved by Ministry of Foreign Trade and Economic Cooperation Document [1997] No.075, the Company was registered as a foreign-invested company.

Article 2

Mandatory
Provisions
Article 2

The Company’s registered name in Chinese is 山東晨鳴紙業集團股份有限公司, and in English Shandong Chenming Paper Holdings Limited.

Article 3

Mandatory
Provisions
Article 3

Registered Address: Shengcheng Road No.595, Shouguang, Shandong

Zip Code: 262705

Tel.: 0536-2158008

Fax: 0536-2158977

Article 4

Mandatory
Provisions
Article 4

The Chairman of the Board of Directors is the legal representative of the Company.

Article 5

Mandatory Provisions Article 5

The Company is a joint stock limited company with perpetual existence.

In accordance with the requirements of the Company Law and the Constitution of the Communist Party of China, organizations of the Communist Party of China (the “Party Organization”) and working units shall be established by the Company. The Party Organization shall play a core political role in the Company, and ensure the Company’s implementation of the objectives and policies of the Party and the State. The Company shall provide the necessary conditions to facilitate the activities of the Party Organization, promote the institutionalization and standardization of Party-building work, and foster the Party Organization’s commencement of activities centering on production and operation, as well as the performance of its role.

Article 6

Mandatory Provisions Article 6

The Articles of Association of the Company take effect upon the approval of the General Meeting of the Company and governing national administrations, and prevail over any articles of association of the Company registered with the administration of industry and commerce previously.

From the effective date of the Articles, the Articles constitute a legally binding document regulating the constitution and activities of the Company, and the rights and obligations between the Company and its shareholders, and of the shareholders inter se.

Article 7

Mandatory Provisions Article 7

The Articles are binding on the Company and its shareholders, Directors, supervisors, general manager and other senior management. The forgoing persons may, in accordance with the Articles, make claims relating to the affairs of the Company.

Pursuant to the Articles, shareholders may bring proceedings against the Company, the Company may bring proceedings against shareholders, shareholders may bring proceedings against other shareholders, and shareholders may bring proceedings against Directors, supervisors, general manager and other senior management of the Company.

The above-mentioned other senior management includes the deputy general manager, Secretary to the Board of Directors, the financial controller and other persons determined by the Board of Directors.

The above-mentioned proceedings include proceedings instituted before courts and arbitration proceedings commenced in arbitration tribunals.

Article 8

The Company may invest in other limited liability companies and joint stock limited companies, and shall be liable to the invested companies to the extent of its investment in such companies. However, unless otherwise provided by laws, the Company shall not assume any joint liability for the debts of an invested company.

Mandatory Provisions Article 8

Article 9

The Company is an independent enterprise legal person. All activities of the Company must comply with laws and regulations of PRC and jurisdictions where H shares of the Company are listed. The Company shall protect the lawful rights of its shareholders. The liability of the shareholders of the Company to the Company is limited to the shares held by them. The Company is liable for its debts to the extent of all its assets.

Article 10

Subject to the compliance with applicable laws and regulations of PRC, the Company has the right to finance or borrow money by ways of, among others, issuing bonds, mortgaging or pledging the ownership of, other rights permitted by Chinese laws and regulations of, or the right to use part or all of its assets, and to provide guarantees for debts of any third parties (including without limitation subsidiaries or affiliates of the Company) under any circumstances, provided that the exercise of such rights shall not prejudice or abrogate rights of shareholders of any classes.

CHAPTER 2 BUSINESS OBJECTIVE AND SCOPE

Article 11

The Company’s business objective is to give full play to the advantages of a joint stock limited company, fund investment and construction in paper making and related industries through a wide range of channels and accelerate the growth of the Company; to provide excellent products and services that satisfy customers’ needs and bring huge profits for all the shareholders.

Mandatory Provisions Article 9

Article 12

The Company’s business scope is approved by the Company’s registration authorities.

Mandatory Provisions Article 10

The business scope covers manufacturing, processing and distribution of machine-made paper, cardboard and other paper products and paper-making raw materials and paper machines.

According to domestic and international market trends and needs of the domestic business development, the Company's development capability and performance, the Company may, subject to resolutions of the General Meeting and approval of governmental authorities, adjust its investment strategies and business scope and methods from time to time, and establish branches and agencies (whether fully-owned or not) at home and broad and in Hong Kong, Macao and Taiwan.

CHAPTER 3 SHARES AND REGISTERED CAPITAL

Article 13

The Company shall at all time have ordinary shares. The Company may, in accordance with its needs and upon the approval of the Company's supervisory department authorized by the State Council, create shares of other classes such as preference shares.

Mandatory Provisions Article 11

Article 14

Ordinary shares and preference shares issued by the Company shall have a par value of RMB1 and RMB100, respectively.

Mandatory Provisions Article 12

The above-mentioned RMB refers to the legal currency of the PRC.

Article 15

The Company may, upon approval of securities regulatory authorities of PRC, issue shares to domestic and overseas investors.

Mandatory Provisions Article 13

For purpose of the preceding paragraph, foreign investors mean investors in foreign countries, Hong Kong Special Administrative Region of the PRC, Macau Special Administrative Region of the PRC and Taiwan who subscribe for shares issued by the Company; domestic investors mean investors in PRC other than the above-mentioned regions who subscribe for shares issued by the Company.

Article 16

Ordinary shares issued by the Company to domestic investors and subscribed for in Renminbi are domestic shares (RMB-denominated common shares (A share)). Ordinary shares issued by the Company to overseas investors for subscription in foreign currencies are foreign shares. Foreign shares listed in Chinese Mainland are domestic listed foreign shares (B share); foreign shares listed overseas are overseas listed foreign shares. Domestic shares and domestic listed foreign shares are categorized as domestic listed shares, while overseas listed foreign shares are categorized overseas listed shares.

Mandatory Provisions Article 14 Hong Kong Listing Rules Appendix 3 Paragraph 9

Shares issued by the Company to domestic qualified investors and giving their holders priority over ordinary shareholders in the distribution of the Company's profit and residual property but imposing restrictions on the same as to the rights to participate in the Company's decision-making and management are preference shares.

The foregoing foreign currencies refer to legal currencies of foreign countries or regions accepted by the national foreign currency administrative authorities and can be used to subscribe for shares of the Company.

Overseas listed foreign shares issued by the Company in Hong Kong are H shares. H shares refer to ordinary shares listed in The Stock Exchange of Hong Kong Limited ("SEHK"), denominated in Renminbi and subscribed for and traded in Hong Kong dollar.

Upon the approval of securities supervisory authorities of PRC, domestic share shareholders may transfer their shares to overseas investors and the shares can be listed and traded overseas. The listing and trade of the transferred shares in overseas exchanges must comply with supervisory procedures, regulations and requirements of the overseas securities markets. Listing and dealing of the transferred shares on overseas stock exchanges is not subject to vote by separate class shareholder meetings.

Article 17

The number of ordinary shares issued by the Company upon approval is 3,030,248,674.

The total number of ordinary shares issued in the initial public offering is 66,647,400. The number of shares issued to the promoter Shouguang State Owned Assets Administration Bureau at the time of its establishment is 46,497,400, accounting for 69.77% of the aggregate issued by the Company in the initial public offering.

On 24 December 2013, the Company cancelled the repurchased 86,573,974 domestic listed foreign shares. The total number of ordinary shares is changed to 1,975,471,967 shares.

On 14 May 2014, the Company cancelled the repurchased 39,066,500 overseas listed foreign shares. The total number of ordinary shares is changed to 1,936,405,467 shares.

On 17 March 2016, the number of preference shares issued by the Company upon approval was 22,500,000, on 17 August 2016, the number of preference shares issued by the Company upon approval was 10,000,000.

Mandatory Provisions Article 15 Hong Kong Listing Rules Appendix 3 Paragraph 9

Mandatory Provisions Article 16 Hong Kong Listing Rules Appendix 3 Paragraph 9

As considered and approved by the 2017 shareholders' general meeting of the Company, the Company issued 5 bonus shares for every 10 shares to shareholders of the ordinary shares by way of conversion of capital reserve based on the total share capital of the Company of 1,936,405,467 shares as at 31 December 2017. For the issue by way of conversion, the Company issued an aggregate of 968,202,733 ordinary shares, including 556,639,228 A shares held by shareholders of domestic shares, 235,461,755 B shares held by shareholders of domestic listed foreign shares and 176,101,750 H shares held by shareholders of overseas listed foreign shares.

Article 18

Approved by Document [1997] No.63 issued by the People's Government of Shandong Province on February 28, 1997 and by Securities Commission of the State Council on May 4, 1997, the Company issued 115,000,000 domestic listed foreign shares for the first time to overseas investors. The shares became listed in Shenzhen Stock Exchange on May 26, 1997.

Approved by Zheng Jian Gong Si Zi [2000] No.151 issued by China Securities Regulatory Commission on September 30, 2000, the Company issued 70,000,000 Renminbi-denominated ordinary shares, which became listed in Shenzhen Stock Exchange on November 20, 2000.

Approved by The Stock Exchange of Hong Kong Limited, the Company initially issued 355,700,000 H shares, which became listed on the SEHK on June 18, 2008, in a global offering.

Approved by Zheung Jian Xu Ke [2015] No. 2130 issued by China Securities Regulatory Commission on 17 September 2015, to issue not more than 45,000,000 preference shares. Among which, 22,500,000 preference shares were issued for the first time, and listed on Shenzhen Stock Exchange on 8 April 2016, 10,000,000 preference shares were issued for the second time, and listed on Shenzhen Stock Exchange on 12 September 2016. As considered and approved by the 2017 shareholders' general meeting of the Company, the Company issued 5 bonus shares for every 10 shares to shareholders of the ordinary shares by way of conversion of capital reserve based on the total share capital of the Company of 1,936,405,467 shares as at 31 December 2017. For the issue by way of conversion, the Company issued an aggregate of 968,202,733 ordinary shares, including 556,639,228 A shares held by shareholders of domestic shares, 235,461,755 B shares held by shareholders of domestic listed foreign shares and 176,101,750 H shares held by shareholders of overseas listed foreign shares.

The total number of shares of the Company is: 2,904,608,200 ordinary shares and 45,000,000 preference shares, where included in the ordinary shares are:

1,669,917,684 A shares held by shareholders of domestic listed domestic shares, accounting for 57.49% of the total shares; including 439,505,485 A shares (state-owned corporate shares) held by Shouguang Chenming Holdings Company Limited (壽光晨鳴控股有限公司), accounting for 15.13% of the total shares. 1,230,412,199 A shares held by shareholders of other domestic shares, accounting for 42.36% of the total shares;

706,385,266 B shares held by shareholders of domestic listed foreign shares, accounting for 24.32% of the total shares; and

528,305,250 H shares held by shareholders of overseas listed foreign shares, accounting for 18.19% of the total shares.

Article 19

The Board of Directors of the Company may separately implement plans approved by securities supervisory authorities of PRC to issue domestic shares, domestic and overseas listed foreign shares.

Mandatory
Provisions
Article 17

The Company's plans for the separate issues of domestic shares, domestic and overseas listed foreign shares in accordance with the foregoing may be implemented separately within 15 months of the approval by securities supervisory authorities of PRC.

Article 20

Of the total number of shares specified in an issue plan of the Company, including domestic shares, domestic and overseas listed foreign shares, shares of each class must be fully subscribed for in each offering. Where it is impossible to fully subscribe for shares of any class, such shares can be issued through several times subject to the approval of securities supervisory authorities of PRC.

Mandatory
Provisions
Article 18

Article 21

The Company's registered capital is RMB2,904,608,200.

Mandatory
Provisions
Article 19

Article 22

The Company may, according to its business and development needs, increase its capital pursuant to the approval required under provisions of the Articles. The Company may increase its capital by:

Mandatory
Provisions
Article 20

- (1) Offering new shares to unspecific investors;
- (2) Placing new shares to existing shareholders;
- (3) Issuing bonus new shares to existing shareholders;
- (4) Issuing new shares to specific investors; and
- (5) Other ways approved by laws and regulations.

To increase its capital by issuing new shares, the Company shall obtain the approval under provisions of the Articles, and proceed according to laws and regulations of the PRC.

Article 23

According to its business and development needs and laws and regulations, and subject to resolutions of the General Meeting, the Company may issue convertible bonds. Convertible bonds are issued to the public.

Bond holders may convert their bonds into shares of the Company during the conversion period according to the conversion price and procedures stipulated in the prospectus of the convertible bonds; bonds will be cancelled after being converted and the Company will issue ordinary shares that represent the corresponding interests to the bond holders and the Company's registered capital will increase correspondingly.

Mandatory
Provisions
Article 21
Hong Kong
Listing Rules
Appendix 3
Paragraph 1(2)

Article 24

Unless otherwise provided by laws and regulations, ordinary shares of the Company can be freely transferred, clear of any lien.

Article 25

Domestic shares, domestic and overseas listed foreign shares and preference shares must be traded, granted, inherited and mortgaged in accordance with provisions of laws of PRC and the Articles. Assignment and transfer of the Company's shares shall be registered with the share registrar appointed by the Company, and in accordance with the relevant requirements.

Article 26

After shares of the Company are transferred, names of the transferees as holders of the shares will be listed in the register of shareholders.

Article 27

Issues or transfer of all overseas listed foreign shares will be registered on the register of shareholders of overseas listed foreign shares, which is deposited in Hong Kong according to Article 48 of the Articles.

Article 28

Shareholders holding overseas listed foreign shares shall use the assignment forms and transfer documents stipulated by the Stock Exchange of Hong Kong to transfer all or part of their shares. The transfer documents must be signed by the transferors and transferees by person or imprinted with seals.

Hong Kong
Listing Rules
Appendix 3
paragraph 13(1)

Article 29

The Company shall stop mailing dividend warrants when:

- (1) such warrants are not cashed on two consecutive occasions; or
- (2) the first occasion on which such warrants are returned undelivered.

Hong Kong
Listing Rules
Appendix 3
paragraph 13(2)

Article 30

The Company may sell the shares of a shareholder who is untraceable and keep the proceeds if:

- (1) during a period of twelve (12) years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the shareholder; and

Hong Kong
Listing Rules
Appendix 3
paragraph 3(2)

- (2) on expiry of the twelve (12) years the Company gives notice upon approval of securities supervisory authorities of PRC of its intention to sell the shares by way of publishing an announcement in newspapers and notifies the authority and the relevant foreign securities regulators of such intention.

Where power is taken to forfeit unclaimed dividends, such power shall only be exercised after the expiration of the applicable period.

Article 31

The Company or its subsidiaries (including affiliates of the Company) shall not, by way of a gift, advance, guarantee, compensation, loans or otherwise, provide any financial assistance to a person who acquires or intends to acquire shares of the Company.

CHAPTER 4 REDUCTION OF CAPITAL AND REPURCHASE OF SHARES

Article 32

The Company may reduce its registered capital in accordance with provisions of the Articles.

Mandatory
Provisions
Article 10

Article 33

To reduce its registered capital, the Company shall prepare a balance sheet and an inventory of assets.

Mandatory
Provisions
Article 23

The Company shall notify its creditors within 10 days of the resolution for the reduction of its registered capital, and shall make at least three announcements on newspapers within 30 days thereof. The creditors have the right, within 30 days of receiving the notice or, if such notice is not received, within 45 days of the publication of the announcement, to require the Company to repay its debts or provide a guarantee for the repayment.

The reduced registered capital of the Company shall not be lower than the minimum amount prescribed by law.

Mandatory
Provisions
Article 24

Article 34

Subject to approval obtained in accordance with the procedures prescribed in the Articles and approval of securities supervisory authorities of PRC, the Company may repurchase its outstanding shares for the following purposes:

- (1) to cancel its shares for reducing its share capital;

- (2) to merge with another company that holds shares of the Company;
- (3) to implement the Company's incentive option schemes;
- (4) to redeem preference shares;
- (5) to repurchase shares held by shareholders who disagree with the resolutions made by general meetings about mergers and division of the Company; or
- (6) other circumstances prescribed by laws and regulations.

Article 35

Repurchase of the Company's own shares for any of the reasons mentioned in (1) to (3) of Article 34 herein is subject to a resolution of a general meeting.

Article 36

Mandatory
Provisions
Article 25

Subject to the approval of governing regulatory authorities, the Company may repurchase its outstanding shares through:

- (1) a general offer of repurchase to all shareholders of relevant classes in equal proportion;
- (2) open trading on a stock exchange;
- (3) an off-market repurchase agreement; or
- (4) redemption of preference shares pursuant to the requirements prescribed by the issuance documents; or
- (5) other ways approved by laws and regulations.

Mandatory
Provisions
Article 26

Article 37

The Company may, with the prior approval of a general meeting in accordance with the Articles, repurchase its outstanding shares under an off-market agreement. Subject to the prior approval of a general meeting so obtained, the Company may release or revise any agreement so entered into by the Company or waive any of its rights.

The said agreement to repurchase shares includes without limitation the agreement to assume the obligation or to acquire rights to repurchase shares of the Company.

Article 38

Mandatory
Provisions
Article 26

The Company shall not assign the share repurchase agreement or any of its rights under such agreement.

Article 39

Hong Kong
Listing Rules
Appendix 3
paragraph
8(1), (2)

Where the Company has the power to repurchase redeemable shares, purchases not made through the market or by tender shall be limited to a maximum price; if shares are repurchased by tender, tenders shall be available to all shareholders.

Article 40

Shares repurchased by the Company according to (1) and (4) of Article 34 herein shall be cancelled within 10 days of the repurchase; according to (2) and (5) of Article 34 shall be transferred or cancelled within 6 months of the repurchase, and the Company shall apply to the original company registration authority for alteration of its registered capital as to changes in the registered capital of the Company.

Provisions
Article 27

Shares repurchased by the Company under (3) of Article 34 shall not exceed 5% of the total number of ordinary shares issued by the Company; payment for the repurchase shall be made out of the after-tax profit of the Company; and the share repurchased shall be transferred to the incentive scheme participants within one (1) year.

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

Article 41

Unless the Company is in the course of liquidation, it must comply with the following provisions in respect of repurchase of its outstanding shares:

Mandatory
Provisions
Article 28

- (1) Where the Company repurchases its shares at par value, payment shall be made out of book balance of the distributable profits of the Company or out of proceeds from the issue of new shares made for that purpose;

- (2) Where the Company repurchases its shares at a premium to their par value, payment up to the par value shall be made out of the book balance of distributable profits of the Company or out of the proceeds from the issue of new shares made for that purpose. Payment of the portion in excess of the par value shall be treated as follows:
1. if the shares repurchased were issued at par value, payment shall be made out of the book balance of the distributable profits of the Company;
 2. if the shares repurchased were issued at a premium to their par value, payment shall be made out of the book balance of the distributable profits of the Company or out of the proceeds from the issue of new shares made for that purpose, provided that the amount paid out of such proceeds shall not exceed the aggregate of premiums received by the Company from the issue of the shares repurchased nor the current amount of the Company's share premium account (or capital reserve account) (including the premiums on the new share issue);
- (3) Payment of the Company for following activities shall be made out of the Company's distributable profits:
1. acquisition of rights to repurchase shares of the Company;
 2. modification of any contract for repurchasing shares of the Company; and
 3. release of its obligation under any contract for repurchasing its shares.
- (4) After the Company's registered capital has been reduced by the total par value of the cancelled shares in accordance with applicable provisions, the amount deducted from the distributable profits of the Company for payment of the par value portion of the shares repurchased shall be transferred to the Company's share premium account (or capital reserve account).

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

Article 42

The Company or its subsidiaries shall not, by any means at any time, provide any kind of financial assistance to a person who is acquiring or will acquire shares of the Company. The said person includes those who directly or indirectly assume any obligations caused by the acquisition of shares.

Mandatory
Provisions
Article 29

The Company or its subsidiaries shall not, by any means at any time, provide financial assistance to the said acquirer for the purpose of reducing or discharging the obligations assumed by that person.

This provision does not apply to the circumstances stated in Article 44 herein.

Article 43

The financial assistance mentioned herein includes without limitation:

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

Mandatory
Provisions
Article 30

The expression "assuming an obligation" referred to in this chapter includes the assumption of obligations by changing the obligor's financial position through a contract or an arrangement (whether enforceable or not, and whether made on its own account or with any other persons), or any other means.

Article 44

The following activities shall not be deemed prohibited by Article 42:

- (1) the provision of financial assistance conducted in good faith in the interest of the Company, and the principal purpose of giving the financial assistance is not for the acquisition of shares of the Company, or the giving of the financial assistance is an incidental part of a master plan of the Company;
- (2) the lawful distribution of the Company's assets as dividend;
- (3) the allotment of bonus shares;
- (4) a reduction of registered capital, a repurchase of shares or a reorganization of the shareholding structure of the Company in accordance with the Articles;
- (5) the lending of money by the Company within its scope of business and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company); and
- (6) the provision of money by the Company for contributions to the staff's share schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company).

Mandatory
Provisions
Article 31

CHAPTER 6 SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS

Article 45

Share certificates of the Company shall be in registered form.

The following major items shall be specified on the share certificate of the Company:

- (1) the Company's name;
- (2) the Company's registration date;
- (3) the class of the share certificate, the par value and the number of shares represented by the share certificate;
- (4) the serial number of the share certificate; and

Mandatory
Provisions
Article 32

- (5) other items required to be specified by the stock exchange(s) where shares of the Company are listed in addition to those provided in the Company Law and Special Regulations.

Article 46

The share certificates shall be signed by the Chairman. Where the stock exchange where the shares of the Company are listed requires the share certificates to be signed by other senior management, the share certificates shall also be signed by such other senior management. The share certificates shall take effect after being affixed, or affixed by way of printing, with the seal of the Company. The share certificates affixed with the seal of the Company is subject to authorisation from the Board. The signatures of the Chairman of the Company or other relevant senior management on the share certificates may also be in printed form.

Mandatory Provisions Article 33 Zheng Jian Hai Han 1995 No.1 Article 1 Hong Kong Listing Rules Appendix 3 paragraph 2(1)

Article 47

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

Mandatory Provisions Article 34

- (1) the name, address (domicile), occupation or nature of each shareholder;
- (2) the class and number of shares held by each shareholder;
- (3) the amount paid-up or payable in respect of shares held by each shareholder;
- (4) serial numbers of the shares held by each shareholder;
- (5) the date on which a person registers as a shareholder; and
- (6) the date on which a person ceases to be a shareholder.

The register of shareholders shall be sufficient evidence of the holding of the Company's shares by a shareholder, unless there is evidence to the contrary.

Article 48

The Company may, in accordance with the mutual understanding and agreements made between securities supervisory authorities of PRC and overseas securities regulatory authorities, deposit its register of holders of overseas listed foreign shares outside the PRC and appoint overseas agent(s) to manage such register. The original register of holders of H shares shall be deposited in Hong Kong.

Mandatory Provisions Article 35

The Company shall deposit a duplicate of the register of holders of overseas listed foreign shares at the Company's domicile; the appointed overseas agent(s) shall ensure the consistency between the original and the duplicate of the register of holders of overseas listed foreign shares at all times.

Zheng Jian
Hai Han 1995
No.1 Article 2

If there is any inconsistency between the original and the duplicate of the register of holders of overseas listed foreign shares, the original version shall prevail.

Hong Kong
Listing Rules
Appendix 13
Part D
paragraph 1
(b)

Article 49

The Company shall maintain a complete register of shareholders. The register of shareholders shall include:

Mandatory
Provisions
Article 36

- (1) the register of shareholders deposited at the Company's domicile (other than those parts as described in (2) and (3) of this Articles);
- (2) the register of shareholders in respect of the holders of overseas listed foreign shares of the Company deposited at the place where the overseas stock exchange where the shares are listed is located;
- (3) the register of shareholders deposited at such other place as the Board may consider necessary for the purpose of listing of the Company's shares.

Article 50

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

Mandatory
Provisions
Article 37

Alteration or rectification of each part of the register of shareholders shall be made in accordance with the laws of the place where that part of the register of shareholders is deposited.

Article 51

Mandatory
Provisions
Article 38

The register of shareholders shall not be altered for transfer of shares within thirty (30) days before a general meet or within five (5) days before the benchmark date set by the Company to distribute dividends.

Article 52

All overseas listed foreign shares shall be transferred by an instrument in writing in any usual or common form or any other form that the Board may approve. The instrument of transfer of any share may be executed by hand without seal. If the shareholder is a recognized clearing house as defined in the laws of Hong Kong or its nominee, the share transfer form may be executed in mechanically-printed form.

Hong Kong
Listing Rules
Appendix 3
paragraph 1(4)

Article 53

All fully paid-up overseas listed foreign shares listed in Hong Kong are freely transferable pursuant to the Articles of Association. However, the Board may refuse to recognize any instrument of transfer without giving any reason unless such transfer fulfils the following conditions:

Hong Kong
Listing Rules
Appendix 3
paragraph 1(1)

- (1) A fee of HK\$2.5 per instrument of transfer or such higher amount as the Board may from time to time require but no more than the amount agreed from time to time by the Listing Rules has been paid to the Company for registration of the transfer instrument and other documents relating or that will affect the right of ownership of the shares;
- (2) the instrument of transfer involves only the overseas listed foreign shares listed on the Main Board of the Hong Kong Stock Exchange;
- (3) the stamp duty payable on the instrument of transfer has been paid;
- (4) the relevant share certificates and evidence reasonably required by the Board have been provided showing that the transferor has the right to transfer such shares;
- (5) if the shares are to be transferred to joint holders, the number of such joint holders shall not exceed four (4);
- (6) the relevant shares are clear of any lien over.

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Hong Kong
Listing Rules
Appendix 3
paragraph 1(3)

If the Company refuses to register the transfer of shares, it shall provide a notice of refusal to the transferor and transferee within two (2) months of the formal application of such transfer.

Hong Kong
Listing Rules
Appendix 3
paragraph 1(2)

Article 54

The Company does not accept the Company's shares as the subject of a charge.

Article 55

Shares of the Company held by the promoter shall not be transferred within one (1) year of the establishment of the Company. Shares issued in prior to the IPO of the Company shall not be transferred within one (1) year since shares of the Company are traded on the stock exchange.

Directors, supervisors and other senior management shall report holdings and changes of holdings to the Company and shall not transfer more than 25% of shares of the Company held by them each year during the term of office; shares of the Company held by them shall not be traded within one (1) year since the shares become tradable. The above-mentioned persons shall not transfer shares of the Company held by them within six (6) months since they leave office.

Article 56

Proceeds from sales of the Company's shares within six (6) months of the purchase and from purchase of the Company's shares within six (6) months of sales by Directors, supervisors, senior management and shareholders who hold over 5% of the Company's shares with voting rights belong to the Company and will be obtained by the Board of Directors of the Company. Securities brokers that purchase 5% of the Company's shares as a result of the outstanding stocks after the underwriting of shares are not subject to the 6-month sales limit.

If Board of Directors of the Company fails to comply with the foregoing provision, shareholders have the right to require the Board to comply with the provision within thirty (30) days. If the Board fails to do so as required, shareholders have the right to bring proceedings in their names to people's courts in the interests of the Company.

If the Board fails to comply with the first provision of the article, the responsible Directors shall assume joint liability.

Article 57

When any shareholder holds 5% or more of the shares issued by the Company, the shareholder shall report to securities supervisory authorities of PRC and the stock exchange in writing, notify the Company and make an announcement within three (3) working days of the date when the fact happens; during the given period, the shareholder shall not purchase or sell the Company's shares.

Article 58

After any shareholder holds by himself or through any agreement, other arrangements or jointly with others 5% or more of the Company’s shares, the shareholder shall report to governing authorities and make announcements as required by the foregoing provision when the holder’s shareholding of the Company’s share increases or decreases 5% as a result of securities trade in the stock exchange. During the reporting period and two days of the reporting and announcement, the shareholder shall not purchase or sell the Company’s shares.

Article 59

When any shareholder’s sole or joint holding of the Company’s shares reaches 10% or such shareholder intends to increase his holding of the Company’s shares, the shareholder shall disclose his holding of the Company’s shares or further holding increase plans to the Company, apply to the Company for approval of such plans within three (3) days from the holding reaches 10% or the holding is increased. If the shareholder fails to disclose the information timely or completely or increase his holding of the Company’s shares without consent of the Board of Directors, the shareholder is not entitled to the nomination for the Company’s Directors and supervisors.

Article 60

When the Company intends to convene a shareholders’ general meeting, distribute dividends, liquidate and engage in other activities that involve determination of shareholdings, the Board shall decide on a date for the determination of rights attaching to shares in the Company. Shareholders whose names appear in the register of shareholders at the end of the record date are shareholders of the Company.

Mandatory Provisions 39

Article 61

Any person who objects to the register of shareholders and requests to have his name added into or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.

Mandatory Provisions Article 40

Article 62

Any shareholder who is registered in, or any person who requests to have his name added into the register of shareholders, may (if his share certificates (the “original certificates”) are lost) apply to the Company for a replacement share certificate in respect of such shares (the “relevant shares”).

Mandatory Provisions Article 41

Unless the Company truly believes that the original certificates are destroyed, the Company shall not issue new share certificate to replace the lost share certificates.

If a holder of domestic shares or preference shares loses his share certificates and applies for replacement, it shall be dealt with in accordance with provisions of the Company Law and other laws and regulations.

If a holder of overseas listed foreign shares loses his share certificates and applies for replacement, it may be dealt with in accordance with governing laws, the rules of the stock exchange or other relevant regulations of the place where the original register of holders of overseas listed foreign shares is deposited.

The issue of replacement share certificates to holders of H shares shall comply with the following requirements:

- (1) The applicant shall submit an application to the Company in prescribed form with a notarization or statutory declaration, containing the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificates as well as statement that no other person shall be entitled to request to be registered as the shareholder of the relevant shares.
- (2) No statement has been received by the Company from a person other than the applicant for having his name registered as a holder of the relevant shares before the Company came to a decision to issue the replacement share certificate.
- (3) The Company shall, if it decides to issue a replacement share certificate to the applicant, make an announcement of its intention to issue the replacement share certificate in such newspapers designated by the Board. The announcement shall be made at least once every thirty (30) days in a period of ninety (90) days.
- (4) The Company shall have, prior to the publication of its announcement of intention to issue a replacement certificate, delivered to the stock exchange on which its shares are listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been exhibited at the premises of the stock exchange. The announcement shall be exhibited in the stock exchange for ninety (90) days.

In case an application to issue a replacement share certificate has been made without the consent of the registered holder of the relevant shares, the Company shall post such registered shareholder a copy of the announcement to be published.

- (5) If, upon expiration of the 90-day period specified in (3) and (4) of this article, the Company has not received from any person any objection to such application, the Company may issue a replacement share certificate to the applicant according to his application.
- (6) Where the Company issues a replacement share certificate under this article, it shall forthwith cancel the original certificate and record the cancellation and issue in the register of shareholders accordingly.
- (7) All expenses relating to the cancellation of an original share certificate and the issue of a replacement share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.

Article 63

Where the Company issues a replacement share certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforementioned new share certificate or a shareholder who thereafter registers as the owner of such shares (in the case that he is a bona fide purchaser) shall not be removed from the register of shareholders.

Mandatory
Provisions
Article 42

Article 64

The Company shall not be liable for any damage sustained by any person due to the cancellation of the original certificate or the issuance of the replacement certificate, unless the claimant proves that the Company had acted fraudulently.

Mandatory
Provisions
Article 43

CHAPTER 7 SHAREHOLDERS' RIGHTS AND OBLIGATIONS

Article 65

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

A shareholder enjoys the relevant rights and assumes the relevant obligations in accordance with the class and number of shares he holds. Shareholders holding the same class of shares are entitled to the same rights and assume the same obligations. Preference shares issued by the Company shall rank *pari passu* in the distribution of dividends and residual property but may be subject to different terms in other respects.

Mandatory
Provisions
Article 44
Hong Kong
Listing Rules
Appendix 3
Paragraph 9

For joint holding of any shares, if one of the joint shareholders is deceased, only the other existing shareholders of the joint shareholder shall be deemed as the owners of the relevant shares. But the Board has the power to require them to provide a certificate of death of the relevant shareholder to modify the relevant register of shareholders. For any of the joint shareholders of the shares, only the joint shareholder ranking first in the register of shareholders has the right to accept certificates of the relevant shares from the Company, receive notices of the Company, attend and vote at shareholders' general meetings of the Company of all the relevant shares. Any notice delivered to the aforesaid shareholder shall be deemed delivered to all the joint shareholders of the relevant shares.

Article 66

Unless laws, administrative regulations, ordinances, regulatory documents and this Articles of Association provide otherwise as to preference shareholders, all shareholders of the Company have the following rights:

- (1) the right to dividends and other distributions in proportion to the number of shares held;
- (2) the right to attend or appoint a proxy to attend shareholders' general meetings and to exercise the voting right;
- (3) the right to supervise and manage business activities of the Company and to put forward proposals and raise inquiries;
- (4) the right to transfer, donate, or pledge shares held by them in accordance with the 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:
 1. a copy of the Articles of Association, subject to payment of the cost of such copy;
 2. to inspect and copy, subject to payment of a reasonable charge:
 - (i) all parts of the register of shareholders;

Mandatory
Provisions
Article 45

- (ii) personal information of each of the Company's Directors, supervisors, managers, and other senior management, including:
 - (a) present name and alias and any former name and alias;
 - (b) principal address (domicile);
 - (c) nationality;
 - (d) primary and all other part-time occupations; and
 - (e) identification document and its number;
 - (iii) report on the state of the Company's share capital;
 - (iv) reports showing the aggregate par value, quantity, maximum and minimum prices paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount incurred by the Company for this purpose;
 - (v) minutes of shareholders' general meetings;
- (6) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the number of shares held; and
- (7) other rights provided by laws, administrative regulations and the Articles of Association.

The Company shall not exercise any power to freeze or infringe in any other way the rights carried by any share held by any person who enjoys interests directly or indirectly merely for the reason that he has not disclosed his interests to the Company.

Article 67

Shareholders demanding inspection of the relevant information or copies of the materials mentioned in the preceding provision 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 such information at the shareholder's request.

Article 68

If a resolution passed at the Company's general meeting or Board meeting violates laws or administrative regulations, shareholders have the right to institute proceedings before a people's court to render the resolution invalid.

If the procedures for convening, or the method of voting at, a shareholders' general meeting or Board meeting violate laws, administrative regulations or the Articles of Association, or a resolution violates the Articles of Association, shareholders are entitled to institute proceedings before a people's court to rescind such resolution within sixty (60) days of the adoption of such resolution.

Where the Company incurs losses as a result of Directors' and senior management's violation of laws, administrative regulations or the Articles of Association in the course of performing their duties with the Company, shareholders individually or jointly holding 1% or more of the Company's shares for more than 180 consecutive days have the right to request in writing the Supervisory Committee to institute proceedings before a people's court. Where the Company incurs losses as a result of the Supervisory Committee's violation of any provision of laws, administrative regulations or the Articles of Association in the course of performing its duties with the Company, the shareholders have the right to request in writing the Board to institute proceedings before a people's court.

If the Supervisory Committee or the Board refuses to institute proceedings after receiving the written request of the said shareholders, or fails to institute such proceedings within thirty (30) days of receiving such request, or in case of emergency where failure to institute such proceedings immediately will result in irreparable damage to the Company's interests, the above-mentioned shareholders have the right to institute proceedings directly in their own names in the interest of the Company before a people's court.

Shareholders described in the third paragraph of this article may also institute proceedings in accordance with the third and fourth paragraphs of the article if the lawful interests of the Company are infringed upon by any third parties.

Shareholders may institute proceedings before a people's court if a Director or senior management has violated laws, administrative regulations or the Articles of Association and infringe the interests of shareholders.

Article 69

Unless laws, administrative regulations, ordinances, regulatory documents and this Articles of Association provide otherwise as to preference shareholders, all shareholders of the Company shall assume the following obligations:

Mandatory Provisions Article 46

- (1) to abide by the Articles of Association;
- (2) to pay subscription monies according to the number of shares subscribed and the method of subscription; and
- (3) 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 as agreed by the subscribers of the relevant shares on subscription.

Article 70

Where a shareholder holding 5% or more voting shares of the Company pledges any shares in his possession, he shall report the same to the Company in writing on the date of the said pledge.

Article 71

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

Mandatory Provisions Article 47

- (1) to relieve a Director or supervisor of his duty to act honestly in the best interests of the Company;
- (2) to approve the deprivation by a Director or supervisor (for his own benefit or for the benefit of another person), by any means, of the Company’s assets, including (without limitation) opportunities beneficial to the Company;
- (3) to approve the deprivation by a Director or supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (without limitation) rights to distributions and voting rights save for restructuring of the Company submitted to the general meeting of shareholders for approval in accordance with the Articles of Association.

Article 72

The controlling shareholder shall assist the Company in promoting the labour, personnel and distribution system reform, improving the business and management systems, establishing a system featuring competition, employment based on performance, flexible income distribution and effective incentives.

Article 73

Neither the controlling shareholder nor the beneficial controller of the Company may prejudice the interests of the Company by taking advantage of his connected relationship. Anyone who causes any loss to the Company as a result of violating the provisions shall be liable for the compensation.

The controlling shareholder and the beneficial controller of the Company owe a fiduciary duty to the Company and its publicly issued share holders. The controlling shareholder shall strictly exercise the rights as a subscriber, and shall not impair the legitimate rights and interests of the Company and the publicly issued share holders through profit distribution, asset reorganization, overseas investment, capital use and loans and guarantees, and shall not impair the interests of the Company and the publicly issued share holders by using its controlling status in the Company.

Article 74

A controlling shareholder shall strictly comply with the conditions and procedures provided in laws, regulations and the Articles of Association in nominating candidates for Directors and supervisors of the Company. The candidates nominated by a controlling shareholder for Directors and supervisors of the Company shall have the relevant professional expertise and the capacity to make decisions and to carry supervisory tasks. No approval procedures shall be required by a controlling shareholder in respect of a resolution of the shareholders' general meeting relating to personnel election or a resolution of the Board relating to personnel appointment. A controlling shareholder shall not appoint or dismiss any member of senior management without proper authorization from the shareholders' general meeting or the Board.

Article 75

Major decisions of the Company shall be made by the shareholders' general meeting and the Board in accordance with laws. A controlling shareholder or beneficial controller shall not interfere, directly or indirectly, with production and business activities of the Company developed according to the law, nor shall it prejudice the rights and interests of the Company and other shareholders.

Article 76

The personnel, assets, financial affairs, institution and business of a controlling shareholder and beneficial controller of the Company shall be separate from and independent of that of the Company. The Company shall keep separate accounts and assume liability and risks independently.

Article 77

Personnel of the Company shall be independent from the controlling shareholder and beneficial controller. Persons who hold positions other than Directors in any entity of the controlling shareholder or beneficial controller shall not be appointed as senior management of the Company. Any senior management of the Company's controlling shareholder and beneficial controller who serve concurrently as a Director of the Company shall ensure that he/she has sufficient time and effort to work for the Company.

Article 78

Any assets contributed by a controlling shareholder in the Company shall be independent and in its entirety, and with ownership unencumbered. If a controlling shareholder contributes capital in the form of non-monetary assets, the controlling shareholder shall complete the formalities required for the change in title and clearly define the scope of such assets. The Company shall register such assets separately, establish a separate account and carry out the accounting and management of such assets separately. The controlling shareholder shall not use or dispose of such assets, or interfere with the Company's operation and management of such assets.

Article 79

Business of the Company shall be independent from the controlling shareholder and beneficial controller. A controlling shareholder, beneficial controller and their subordinates shall not engage in any business identical or similar to that of the Company. A controlling shareholder and beneficial controller shall take effective measures to avoid horizontal competition.

Article 80

The Company shall establish a sound financial and accounting management system and keep separate accounts in accordance with the requirements of relevant laws and regulations. A controlling shareholder and beneficial controller shall respect the Company's financial independence and shall not interfere with the Company's financial and accounting activities.

Article 81

The Company's Board of Directors, the Supervisory Committee and other internal structures operate independently. The controlling shareholder, beneficial controller and its functional departments have no senior/subordinate relationship with the Company and its functional departments. The controlling shareholder, beneficial controller and its subordinate institutions shall not make plans or instructions with regard to the Company's business, nor affect its business and management independency in any manner.

Article 82

Capital flows between the Company and its controlling shareholder and beneficial controller shall comply with the following rules:

- (1) The appropriation of the Company's capital shall be strictly restricted to the operational capital flows between the controlling shareholder and beneficial controller with the Company. The controlling shareholder and beneficial controller shall not request the Company to advance any periodical expenses on salaries, benefits, insurance and advertisement etc. on their behalf, and each party shall not undertake costs and other expenses on behalf of any other party.
- (2) The Company shall not provide capital for use by the controlling shareholder and beneficial controller directly or indirectly in the following ways:
 1. Lending the Company's capital at a consideration or nil consideration for use by the controlling shareholder or beneficial controller.

2. Providing commission loans to the controlling shareholder or beneficial controller through a bank or a non-bank financial institution;
3. Commissioning the controlling shareholder or beneficial controller to conduct investment activities;
4. Issuing trade acceptance that lack authentic basis to the controlling shareholder or beneficial controller;
5. Repaying debts on behalf on the controlling shareholder or beneficial controller; and
6. Other ways specified by securities supervisory authorities of PRC.

CHAPTER 8 SHAREHOLDERS' GENERAL MEETINGS

Article 83

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

Article 84

The shareholders' general meeting may exercise the following functions and powers:

- (1) to decide on the operating policies and investment plans of the Company;
- (2) to elect and replace Directors and decide on matters relating to the remuneration of Directors;
- (3) to elect and replace the supervisors who are representatives of shareholders and decide on matters relating to the remuneration of supervisors;
- (4) to examine and approve reports of the Board;
- (5) to examine and approve reports of the Supervisory Committee;
- (6) to examine and approve the Company's proposed annual preliminary and final financial budgets;
- (7) to examine and approve the Company's profit distribution plans and plans for making up losses;

Mandatory Provisions Article 49

Mandatory Provisions Article 50

- (8) to decide on increases or reductions in the Company's registered capital;
- (9) to decide on matters such as merger, division, dissolution and liquidation of the Company;
- (10) to decide on the issue of bonds by the Company;
- (11) to adopt resolutions on the Company's appointments, dismissals or non-reappointments of accounting firms;
- (12) to examine and approve provision of guaranty to third parties that requires to be approved by shareholders' general meetings;
- (13) to examine matters relating to the purchases and disposals of the Company's material assets within one year, which exceed 30% of the Company's latest audited total assets;
- (14) to examine and approve matters relating to changes in the use of proceeds;
- (15) to examine and approve option incentive plans;
- (16) to amend the Articles of Association;
- (17) to examine the proposals submitted by shareholders holding not less than 3% (inclusive) of the Company's voting shares;
- (18) to authorize or delegate to the Board to handle other matters authorized or delegated by it;
- (19) to determine or authorize the Board to determine on matters relating to the issued preference shares of the Company, including, without limitation, repurchase and dividend payment; and
- (20) other matters required by laws, administrative regulations and the Articles of Association to be resolved by the general meeting of shareholders.

Article 85

The following provision of guarantees to third parties by the Company are subject to the review and approval of the general meeting of shareholders:

- (1) any guarantee provided after the total amount of guarantee to third parties provided by the Company and its controlled subsidiaries has reached or exceeded 50% of the Company's latest audited net assets;

- (2) any guarantee provided after the total amount of guarantee to third parties provided by the Company has reached or exceeded 30% of the Company's latest audited total assets;
- (3) a guarantee provided to a party with an asset-liability ratio of over 70%;
- (4) a single guarantee that exceeds 10% of the Company's latest audited net assets; and
- (5) the guarantee to be provided in favour of shareholders, beneficial controllers and their related parties.

The controlling shareholder, beneficial controller and other affiliates shall not compel the Company to provide guarantees for others.

Article 86

Unless a prior approval is obtained in a shareholders' general meeting, the Company shall not enter into any contract with any party other than the Directors, supervisors, managers and other senior management, pursuant to which such party shall be responsible for managing the whole or any substantial part of the Company's business.

Mandatory
Provisions
Article 51

Article 87

General meetings of shareholders include annual and extraordinary general meetings of shareholders. A general meeting of shareholders shall be convened by the Board. The annual general meeting of shareholders shall be held once every year within six (6) months after the end of the previous accounting year.

Mandatory
Provisions
Article 52

The Board shall hold an extraordinary general meeting of shareholders within two (2) months upon the occurrence of one of the following circumstances:

- (1) the number of Directors is less than the number required by the Company Law or less than two-thirds of the number required by the Articles of Association;
- (2) the uncovered losses are in excess of one third of the Company's total share capital;
- (3) shareholders holding not less than 10% (inclusive) of the Company's issued shares with voting rights request in writing to hold an extraordinary general meeting;
- (4) the Board considers it necessary or the Supervisory Committee proposes to hold such a meeting;

- (5) independent Directors propose to hold such a meeting according to the Articles of Association; and
- (6) other circumstances as provided by laws and regulations, departmental rules or the Articles of Association.

Article 88

The Board shall reply in writing, within ten (10) days of receiving such proposal, whether it consents to such proposal in accordance with the provisions of the laws, administrative regulations and the articles of association of the Company.

Guidelines for
the Articles of
Association
Article 46

The Board shall give the notice convening an extraordinary general meeting within five (5) days after it has passed the relevant resolution. The Board shall give reasons for its objection to convene such a general and publish an announcement in this regard.

Article 89

The Supervisory Committee is entitled to propose, in writing, to the Board to convene an extraordinary general meeting. The Board shall reply, in writing, within ten (10) days of receiving such proposal, whether it consents to such proposal in accordance with the provisions of the laws, administrative regulations and the Articles of Association.

Guidelines for
the Articles of
Association
Article 47

The Board shall give the notice convening an extraordinary general meeting within five (5) days after it has passed the relevant resolution. Any change to the original proposal is subject to the consent of the Supervisory Committee.

If the Board rejects to convene such a general meeting or fails to reply within ten (10) day of receiving such proposal, it shall be deemed as being unable or having failed to fulfil its duties to convene general meetings, in which circumstances, the Supervisory Committee may convene and chair the general meeting.

Article 90

Any shareholders individually or aggregately holding more than 10% of the shares with voting rights of the Company are entitled to request, in writing, to the Board to convene an extraordinary general meeting. The Board shall reply, in writing, within ten (10) days of receiving such proposal, whether it consents to such request in accordance with the provisions of the laws, administrative regulations and the Articles of Association.

Guidelines for
the Articles of
Association
Article 48

The Board shall give the notice convening an extraordinary general meeting within five (5) days after it has passed the relevant resolution. Any change to the original request is subject to the consent of such shareholders.

If the Board rejects to convene such a general meeting or fails to reply within ten (10) day of receiving such request, such shareholders individually or aggregately holding more than 10% of the shares with voting rights of the Company are entitled to request, in writing, to the Supervisory Committee to convene such an extraordinary general meeting.

The Supervisory Committee shall give the notice convening an extraordinary general meeting within five (5) days after it has passed the relevant resolution. Any change to the original request is subject to the consent of such shareholders.

If the Supervisory Committee fails to give a notice convening such a general meeting within the prescribed time, it shall be deemed as having failed to convene such a general meeting, in which circumstance, shareholders individually or aggregately holding more than 10% of the shares with voting rights of the Company for more than ninety (90) consecutive days are entitled to convene and chair such a general meeting.

Article 91

If the Supervisory Committee or the shareholders decide to convene and chair a general meeting of the shareholders, the Supervisory Committee or the shareholders shall notify the Board in writing and make filings with the relevant local securities supervisory authorities of PRC and the stock exchange.

Guidelines for
the Articles of
Association
Article 49

Before issuing a notice of resolutions of shareholders’ general meeting, the convening shareholders shall have a shareholding of no less than 10% of the total shares with voting rights of the Company.

Upon issuance of the notice of shareholders’ general meeting and notice of resolutions of shareholders’ general meeting, the convening shareholders shall submit relevant proof to the local office of securities supervisory authorities of PRC and the stock exchange of the place of domicile of the Company.

Article 92

When a shareholders’ general meeting is convened by the Supervisory Committee or by the shareholders, the Board and the Secretary to the Board shall act in concert therewith. The Board shall provide the register of shareholders as on the record date.

Article 93

When a shareholders' general meeting is convened by the Supervisory Committee or by the shareholders, the Company shall bear all the necessary expenses thereof.

Guidelines for
the Articles of
Association
Article 50

Article 94

The place for holding the general meeting of shareholders is: the place of domicile of the Company or other place as determine by the Board.

Guidelines for
the Articles of
Association
Article 51

The Company shall make it convenient for shareholders to attend shareholders' general meetings by whatever means, preferably via modern information technology methods such as online voting platform, provided that the shareholders' general meeting can be held legally and validly through such means,

Guidelines for
the Articles of
Association
Article 44

When the Company convenes a shareholders' general meeting for the matters relating to the issue of preference shares, online voting shall be made available for the meeting and the Company shall make it convenient for shareholders to attend the shareholders' general meeting through other means as approved by the China Securities Regulatory Commission.

If two or more voting methods are available in a shareholders' general meeting, on-site voting shall not be concluded prior to the conclusion of the other methods. The chairman of such meeting shall announce the votes cast on and the voting results of every resolution and declare whether such resolution is approved based thereon.

Before officially announcing the voting results, the Company, counting officers, scrutinizers and major shareholders, and the internet server shall keep confidential the voting circumstances when they are involved with voting at the venue of the meeting, by internet or other methods.

Article 95

The General Meeting shall be convened and presided over by the chairman. When the chairman is unable or fails to perform his duties, the vice-chairman shall perform the said duties; when the vice-chairman is unable or fails to perform his duties, a Director jointly elected by more than half of the total number of the Directors shall perform the said duties.

In a General Meeting convened by the Supervisory Committee, the chairman of the Supervisory Committee serves as the chairman of the meeting. When the chairman of the Supervisory Committee is unable or fails to perform his duties, a supervisor jointly elected by more than half of the total number of the supervisors shall perform the said duties.

In a General Meeting convened by the shareholders, the convener shall nominate a representative to chair the meeting.

Guidelines for the Articles of Association Article 67

Article 96

During a General Meeting, should the chairman of the meeting violates the rules of procedures and hence the meeting cannot continue, the General Meeting may elect a person to preside over and continue the meeting with the approval of more than half of the participating shareholders with voting rights.

Article 97

Where the Company convenes a shareholders’ general meeting, written notice must be given not less than forty-five (45) days before the meeting to notify all shareholders whose names appear in the share register of the matters to be considered and the date and venue of the meeting. Shareholders that intend to attend the shareholders’ general meeting shall, within twenty (20) days prior to the meeting, deliver a written reply to the Company on meeting attendance.

Guidelines for the Articles of Association Article 67

Regarding the calculation of the notice period, the date of the meeting and the date when the notice is given shall not be included.

Article 98

When the Company convenes a shareholders’ annual general meeting, shareholder(s) holding 3% (inclusive) or more of the total voting shares of the Company shall have the right to propose new motions in writing ten (10) working days prior to the meeting, and the Company shall issue a supplementary notice with regard to motions that fall within the functions and powers of the general meetings within two (2) working days of receiving such proposals.

Mandatory Provisions Article 53

Article 99

Such motions in general meetings shall satisfy the following criteria:

- (1) The motions shall not be in conflict with the laws, administrative regulations and the Articles of Association and shall be within the scope of business of the Company and the powers of the general meeting;
- (2) The motions shall set out specific matters for consideration and resolution; and
- (3) The motions shall be submitted or delivered to the Board of Directors in writing.

Mandatory Provisions Article 54

Guidelines for the Articles of Association Article 52

Article 100

Where the elections of Directors and Supervisors are to be discussed, a notice of the general meeting of shareholders shall fully disclose the particulars of the candidates and at least shall include:

- (1) personal particulars such as educational background, working experience and part-time jobs;
- (2) whether or not the candidate has any connected relationship with the Company or its controlling shareholders and beneficial controllers;
- (3) disclosure of the number of shares of the Company held by the candidate; and
- (4) whether or not the candidate has been subject to penalties by the securities supervisory authorities of PRC and other relevant authorities as well as sanctions by any stock exchange.

Guidelines for the Articles of Association Article 56

Save the elections of Directors and Supervisors by cumulative voting system, each candidate for a Director or supervisor shall be proposed by way of single proposal.

Article 101

The Company shall, based on the written replies received twenty (20) days before the date of the shareholders’ general meeting, calculate the number of voting shares represented by shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting reaches not less than one half of the Company’s total voting shares, the Company may hold the general meeting. If not, the Company shall within five (5) days notify the shareholders again by notice of the matters to be considered, the place and the date of the meeting. The Company then may hold the meeting after such publication of such notice.

Article 102

When the Company convenes a General Meeting, the Board, the Supervisory Committee and shareholders individually or jointly holding over 3% of the total shares with voting rights of the Company are entitled to propose motions to the Company.

Mandatory Provisions Article 55

Shareholders individually or jointly holding over 3% of the total shares with voting rights of the Company are entitled to propose extraordinary motions to the Company and submit them to the convener ten (10) working days before the convening of the General Meeting. The convener shall issue supplementary notice of the General Meeting to announce the extraordinary motions within two (2) working days after receiving the proposed motions.

Except as stipulated above, the convener shall not alter the motions listed in the notice of General Meeting or add new motions after the notice of General Meeting has been published.

Guidelines for the Articles of Association Article 53

Motions not listed in the notice of General Meeting or not compliant with the requirements of the Articles of Association shall not be put to vote and passed as a resolution.

A shareholders’ extraordinary general meeting shall not decide on any matter not stated in the notice of the meeting.

Article 103

A notice of the general meeting shall meet the following requirements:

- (1) issued through announcement or other ways provided by the Articles of Association (if necessary);
- (2) specify the place, date and time of the meeting;
- (3) state the matters to be discussed at the meeting;
- (4) provide such information and explanation as are necessary for the shareholders to make an informed decision on the proposals put before them. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to repurchase the shares of the Company, to reorganize its share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed contract, if any, and the cause and effect of such proposal must be properly explained;

Mandatory Provisions Article 56

- (5) contain a disclosure of the nature and extent, if any, of the material interests of any Director, supervisor, managers, and other senior management in the proposed transaction and the effect that the proposed transaction will have on them in their capacity as shareholders in so far as it is different from the effect on the interests of shareholders of the same class;
- (6) contain the full text of any special resolution to be proposed at the meeting;
- (7) contain a conspicuous statement that a shareholder entitled to attend and vote at such meeting is entitled to appoint one (1) or more proxies to attend and vote at such meeting on his behalf and that a proxy need not be a shareholder; and
- (8) specify the time and place for lodging proxy forms for the relevant meeting.

Article 104

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

Article 105

Notice of shareholders' general meetings for shareholders of domestic listed domestic shares [A shares] and domestic listed foreign shares [B shares] shall be published on newspapers, periodicals specified and websites specified by securities supervisory authorities of PRC forty-five (45) days prior to the meeting. The notice will be deemed received by the above-mentioned shareholders once being published.

Mandatory
Provisions
Article 57

Notice of shareholders' general meetings for shareholders of overseas listed foreign shares shall be published on the Company's website and/or the website of the stock exchange where the overseas listed foreign shares are listed forty-five (45) days prior to the meeting. The notice will be deemed received by the above-mentioned shareholders once being published.

Hong Kong
Listing Rules
Appendix 3
Article 7(1)
and (3)

Article 106

Subsequent to the dispatch of a notice of the general meeting, the general meeting shall not be postponed or cancelled without proper reasons, and the proposals set out in the notice of the general meeting shall not be withdrawn. Once the meeting is postponed or cancelled, the convener shall make an announcement and give reasons at least two (2) working days prior to the original date of the meeting.

Article 107

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

Guidelines for
the Articles of
Association
Article 57

Article 108

All shareholders (including proxies) whose names appear on the register of members on the date of registration of equity entitlements shall be entitled to attend the general meeting and exercise their voting rights in accordance with relevant laws, regulations and the Articles of Association.

Article 109

Any shareholder entitled to attend and vote at the general meeting shall have the right to appoint one (1) or several persons (who may not be shareholders) to act as his proxy to attend and vote at the meeting on his behalf. The proxy so appointed by the shareholder may, pursuant to the instructions of the shareholder, exercise the following rights:

Mandatory
Provisions
Article 58

- (1) the right which the shareholder has to speak at the meeting;
- (2) the right to demand a poll alone or jointly with others;
- (3) Unless pursuant to the listing rules of the stock exchange on which the shares of the Company are listed or otherwise required by other securities laws and regulations, the right to exercise voting rights on a show of hands or on a poll, provided that where more than one proxy is appointed, the proxies may only exercise such voting rights on a poll.

Mandatory
Provisions
Article 59

If the said shareholder is a recognized clearing house by the Law of Hong Kong or its proxy (Recognized Clearing House), the shareholder may authorize one (1) or more suitable person to act as its representative at any shareholders' general meeting or at any class meeting; however, if more than one (1) person are authorized, the power of attorney shall clearly indicate the number and types of the stocks involved by way of the said authorization. The persons after such authorization may represent the Recognized Clearing House to exercise the rights, as if they were the individual shareholders of the Company.

Article 110

The instrument appointing a proxy must be in writing under the hand of the shareholder or his attorney duly authorized in writing; for a corporate shareholder, the proxy must be affixed with the common seal or signed by its Director or attorney or officer duly authorized in writing. The letter of authorization shall contain the number and type of the 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 and type of the shares to be represented by each attorney.

Article 111

Proxy forms shall be lodged at the domicile of the Company or other places specified in the notice of meeting 24 hours before the relevant meeting for voting according to the proxy form, or 24 hours before the designated time of voting. Where the proxy form is signed by a person under a power of attorney on behalf of the appointer, the power of attorney or other authorization documents authorized to be signed shall be notarized. A notarized copy of that power of attorney or other authorization documents, together with the proxy form, shall be deposited at the domicile of the Company or other places specified in the notice of meeting.

Mandatory Provisions
Article 60
Hong Kong Listing Rules
Appendix 3
Article 11(2)

Where the appointer is a legal person, its legal representative or other persons authorized by the resolutions of the Board or other decision-making organ to act as its representatives may attend the general meeting of the Company as a representative of the appointer.

Mandatory Provisions
Article 61

Article 112

Any form issued to a shareholder by the Board for appointing a proxy shall allow the shareholder to freely instruct the proxy to vote in favour of or against each resolution relating to each matter to be considered at the relevant meeting. Such form shall contain a statement that in the absence of instructions by the shareholder, his proxy may vote as he thinks fit.

Article 113

Shareholders who vote online shall be registered in compliance with provisions in, among others, the Rules for General Meetings of Listed Companies, Guidelines, Implementation Rules for Online Voting of Shareholders' Meeting of Listed Companies of China Securities Depository and Clearing Corporation Limited, Implementation Rules for Online Voting of Shareholders' Meeting of Listed Companies on Shenzhen Stock Exchange (amended in 2010) and Implementation Rules for Investor Online Service Identity Authentication of Shenzhen Stock Exchange.

Mandatory Provisions
Article 62
Hong Kong Listing Rules
Appendix 3
Article 11(1)

Article 114

Should the authorizing person pass away, become incapacitated, cancel the authorization of proxies, cancel the authorization to sign the authorization letter or the related shares have been transferred before voting, as long as the Company has not received written notification on the above-mentioned events, votes cast by their proxies according to the authorization letter remain effective.

Article 115

The attendance register of person attending meetings shall be prepared by the Company. A registration book for attending the general meeting shall be prepared by the Company. The registration book shall set forth the names of attendees (or the attending units), their identity card numbers, residential address, number of voting shares held or represented, type of shares and name of the appointer (or the appointing unit), etc.

Mandatory Provisions Article 63

Article 116

The convener and the lawyers engaged by the Company shall jointly verify the validity of the shareholders’ qualifications based on the register of members provided by the securities registration and clearing authorities, and shall register the names of the shareholders as well as the number of their voting shares. The registration for a meeting shall end before the chairman of the meeting announces the number of shareholders and proxies attending the meeting in person and the total number of their voting shares held.

Guidelines for the Articles of Association Article 64

Article 117

There shall be two types of resolutions of shareholders’ general meetings, namely ordinary resolutions and special resolutions.

Guidelines for the Articles of Association Article 65

To adopt an ordinary resolution, votes representing not less than one-half of the voting rights represented by the shareholders with voting rights (including proxies) present at the meeting must be exercised in favour of the resolution in order for it to be passed.

To adopt a special resolution, votes representing not less than two-thirds of the voting rights represented by the shareholders with voting rights (including proxies) present at the meeting must be exercised in favour of the resolution in order for it to be passed.

Mandatory Provisions Article 64

Article 118

The Company shall establish special organs and designate special personnel to coordinate and communicate with investors and maintain investor relationship.

Article 119

A shareholder (including proxy) when voting at a shareholders' general meeting may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote.

When the shareholders' general meeting considers matters that could materially affect the interests of minority investors, the votes by minority investors shall be counted separately, and the results of such separate vote counting shall be disclosed promptly.

The shares held by the Company have no voting rights, and are not counted as the total number of shares with voting rights held by shareholders attending the meeting. Information including the specific voting intention shall be fully disclosed to the shareholders from whom voting rights are being collected. Consideration or de facto consideration for collecting shareholders' voting rights is prohibited. The Company shall not impose any minimum shareholding limitation for collecting voting rights.

The Board, Independent Directors and shareholders who satisfy relevant conditions may collect from other shareholders the rights to vote.

Mandatory
Provisions
Article 65

Article 120

Where any shareholder is, under any applicable laws and regulations, required to abstain from voting on a particular resolution or restricted to voting only in favour of or against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

Article 121

Resolutions of shareholders' general meetings shall be voted by poll.

Hong Kong
Listing Rules
Appendix 3
Article 14

Article 122

The chairman of the general meeting may decide to allow a resolution which relates to a procedural or administrative matter to be voted by a show of hands. Procedural and administrative matters include those not on the agenda of the general meeting or in any extraordinary proposals of shareholders, and those relating to the duties of the chairman of a meeting to maintain the orderly proceeding of the meeting and/or promote the business of the meeting to be properly and effectively dealt with while allowing all shareholders to have reasonable opportunity to express their views.

Mandatory Provisions Article 66

Article 123

During the poll, shareholders (including their proxies) with two or more votes do not necessarily have to cast all their votes in the same way.

Mandatory Provisions Article 67

Article 124

Where the number of votes cast for and against a resolution is equal, whether the vote is taken by raising hands or by ballot, the chairman shall have a casting vote.

Mandatory Provisions Article 68

Article 125

When the shareholders’ general meeting resolves on the connected transaction of the Company, the connected shareholders shall refrain from voting and the number of voting shares that they represent shall not be counted as part of the total number of valid voting. If connected shareholders cannot refrain from voting due to special circumstances, the voting shall proceed according to the normal procedures with the approval of governing authorities, provided that the voting shall be detailed in the general meeting’s resolution announcement.

Mandatory Provisions Article 69

Article 126

When items relating to connected transaction is put forward for examination and approval at the shareholders’ general meeting, the general meeting convener shall notify all the shareholders of the items in the general meeting notice; if the amount involved in the transaction is huge, the notice shall brief on the reasons for the connected transaction; when the items are put to vote, the convener shall disclose details of the connect transaction on the general meeting and answer shareholders’ questions; before voting, the chairman of the meeting shall announce to the present shareholders that connected shareholders shall refrain from voting or the meeting has obtained approval from governing authorities to proceed following the normal procedures; shareholders then shall vote according to procedures provided in the article. The Company may vote on items separately, such as amount and payment of the connected transaction, according to actual conditions.

Guidelines for the Articles of Association Article 79

Article 127

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

- (1) work reports of the Board and the Supervisory Committee;
- (2) plans formulated by the Board for distribution of profits and for making up losses;
- (3) the appointment and removal of members of the Board and the Supervisory Committee and their remuneration and payment methods;
- (4) the Company's annual financial budgets and final accounts, balance sheets, income statements and other financial statements;
- (5) the Company's annual reports; and
- (6) matters other than these required by the laws and administrative regulations or by the Articles of Association to be adopted by special resolutions.

Mandatory
Provisions
Article 70

Article 128

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

- (1) increase or reduction of the share capital and issue of shares of any class, stock warrants or other similar securities;
- (2) issuance of corporate bonds;
- (3) the division, merger, dissolution and liquidation of the Company;
- (4) amendments to the Articles of Association;
- (5) purchase or disposal of material assets or any guarantee made within a year, and the amount of which exceeds 30% of the latest audited total assets of the Company;
- (6) Option incentives;
- (7) Modification and cancellation of shareholders' rights;
- (8) adjustment of the profit distribution policy of the Company;
- (9) determine or authorize the Board to determine on matters relating to the issued preference shares of the Company, including, without limitation, repurchase and dividend payment; and

Mandatory
Provisions
Article 71

(10) any other matters considered by the shareholders' general meeting, by way of an ordinary resolution, to have a substantial impact on the Company and to require approval by a special resolution.

Article 129

Other than the cumulative voting system set out in Article 135, the shareholders' general meeting will vote on all motions one by one, and for the different motions on the same matter, voting will be proceeded according to the order of the times these motions are put forward. Other than special reasons such as force majeure that results in the interruption of the meeting or makes it impossible to come to resolution, the shareholders' general meeting shall not postpone the motions and shall vote on them.

Article 130

When considering any motions in the General Meeting, no amendments shall be made to the motions, otherwise, any such change shall be considered as a new motion and voting thereon shall not take place in that meeting.

Guidelines for
the Articles of
Association
Article 83

Article 131

The list of candidates for Director and supervisor shall be proposed to the shareholders' general meeting for voting.

Guidelines for
the Articles of
Association
Article 84

The Board of Directors shall publicly announce to the shareholders the resumes and basic circumstances of the candidates for Directors and supervisor ten (10) working days prior to the general meeting to ensure that shareholders know the candidates. Qualifications of candidates for Directors and supervisors will be examined by the Board, Supervisory Committee or a commissioned third-party institution.

Article 132

Candidates for Directors and supervisors shall be nominated separately or jointly by shareholders separately or jointly holding more than 3% of the Company outstanding shares with voting rights. Each motion can nominate at most candidates for one third of all the Directors and supervisors.

Guidelines for
the Articles of
Association
Article 82

The Board may also nominate candidates for Directors and supervisors; candidates for supervisors nominated by the last Supervisory Committee may serve as the candidates for supervisors.

Article 133

Director candidates shall give written undertaking before the convening of General Meeting to give consent to their nomination, undertaking that the information of Director candidates disclosed are true and complete, and ensuring that the responsibilities of Directors are duly performed after being elected.

Article 134

Director candidates nominated in accordance with the procedures provided between Article 131 and 133 herein can join in the election. Candidates receiving at least half of and the most votes of shareholders (including their proxies) present at the General Meeting with voting rights will be elected as Directors.

Article 135

When making a vote in the election of Directors and supervisors in General Meeting, a cumulative voting system shall be implemented according to the requirements of the Articles of Association or a resolution passed by the General Meeting.

The cumulative voting system means each share, when voting to elect Directors or supervisors at the General Meeting, carries the number of voting rights equivalent to the number of the Directors or supervisors to be elected, and a shareholder may concentrate his or her voting rights.

Article 136

Should motion on appointments of Directors or supervisors be approved in the General Meeting, these new Directors or supervisors shall assume office immediately after the conclusion of the meeting.

Guidelines for
the Articles of
Association
Article 82

Article 137

Shareholders who request for the convening of an extraordinary general meeting or a class meeting shall comply with the following procedures:

- (1) Two (2) or more shareholders holding in aggregate 10% or more of the shares carrying the right to vote at the meeting sought to be held shall sign one (1) or more counterpart requisitions stating the object of the meeting and requiring the Board to convene a shareholders' extraordinary general meeting or a class meeting thereof. The Board shall as soon as possible proceed to convene the extraordinary general meeting of shareholders or a class meeting thereof after receives such requisition(s). The amount of shareholdings referred to above shall be calculated as at the date of deposit of the requisition(s).
- (2) If the Board fails to issue a notice of such a meeting within thirty (30) days of receiving the requisition(s), the shareholders may themselves convene such a meeting (in a manner as similar as possible to the manner in which shareholders' general meetings are convened by the Board) within four (4) months of receiving the requisition(s) by the Board.

Any reasonable expenses incurred by the shareholders due to failure by the Board to duly convene a meeting shall be repaid to the shareholders by the Company and any sum so repaid shall be set-off against sums owed by the Company to the defaulting Directors.

Article 138

The General Meeting shall be chaired and presided over by the Board Chairman. When the Chairman is unable or fails to participate in the meeting, the vice-chairman shall perform the said duties; when the vice-chairman is unable or fails to participate in the meeting, a Director designated by the Board shall perform the said duties; if no such Director is designated, shareholders present at the meeting shall elect a shareholder to preside over the meeting; if shareholders are unable to elect the chairman for any reason, the shareholder holding the most shares with voting rights present at the meeting (including his proxy) shall preside over the meeting.

Article 139

The same voting rights can only be exercised either through on-the-spot voting, online voting or other means of voting. Should there be repeated voting by the same voting right, the first vote cast shall be taken.

Article 140

Prior to voting, the chairman of the General Meeting shall announce the number of shareholders and proxies present and the total number of shares with voting rights held by them. The number of shareholders and proxies present and the total number of shares with voting rights held by them shall be that as stated in the registration of the meeting.

Guidelines for
the Articles of
Association
Article 85

Article 141

Before voting on motions in the General Meeting, two shareholder representatives shall be recommended to participate in vote counting and scrutiny. Should any shareholders have interests in the item to be considered, the related shareholders and their proxies shall not participate in vote counting and scrutiny.

Guidelines for
the Articles of
Association
Article 71

During the vote on a motion in the General Meeting, vote counting and scrutiny shall be carried out jointly by lawyers, shareholder representatives and supervisor representatives, and the result of the vote shall be announced on the spot. The resolution of the vote shall be recorded in the minutes of the meeting.

Guidelines for
the Articles of
Association
Article 71

Shareholders or their proxies who vote via the internet or other means have the right to check the results of their votes in the corresponding voting system.

Article 142

The completion of the shareholders' general meeting at the venue cannot be earlier than voting by internet or other methods. The chairman of the meeting shall announce the voting circumstances and results of each resolution, and whether the resolutions have been passed according to the voting results.

Before officially announcing the voting results, the Company, counting officers, scrutinizers and major shareholders, and the internet server shall keep confidential the voting circumstances when they are involved with voting at the venue of the meeting, by internet or other methods.

Guidelines for
the Articles of
Association
Article 88

Article 143

Shareholders present at the general meeting shall present one of the following views during the voting of a resolution: consent, objection or abstention.

A voting ticket that is incomplete, wrongly completed, illegible, or not yet cast, will be deemed waiver of voting rights. The votes represented by his shares will be treated as "abstention".

Article 144

The Company shall provide convenience for shareholders to attend General Meeting by whatever means including the use of modern information technology such as online voting platform, provided that the General Meeting is held legally and effectively.

Guidelines for the Articles of Association Article 89

Article 145

When convening the General Meeting, the Company shall engage a lawyer to attend the meeting and provide legal advice regarding the following issues and make announcement thereof:

Guidelines for the Articles of Association Article 80

- (1) Whether the convening and procedures of the General Meeting are in accordance with the laws, administrative regulations and the Articles of Association;
- (2) Whether the qualifications of participants and convener are lawful and valid;
- (3) Whether the voting mechanism and voting results are lawful and valid; and
- (4) Other legal advice as requested by the Company.

Guidelines for the Articles of Association Article 45

Article 146

Minutes of shareholders’ general meetings shall be compiled by the Secretary to the Board. The minutes shall contain:

- (1) numbers of shareholders and proxies present at the meeting, number of shares with voting rights held by them and its percentage in the aggregate shares with voting rights of the Company;
- (2) The date and place of the meeting;
- (3) the name of the chairman of the meeting, and Directors, supervisors, managers and other senior management of the Company present or in attendance at the meeting;
- (4) the agenda of the meeting;
- (5) The key points of every speaker to every matter examined;
- (6) The result of voting on each matter;
- (7) The inquiry opinions and suggestions of shareholders, the replies or explanations of the Board and Supervisory Committee;

Guidelines for the Articles of Association Article 72

- (8) the names of lawyers, counting officers and scrutinizers; and
- (9) Others that the shareholders' general meeting deems and the Articles of Association prescribes to be included in the minutes of meetings.

Article 147

The chairman of the meeting shall determine whether the resolutions of the general meeting are approved in accordance with the related requirements of the Articles of Association and the votes. The chairman's decision is the final decision, and the results of the votes shall be announced in the meeting and recorded in the minutes of the meeting.

Article 148

The convener shall ensure the truthfulness, accuracy and completeness of the minutes of the meeting. The Directors and supervisors attending the meeting, the Secretary to the Board, the convener or his representative, and the chairman of the meeting shall sign the minutes of the meeting. The minutes of the meeting and the signed attendance record of the shareholders who attended in person, the proxy forms and the valid information relating to voting online and by other means shall be kept together for ten (10) years.

Mandatory Provisions Article 74

Article 149

Should the chairman of the meeting has any doubts on the result of the vote on any resolution, the chairman may carry out a ballot count; should the chairman does not conduct a ballot count and any participating shareholder or his or her proxy has dissenting view on the announced voting result, they have the right to request a ballot count immediately after the announcement of the voting result, and the chairman shall carry out a ballot count immediately.

Guidelines for the Articles of Association Article 73

Article 150

Should a ballot count be conducted in the General Meeting, the result of the ballot count shall be recorded in the meeting minutes.

Mandatory Provisions Article 75

Article 151

All Directors, supervisors and the Secretary to the Board shall be present at the general meeting, and managers and other senior management shall be in attendance at general meetings.

Mandatory Provisions Article 76

Article 152

The Board of the Company and other conveners shall take necessary measures to ensure the order at the General Meeting. Any actions that cause interference to the General Meeting, provocation and troubles, and damages to the legal rights and interests of other shareholders, measures shall be taken to stop such actions and reports shall be made promptly to related departments for further consideration and handling.

Guidelines for the Articles of Association Article 66

Article 153

The rules of procedures for shareholders’ general meetings shall be formulated by the Company, which shall stipulate the procedures for convening the shareholders’ general meeting and voting procedures, including notice, registration, consideration and approval of proposals, voting, vote counting, announcement of voting results, type of resolutions of the meeting, minutes of the meeting and its signature, announcement, and the principle for the shareholders’ general meeting authorizing power to the Board. The authorization shall be clear and specific. The rules of procedures of shareholders’ general meetings shall constitute an appendix to the Article of Association, which shall be proposed by the Board and approved by the shareholders’ general meeting.

Guidelines for the Articles of Association Article 58

Article 154

At the Annual General Meeting, the Board and the Supervisory Committee shall report to the General Meeting on their work in the past year. Each independent Director shall also report on their work.

Guidelines for the Articles of Association Article 68

Article 155

Directors, supervisors, senior management shall offer clarifications and explanations to the interpellations and proposals made by shareholders during the General Meeting.

Guidelines for the Articles of Association Article 69

Article 156

The resolutions of the General Meeting shall be announced in a timely manner, and the announcement shall indicate the number of shareholders and proxies that attended the meeting, the total number of voting shares and its proportion to the total share capital carrying voting rights of the Company, and the voting method, voting results of each resolution and details of each resolution passed. The attendance and voting of the holders of domestic shares (A shares), domestic listed foreign shares (B shares) and overseas listed foreign shares (H shares) and preference shares shall be analyzed statistically and announced respectively.

Guidelines for
the Articles of
Association
Article 70

Where a motion has not been adopted or the resolution of any previous shareholders' general meeting has been modified in the current shareholders' general meeting, a special explanation shall be made in the announcement on the resolutions of the shareholders' general meeting.

Guidelines for
the Articles of
Association
Article 91

Article 157

The Board shall carefully examine and arrange the matters to be considered at the General Meeting. The General Meeting shall give plenty time for discussion for each motion.

Article 158

Institutional investors shall play their roles in the election of Directors of the Company, stimulation and supervision of the operators and decision making for significant matters.

Guidelines of
Governance
Article 6

Article 159

Except for those involving trade secrets of the Company that cannot be publicized, the Board and Supervisory Committee shall make response to or give explanation of the inquiries and suggestions made by shareholders at shareholders' general meetings.

Guidelines of
Governance
Article 11

Article 160

The convener shall ensure that a shareholders' general meeting is held continuously until final resolutions have been reached. In the event that the shareholders' general meeting is suspended or the shareholders fail to reach any resolution due to force majeure or other special reasons, necessary measures shall be taken to resume the meeting as soon as possible or the meeting shall be terminated directly and an announcement of such termination shall be made promptly. At the same time, the convener shall report to the local securities supervisory authorities of PRC and the stock exchange.

Article 161

Resolutions put forward to the General Meeting shall comply with laws and Articles of Association of the Company. Directors present at the meetings shall duly perform their duties and ensure that the resolutions are true, accurate and complete and are free from representation that may lead to ambiguity.

Guidelines for the Articles of Association Article 74

Article 162

Shareholders may examine photocopies of the minutes for free during office hours of the Company. Should any shareholder request photocopies of the minutes, the Company shall send the photocopies within 7 days after receiving a reasonable fee.

CHAPTER 9 SPECIAL PROCEDURES FOR THE VOTING OF CLASS SHAREHOLDERS

Article 163

Shareholders holding different classes of shares are referred to as class shareholders. According to the first paragraph of Article 16 herein, class shareholders of the Company comprise class shareholders holding domestic listed shares and class shareholders holding overseas listed shares.

Mandatory Provisions Article 77

Class shareholders enjoy rights and bear responsibilities according to the requirements of law, administrative regulations and the Articles of Association of the Company.

Article 164

The Company’s proposition to amend or cancel rights of class shareholders is required to be passed as special resolution in General Meetings and passed by the General Meeting convened by the class shareholders affected according to Article 163 to Article 170 herein before actions can be taken.

Mandatory Provisions Article 78

Article 165

The following circumstances shall be deemed to be a variation or abrogation of the rights of holders of certain class shares:

Mandatory
Provisions
Article 79

- (1) the increase or decrease in the number of shares of such class (including without limitation additional offer (or repurchase) of H shares or additional offer (repurchase) of A shares and/or H shares), or the increase or decrease in the number of shares of a class having equal or additional voting rights, distribution rights or other privileges, except for transfer of shares held by domestic share shareholders of the Company to overseas investors and trade of such shares in overseas markets as stated in Article 16 herein;
- (2) to exchange all or part of shares of such class for shares of other classes, or to exchange or grant a right of exchange of all or part of the shares of other classes for shares of such class, except for transfer of shares held by domestic share shareholders of the Company to overseas investors and trade of such shares in overseas markets as approved by securities supervisory authorities of PRC;
- (3) to remove or reduce rights to accrued dividends or cumulative dividends attached to shares of such class;
- (4) to reduce or remove the rights to a dividend preference or a liquidation preference to distribution of property attached to shares of such class;
- (5) to add, remove or reduce the rights to conversion, options, voting, transfer, preemptive rights to placement and acquire securities of the Company attached to shares of such class;
- (6) to remove or reduce rights to receive payment payable by the Company in particular currencies attached to shares of such class;
- (7) to create a new class of shares having rights on voting, distribution or other privileges equal or superior to those of the shares of such class;
- (8) to restrict the transfer or ownership of the shares of such class or increase such restrictions;
- (9) to issue subscription rights or share conversion rights for shares of such class or other classes;
- (10) to increase the rights and privileges of shares of other classes;

Mandatory
Provisions
Article 80

- (11) to restructure the Company where the proposed restructuring scheme will result in different classes of shareholders bearing a disproportionate burden of obligations of such restructuring; and
- (12) to vary or abrogate the terms provided in this chapter.

Article 166

Shareholders of the affected class, whether or not having the right to vote at the shareholders' general meeting, shall nevertheless have the right to vote at class meetings on matters referred to in clause (2) to (8) and (11) to (12) of Article 165 of the Articles of Association, but interested shareholders shall not be entitled to vote at class meetings.

The interested shareholders mentioned in the preceding paragraph shall have the following meanings:

- (1) in the case of a repurchase of its own shares by the Company by making offers to all shareholders on a same pro rata basis or through public dealing on a stock exchange in accordance with Article 36 of the Articles of Association, "interested shareholder" shall refer to the controlling shareholders as defined in the second item of Article 363 of the Articles of Association;
- (2) in the case of a repurchase of its own shares by the Company through an off-market agreement in accordance with the provisions of Article 36 of the Articles of Association, "interested shareholders" shall refer to the shareholders to which the proposed agreement relates;
- (3) in the case of a restructuring of the Company, "interested shareholder" shall refer to a shareholder within a class who bears liabilities less than the proportion burden imposed on other shareholders of that class or who has interests different from those held by shareholders of the same class.

Article 167

A resolution of the class meeting shall be passed by shareholders present in the meeting representing not less than two-thirds of voting rights.

Article 168

Notice of a class meeting convened by the Company shall be dispatched through an announcement or other forms (if necessary) prescribed by the Articles of Association forty-five (45) days prior to the date of the class meeting to all shareholders of such class whose names appear on the register of shareholders, specifying the matters to be considered and the date and place of the meeting. Shareholders who intend to attend the meeting shall serve on the Company written replies of their intention to attend twenty (20) days prior to the date of the meeting.

Mandatory Provisions Article 82

If the number of voting shares at such meeting held by shareholders who intend to attend such meeting is not less than one-half of the total number of voting shares at such meeting, the Company may hold such class meeting; if not, the Company shall further notify the shareholders by way of announcement or other forms (if necessary) prescribed by the Articles of Association within five (5) days thereof specifying the matters to be considered and the date and place of the meeting. After such announcement has been given, the Company may then hold the class meeting.

Mandatory Provisions Article 83

Article 169

Notices of the class meeting only need to be served on shareholders entitled to vote in the class meeting.

The procedures for holding the class meeting shall be similar to those for holding the shareholders’ general meeting as much as possible, and the provisions in the Articles of Association relating to the procedures for a shareholders’ general meeting shall apply to the class meeting.

Article 170

The special procedures for voting by class shareholders shall not apply in the following circumstances:

Mandatory Provisions Article 84

- (1) where the Company issues, upon approval by a special resolution at a shareholders’ general meeting, domestic shares and overseas listed foreign shares once every twelve (12) months, either separately or concurrently, and the respective numbers of domestic shares and overseas listed foreign shares to be issued do not exceed 20% of the respective numbers of the issued domestic shares and overseas listed foreign shares;

- (2) where the Company's plan to issue domestic shares and overseas listed foreign shares at the time of incorporation is carried out within fifteen (15) months from the date of approval by securities supervisory authorities of PRC; and
- (3) where shareholders holding domestic shares of the Company transfer their shares to overseas investors as stated in Article 19 herein and such shares are traded in overseas markets.

Mandatory Provisions Article 85 Zheng Jian Hai Han 1995 No.1 Article 3

Hong Kong Listing Rules Appendix 13 Part D Section 1 Article f Paragraph (i) and (ii)

CHAPTER 10 SPECIAL PROVISIONS OF PREFERENCE SHARES

Article 171

The issued preference shares of the Company shall not exceed 50% of the total number of the ordinary shares of the Company and the amount of funds raised shall not exceed 50% of the net assets before the issuance. The preference shares repurchased shall not be included in the calculation. The Company shall not issue preference shares convertible to ordinary shares.

Article 172

In compliance with the requirements of relevant laws and regulations, the Company may repurchase its preference shares in accordance with the time and price prescribed in the issuing documents based on the operation conditions. A holder of preference shares has no right to sell his preference shares back to the Company at his option.

Mandatory Provisions Article 86

Article 173

Holders of preference shares of the Company are entitled to the following special rights:

- (1) to take precedence over ordinary shareholders in distribution of dividends;
- (2) to take precedence over ordinary shareholders in distribution of the residual property of the Company upon liquidation;
- (3) to attend general meetings and vote in such meetings under the circumstances prescribed in Article 174;
- (4) to restore the right to vote in accordance with the manner as prescribed in Article 175 under the circumstances prescribed in the Article;

- (5) other rights conferred to holders of preference shares prescribed by laws, administrative regulations, departmental rules, normative documents and the Articles of Association.

Article 174

Except for the following circumstances, holders of preference shares are not entitled to attend a general meeting and their preference shares shall have no voting right:

- (1) any amendment to the provisions of the Articles of Association regarding the preference shares;
- (2) any reduction of the registered capital of the Company by more than 10%, whether on an individual or cumulative basis;
- (3) any merger, division, dissolution or change of organizational form of the Company;
- (4) any issuance of preference shares by the Company;
- (5) any other circumstances prescribed by laws, administrative regulations, departmental rules, normative documents and the Articles of Association.

If the Company convenes a general meeting at which any of the above matters is considered, the Company shall inform the holders of the preference shares in the way it informs its ordinary shareholders in compliance with the notice procedure as required in the Articles of Association. Holders of the preference shares are entitled to attend the general meeting and vote on the above matters separately from the ordinary shareholders. Each preference share shall have one vote. However, the preference shares held by the Company shall have no voting right.

Apart from being passed by shareholders of ordinary shares (including preference shareholders with restored right to vote) present in the meeting representing not less than two-thirds of voting rights, resolution (1) to (5) mentioned above shall be passed by preference shareholders (excluding preference shareholders with restored right to vote) present in the meeting representing not less than two-thirds of voting rights.

Article 175

If the Company fails to pay dividends on the preference shares as agreed for three accounting years in aggregate or two consecutive accounting years, the holders of preference shares shall have the same right to attend and vote at the shareholders' general meetings with ordinary shareholders from the date immediately following the date when a general meeting has approved ***cancelling the payment of the dividends in respect of the Preference Shares for the year or*** not to pay the dividends in respect of the preference shares for the year as agreed. The restoration of voting rights shall last until the date on which the Company has fully paid the ~~dividend~~ ***dividend payable for the current period*** (including all deferred dividends and relevant yields).

The voting rights of each preference share shall be calculated according to the agreed proportion at the time of its issuance.

Article 176

Holders of preference shares of the Company shall take precedence over ordinary shareholders in distribution of profit of the Company at the agreed dividend rate. Specific provisions are as follows:

- (1) The Preference Shares of the Company to be issued will carry fixed dividend rate with single step-up in dividend rate arrangement. Specific calculation methods of dividends shall be determined in accordance with issue documents. However, the dividend rate of a tranche of preference shares at the time of its issuance shall not be higher than the Company's average ratio of the annual weighted average return on equity for the last two accounting years prior to the issuance. The dividend rate upon step-up adjustment shall not be higher than the average ratio of the annual weighted average return on equity for the two accounting years prior to the adjustment. If the dividend rate at the time of such adjustment has already been higher than the average ratio of the annual weighted average return on equity for the two accounting years prior to the adjustment, the dividend rate shall not be changed. If the dividend rate upon the increase shall be higher than the average ratio of the annual weighted average return on equity for the two accounting years prior to the adjustment, the dividend rate upon such adjustment shall be the average ratio of the annual weighted average return on equity for the two accounting years prior to the adjustment.

- (2) The Company shall distribute fixed dividends to holders of the Preference Shares at fixed dividend rate if there are distributable profits after making good losses and the contribution to reserve fund according to law. ***The Company is entitled to cancel the payment of dividend on the Preference Shares for the current period in whole or in part in the general meeting. However, if a general meeting of the Company is to consider cancelling the payment of dividend on the Preference Shares for the current period in whole or in part, the Company shall inform the Preference Shareholders at least 10 working days prior to dividend distribution date in accordance with the requirement of the relevant authorities.*** The preference shares issued in different tranches rank pari passu in the dividend distribution. Holders of preference shares shall take precedence over ordinary shareholders in distribution of dividends. The Company will not distribute any ***current*** profit to ordinary shareholders unless the agreed dividend on preference shares ***for the current period*** has been fully distributed.
- (3) Dividends on preference shares shall be paid in cash.
- (4) ~~Dividends of preference shares will be cumulative, which means that the difference amount arising from any dividends and interests thereon not paid in full to holders of the preference shares for the year will be accumulated to the following year, and shall not constitute a default by the Company. ***Dividends on preference shares under the Issue will not be cumulative, which means that the difference amount arising from any dividends not paid in full to the Preference Shareholders will not be accumulated to the following year, and shall not constitute a default by the Company.***~~
- (5) ~~The shareholders' general meeting of the Company has the right to determine to delay the payment of dividend on preference shares for the year and all of the deferred dividends on preference shares and interests thereon to the next dividend date, and its decision is not subject to the number of any deferred payment of dividends. Such deferred dividend payment shall not be deemed a default by the Company. Each deferred dividend payment shall be accrued at prevailing dividend rate during the deferred payment period.~~

Article 177

Holders of Preference Shares participate in the distribution of the remaining profits through receipt of cash which is non-cumulative and non-deferrable. In the event of making good losses and the contribution to reserve fund according to law, after receiving fixed dividends at fixed dividend rate as agreed, holders of preference shares can also participate in the distribution of the remaining profit for the year in proportion. Specific terms are as follows: ***the remaining profit for the year arises from net profit attributable to owners of the parent company on a consolidated basis upon distribution of relevant fixed income to holders of financial instruments such as the Preference Shares which may be classified under equity.*** 50% of the remaining profit shall be distributed to holders of preference shares and ordinary shareholders. Holders of preference shares shall participate in the distribution of the remaining profit by receiving cash dividends, and the ordinary shareholders shall participate in the distribution of the remaining profit by receiving cash dividends or dividends on ordinary shares.

Article 178

In the circumstances that the Company is liquidated due to dissolution, bankruptcy or other reasons, the residual property of the Company after the settlement of liabilities in accordance with the relevant regulations under the Company Law and Bankruptcy Law shall be distributed based on the class of the shares of the holders and their shareholding. When the residual property is distributed, the unpaid dividends and the settlement amount are paid to the holders of the preference shares in priority. In the event that the residual property is not sufficient to settle all payments, it shall be distributed on a pro rata basis in accordance with the shareholding of the holders of the preference shares. Upon completion of the distribution of the residual property to be distributed among the holders of the preference shares, the residual property will be distributed among ordinary shareholders.

CHAPTER 11 BOARD OF DIRECTORS

Article 179

The Company sets a Board that comprises eleven (11) Directors, including one Chairman and one to two Vice Chairman(s).

Article 180

Directors shall be elected at shareholders' general meeting. The term of office of the Directors shall be three (3) years. Upon maturity of the current term of office, a Director is eligible for re-election and reappointment.

The Chairman and Vice Chairman of the Board shall be elected and removed by more than one-half of all Directors. The term of office of the Chairman and Vice Chairman shall be three (3) years, renewable upon re-election.

The Directors shall not be required to hold shares of the Company.

Article 181

The Board of Directors shall duly perform its duties prescribed by laws, regulations and Articles of Association of the Company, ensure that the Company complies with laws, regulations and Articles of Association of the Company, treat all the shareholders equally and pay attention to interests of other interested parties.

Mandatory
Provisions
Article 87

Article 182

The number of Directors and composition of the Board shall comply with requirements of laws and regulations, thus ensuring that the Board can have fruitful discussions and make scientific, swift and prudential decisions.

Hong Kong
Listing Rules
Appendix 3
Article 4
Section 3,4
and 5

Article 183

The Board of Directors shall have a reasonable structure of specialties. Directors shall possess knowledge, expertise and quality necessary for performing their duties.

Article 184

The Board of Directors shall be independent of controlling shareholders and beneficial controllers.

More than half of members of the Board shall be external Directors and more than one third of the members are independent Directors.

Article 185

The Board of Directors is responsible to the general meeting, with the following duties and authorities:

- (1) Call the general meeting, and report details of their work at the general meeting;
- (2) Execute resolutions adopted at the general meeting;
- (3) Decide on the operating policies and investment plans of the Company; Opinion
Article 1
- (4) Formulate the Company's annual budget proposals and final accounts proposals; Opinion
Article 6
- (5) Formulate the Company's profit allocation and loss recovery compensation proposals;
- (6) Formulate the Company's proposals of increasing or decreasing registered capital and bond issuance and other proposals of securities and listing; Mandatory
Provisions
Article 88
- (7) Draft proposals of major acquisitions, repurchase of the Company's ordinary shares;
- (8) Draft proposals of mergers, division, and dissolution and alterations of forms of the Company;
- (9) Determine matters including external investment, purchase and sales of assets, mortgage of assets, external guarantee, entrust financial management and connected transactions etc., of the Company within the authorization of the general meeting;
- (10) Decide on the setting of the Company's internal management institutions;
- (11) Appoint or dismiss the Company's managers and Secretary of the Board; appoint or dismiss the deputy general manager and the Company's other senior management, including the chief financial officer, upon nomination by the general manager and make decisions on issues related to their remuneration, award and penalty;
- (12) Formulate the Company's basic management systems;
- (13) Formulate amendments to the Company's Articles of Association;
- (14) Manage the issues relating to information disclosure;
- (15) Propose the appointment or replacement of the accounting firm responsible for the auditing of the Company at the general meeting;
- (16) Listen to the work report of the general manager and evaluate the work;
- (17) determine matters relating to the issued preference shares of the Company within the authority from the general meeting, including, without limitation, repurchase or dividend payment; and

(18) Perform other duties and authorities provided by the Articles of Association and granted by general meetings.

All of the above resolutions adopted by the Board of Directors, except those in (6), (8), and (13) that must be approved by more than two-thirds of votes of the Directors, shall be approved by a simple majority of votes by the Directors.

Resolutions in respect of connected transactions of the Company made by the Board of Directors shall take effect only after signed by independent non-executive Directors. Opinions of independent non-executive Directors shall be disclosed in resolutions of the Board of Directors.

Article 186

In cases where the expected value of fixed assets proposed for disposal by the Board, when aggregated with value of fixed assets disposed within four (4) months before the proposed disposal, exceeds 33% of the fixed assets value set out in the latest balance sheet considered by the shareholders' general meetings, the Board shall not dispose or consent to dispose such fixed assets without prior approval by the shareholders' general meeting.

Opinion
Article 6

The term "fixed assets disposal" referred to in this article represents (among other things) transferring certain interests in assets, but excluding provision of guarantees by way of fixed assets.

The validity of transactions regarding fixed assets disposal by the Company shall not be affected due to a breach of the first paragraph of this Article.

Mandatory
Provisions
Article 89

When making decisions on market development, mergers and acquisitions or investment in a new field, the Board shall engage an outside consultancy organization to provide a professional opinion as an important basis for the Board's decision, if the investment or the merger/acquisition assets amount to 10% or more of the Company's total assets.

Article 187

The Board of Directors shall report on the following matters:

- (1) the first item in Article 185 herein;
- (2) implementation status and results of the General Meeting's resolutions;
- (3) implementation status and results of the Board's resolutions;
- (4) Matters that are required by the Supervisory Committee to be reported;

Opinion
Article 4

- (5) Matters that are required by securities administrative authorities and the stock exchange; and
- (6) Others matters considered necessary by the Board.

Article 188

The Company's Directors shall treat in prudent manner and strictly control on the debt risks resulting from guarantees, and shall accept joint liabilities for any possible loss arising from any breach of regulation or improper guarantee.

The Company's Directors shall observe the following requirement in providing external guarantees:

- (1) The Company shall not provide guarantees to the controlling shareholder or any other connected persons, non-legal person body or individual in which the Company holds less than 50% of shares.
- (2) The Board has the right to decide on each external guarantee that amounts to less than 10% of the Company's latest audited net assets with the consent of two thirds of all the members of the Board. When the accumulative amount of external guarantee exceeds 50% of the Company's latest audited net assets, further external guarantee shall be reported to the General Meeting for approval.
- (3) Each guarantee that amounts to over 10% of the Company's latest audited net assets shall be reported to the General Meeting for approval.
- (4) The Company shall strictly control risks of external guarantee and credit standards of guaranteed parties. The Company shall not directly or indirectly provide guarantee for debt of parties with a liabilities-to-assets ratio of over 70%; to provide external guarantee, the Company shall require the guaranteed party to provide counter guarantee and the provider of the counter-guarantee shall be competent in accepting the liabilities.
- (5) The Company shall diligently perform its obligation of information disclosure for its guarantees in strict compliance with the national laws and regulations. All information of guarantees shall be provided as it is to certified public accountants under the rules.
- (6) Independent Directors shall make a special statement in the annual report for the Company's accumulated and current guarantees and implementation of the abovementioned requirements, and give an independent opinion.

Mandatory
Provisions
Article 90

Article 189

The Chairman of the Board is entitled to the following powers:

- (1) to preside over shareholders' general meetings and to convene and preside over Board meetings;
- (2) to supervise and check on the implementation of resolutions of the Board;
- (3) to sign the securities certificates, bonds and other negotiable securities issued by the Company;
- (4) to sign important documents of the Board and other documents that require signing by the Company's authorized representative;
- (5) to exercise the power of authorized representative;
- (6) to nominate the candidate for the general manager of the Company to the Board for approval;
- (7) to exercise the power to handle corporate affairs in accordance with the law and the Company's interests in cases of emergency caused by natural disasters or other force majeure, and report to the Board and shareholders' general meeting thereafter; and
- (8) to exercise other powers conferred by the Board.

Guidelines of
Governance
Article 48

The Vice Chairman shall assist the Chairman. If the Chairman is unable or fails to perform his duties, the Vice Chairman shall perform the duties of the Chairman; where the Vice Chairman fails to perform his duties, a Director jointly elected by not less than half members of the Board shall perform the duties of the Chairman.

Article 190

The Board shall authorize the Chairman to exercise part of his powers during the closed session of the Board. The authorization of the Chairman by the Board shall observe the following principles:

- (1) compliant with the Company's overall development strategy;
- (2) not involving investment with high risks and material interests;
- (3) with the feasibility study report provided by the Strategic Decision Committee; and
- (4) with the resolution of authorization made by the Board.

Mandatory
Provisions
Article 91

Article 191

The Board of Directors shall hold two meetings at least each year and extraordinary meetings when necessary. Subjects for discussion shall be formulated prior to such meeting.

Article 192

The Chairman shall convene and preside over meetings of the Board. The first meeting each year will be chaired by the Director to be selected as the Chairman.

Article 193

Shareholders holding more than 10% of the voting rights, Chairman, more than half of the independent Directors, more than one third of the Directors or supervisors, and the general manager can propose to convene an extraordinary meeting of the Board. The Chairman shall convene and preside over a meeting of the Board within ten (10) days of receiving the proposal. When the Chairman is unable to perform his duties, the Vice Chairman shall convene the extraordinary meeting of Board; when the Vice Chairman is unable to perform his duties, a Director elected by more than half of the Directors shall convene the meeting.

Article 194

Meetings of the Board shall comply with provided procedures. The Board shall notify all Directors within the required time and provide necessary materials, including background of the subjects and information and statistic that may help Directors understand the business development of the Company. When more than two (2) independent Directors think the materials are inadequate or the proof is indefinite, they can propose to the Board in writing to postpone the meeting or approval of the matter, and the Board shall agree.

Article 195

The reasonable expenses incurred by the Directors who attend Board meetings shall be borne by the Company. These expenses include the traffic expenses covering the distance between the place where a Director is located and the place where a meeting is held (in the event that these two places are not the same), the fees of room and board during the term of the meeting, the rent of the place of the meeting and the local traffic expenses.

Article 196

Regular and extraordinary Board meetings shall be noticed as follows:

- (1) Board meetings shall be notified to all the Directors and Supervisors in writing ten (10) days in prior.
- (2) Extraordinary Board meetings shall be notified in writing in principle, and otherwise when necessary, five (5) days in prior to all the Directors.
- (3) The notice shall be written in Chinese, if necessary, the English version can be attached, including the agenda for the meeting. Any Director may waive the right of receiving the notice of Board meeting.
- (4) The notice of Board meeting shall be deemed issued if the Director is present at the meeting and raises no objection to the notice before he attends the meeting or the meeting starts.

Mandatory Provisions Article 93

Opinion Article 3

Hong Kong Listing Rules Appendix 3 Article 4 Section 1

Article 197

The notice of Board meeting shall include:

- (1) date and place of the meeting;
- (2) deadlines of the meeting;
- (3) reasons of and agenda for the meeting; and
- (4) date of the notice.

Mandatory Provisions 94
Opinion Article 3

Article 198

The Board meeting may not be held unless not less than half of the Directors are present.

Voting at the Board meeting shall record the names of the voters. Each Director has one vote. A resolution at the Board meeting shall be adopted by a simple majority of all the Directors.

Guidelines for the Articles of Association Article 121

If there is equal number of dissenting and affirmative votes, the chairman has the casting vote.

Article 199

Where more than one fourth of Directors or more than two (2) external Directors deem the information on the items for resolution as inadequate or the justification is not clear, they may jointly propose to postpone the board meeting or postpone the discussion on some matters, and the Board shall adopt such proposal.

If a Directors or his affiliate is connected to with matters to be resolved at the board meeting, shall refrain from the voting and shall not exercise his voting rights on such resolution. Such Director shall not be counted in the quorum of such meeting.

Article 200

Directors shall attend Board meetings in person. Where a Director is unable to attend a meeting for any reason, he may by a written power of attorney appoint another Director to attend the meeting on his behalf. In such case, the Director shall be deemed present at the meeting and shall assume legal liability independently.

The power of attorney shall include the name of the proxy, the subject and scope of authorization and validity of the time limit of the proxy, which shall be signed or officially sealed by the authorizing party.

Article 201

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 Board meeting and has not appointed a proxy to attend the meeting on his behalf, he shall be deemed to have waived his right to vote at the meeting.

Article 202

Any regular or extraordinary meeting of the Board may be held by way of telephone conference or similar communication equipment so long as all Directors present can clearly hear and communicate with each other. All such Directors shall be deemed present in person at the meeting.

Article 203

Mandatory Provisions Article 95

If any Director has associated relationship with the enterprises involved in any resolution proposed at a Board meeting, such Director shall not exercise voting rights on the resolution or on behalf of other Directors. Such Board meeting shall not be held unless attended by a majority of Directors having no interest in such matter, and any resolution made thereon shall be subject to affirmative votes of a majority of Directors having no interest in such matter. Where there are less than three (3) Directors having no interest in such matter attend the meeting, the matter shall be submitted to the shareholders’ general meeting for consideration and approval.

Opinion Article 3

Article 204

Opinion Article 6

If the resolution of the Board meeting is defective, no matter whether the defect is caused during the establishment of the resolution, i.e. the convening procedures or resolution ways violate laws or the Articles of the Company, or exists in the resolution, i.e. the resolution violates laws or the Articles of the Company, and the resolution is invalid.

Interested parties can propose to invalidate the resolution at any time and in any manner.

Guidelines for the Articles of Association Article 122 and 123

Article 205

A resolution of an extraordinary Board meeting may be made through facsimile provided that the Directors are able to fully express their opinions and the resolution shall be viewed and signed by all the Directors. The resolution shall take effect from the signing date of the last Director.

Article 206

The Board shall record the resolutions passed in the meeting as minutes of the meeting. The Directors and recorder attending the meeting shall sign on the minutes of the meeting. Directors shall bear responsibility for the resolutions passed. Participating Directors who passed resolutions that are against the laws, administrative regulations and the Articles of Association, and whose action causes serious damages to the Company, shall be responsible for indemnifying the Company. A Director can be exonerated if he can prove that he was recorded in disagreement when such resolution was passed.

If resolutions of the Board meeting violate laws, administrative regulations and the Articles of the Company, Directors who voted for the resolutions will bear direct responsibility; Directors can be exonerated if they can prove that they were recorded in

Guidelines of Governance Article 52

disagreement when such resolutions were passed; Directors who abstained from the voting or did not present at the meeting and appoint proxies to attend the meeting shall not be exonerated; Director who raise clear objection in discussion but did not vote against the resolutions in the voting shall not be exonerated.

Article 207

The minutes of the Board meeting will be deposited by the Secretary of the Board. The deposit period shall be ten (10) years.

Guidelines of Governance Article 32

The minutes of the Board meeting shall include:

- (1) the convening date, place and the convener’s name of the meeting;
- (2) names of attending Directors and Directors appointed as proxies to attend the meeting;
- (3) agenda of the meeting;
- (4) Key points of Directors’ speeches; and
- (5) the voting method and result of each proposal (numbers of affirmative, negative and abstention votes shall be specifically indicated).

Guidelines for the Articles of Association Article 96

Article 208

The Board of the Company shall establish strategy, audit, nominating, remuneration and appraisal committees, among others, according to related resolutions passed by the General Meeting. The Board shall separately formulate implementation rules for the above-mentioned committees, regulating their composition, duties, limit of rights and proceedings.

Guidelines for the Articles of Association Article 96

Article 209

The Company shall sign appointment contracts with Directors to specify rights and obligations between them, Director’s term of office, Director’s responsibility for breach of laws, regulations and the Articles of Association and compensation payable by the Company for terminating such contracts in advance.

Zheng Jian Hai Han 1995 No.1 Article 4

Appointment contracts signed between the Company and Directors shall not be invalidated, terminated or modified due to the modification of the Company’s Articles of Association, unless through amicable negotiation between them.

Zheng Jian Hai Han 1995 No.1 Article 4

Article 210

The term of office of Directors shall commence from the date of appointment up to the maturity of the current term of office of the Board. In the event that the terms of Directors fall upon maturity whereas new members of the Board are not elected in time, the existing Directors shall continue to perform their duties in accordance with the law, administrative regulations, departmental rules and the Articles of Association until the re-elected Directors assume their office.

Hong Kong
Listing Rules
Appendix 3
Article 4
Section 2

The General Meeting shall not remove a Director from office without justifiable reason before the expiry of that Director's term.

Article 211

Directors may be managers or other senior management of the Company, provided that such Directors shall be no more than half of all the Directors of the Company.

Opinion
Article 1

Article 212

The written notice of an intention to nominate a candidate of Director and that of a willingness to accept the nomination by the candidate shall be delivered no earlier than the day after the dispatch of the notice of the meeting for election of the relevant Director and end no later than seven (7) days prior to the date of such meeting.

Opinion
Article 6

Article 213

The shareholders' general meeting may by ordinary resolution remove any Director before the expiration of his term of office (including the managing Director or other executive Directors, but without prejudice to such Director's right to claim damages based on any contract), subject to full compliance with relevant laws and administrative regulations.

Guidelines of
Governance
Article 34

Article 214

Any person who has been appointed by the Board to fill any casual vacancy in the office of the Board or serve as an additional Director, his term of office shall expire at the next shareholders' annual general meeting of the issuer and such person shall be eligible for election for successive terms.

Guidelines of
Governance
Article 37

Guidelines for
the Articles of
Association
Article 102

Article 215

Not more than two (2) persons of the Chairman of the Board, Vice Chairman and executive Directors of the Company may be the chairman of the board, vice chairman and executive Directors of the controlling shareholder and beneficial controller.

Article 216

Mandatory Provisions Article 120

The external Directors shall have sufficient time and necessary knowledge and ability to perform their duties. When an external Director performs his duties, the Company must provide necessary information. Independent Directors may directly report to the shareholders' general meeting, securities supervisory authorities of PRC and other governing departments.

Article 217

Directors shall have sufficient time and effort to perform their duties and shall strictly fulfil commitments made by them publicly.

Article 218

Directors shall actively participate in related training to understand Director's rights, obligations and duties, related laws and regulations and obtain necessary knowledge.

Article 219

No Directors shall act, in their personal capacity, on behalf of the Company or the Board beyond provisions of the Articles of Association or without appropriate authorization by the Board. The Director shall, when acting in his personal capacity, state his standings and identities in advance if a third party has reasons to believe that the said Director is acting on behalf of the Company or the Board.

Mandatory Provisions Article 121

Article 220

Where a Director or other companies where he is employed, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, (other than his appointment contract with the Company), he shall declare the nature and extent of his interests to the Board at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal is otherwise subject to the approval of the Board.

Unless the above-mentioned Director has declared to the Board as required, and the Board excludes him from the quorum of the Board meeting, and the Director has not attended the meeting and approved the matter, or the Director is a third party acting in good faith, the Company has the right to cancel the contract, transaction or arrangement.

The Director shall declare the above-said connection to the Board in writing, accept inquiry of other Directors, and answer their questions truthfully; such Director shall refrain from voting on the connected transaction during the Board meeting; other Directors shall vote on matters involved in the connected transaction according to procedures of the Board meeting provided herein.

If the number of Directors is less than the minimum required after the above-mentioned Director refrains from the meeting, all the Directors (including the connected Director) shall vote on procedural matters for submitting the transaction to the General Meeting of the Company for examination. The General Meeting shall make resolutions for the transaction.

Article 221

Where a Director gives to the Board a general notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, such notice shall be deemed for the purposes of the preceding paragraph of this article a sufficient declaration of his interests, so far as the content stated in such notice is concerned, provided that such general notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company.

Article 222

Guidelines for
the Articles of
Association
Article 100

A Director will be deemed to have failed to perform his duties if he fails to attend the meetings of the Board in person twice consecutively nor appointed other Directors to attend the meetings on his behalf. The Director shall submit the resignation, or the Board shall make recommendations to shareholders’ general meetings to replace such Director:

- (1) the Director’s act violates the Articles of the Company;
- (2) disclose the Company’s business secrets or confidential information in public and non-public occasion, and cause adverse impacts or material losses to the Company;
and
- (3) other circumstances that suggest the Director’s failure in performing his duties.

Guidelines for
the Articles of
Association
Article 101

Article 223

Directors may resign before expiry of their terms of office. The Directors who resign shall submit to the Board a written report in relation to their resignation. The relevant information shall be disclosed within two (2) days by the Board.

Article 224

In the event that the resignation of any Director during his term of office results in the number of members of the Board being less than the statutory minimum requirement, the existing Directors shall continue to perform their duties in accordance with the law, administrative regulations, departmental rules and the Articles of Association until the re-elected Directors assume their office.

The Board shall convene an extraordinary general meeting as soon as possible to elect a new Director to fill the vacancy of the resigned Director. Before the General Meeting makes any resolution on the election of the Director, the power of the Director who submits the resignation and the Board shall be restricted reasonably.

Guidelines for
the Articles of
Association
Article 103

Save for the circumstances referred to in the preceding paragraph, the resignation of a Director becomes effective upon submission of his resignation report to the Board.

Article 225

After a Director submits the resignation or his term of office expires, the Director shall complete his hand-over procedures with the Board. The fiduciary duties of a Director to the Company and the shareholders do not necessarily cease before the resignation becomes

Opinion
Article 1

effective or within the reasonable periods upon the effectiveness and expiration of his term of office. The confidentiality duties of a Director to the Company will remain upon the expiration of his term of office and will cease when such secrets become public information. Other duties may continue for such a period as fairness may require and depending on the time which has elapsed between the termination and the act concerned and the circumstances under which the relationship with the Company is terminated.

Article 226

Opinion
Article 1

Directors who terminate their office before the end of the term without approval shall compensate the loss suffered by the Company as a result of such early termination.

Article 227

Any Director who violates law, administrative regulations, departmental rules or the Articles of Association during performing his duties and causes losses to the Company shall be liable for compensation to any loss caused to the Company.

Opinion
Article 1

Article 228

As approved by the general meetings, the Company may purchase liability insurance for its Directors. However, such insurance is not applicable on liability caused by the Director's breach of the requirements of laws, regulations and the Articles of Association.

Article 229

The number of independent Directors of the Company will be no less than one third of the total of all directors, including at least one professional accountant holding a senior position or who is a certified public accountant.

Article 230

An Independent Director shall carry out the requirements according to laws, administrative regulations and departmental rules.

Independent Directors shall be independent from the company that employs them and its main shareholders. Independent Directors shall not take any other positions in the Company other than the independent Director.

Article 231

Independent Directors shall assume a fiduciary duty and due diligence to the Company and its shareholders. Independent Directors should diligently perform their duties for the protection of the Company’s interests as a whole and should particularly concern themselves that the lawful interests of minority shareholders are not infringed upon, in accordance with the requirements of relevant laws and regulations, Guidelines for the Establishment of the System of Independent Directorship in Listed Companies (referred to as “Guidelines”) and the Articles of Association. Independent Directors should perform their duties independently without being subject to the influence of the substantial shareholders or beneficial controllers or other stakeholders (whether an individual or an entity) of the Company. An Independent Director shall take positions in five (5) listed companies at most on principle and shall have sufficient time and efforts to effectively perform duties of the Independent Director.

Opinion
Article 2

Article 232

If any Independent Director fails to comply with the requirement of independence or other requirements for performing the Independent Director’s duties, resulting in the number of Independent Directors less than the minimum required by the Guidelines, the Company shall supplement to the Independent Directors as required.

Article 233

Independent Directors and persons to be appointed as Independent Directors shall participate in training organized by securities supervisory authorities of PRC and its authorized organization as required by securities supervisory authorities of PRC.

Opinion
Article 3

Article 234

Independent Directors shall comply with the following requirements:

- (1) Being qualified to act as a Director of a listed company under the laws, administrative regulations and other relevant provisions;
- (2) Demonstrating independence in a manner as required by the Articles of Association;
- (3) Possessing basic knowledge in the operation of a listed company and being familiar with relevant laws, administrative regulations, institutions and rules;
- (4) Possessing more than five years’ working experience in the legal or economic sectors or other areas necessary for performing the duties of an Independent Director; and

Opinion
Article 4

- (5) Other requirements stipulated in the Articles of Association.

Article 235

The following persons shall not be Independent Directors:

- (1) Lineal relatives (including spouse, parents, son and daughters, etc.) and major social relations (including siblings, parents in law, sons or daughters in law, spouses of siblings, siblings in law, etc.), of the staff or workers of the Company or its subsidiaries;
- (2) Shareholders, who directly or indirectly hold more than 1% of issued shares with voting rights of the Company or top ten Shareholders of the Company, and his/ her lineal relatives;
- (3) Shareholders, who directly or indirectly hold more than 5% of issued shares with voting rights of the Company or person who works in one of the top five corporate shareholders of the Company, and his/ her lineal relatives;
- (4) Persons with above-mentioned status within one year;
- (5) Persons who provide the Company or its subsidiaries financial advice, legal advice or any other consultation;
- (6) Other persons stipulated by the Articles of Association; and
- (7) Other persons stipulated by securities supervisory authorities of the PRC.

Article 236

Independent Directors shall be nominated, elected and replaced in the following ways:

- (1) The Board of Directors, Supervisory Committee, shareholders who alone or jointly hold more than 1% of Shares of the Company can nominate candidate of Independent Directors, and determined by voting at a shareholders' general meeting.
- (2) Nominators of Independent Directors shall ask for approval from the nominees before nomination. The nominator shall fully understand the basic information of the nominee, including his occupation, academic qualifications, job position, detailed fulltime and part-time work experience. Nominator of independent Directors shall also express his opinions on the qualification and independence of

the candidate as an Independent Director, and the nominee shall declare that he does not have any relationship with the Company which may affect his independent and objective judgment.

When the convening of the General Meeting for election of Independent Directors, the Board of Directors shall announce the above-mentioned matters as required.

- (3) While issuing the notice on convening the General Meeting for election of Independent Directors, the Company shall submit materials relating to all nominees to the stock exchange, securities supervisory authorities of PRC and Shandong CSRC. If the Board has any objection to the nominees, opinions of the Board shall also be submitted in writing.

Nominees disapproved by Shenzhen Stock Exchange can be candidates for Directors of the Company, but not for Independent Directors.

When convening the General Meeting for election of Independent Directors, the Board shall declare whether Shenzhen Stock Exchange approves the candidates for Independent Directors.

- (4) An Independent Director's term of office is same as that of other Directors. Independent Directors may be re-elected for consecutive terms, however, the consecutive terms shall not be more than six (6) years.
- (5) If the Independent Director fails to attend the Board of Directors meeting three times consecutively, the Board of Directors shall propose to the shareholders' meeting to remove such Independent Director.

Opinion
Article 5

Unless under the above-mentioned case and circumstances provided by the Company Law that Independent Directors shall not appointed as Directors, an Independent Director shall not be removed without justifiable reason when his term of office expires. If an Independent Director is removed before his term of office expires, the Company shall disclose the removal as a special disclosure. If the removed Independent Director considers the Company's reason for his removal unjustifiable, the Independent Director can make a public statement.

- (6) Independent Directors may resign before expiry of their terms of office. Independent Directors must submit a written resignation to the Board to specify matters that are related with the resignation or they consider notable for the Company's shareholders and creditors.

If the resignation of any Independent Director causes the percentage of Independent Directors in the Board of the Company lower than the minimum required by Guidelines or Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, the resignation of such Independent Director shall take effect after the vacancy of the Independent Director is filled.

Article 237

To give full play to Independent Directors, other than the power conferred by the Company and other relevant laws and regulations, Independent Directors have the following particular powers:

Opinion
Article 6

- (1) To determine significant connected transaction (defined as transaction between the Company and connected natural person with an amount of over RMB300,000, and transaction with connected legal person with amount of over RMB3 million, and amounts to more than the absolute value of 0.5% of the latest audited net asset) of the Company and provide independent advice.

Before Independent Directors determine such transaction, they can engage an agent to issue an independent financial report as a basis for judgment.

- (2) To propose to the Board of Directors to engage or dismiss an accounting firm;
- (3) To propose to the Board of Directors to hold extraordinary shareholders' general meeting;
- (4) To suggest convening meeting of the Board of Directors;
- (5) To engage an external auditor and consultant independently; and
- (6) To gather votes from shareholders before the shareholders' general meeting.

To exercise abovementioned powers, the Independent Directors shall obtain approval of more than half of the Independent Directors.

Opinion
Article 5

Article 238

Other than performing the above-mentioned powers, Independent Directors shall also give independent advice in meeting of the Board of Directors or shareholders' general meeting:

Opinion
Article 5

- (1) To nominate, appoint and remove Directors;

- (2) To engage or remove senior management;
- (3) To determine remuneration of Directors and senior management of the Company;
- (4) To determine existing or new loans or other capital transactions by Shareholders, the beneficial controllers and affiliates with an amount of over RMB 3 million or more than 5% of the latest audited net assets of the Company, and whether to adopt effective measures to recover the debts;
- (5) To determine matters that may prejudice medium and small shareholders;
- (6) Before the Board of Directors has made a cash profit distribution budget;
- (7) When the Company revises projects funded by raised capital;
- (8) Impacts on rights and interests of various classes of shareholders from the issuance of preference shares; and
- (9) Other matters stipulated by laws, administrative regulations, department rules, normative documents as well as the Articles of Association.

Article 239

If opinions provided by Independent Directors according to the Articles of Association are not adopted or the powers cannot be exercised, the Company shall disclose the related circumstances.

Opinion
Article 6

Article 240

Independent Directors shall account for more than half of the members of the remuneration and appraisal, audit and nominating committees of the Company.

Opinion
Article 6

Article 241

Main shareholders, beneficial controllers of the Company, or institutions or persons that have interests with main shareholders, beneficial controllers of the Company shall not impose any impacts on Independent Directors on issues such as nomination of Independent Directors, independent opinions and voting at the Board meetings to affect their independence.

Article 242

The Secretary of the Board shall report to Independent Directors on the production, financial, market and major matters and changes on a quarter basis and organize at least one onsite Independent Director inspection on the production and operating of the Company each year.

Article 243

Independent Directors shall provide one of the following opinions for matters that stipulated by the Articles of Association: Agree; qualified opinion and reasons; objection and reasons; inability of giving an opinion and its difficulties.

Guidelines for
the Articles of
Association
Article 69

Article 244

In case of any disclosure matters, the Company shall announce opinions of Independent Directors. When opinions of Independent Directors divide, the Board shall announce them separately.

Article 245

Independent Directors shall bear liability for resolutions of the Board as other Directors. However, an Independent Director can be exonerated if he can prove that he was recorded in disagreement when such resolution was passed.

Article 246

During the term of office, any Independent Director shall compensate for any losses to the Company caused by authorized termination of term of office or failure to perform his duties.

Opinion
Article 7

Article 247

Independent Directors of the Company shall actively obtain information necessary for performing their duties through various channels, including onsite inspection, inquiry of related personnel and external evidence; Independent Directors shall report to supervisory authorities on obstacles met in performing duties and obtain supervisory information about the Company from supervisory authorities actively; Independent Directors shall increase communication and contact with the Supervisory Committee.

Article 248

Independent Directors of the Company shall submit the annual work report to the General Meeting of the Company to report on the performance of duties. The work report includes without limitation: annual attendance of the Board meetings, independent opinions provided, cooperation during the performance of duties, whether their right of information is guaranteed and obstacles met in onsite inspection and performance of duties.

Article 249

The Company shall provide the following conditions for Independent Directors:

- (1) The Company shall undertake that Independent Directors will enjoy the same right to information as other Directors. For the matters subject to decisions by the Board of Directors, the Company shall notify the Independent Directors in advance within statutory timeframe and provide them with adequate information; and if the said information is deemed as inadequate, the Independent Directors are entitled to request supplement information. When more than two (2) Independent Directors hold that the information is inadequate or the demonstrations are indefinite, they may jointly propose in writing to the Board of Directors to postpone the pending board meeting or the discussion of the matter in question, and the Board of Directors shall adopt such proposal.

The information provided by the Company to the Independent Directors shall be kept by the Company and the Independent Directors for no less than five (5) years.

- (2) The Company shall provide the Independent Directors with the means and measures to perform their duties. The secretary to the Board of Directors shall assist the Independent Directors by providing briefing and materials. When independent opinions, proposals and written statements made by Independent Directors provide must be announced, the secretary must handle required affairs promptly at the stock exchange.
- (3) When the Independent Directors are performing their duties, employees of the Company shall assist by all means and shall not refuse, obstruct, or conceal or interfere with their performance of duties independently.
- (4) The expenditures of hiring intermediaries by the Independent Directors or the expenditures incurred in performing their duties shall be borne by the Company.

Mandatory Provisions Article 96

- (5) The Company shall pay the Independent Directors subsidies of appropriate sums. The standards of the said subsidies shall be proposed by the Board of Directors, approved by the general meeting and disclosed in annual report of the Company.

Mandatory Provisions Article 96 Guidelines for Secretary Article 1

Apart from the above-mentioned subsidies, the Independent Directors shall acquire no other additional and undisclosed interests from the Company, its major shareholders or institutions and personnel of common interests with the Company.

- (6) The Company shall establish and maintain the appropriate insurance mechanism for Independent Directors to minimize risks possibly incurred by normal performance of their duties.

CHAPTER 12 SECRETARY TO THE BOARD

Article 250

The Company shall have a Secretary to the Board, who is a senior management member of the Company, and responsible to the Company and Board of Directors.

Mandatory Provisions Article 97

The Board may establish its secretarial department when necessary.

Guidelines for Secretary Chapter 2

The senior management of the controlling shareholder and beneficial controller shall not serve as the Board Secretary concurrently.

Article 251

Secretary to the Board of the Company shall be a natural person with the requisite professional knowledge and experience, and shall be appointed by the Board.

The Secretary to the Board shall:

- (1) Have tertiary school or above degree, more than three (3) years' experience in secretary, management and stock-related matters;
- (2) Have reliable knowledge in accounting, tax, law, finance and corporate management, character and professional ethics, observe laws, regulations and rule, perform duties faithfully and have a strong capability of handling public affairs.
- (3) The provisions in Article 15 herein apply to the Secretary to the Board of Directors.

Article 252

The Secretary's primary responsibilities include:

- (1) to ensure that the Company has complete organizational documents and records;
- (2) to ensure that the Company prepares and delivers the reports and documents required by competent authorities in accordance with the laws;
- (3) to ensure that the Company's registers of shareholders are properly maintained, keep the Company's register of shareholders, register of Directors, materials about shareholdings of major shareholders and Directors and the stamp of the Board, keep meeting documents and minutes of Board meetings and shareholders' meetings, and ensure that persons entitled to access to the relevant records and documents are furnished with such records and documents without delay;
- (4) To manage relationships between the Company and investors, plan, arrange and organize various related activities. Coordinate and organize information disclosure of the Company, including establishing an information disclosure system, receiving visitors, answering questions, contacting shareholders, providing disclosed information of the Company to investors and facilitating the Company's timely, accurate, lawful, truthful and complete disclosure of information;
- (5) To participate in meetings related to disclosure of information, related departments of the Company shall provide the Secretary to the Board with materials and information necessary for the disclosure. Before a significant decision is made by the senior management of the Company, the Secretary to the Board shall be consulted in terms of the disclosure of information;
- (6) To help Directors, supervisors and senior management understand their responsibilities conferred by laws and regulations, Articles of Association, the rules and stock listing agreements;
- (7) To provide advices and suggestion for making significant decisions;
- (8) To record and streamline matters discussed on meetings, sign the resolutions and bear the responsibility of making accurate recording.
- (9) to perform other duties as specified under the Articles of Association and the listing rules of the stock exchange where the shares of the Company are listed.

Mandatory
Provisions
Article 98

Article 253

Directors or other senior management members may concurrently hold the post of the Secretary to the Board.

The accountant(s) of the certified public accountants' firm appointed by the Company shall not concurrently hold the post of the secretary to the Board.

Guidelines for
Secretary
Article 5

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

Article 254

The Secretary to the Board shall receive professional training, examination and obtain qualification certificate of the stock exchange and shall be appointed by the Board and reported to the stock exchange for record and announced publicly; Secretary to the Board without such certificate shall be appointed by the Board upon the stock exchange's approval.

Article 255

The Company shall appoint the Secretary to the Board within three (3) months of the listing of the Company's shares or the resignation of the previous Secretary to the Board. Before the appointment, the Board of the Company shall appoint a Director or senior management member to take the position temporarily, report to Shenzhen Stock Exchange and determine the Secretary to the Board as soon as possible. Before the Company appoints a person to take the position temporarily, the Chairman of the Board shall take the position temporarily.

Guidelines for
Secretary
Article 17

Article 256

The Secretary to the Board appointed by the Board shall provide the following documents to the stock exchange:

- (1) Recommendation of the Board, including the recommender's position, work performance and personal morality;
- (2) Resume and education certificates (photocopies) of the recommended person;
- (3) Qualification certificate for Secretary to the Board of the recommended person;
- (4) Appointment of the Board;

- (5) Contact information of the Secretary to the Board, including office and home telephone numbers, mobile telephone number, fax, address and email address. The Secretary to the Board shall remain contactable at any time;
- (6) Contact information of the Company's legal representative, including office and home telephone numbers, mobile telephone number, fax and address.

Article 257

The stock exchange can suggest the Board of the Company terminating the employment of the Secretary to the Board in any of the following circumstances:

Guidelines for
Secretary
Article 18

- (1) Makes magnificent mistakes or omissions when carrying out duties and causes heavy losses to the Company or investors;
- (2) Violates national laws, regulations, Articles of Association, rules of the stock exchange and causes heavy losses to the Company or investors; and
- (3) Other circumstances where the stock exchange considers the Secretary to the Board should cease taking the position.

Article 258

The Board shall dismiss the Secretary to the Board with adequate reasons. When the Secretary to the Board resigns or is removed, the Board shall report to the stock exchange as required, provide reasons for the resignation or removal and make an announcement.

Article 259

Before the Secretary to the Board leaves the office, he shall accept examination of the Board and Supervisory Committee, hand over related documents, job in hand or to be done under the supervision of the Supervisory Committee. When the Secretary to the Board is appointed, the Company shall sign the non-disclosure agreement with him and require him to continue performing the non-disclosure obligation after he leaves the office until the information is disclosed publicly.

Mandatory
Provisions
Article 99

Article 260

While the Board of Directors engages a secretary, it shall also engage at least one securities administrative representative, who shall perform the duty of the secretary while she/he is incapable to perform his/her duty. Securities administrative representative shall have the qualification as the secretary, obtained qualification certificates by taking professional training course and passing the qualification examination organized by stock exchange.

Mandatory
Provisions
Article 100

CHAPTER 13 MANAGERS OF THE COMPANY

Article 261

The Company shall have one general manager and certain number of deputy general managers, who shall be appointed and dismissed by the Board of Directors.

Directors can hold a concurrent post as general manager, deputy general managers or any other senior management post. However, number of Directors who hold a concurrent post cannot be more than half of the number of Directors of the Company.

Article 262

Each term of office of a general manager shall be three (3) years, and the general manager may be reappointed for consecutive terms.

Article 263

The general manager of the Company shall be accountable to the Board and exercise the following powers:

- (1) to lead the Company's production, operation and management, carry out the Board's resolutions;
- (2) to implement the Company's annual business and investment plans;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to draft the Company's basic management system;
- (5) to formulate the basic rules and regulations of Company;
- (6) to propose the appointment or dismissal of the Company's deputy manager(s), chief financial officer;
- (7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board;
- (8) to propose salaries, welfare, reward and penalty, and determine employment and dismissal of the Company's staff;
- (9) to propose the convening of extraordinary meeting of the Board of Directors; and

Mandatory
Provisions
Article 101

(10) to exercise other powers conferred by the Articles of Association and the Board of Directors.

Mandatory Provisions Article 102

General manager shall report the conclusion and execution of material contracts, the use of capital and profit and loss to the Board of Directors or the Supervisory Committee at the request of the Board of Directors or the Supervisory Committee. General manager has to ensure the truthfulness of the report.

Article 264

When the general manager proposes issues relating to the staff's interests, such as staff's wages, welfare, labour safety and protection, insurance, termination of employment (dismissal), the general manager shall listen to opinions of the labour union and staff congress.

Article 265

The general manager of the Company shall participate in Board meetings; the general manager who is not a Director of the Company has no voting right at the Boarding meetings.

Mandatory Provisions Article 103

Article 266

The general manager, in performing his functions, shall act honestly and diligently and in accordance with the laws, administrative regulations, and the Articles of Association.

Article 267

The general manager may resign before expiry of his term of office. The specific procedures and formalities of the resignation of the general manager shall be provided for in the employment contracts between the president and the Company.

Mandatory Provisions Article 104

Zheng Jian Hai Han 1995 No.1 Article 5

The appointment contract signed between the Company and the general manager shall not be invalidated, terminated or modified due to the modification of the Company's Articles of Association, unless through amicable negotiation between them.

Hong Kong Listing Rules Appendix 3 Part D paragraph 1(d)(i)

CHAPTER 14 SUPERVISORY COMMITTEE

Article 268

The Company shall have the Supervisory Committee. The Supervisory Committee is accountable to all the shareholders, shall monitor the compliance with laws and regulation during the performance of duties of the Company's accountants, Directors, managers and other senior management, and shall safeguard lawful interests of the Company and its shareholders.

Mandatory
Provisions
Article 105
Opinion
Article 7

Article 269

The Supervisory Committee shall be composed of three (3) Supervisors, one of which shall act as the chairman. The term of office of Supervisors shall be three (3) years, renewable upon re-election and reappointment.

The election and removal of the chairman of the Supervisory Committee shall be determined by more than two thirds of the members of the committee.

Mandatory
Provisions
Article 106

The term of office of the chairman shall be three (3) years, renewable upon re-election and reappointment.

If the chairman of the committee is unable to perform or is not performing his duties, another supervisor elected by more than half of the members of the committee shall convene and chair the meetings of the Supervisory Committee.

Mandatory
Provisions
Article 107

The chairman of the Supervisory Committee shall be elected and replaced by more than two thirds of the members of the Supervisory Committee.

Article 270

The Supervisory Committee shall comprise two (2) external Supervisors and one (1) representatives of staff and workers. The external Supervisors shall be elected and removed at a shareholders' general meeting; the representative of workers and staff shall be elected and removed democratically by the workers and staff of the Company.

Mandatory
Provisions
Article 108

Article 271

The Directors, managers, chief financial officers and the Secretary to the Board of the Company shall not assume the position of supervisors.

Article 272

Meetings of the Supervisory Committee shall be held at least once every six (6) months. Extraordinary supervisory meetings can be convened according to actual needs or by more than one third of the Supervisors. When Supervisors propose to convene an extraordinary supervisory meeting, they shall provide reasons and purpose for convening the meeting.

If a supervisory meeting cannot be convened as scheduled, reasons shall be provided in an announcement.

Article 273

The Supervisory Committee shall be accountable to the shareholders' general meeting and exercise the following powers in accordance with the laws:

- (1) to examine the Company's financial situation;
- (2) to review the fixed-term report of the Company prepared by the Board of Directors and to provide a written review opinion;
- (3) to supervise the performance of the Directors, managers and senior management of their duties in violation of applicable laws, regulations, or the Articles of Association;
- (4) to demand rectification from the Directors, managers and senior management when their acts harm the Company's interests;
- (5) to verify the Company's 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, should any queries arise, to engage, in the Company's name, qualified accounting and auditing firms for a review of such information;
- (6) to propose to convene an extraordinary shareholders' general meeting, and to convene and preside over a shareholders' general meeting when the Board of Directors fails to perform such duties as stipulated in the Company Law;
- (7) to make proposals to shareholders' general meetings;
- (8) to negotiate with Directors or institute proceedings against the Directors for and on behalf of the Company;

Opinion
Article 7

(9) to investigate unusual operation situation; if necessary, engage accounting firm, law firm or any other professional bodies to assist his/her work; and

(10) to exercise other powers specified in the Articles of Association.

The Supervisory Committee's primary duty is to review the Company's financial position and has the right to consult the Company's business conditions. It has the right to require related materials from the Secretary to the Board and financial department according to required procedures and bears related confidentiality obligations. The Supervisory Committee can provide suggestion for the accounting firm engaged by the Company and can engage another accounting firm to review the Company's financial position when necessary, and can report to PRC securities supervisory authorities and other governing authorities directly. Governing national authorities can entrust the Supervisory Committee to investigate certain matters.

Supervisors shall attend Board meetings.

Article 274

The Company shall take measures to safeguard Supervisors' right to information, provide necessary assistance for performance of their obligations free from interference and obstruction of anyone. Reasonable expense incurred by Supervisors' performance of duties shall be borne by the Company.

Article 275

The Supervisory Committee's supervision record and results of financial or specific inspection will serve as important basis for performance assessment of Directors, managers and other senior management.

Article 276

If the Supervisory Committee finds that Directors, managers and other senior management violate laws, regulations or the Articles of Association, it can either report to the Board of Directors, shareholders' meeting, or directly to securities supervisory authorities and other governing authorities.

Article 277

The notice of the Supervisory Committee meeting shall be sent to all the Supervisors in writing ten (10) days before the convening of the meeting.

The notice of the extraordinary Supervisory Committee meeting shall be sent in writing in principle, and otherwise when necessary, five (5) days in prior to all the Supervisors;

The notice of Supervisory Committee meeting shall include:

- (1) the date and place of the meeting;
- (2) deadlines of the meeting;
- (3) reasons of and agenda for the meeting; and
- (4) date of the notice.

Article 278

A Supervisory Committee meeting (including extraordinary Supervisory Committee meeting) shall only be convened with two thirds of the Supervisors present.

The chairman of the committee shall convene the Supervisory Committee meeting. If the chairman of the committee is unable to perform or is not performing his duties, another supervisor elected by more than half of the members of the committee shall chair the meetings of the Supervisory Committee.

Zheng Jian
Hai Han 1995
No.1 Article 6

Article 279

The notice of the Supervisory Committee meeting shall include:

- (1) Time, venue and form of the meeting to be convened, whether it complies with laws, regulations, rules and the Company's Articles of Association;
- (2) Numbers and names of present and absent Supervisors, and reasons of their absence;
- (3) Numbers of affirmative, negative and abstention votes for each motion, reasons of such negative and abstention votes; and
- (4) Details of matters examined and resolutions made by the meeting.

Mandatory
Provisions
Article 109

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1(d)(ii)

Article 280

The Supervisory Committee can require Directors, managers and other senior management, internal and external auditors to attend the meetings to answer questions concerned.

Mandatory
Provisions
Article 110

Article 281

Voting on resolutions at Supervisory Committee meetings will record the names of the voters, each Supervisory has one vote. A resolution shall be approved by more than two thirds of all the Supervisors. Motion proposed by each supervisor will be examined by the meeting.

Mandatory Provisions Article 111

Article 282

Minutes shall be prepared, on which the Supervisors present at the meeting and the person who has prepared the minutes shall sign. Each supervisor is entitled to request that an explanation of his comments made at the meetings be noted in the minutes. The minutes of Supervisory Committee meetings shall be maintained as corporate archives by the Secretary to the Board for 10 years.

Article 283

All reasonable expenses incurred in respect of the employment of professionals such as lawyers, certified public accountants or practicing auditors as are required by the Supervisory Committee in discharging its duties shall be borne by the Company.

Mandatory Provisions Article 112

Article 284

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

CHAPTER 15 QUALIFICATIONS AND DUTIES OF DIRECTORS, SUPERVISORS, MANAGERS AND OTHER SENIOR MANAGEMENT OF THE COMPANY

Article 285

A person may not serve as a Director, Supervisor, manager or any other senior management of the Company under any of the following circumstances:

- (1) a person without legal or with restricted legal capacity;
- (2) a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offence; or who has been deprived of his political rights, in each case less than five (5) years have elapsed since the date of the completion of implementation of such punishment or deprivation;

- (3) a person who is a former Director, factory manager or manager of a company or enterprise that has entered into insolvent liquidation due to poor operation and he is personally liable for the insolvency of such company or enterprise, where less than three (3) years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise whose its business license was revoked due to a violation of the law and who incurred personal liability, where less than three (3) years has elapsed since the date of the revocation of the business license;
- (5) a person who has a relatively large amount of debts due and outstanding;
- (6) a person who is under criminal investigation or prosecution by a judicial authority for violation of the criminal law and the said investigation or prosecution is not yet concluded;
- (7) a person who is ineligible for enterprise leadership according to laws and administrative regulations;
- (8) a non-natural person; or
- (9) a person convicted of the contravention of provisions of relevant securities regulations by a competent authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than five (5) years has elapsed since the date of the conviction.

Mandatory
Provisions
Article 113

Mandatory
Provisions
Article 114

Article 286

The validity of an act of a Director, managers and any other senior management on behalf of the Company is not, to a bona fide third party, affected by any irregularity in his office, election or any defect in his qualification.

Article 287

In addition to obligations imposed by laws, administrative regulations or required by the stock exchanges where the Company's shares are listed, each of the Company's Directors,

Mandatory
Provisions
Article 115

Supervisors, managers and other senior management shall assume the following duties to each shareholder, in the exercise of the functions and powers of the Company entrusted to him:

- (1) not to cause the Company to exceed the scope of the business stipulated in its business license;
- (2) to act honestly in the best interest of the Company;
- (3) not to expropriate in any manner the Company’s property, including (without limitation) advantageous opportunities for the Company;
- (4) not to expropriate the rights and interests of shareholders, including (without limitation) rights to distribution and voting rights, but excluding a restructuring of the Company submitted to shareholders for approval in accordance with the Articles of Association.

Mandatory Provisions Article 116

Article 288

Each of the Company’s Directors, Supervisors, managers and other senior management shall, in the exercise of his powers and discharge of his duties, exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Article 289

Each of the Company’s Directors, Supervisors, managers and other senior management members shall exercise his powers or carry on his duties on a bona fides basis and shall not put himself in a position where his duty and his interest may conflict. The principle includes (without limitation) discharging the following obligations:

- (1) to act honestly in the best interests of the Company;
- (2) to exercise powers within the scope of his powers and not to exceed the scope;
- (3) to exercise the discretion vested in him personally and not to act under the control of another person and, unless permitted by laws, administrative regulations or with the informed consent of shareholders given in a general meeting, not to delegate the exercise of his discretion;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;

- (5) except in accordance with the Articles of Association or with the informed consent of shareholders given in general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) not to use the Company's property for his own benefit by any means without the informed consent of shareholders given in general meeting;
- (7) not to exploit his position to accept bribes or other illegal income or expropriate the Company's property by any means, including (without limitation) advantageous opportunities for the Company;
- (8) not to accept commissions in connection with the Company's transactions without the informed consent of shareholders given in general meeting;
- (9) to abide by the Articles of Association, faithfully execute his official duties and protect the Company's interests, and not to exploit his position and power in the Company for his own private interests;
- (10) not to compete with the Company in any form without the consent of shareholders given in general meeting;
- (11) not to misappropriate the Company's funds or to lend the Company's funds to others, not to open deposit accounts in his own name or other names and not to provide a guarantee for the shareholder(s) of the Company or other individual(s) with the Company's assets;
- (12) unless otherwise permitted by informed shareholders in general meeting, to keep in confidence information relating to the Company acquired by him in the course of and during his tenure and not to use such information for purposes other than the interests of the Company, save that disclosure of such information to courts or other governmental authorities is permitted if:
 1. disclosure is required by law;
 2. disclosure is required by the interests of the public; or
 3. disclosure is required by the interests of the relevant Director, Supervisor, managers and other senior management.

Mandatory
Provisions
Article 117

Article 290

Each Director, Supervisor, manager and other senior management of the Company shall not cause the following persons or institutions (“Associates”) to do what he is prohibited from doing:

- (1) the spouse or minor children of that Director, Supervisor, manager and other senior management;
- (2) trustees of that Director, Supervisor, manager and other senior management or any person referred to in paragraph (1) of this article;
- (3) partners of that Director, Supervisor, manager and other senior management or any person referred to in paragraph (1) and (2) of this article;
- (4) companies controlled by the Director, Supervisor, manager and other senior management alone or jointly with one or more persons referred to in paragraphs (1), (2) and (3) above or other Directors, Supervisors, managers and other senior management of the Company on a de facto basis; and
- (5) Directors, Supervisors, managers and other senior management of the controlled companies referred to in paragraph (4) of this article.

Mandatory Provisions
Article 118

Mandatory Provisions
Article 119

Article 291

The fiduciary duties of the Directors, Supervisors, managers and other senior management of the Company do not necessarily cease with the termination of their tenure. The duty of confidence in relation to trade secrets of the Company survives the termination of their tenure. Other duties may continue for such period as fairness may require depending on the time lapse between the termination of tenure and the circumstances and conditions under which the relationships between them and the Company are terminated.

Mandatory Provisions
Article 120

Article 292

Except for circumstances prescribed in Article 71 of the Articles of Association, a Director, Supervisor, manager and other senior management of the Company may be relieved of liability for specific breaches of his duty by the informed consent of shareholders given at a general meeting.

Hong Kong Listing Rules
Appendix 3
Article 4
Section 1

Article 293

Where a Director, Supervisor, manager and other senior management of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, (other than his contract of service with the Company), he shall declare the nature and extent of his interests to the Board at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal is otherwise subject to the approval of the Board.

Article 294

A Director shall not vote nor shall he be counted in the quorum on any board resolution approving any contract, arrangement or any other proposal in which he or any of his associates has a material interest, save for the exceptional circumstances specified in the Articles of Associations approved by the Hong Kong Stock Exchange. The following circumstances are not subject to the above restrictions:

- (1) the provision of any security or indemnity to the Director or his associates in respect of money lent or obligations incurred or undertaken by him or his associates for the benefit of the issuer or any of its subsidiaries; or the provision of any security or indemnity to a third party in respect of debts or obligations of issuer or any of its subsidiaries that provide securities or all or part securities or indemnity provide by the Director or its associates alone or jointly;
- (2) any proposal concerning an offer of shares or debentures or other securities of or by the issuer or any other company, which the issuer may promote or be interested in, for subscription or purchase where the Director or his associate(s) is/are or is/ are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (3) any proposal made by any other company in which the Director or his associate(s) is/are interested, whether directly or indirectly (as an officer or executive or shareholder); or any proposal made by any other company in which the Director or his associate(s) is/ are beneficially interested in shares of that company, provided that such Director and any of his associates are not in aggregate beneficially interested in more than 5% of the issued shares of any class of such company (or of any third company through which his interest or that of his associates is derived) or of the voting rights;

- (4) any proposal or arrangement concerning the benefit of employees of the issuer or its subsidiaries including:
1. the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which any Director may benefit; or
 2. the adoption, modification or operation of a provident fund or pension fund, death or disability benefits scheme in relation to the Directors, his associates and employees of the issuer or any of its subsidiaries, which does not provide in respect of any Director (or his associates), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (5) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the issuer by virtue only of his/their interest in shares or debentures or other securities of the issuer.

Unless the interested Director, supervisor, manager and other senior management discloses his interests in accordance with the preceding paragraph of this article and the contract, transaction or arrangement is approved by the Board at a meeting in which the interested Director, supervisor, manager and other senior management is not counted in the quorum and refrains from voting, a contract, transaction or arrangement in which that Director, supervisor, manager and other senior management is materially interested is voidable at the instance of the Company except as against a bona fide party thereto acting without notice of the breach of duty by the interested Director, supervisor, manager and other senior management.

Mandatory Provisions Article 121

A Director, supervisor, manager and other senior management of the Company is deemed interested in a contract, transaction or arrangement in which an associate of him is interested.

Mandatory Provisions Article 122

Article 295

Where a Director, supervisor, manager and other senior management of the Company gives to the Board a general notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, such notice shall be deemed for the purposes

Mandatory Provisions Article 123

of the preceding paragraph of this article to be a sufficient declaration of his interests, so far as the content stated in such notice is concerned, provided that such general notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company.

Article 296

The Company shall not in any manner pay taxes for or on behalf of its Directors, supervisors, managers and other senior management members.

Article 297

The Company shall not directly or indirectly make a loan to, or provide any guarantee in connection with, the making of a loan to a Director, supervisor, manager and other senior management of the Company or of the Company’s parent company or any of their respective associates.

However, the following transactions are not subject to such prohibition:

- (1) the provision by the Company of a loan or a guarantee for a loan to a subsidiary of the Company;
- (2) the provision by the Company of a loan or a guarantee in connection with the making of a loan or any other funds to any of its Directors, supervisors, managers and other senior management to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of a service contract approved by the shareholders in general meeting; and
- (3) The Company may make a loan or provide a guarantee in connection with the making of a loan to any of the relevant Directors, supervisors, managers and other senior management or their respective associates in the ordinary course of its business on normal commercial terms, provided that the ordinary course of business of the Company includes the provision of loans and loan guarantees.

Mandatory Provisions Article 124

Mandatory Provisions Article 125

Article 298

A loan made by the Company in breach of the above provisions shall be forthwith repaid by the recipient of the loan regardless of the terms of the loan.

Article 299

A loan guarantee provided by the Company in breach of clause 1 of Article 307 herein shall be unenforceable against the Company, provided that:

- (1) a loan was provided to an associate of any of the Directors, supervisors, managers and other senior management of the Company or of the Company's parent company where the lender did not know the relevant circumstances; or
- (2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

Mandatory
Provisions
Article 126

Mandatory
Provisions
Article 127

Article 300

For the purposes of the foregoing provisions of this Chapter, a guarantee includes an undertaking or property provided to secure the performance of obligations by the obligor.

Article 301

In addition to any rights and remedies provided by the laws and administrative regulations, where a Director, supervisor, general manager and other senior management of the Company is in breach of his duties to the Company, the Company has the right to:

- (1) claim damages from the Director, supervisor, manager and other senior management for losses sustained by the Company due to such breach;
- (2) rescind any contract or transaction entered into by the Company with the Director, supervisor, manager and other senior management or with a third party (where such third party knows or should know that there is such a breach of duties by such Director, supervisor, manager and other senior management);
- (3) demand the Director, supervisor, manager and other senior management to surrender the profits obtained by him in breach of his duties;
- (4) recover any monies received by the Director, supervisor, manager and other senior management member that should have been otherwise received by the Company, including (without limitation) commissions; and
- (5) demand payment of the interest earned or may have been earned by the Director, supervisor, manager and other senior management on the monies that should have been paid to the Company.

Mandatory
Provisions
Article 128

Article 302

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

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

Mandatory Provisions Article 129

Except under a contract entered into in accordance with the foregoing, no proceeding may be brought by a Director or supervisor against the Company for any benefits in respect of the matters mentioned herein.

Article 303

The contract for emoluments entered into between the Company and its Directors or supervisors should provide that in the event of a takeover of the Company, the Company’s Directors and supervisors shall, subject to the prior approval of the shareholders in general meeting, have the right to receive compensation or other payment for loss of office or retirement. A takeover of the Company as referred to above means:

- (1) a takeover offer made by any person to all shareholders; or
- (2) an offer made by any person with the aim of becoming a controlling shareholder.

If the relevant Director or supervisor fails to comply with this Article, any sum so received by him shall belong to those persons who have sold their shares due to the said offer. The expenses incurred in distributing that sum pro rata among those persons shall be borne by the relevant Director or supervisor and shall not be paid out of that sum.

Mandatory Provisions Article 130

CHAPTER 16 FINANCIAL AND ACCOUNTING SYSTEM AND PROFIT DISTRIBUTION

Mandatory
Provisions
Article 131

Article 304

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

Article 305

At the end of each fiscal year, the Company shall prepare a financial report that shall be audited in compliance with the laws.

The fiscal year of the Company shall be based on the calendar year, and shall start on January 1 to December 31.

The financial report shall include the following financial statements and breakdown analysis:

- (1) Balance sheet;
- (2) Profit and loss statement;
- (3) Statement of changes in financial position;
- (4) Explanation of the financial condition;
- (5) Statement of profit distribution.

Mandatory
Provisions
Article 132

If the Company will not make interim profit distribution, the interim financial report shall include the above-mentioned financial statements and notes other than those described in clause (3).

Mandatory
Provisions
Article 133

Article 306

The Board shall place before the shareholders at every annual general meeting such financial reports to be prepared by the Company as required by any laws, administrative regulations or directives promulgated by competent regional and central governmental authorities.

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No.1 Article 7
Hong Kong
Listing Rules
Appendix 3
Article 5

Article 307

The Company’s financial reports shall be made available for shareholders’ inspection at the Company twenty (20) days before the date of every annual general meeting. Each shareholder shall be entitled to a copy of the financial reports mentioned herein.

The Company shall at least deliver or send to each shareholder of overseas listed foreign shares by prepaid mail, announcement or other manners provided by the Articles of Association, the above-mentioned reports together with the report of Directors not later than twenty-one (21) days before the date of every annual general meeting. The address of the recipient shall be the address registered in the share register.

Mandatory Provisions Article 134

Article 308

The financial statements of the Company shall be prepared in accordance with PRC accounting standards and regulations, and, if necessary, be prepared in accordance with either international accounting standards or that of the stock exchange of the overseas place 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, explanations shall be made in the financial statements. When the Company is to distribute its after-tax profits, the lower of the after-tax profits shown in the two financial statements shall be adopted.

Mandatory Provisions Article 135

Article 309

The Company shall disclose its annual report within three months of the end of each fiscal year, its interim report within two months of the end of the six (6) months before each fiscal year, and its quarterly report within one month of the end of three (3) and nine (9) months before each fiscal year.

Mandatory Provisions Article 136

Article 310

The Company shall not keep accounts other than those provided by law. Assets of the Company shall not be deposited in an account maintained in any individual’s name.

Mandatory Provisions Article 137

Article 311

Capital reserve fund includes the following items:

- (1) premium received when shares are issued at a premium to their par value; and
- (2) other income required to be included in the capital reserve fund by the governing finance department of the State Council.

Mandatory Provisions Article 138

Company Law Article 167

Article 312

When distributing each year's after-tax profits, the Company shall set aside 10% of its after-tax profits for the Company's statutory reserve fund. When the aggregate balance in the statutory reserve fund reaches 50% or more of the Company's registered capital, the Company need not make any further allocations to that fund. The Company shall not distribute bonus to shareholders before making up its losses and setting aside funds for the statutory reserve fund.

Where the Company's statutory reserve fund is not enough to make up losses of the Company for the preceding year, the current year's profits shall be used firstly to make up the losses before being allocated to the statutory reserve fund in accordance with the preceding paragraph. Subject to a resolution of the shareholders' general meeting, after allocation has been made to the Company's statutory reserve fund and payment has been made for dividends on preference shares from its after-tax profits, the Company may set aside funds for the discretionary reserve fund.

The Board of Directors shall determine the distribution proportions of the after-tax profits according to the Company's business condition, subject to the approval of the shareholders' general meeting.

The undistributed profits of the preceding fiscal year can be distributed in the current fiscal year.

Company
Law Article
169

Article 313

When reserve fund is converted into capital upon a resolution adopted in shareholders' general meeting, new shares will be issued to existing ordinary shareholders in proportion to their respective shareholdings. However, when the statutory reserve fund is converted into capital, the balance of the statutory reserve fund shall not fall below 25% of the Company's registered capital. Capital reserve fund is not available for offsetting the loss of the Company.

Guidelines for
the Articles of
Association
Article 154

Article 314

After the profit distribution plan has been resolved at a shareholders' general meeting, the Board shall complete the dividend (or share) distribution within two (2) months after the holding of such meeting.

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Article 315

- (1) The company will on principle distribute dividends to shareholders once every year according to their shareholdings. The company can also distribute the interim cash dividend.

The Company shall pay attention to the reasonable returns to the investors and the sustainable development of the Company when distributing its profit, and the Company's profit distribution policy shall keep continuity and stability.

Holders of shares that have been paid up before payment calls by the Company are entitled to dividends, except that holders of prepaid shares are not entitled to dividends declared thereafter.

- (2) During the decision and discussion of the profit distribution policy, the Board and the shareholders' general meeting of the Company shall consider the views of independent directors and public investors, in particular the medium and minority investors, through various means such as telephone calls and emails, and respond to the concerns of the investors on a timely basis.
- (3) The Company may distribute dividend in cash, in shares or in a combination of both cash and shares. The Board of the Company may propose to distribute interim dividend based on the profit of the Company and its capital requirement.
- (4) The Company shall actively promote profit distribution in cash. The Company shall distribute its profit in cash, providing that its cash flow can fulfill the Company's normal operation and long-term development. Profits accumulatively distributed in cash over the past three years shall be no less than 30% of the average annual distributable profits over the three years (i.e. the total cash dividends of the past three years \div average of the net profits of the three years $\geq 30\%$).

The Company may distribute dividend in shares for its profit distribution based on its accumulated distributable profit, reserves and cash flow providing that sufficient distribution in cash and the reasonable capital size of the Company are ensured. The specific proportion of cash and share shall be determined by the Board based on the operations of the Company and the related requirements of China Securities Regulatory Commission ("CSRC") and submitted to the shareholders' general meeting for consideration and approval.

(5) The Board of the Company shall make a reasonable profit distribution proposal based on, among other things, the requirements of the Articles of Association, and the profit and capital needs of the Company.

1. The Board shall seriously study and discuss the matters such as the timing, conditions and minimum proportion of the distribution in cash by the Company when considering and approving the cash distribution plan and independent directors shall clearly state their views.

2. The profit distribution proposal considered and approved by the Board shall be submitted to the shareholders' general meeting for consideration and approval. When the cash distribution plan is considered and approved at the shareholders' general meeting, to facilitate the medium and minority shareholders attending the shareholders' general meeting they may be offered the facilities such as online voting. For any year of which profit is achieved and the Board of the Company does not make a profit distribution proposal in cash, the annual report for that year shall disclose the reason and the independent directors shall express their views in this regard. The supervisory committee shall supervise the distribution policy and decision process of the Company implemented by the Board and the management.

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No.1 Article 8

(6) The Company may be required to adjust its profit distribution policy in view of its production and operations, investment planning and long-term development, and the external operating environment providing that the adjusted profit distribution policy shall not breach the related requirements of CSRC and the stock exchange; the resolution to adjust the profit distribution policy by the Board and the supervisory committee shall be passed by simple majority votes of all directors, independent all directors, independent directors and all supervisors respectively and independent directors shall express their views about the adjusted profit distribution policy.

Hong Kong
Listing Rules
Appendix 13
Part D
Paragraph 1(c)

The proposal to adjust the profit distribution policy shall be passed at the shareholders' general meeting by more than two-thirds of the shareholders present with voting rights.

Article 316

Mandatory
Provisions
Article 139

The Company may distribute dividends in the following manner:

(1) Cash; cash dividends of domestic shares denominated and declared in RMB shall be distributed in RMB, cash dividends of foreign shares will be distributed in Hong Kong Dollar. The Company is highly concerned about reasonable returns for investors and will adopt positive cash distribution manner.

- (2) Shares; shareholders can obtain bonus shares in proportion to the shares held by them.

The company may adopt the above-mentioned two manners at the same time.

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Fa No. [2012]
18

Article 317

The Board of Directors shall disclose profit distribution plans in detail in its regular reports. If it fails to make such plans, the Company will provide reasons for such failure in the regular reports. If a shareholder of the Company impropriates the Company's fund, during the cash dividend distribution, the Company shall deduct the cash dividend to the shareholder for repayment of the impropriated fund.

Article 318

In the distribution of dividends, the Company shall, in accordance with laws, withhold and pay on behalf of shareholders the tax payable on their dividend income.

Distribution of dividends of the Company shall be notified to shareholders in announcements or other manners provided by the Articles (if necessary).

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

Article 319

The Company shall appoint receiving agents on behalf of the holders of overseas listed foreign shares to receive on behalf of such shareholders dividends declared and all other monies owing by the Company in respect of such shares.

The receiving agents appointed by the Company shall satisfy the relevant requirements of the laws of the place and relevant regulations of the stock exchange where the Company's shares are listed.

The receiving agent appointed on behalf of holders of overseas listed foreign shares listed on the Hong Kong Stock Exchange shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

Article 320

The Company shall implement an internal audit system, and shall establish internal audit department and retain full-time auditors to conduct internal audit of the Company's expenditure and economic activities.

Mandatory
Provisions
Article 140

Article 321

The internal audit system and duties of the internal auditors of the Company shall be implemented after the approval by the Board. The chief auditor shall be accountable and report to the Board.

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Listing Rules
Appendix 13
Part D
Paragraph
1(e)(i)

CHAPTER 17 APPOINTMENT OF ACCOUNTANTS' FIRM

Article 322

The Company shall appoint an independent firm of certified public accountants that is qualified under the relevant national regulations to audit the Company's annual financial statements and review the Company's other financial reports.

Mandatory
Provisions
Article 141

The first accountants' firm of the Company may be appointed by the inaugural meeting of the Company before the first annual general meeting of shareholders and the accountants' firm so appointed shall hold office until the conclusion of the first annual general meeting.

If the inaugural meeting fails to exercise its aforesaid powers, those powers shall be exercised by the Board.

Article 323

The accountants' firm appointed by the Company shall hold office from the conclusion of the annual general meeting of shareholders at which the appointment is made until the conclusion of the next annual meeting of shareholders. After the term expires, the accountants' firm can be reappointed.

Mandatory
Provisions
Article 142

Article 324

The accountants' firm appointed by the Company shall have the following rights:

- (1) the right to inspect at any time the books, records and vouchers of the Company, and to require the Directors, managers and other senior management of the Company to provide any relevant information and explanation thereof;
- (2) the right to require the Company to take all reasonable measures to obtain from its subsidiaries such information and explanation as are necessary for the performance of duties of such accountants' firm; and

Mandatory
Provisions
Article 143

- (3) the right to attend shareholders' general meetings and to receive all notices of, and other communications relating to, any shareholders' general meeting that any shareholder is entitled to receive, and to be heard at any shareholders' general meeting in relation to matters concerning its role as the accountants' firm of the Company.

The Company shall guarantee that the accounting evidence, accounting books, financial reports and other accounting information provided to the accountants' firm it engages are true and complete and it shall not refuse or withhold any such information nor shall it provide any false information.

Article 325

Before the convening of the shareholders' general meeting, the Board may fill any casual vacancy in the office of the accountants' firm, but while any such vacancy continues, the surviving or continuing firm, if any, may act.

Mandatory Provisions
Article 144

Article 326

The shareholders in general meetings may, by ordinary resolution, remove an accountants' firm before the expiration of its office, notwithstanding the terms in the contract between the Company and the firm, but without prejudice to the firm's right to claim, if any, for damages in respect of such removal.

Mandatory Provisions
Article 145
Hong Kong Listing Rules
Appendix 13
Part D
Paragraph 1(e)
(ii) to (iv)

Article 327

The remuneration of an accountants' firm or the manner in which such firm is to be remunerated shall be determined by the shareholders in general meeting. The remuneration of an accountants' firm appointed by the Board shall be determined by the Board.

Mandatory Provisions
Article 146

Article 328

The Company's appointment of, removal of and non-reappointment of a certified public accountants' firm shall be resolved by shareholders' general meeting. The resolution of the shareholders' general meeting shall be filed with the securities regulating authorities of the PRC.

Mandatory Provisions
Article 147

Article 329

Where it is proposed that any resolution be passed at a shareholders’ general meeting concerning the appointment of an accountants’ firm, which is not an incumbent firm, to replace an existing accountant’s firm or to fill a casual vacancy in the office of the accountants’ firm, or to reappoint a retiring accountants’ firm appointed by the Board to fill a casual vacancy, or to remove the accountants’ firm before the expiration of its term of office, the following provisions shall apply:

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No.1 Article 9

- (1) A copy of the proposal about appointment or removal shall be sent to the firm proposed to be appointed or proposing to leave its post or the firm that has left its post in the relevant fiscal year before notice of meeting is given to the shareholders. Leaving includes leaving by removal, resignation and retirement.
- (2) If the leaving firm makes representations in writing and requests the Company to notify the shareholders of such representations, the Company shall (unless the representations are received too late):
 - 1. in any notice given to shareholders about a resolution to be made, state the representations that has been made by the leaving accountants’ firm; and
 - 2. attach a copy of the representations to the notice and deliver it to the shareholders as required by the Articles of Association.
- (3) If the firm’s representations are not sent in accordance with paragraph (2) above, the relevant firm may require that the representations be read at the shareholders’ general meeting and may make further complaints.
- (4) An accountants’ firm that is leaving its post shall be entitled to attend:
 - 1. the shareholders’ general meeting relating to the expiry of its term of office;
 - 2. any shareholders’ general meeting where it is proposed to fill the vacancy caused by its removal; and
 - 3. any shareholders’ general meeting convened for its resignation;

and to receive all notices of, and other communications relating to, any such meetings, and to speak at such meetings in relation to matters concerning its role as the former accountants’ firm of the Company.

Mandatory
Provisions
Article 148

Article 330

Prior to the removal or the non-renewal of the appointment of an accountants' firm, notice of such removal or non-renewal shall be given to the accountants' firm concerned and such firm shall be entitled to make representation at the shareholders' general meeting. Where the accountants' firm resigns from its post, it shall make clear to the shareholders' general meeting whether there has been any impropriety on the part of the Company.

Any accountants' firm may resign from its office by depositing at the Company's legal residence a resignation notice that shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include:

- (1) a statement to the effect that there is no circumstance connected with its resignation that it considers should be brought to the notice of the shareholders or creditors of the Company; or
- (2) a statement of any matters of which an account should be given.

Article 331

Where a notice is deposited under the 2nd clause of preceding paragraph, the Company shall within fourteen (14) days send a copy of the notice to the competent authority. If the notice contains a statement referred to in subparagraph (2) above, a copy of such statement shall be placed at the Company's registered office for shareholders' inspection. The Company shall also send a copy of such statement to every holder of overseas listed foreign shares by prepaid post, announcement or other manners provided by the Articles of Association (if necessary), and it shall be sent to the addresses recorded in the register of shareholders.

Article 332

Where the notice of resignation of an accountants' firm contains a statement of any matters of which an account should be given, the accountants' firm may require the Board to convene a shareholders' extraordinary general meeting to explain the circumstances connected with its resignation.

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Appendix 3
Article 7
Section 1

CHAPTER 18 MERGER AND DIVISION OF THE COMPANY

Mandatory
Provisions
Article 149

Article 333

In the event of the merger or division of the Company, a plan shall be proposed by the Board of the Company and shall be approved in accordance with the procedures stipulated in the Articles of Association and the relevant examining and approving formalities shall be processed as required by law. Shareholders who oppose the merger or division plan of the Company shall have the right to request that the Company or the shareholders who consent to such plan purchase their shares at a fair price. The Company's resolution on the merger or division should be prepared as a special document for inspection by the shareholders.

The aforesaid document should also be dispatched to the holders of overseas listed foreign shares by mail, announcement or other manners provided by the Articles of Association (if necessary). The recipient's address should be based on the information contained in the register of shareholders.

Article 334

The merger or division of the Company shall comply with the following procedures:

- (1) the Board proposes the merger or division plan;
- (2) the shareholders' general meeting makes a resolution as required by the Articles of Association;
- (3) parties concerned enter into the merger or division contract;
- (4) proceed with examination and approval formalities according to law;
- (5) handle creditor's right and debt and other matters relating to the merger or division;
and
- (6) complete dissolution or modification registration.

Mandatory
Provisions
Article 150

Article 335

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

In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors

within ten (10) days of the date of the Company's resolution on merger and shall make at least three (3) newspaper announcements on China Securities Journal within thirty (30) days of the date of the Company's resolution on merger.

After the merger, claims and liabilities of parties to the merger shall be taken over by the continuing company or the newly established company.

Mandatory
Provisions
Article 151

Article 336

When the Company is divided, its assets shall be split accordingly.

In the event of a division of the Company, all the parties involved shall execute a division agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten (10) days of the date of the Company's resolution on division and shall make at least three (3) newspaper announcements within thirty (30) days of the date of the Company's resolution on division.

Debts incurred by the Company before its division shall be borne by the companies after the division according to the respective agreement reached.

Article 337

During the merger or division of the Company, the creditors have the right, within 30 days of receiving the notice or, if such notice is not received, within 45 days of the publication of the announce, to require the Company to repay its debts or provide a related guarantee.

Article 338

During the merger or division of the Company, the Board of Directors shall take necessary measures to protect the lawful rights and interests of shareholders who oppose such merger or division.

Mandatory
Provisions
Article 152

Article 339

When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the company registration authority in accordance with the law. When the Company dissolves, the Company shall cancel its registration in accordance with the law. When a new company is established, its establishment shall be registered in accordance with the law.

CHAPTER 19 DISSOLUTION AND LIQUIDATION OF THE COMPANY

Mandatory
Provisions
Article 153

Article 340

The Company shall be dissolved and liquidated in any of the following circumstances:

- (1) the term of operation expires;
- (2) a resolution on dissolution is passed by shareholders at a general meeting;
- (3) dissolution is necessary due to a merger or division of the Company;
- (4) the Company is declared bankruptcy due to the failure in repaying due debts; and
- (5) the company is ordered to close down in accordance with law due to violation of laws and administrative regulations.

Mandatory
Provisions
Article 154

Article 341

Where the Company is to be dissolved pursuant to paragraph (1) of the preceding article, the Company may continue to exist by amending the Articles of Association. The amendment to the Articles of Association pursuant to the previous paragraph shall be passed by the two-thirds of the votes by shareholders at the extraordinary general meeting.

Where the Company is dissolved under paragraph (1) and (2) of the preceding article, a liquidation committee shall be set up within fifteen (15) days, and its members shall be determined by ordinary resolution at a general meeting.

Where the Company is dissolved under paragraph (4) of the preceding article, the people's court shall, in accordance with governing laws, organize shareholders, competent authorities and personnel to form the liquidation committee and start the liquidation.

Where the Company is dissolved under paragraph (5) of the preceding article, governing authorities shall organize shareholders, competent authorities and personnel to form the liquidation committee and start the liquidation.

Article 342

Where the Board proposes to liquidate the Company due to causes other than where the Company has declared bankruptcy, the Board shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that, after

Mandatory
Provisions
Article 155

making full inquiry into the affairs of the Company, the Board believes that the Company will be able to repay its debts in full within twelve (12) months from the commencement of the liquidation.

Upon the passing of the resolution by the shareholders in general meeting for the liquidation of the Company, all functions and powers of the Board shall cease.

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

Mandatory
Provisions
Article 156

Article 343

The liquidation committee shall notify creditors within ten (10) days from the date of its establishment and make at least three (3) newspaper announcements within sixty (60) days of that date. Creditors should, within thirty (30) days after receiving the notice, or for those who do not receive the notice, within forty-five (45) days from the date of the announcement, declare their claims to the liquidation committee.

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

During the period of declaration of claims, the liquidation committee shall not repay any debts to the creditors.

Mandatory
Provisions
Article 157

Article 344

During the liquidation period, the liquidation committee shall exercise the following functions and duties:

- (1) to ascertain the Company's assets and separately prepare a balance sheet and an inventory of assets;
- (2) to notify creditors by sending notice or by making announcement;
- (3) to deal with and settle the Company's outstanding business deals in relation to the liquidation;
- (4) to settle outstanding taxes;

- (5) to ascertain all claims and debts;
- (6) to dispose of the remaining assets of the Company after the repayment of debts; and
- (7) to represent the Company in any civil proceedings.

Mandatory
Provisions
Article 158

Article 345

After checking the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit it to a shareholders' general meeting or competent authorities for confirmation.

The liquidation shall follow the sequence as below:

- (1) Payment of liquidation costs;
- (2) Payment of employees' salary and labour insurance costs;
- (3) Settlement of outstanding taxes;
- (4) Repayment of the Company's debts; and
- (5) Distribution in proportion to the shareholdings of shareholders.

Assets of the Company shall not be distributed to shareholders before the payment and settlement provided in paragraph (1) to (4) of the preceding article.

The remaining assets of the Company after repayment of its debts in accordance with the provisions above shall be distributed to the shareholders of the Company according to the class of shares held by them and in proportion to their respective shareholdings.

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

Mandatory
Provisions
Article 159

Article 346

In the event of Company's liquidation due to dissolution, if the liquidation committee, after ascertaining the Company's assets and preparing a balance sheet and an inventory of assets, discovers that the Company's assets are insufficient to repay its debts, it shall immediately apply to the people's court for a declaration of bankruptcy.

After the Company is declared bankrupt by a ruling of the people's court, the liquidation committee shall transfer the liquidation matters to the people's court.

Mandatory
Provisions
Article 160

Article 347

Following the completion of liquidation, the liquidation committee shall present a report on liquidation and prepare a statement of the receipts and payments and the financial accounts for the period of the liquidation, which shall be audited by PRC certified public accountants and then submitted to the shareholders' general meeting or relevant competent authorities for confirmation.

The liquidation committee shall, within thirty (30) days of the confirmation, file the above-said documents to the Company's registration authorities to cancel the Company's registration and announce the dissolution of the Company.

CHAPTER 20 PROCEDURES FOR AMENDMENT TO THE ARTICLES OF ASSOCIATION

Mandatory
Provisions
Article 161

Article 348

The Company may, pursuant to the requirements of the laws, administrative regulations and the Articles of Association, amend the Articles of Association.

The Company shall amend the Articles of Association under any of the following situations:

- (1) there is a discrepancy between the provisions of the Articles of Association and those of laws and administrative regulations after the amendment to the Company Law or relevant laws and administrative regulations;
- (2) there are changes in the situation of the Company resulting in inconsistency in relation to the scenarios mentioned in the Articles of Association;
- (3) the shareholders' general meeting resolves to amend the Articles of Association.

Mandatory
Provisions
Article 162

Article 349

Amendment of the Company's Articles of Association that involves the content of the Mandatory Provisions of Overseas listed Companies' Articles of Association (Mandatory Provisions) shall become effective upon receipt of approvals from the securities authority of the PRC and the companies approving department authorized by the State Council. If there is any change relating to the registered particulars of the Company, application shall be made for change in registration in accordance with law.

Any amendments subject to approval by the competent government authorities shall submit to such competent authority for approval. If registration is necessary for the amendments, such registration shall be carried out in compliance with the relevant laws.

Article 350

Any amendment to the Articles of Association shall be subject to announcement if so required by the laws and regulations.

CHAPTER 21 SETTLEMENT OF DISPUTES

Article 351

The Company shall settle disputes as follows:

- (1) Whenever any disputes or claims arise between holders of the overseas listed foreign shares and the Company, holders of the overseas listed foreign shares and the Company’s Directors, supervisors, managers or other senior management members, or holders of the overseas listed foreign shares and holders of domestic shares, holders of overseas listed foreign shares and holders of domestic listed foreign shares, based on the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or any other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration.

Where a dispute or claim of rights abovementioned is referred to arbitration, the entire claim or dispute must be referred to arbitration and any person (being the Company or a shareholder, Director, supervisor, managers or other senior management members of the Company) who has a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall abide by the arbitration.

Disputes in relation to the identification and register of shareholders need not be referred to arbitration.

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

Mandatory Provisions Article 163

Zheng Jian Hai Han 1995 No.1 Article 11

Hong Kong Listing Rules Appendix 3 Article 7 Section 1 and 3

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

- (3) If any disputes or claims of rights prescribed in subparagraph (1) above are referred to arbitration, the laws of the People's Republic of China shall apply, save as otherwise provided in laws and administrative regulations.
- (4) The award of an arbitration body shall be final and conclusive and binding on all parties.

CHAPTER 22 NOTICE AND ANNOUNCEMENT

Article 352

Corporate communications may be sent by any of the following means:

- (1) by hand;
- (2) by post;
- (3) by public announcements;
- (4) by any other means provided in the Articles of Association.

Subject to the compliance with laws, regulations and listing rules of the place where the shares of the Company are listed and the Articles of Association, the Company can send, post, mail, issue, publish or provide any the Company's communication by electronic and other means provided by the Articles of Association, including without limitation email and CD, or through the Company's website and the stock exchange's website.

Article 353

Any notice of the Company given by public announcement shall be deemed received by all relevant persons once it is published.

Article 354

Notices of convening Board meetings will be given by letters or/and telegrams, telexes and fax; where the given means are unavailable, such notices will be given by public announcements.

Article 355

Notices of convening Supervisory Committee meetings will be given by letters or/and telegrams, telexes and fax; where the given means are unavailable, such notices will be given by public announcements.

Article 356

Where a notice of the Company is served by hand, the addressee shall be required to sign his name (or affix his chop) on the receipt, and the signing date of the receipt shall be the date of service; where a notice is sent by post, such notice is deemed served ten (10) working days after it is deposited at the post office. For any notices issued by the Company by public announcement or electronic means, the date of first publication shall be the date of service. Notices given by fax will be deemed received on the issuance date of the fax.

Article 357

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

Article 358

Announcements and other information of the Company to be disclosed shall be published on the media for information disclosure designated by the securities regulatory authorities of the State Council.

Article 359

Unless otherwise stated in this Articles of Association, the notices, information or written statements issued by the Company to the shareholders of the overseas listed foreign shares listed in Hong Kong shall be dispatched to such shareholders by hand or by mail, or by other means provided by the Articles of Association (if necessary) to the addresses of such shareholders as shown in the register of the overseas listed foreign shareholders. Notices given to the shareholders of the overseas listed foreign shares listed in Hong Kong shall, to the practicable extent, be sent in Hong Kong.

As to the notices to be issued by the Company to the holder of domestic shares (including holders of domestic shares (A share) and holders of domestic listed foreign shares (B share)) and holders of preference shares, the Company shall publish an announcement on one or more newspaper designated by the securities regulatory authorities of the PRC; once the announcement is published, the holders of domestic shares shall be deemed to have received the relevant notice.

Article 360

Where a notice is to be sent by post, it shall be placed in an envelope properly addressed with postage prepaid, and is deemed served to shareholders on the date of dispatch.

Article 361

Any notice, document, information or written statement given by a shareholder or Director to the Company shall be delivered by hand or by registered mail to the legal address of the Company.

Article 362

Shareholders or Directors of the Company who want to prove that certain notices, documents, information or written statements have been served on the Company shall provide evidential materials showing the same have been served on the Company within the designated periods by common practice of delivery, or evidential materials showing that the mailing address is correct and the postage is fully paid.

CHAPTER 23 SUPPLEMENTARY PROVISIONS

Article 363

Mandatory Provisions Article 165

Unless the context otherwise requires, the expressions and terms of the Articles of Association shall have meanings as follows or given in the respective chapters:

- (1) Accountants’ firm is equal to auditor.
- (2) Controlling shareholder in the Articles of Association refers to the person that meets one of the following conditions:
 - 1. such person acting individually or collectively with others can elect over 50% of the Directors;

Mandatory Provisions Article 148

2. such person acting individually or collectively with others can exercise over 30% (inclusive) of the voting right of the Company or control the exercise of over 30% (inclusive) of the voting right of the Company;
 3. such person acting individually or collectively with others hold over 30% (inclusive) of the issued shares with voting rights of the Company;
 4. such person acting individually or collectively with others in actual control of the Company by other means.
- (3) Beneficial controller means a person who is able to dominate the acts of the company by means of its investment relations, agreement or other arrangements despite that he is not a shareholder of the Company.
- (4) Affiliated relation means the relation between the controlling shareholder of the Company, beneficial controller, Directors, supervisors, senior management and the enterprise that they control directly or indirectly, and other relation that may cause the transfer of interest of the Company. However, the relation between fellow state-controlled enterprises shall not be deemed as affiliated relation merely because they are both controlled by the State.
- (5) External Director means a Director that does not take office in the Company;
- (6) Independent Director means a Director who is independent of the shareholders of the Company and does not take office in the Company.
- (7) Shares with voting rights mean ordinary shares and preference shares with voting rights restored
- (8) All “over”, “within”, “under” and “before” in the Articles of Association include themselves; “less than” and “except” do not include themselves.
- (9) “Company’s communication” means any documents, which are referred or used to take actions by any holders of securities of the Company, are sent or will be sent by the Company. Such documents represent, including but not limited to: (a) the report of the board of Directors, the annual accounts of the Company, together with the auditors’ report and (if applicable) the summary of the financial report; (b) the interim report and (if applicable) the summary of the interim report; (c) notice of the meeting; (d) listing documents; (e) circulars; and (f) proxy forms.

Article 364

The Board of Directors may formulate detailed rules of the Articles of Association in accordance with the provisions herein. Such detailed rules shall not contravene the provisions in the Articles of Association.

Supplementary resolutions regarding to the Articles of Association and detailed rules approved by the shareholders' general meeting of the Company constitute a part of the Articles of Association.

Article 365

The Board of Directors of the Company shall be responsible for interpreting the Articles of Association.

Article 366

Matters uncovered in the Articles of Association shall be governed by applicable national laws, regulations, rules and documents.

If any provisions of the Articles of Association conflict with the Listing Rules or other governing laws, regulations and codes, the Listing Rules or other governing laws, regulations and codes shall prevail.

Article 367

The Articles of Association is written in Chinese. In case of any discrepancy between versions in other languages or different versions and the Articles of Association, the latest Chinese version approved for registration with the Shandong Municipal Administration for Industry & Commerce shall prevail.

Article 368

Appendices to the Articles of Association include procedural rules of the general meeting, procedural rules of the board of directors meeting and procedural rules of supervisors meeting.

Shandong Chenming Paper Holdings Limited

July 22, 2015