

Stock Abbreviation: COOEC

Stock code: 600583



海洋石油工程股份有限公司
OFFSHORE OIL ENGINEERING CO.,LTD.

Articles of Association

June 26, 2019

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Chapter I General Rules

Article 1 Articles of Association is formulated to safeguard legal rights and interests of COOEC (hereinafter referred to as "the Company"), shareholders and creditors, standardize the organization and behavior of the Company in accordance with *Company Law of the People's Republic of China* (hereinafter referred to as "*Company Law*") (revised in 2013), *Securities Law of the People's Republic of China* (hereinafter referred to as "*Securities Law*") (revised in 2014), *Chinese Communist Party (CCP) Constitution* (hereinafter referred to as "*The Constitution*"), *Guide to Statute of Listed Company* (revised in 2016) as well as other related regulations.

Article 2 The Company is a limited liability company incorporated according to *Company Law* (revised in 1999) and other related regulations upon approval under State Economic and Trade Commission of the People's Republic of China GJMQG [2000] No. 308 Document.

Incorporated by means of sponsorship, the Company is registered in Tianjin Administrative Bureau for Industry and Commerce, and has obtained license of the business corporation (No. 1200001000326).

Article 3 The Company issued ordinary shares (domestic share) of RMB 80 million to the public upon approval under China Securities Regulatory Commission (hereinafter referred to as "CSRC") ZJFXZ [2002] No.2 Document on January 14, 2002 for the first time, and was listed in Shanghai Stock Exchange on February 5, 2002.

Article 4 Registered Name

Chinese name: 海洋石油工程股份有限公司

English name: Offshore Oil Engineering Co., Ltd.

Article 5 Company Domicile

Domicile: Apartment 202-F105, 2/F, Skirt Building, Ligang Plaza, No. 82, West Road 2, Tianjin Pilot Free Trade Zone (Airport Economic Zone)

Postcode: 300308

Article 6 Registered capital of the Company is RMB 4,421,354,800.

Article 7 The Company is a permanently existent limited liability company.

Article 8 The President acts as the legal representative of the Company.

Article 9 According to *The Constitution*, the organization of the Communist Party of China is established in the Company to play a leading and political core role, to guide the direction, control the overall situation and guarantee implementation. The Company shall establish the working body of the Party, assign a sufficient number of staff for party affairs and guarantee the fees for operation the organization.

Article 10 Total asset of the Company is divided into equal shares. Shareholders take responsibilities for the Company according to their subscribed shares, and the Company takes responsibilities for the Company's debt with total assets.

Article 11 The Articles of Association shall, since the date of its entry into force, become the document with legal binding force for standardizing the organization and conducts of the Company as well as the relationship of rights and obligations between the Company and its shareholders and between shareholders, and also serve as the document legally binding upon the Company, shareholders, directors, supervisors and senior executives. In accordance with the Articles of Association, the shareholders may sue other shareholders, directors, supervisors, the President and other senior executives, or the shareholders may sue the Company, or the Company may sue the shareholders, directors, supervisors, the President and other senior executives.

Article 12 Other senior executives referred to in the Articles of Association are Executive Vice-president, Vice President, Chief Financial Officer, Secretary of the Board or other personnel performing the same or similar duty, or approved by the Company.

Chapter II Business Aim and Scope

Article 13 Aim of business is:

To further adapt to the needs of the socialist market economy, establish the modern enterprise system, adapt to the marketized and internationalized survival and development environment, so as to constantly improve the quality and efficiency based on scientific-technical progress and scientific management, develop the general contracting capability of offshore oil engineering, create good economic and social benefits and provide satisfactory returns for all shareholders.

Article 14 Upon legal registration, the Company's business scope is:

EPC contract; design of oil and gas (offshore oil) and construction engineering; planning consultation and evaluation consultation of oil & gas engineering; construction of various offshore oil construction projects and other offshore engineering projects as well as construction of onshore petrochemical engineering projects; fabrication and installation of various steel structures and grid structure projects; design and manufacture of pressure vessel, design of pressure pipeline; R&D, manufacture and sale of electrical instrument & automation products; quality control and detection, physicochemical property, surveying and mapping and related technical services; export of self-made products and technologies; import of raw and auxiliary materials, instrument and apparatus, machinery, equipment, parts, accessories and technologies necessary for the production of the Company; processing of imported materials, processing of supplied materials, processing of supplied samples, assembling of supplied components and compensation trade; contracting of overseas offshore oil projects and domestic international bidding projects; contracting of the survey, consultation, design and supervision of the above overseas projects; export of equipment and materials necessary for the above overseas projects; labor service for above overseas projects; transportation of domestic coastal general cargo; general goods transportation of international route; and leasing of self-owned house; sales of steel, pipes, cables, valves, instruments, meters, hardwares and electrical equipment (Special provisions shall prevail provided that the country has promulgated special provisions on operation of the above items).

Chapter III Shares

Section I Issue of Shares

Article 15 The share of the Company is in the form of stock.

Article 16 The issuance of the shares of the Company shall be open, fair and just, and each share of the same type shall have the equal right.

For the share of the same type and issued at the same time, the issuance conditions and price of each share shall be the same. For the shares subscribed by any entity or individual, each share shall be paid at the same price.

Article 17 The stock issued by the Company shall have its value marked by RMB.

Article 18 The share issued by the Company shall be uniformly deposited in Shanghai Branch of China Securities Depository Clearing Corp. Ltd.

Article 19 Shares subscribed by all initiators, the investment means and investment time:

(i) CNOOC Platform Manufacturing Company; it contributed the business assets owned by it relating to offshore oil platform manufacture and maintenance when the Company is established;

(ii) CNOOC Maritime Engineering Company; it contributed the business assets owned by it relating to offshore oil engineering when the Company is established, including but not limited to installation of offshore oil platform and submarine pipeline laying;

(iii) CNOOC Design Company; it contributed the business assets owned by it relating to offshore oil engineering design when the Company is established;

(iv) CNOOC Nanhai West Company subscribed 24.2351 million shares and contributed slide and land use right when the Company is established;

(v) CNOOC Bohai Oil Production Company subscribed 1.0069 million shares and contributed part of its land use right when the Company is established;

As approved by GZCQ [2003] No. 217 of State-owned Assets Supervision and Administration Commission, the initiators including CNOOC Platform Manufacturing Company, CNOOC Maritime Engineering Company and CNOOC Design Company allocated their 144.758 million of state-owned corporate shares to CNOOC, accounting for 57.9% of shares of the Company. It refers to state share.

Article 20 The Company owns 4,421,354,800 shares, all of which are ordinary shares.

Article 21 The Company and its subsidiaries (including affiliated enterprises) shall not subsidize any person purchasing or going to purchase company shares through bestowal, loaning, guarantee, compensation or loan, etc.

Section II In(De)crease and Counter Purchase of Shares

Article 22 According to demand of operation and development, the Company can increase the capital by the following means upon the deliberation of shareholders meeting as provided by laws and regulations:

- (i) Issuing stock publicly;
- (ii) Issuing stock non-publicly;
- (iii) Offering bonus stock to the current shareholders;
- (iv) Transferring and increasing capital stock by accumulation fund;
- (v) Other modes stipulated by laws and administrative regulations and approved by China Securities Regulatory Commission.

Article 23 The Company can decrease registered capital. Decrease of registered capital shall be handled in accordance with *Company Law* and other relevant provisions and procedures prescribed in the Articles of Association.

Article 24 Under the following cases, the Company can purchase the shares according to laws, administrative regulations, department rules and provisions of the Articles of Association:

- (i) Decreasing registered capital of the Company;
- (ii) Merging with other companies holding the stock of the Company;
- (iii) Awarding stock to the staff of the Company;
- (iv) The case that shareholders ask for purchasing their shares as they disagreeing with the decisions of merger or demerger made on shareholders meeting.

The Company shall not purchase or sell the shares of the Company except for the aforesaid cases.

Article 25 The Company can choose one of the following ways to purchase shares of the Company:

- (i) Centralized price bidding in securities exchange;
- (ii) Offer;
- (iii) Other ways recognized by CSRC.

Article 26 Where the share of the Company is purchased for the reasons arising from Item (1) to Item (3) in Article 23 of the Articles of Association, it shall be subject to the resolution of the shareholders meeting. After acquisition of shares of the Company in line with Article 23, the share complying with (I) shall be written off within ten days after acquisition; and those complying with (II) and (IV) shall be transferred or written off within 6 months.

Share acquisition in line with Item (III) of Article 23 shall be no more than 5% of the total amount of issued capital shares; capital for acquisition shall be taken from after-tax profits of the Company; the acquired shares shall be transferred to staff within a year.

Section III Share Transfer

Article 27 The Company's shares can be transferred under laws.

Article 28 The Company's share as the object of pledge is unacceptable.

Article 29 The Company's shares owned by initiator shall not be transferred within a year

since the date it was founded. The shares already issued before initial public offering (IPO) of the Company shall not be transferred within a year since the date when the Company's stock is listed on the stock exchange.

Directors, supervisors and senior executives shall report their holding and change situations of the Company's share and ensure that during their term, the shares transferred every year shall not be more than 25% of the total company shares held; shares held by them shall not be transferred within a year since the date when the corporate stock is listed for transaction. The aforementioned personnel shall not transfer the company shares held within six months after dimission.

Article 30 If directors, supervisors, senior executives and those shareholders holding over 5% of shares of the Company sell the shares within 6 months after buy-in, or buy-in within 6 months after selling, the earnings therefrom shall be owned by the Company, and the Board of Directors shall reclaim the earnings. However, the security company that holds more than 5% shares due to underwriting purchase of all remaining stock shall not be subject to the 6 months limit when selling shares.

If the Board of Directors doesn't execute as prescribed in above mentioned provisions, shareholders will have the right to ask the Board of Directors to execute within 30 days. Where the Board of Directors fails to execute within the aforesaid time limit, the shareholders shall, in their own name, be entitled to file a lawsuit to the people's court for the interest of the Company.

Where the Board of Directors fails to comply with this Clause I, the responsible directors shall bear joint liability.

Chapter IV Shareholders and Shareholders Meeting

Section I Shareholders

Article 31 The Company establishes register of shareholders according to certificates provided by securities registration agency. Register of shareholders is a sufficient evidence to prove that shareholders hold shares. The shareholder shall enjoy rights and bear responsibilities in line with the types of the shares held; shareholders holding the same type of share shall enjoy equal rights and bear the same obligations.

Article 32 In case the Company holds shareholders meeting, distributes dividend, conducts liquidation and has other acts which need confirmation of shareholder's identity, the Board of Directors or the convener of shareholders meeting shall be responsible for deciding equity rights registration date. Shareholders registered after equity rights registration date are entitled to relevant rights and interests.

Article 33 The Company's shareholders enjoy the following rights:

- (i) Acquire dividend or other forms of interest distribution in accordance with the proportion of their shares;
- (ii) Require, convene, preside over, attend or entrust shareholders agents to attend the shareholders meeting and perform corresponding voting rights;

- (iii) Supervise the business of the Company, and raise proposal or inquiry;
- (iv) Transfer, donate or pledge its shares held in accordance with laws, administrative regulations and the provisions hereof.
- (v) Look up the Articles of Association, register of shareholders, counterfoil of corporate bond, minutes of shareholders meeting, resolution of board meeting, resolution of supervisor meeting, financial accounting report;
- (vi) Participate in the residual property distribution of the Company in accordance with their shares upon the Company's termination or liquidation;
- (vii) Shareholders disagreeing with the decisions of merger or demerger made on shareholders meeting ask for purchasing their shares;
- (viii) Other rights prescribed by laws, administrative regulations, department rules and the provisions hereof.

Article 34 Shareholders shall provide written document that can testify the share type and amount held by them if they want to look up relevant information mentioned above or ask for data, and the Company will provide corresponding data after verifying their identity.

Article 35 The shareholders have the right to ask people's court to make a determination of invalidity if decisions of Shareholders' Meeting or board meeting violate law and administrative regulations.

The shareholders have the right to ask people's court to withdraw it within 60 days since the date of decision if convening procedure and voting formula of shareholders meeting and board meeting violate laws, administrative regulations and the Articles of Association.

Article 36 Where the directors and senior executives violate laws, administrative regulations or the provisions hereof when fulfilling their duty and thereby cause losses to the Company, the shareholders holding over 1% shares of the Company singly or jointly for 180 consecutive days are entitled to request the Board of Supervisors to file a lawsuit to the people's court in writing; where the Board of Supervisors violates laws, administrative regulations or the provisions hereof when performing its duty and thereby causes losses to the Company, the shareholders are entitled to request the Board of Directors to file a lawsuit to the people's court in writing.

In case the Board of Supervisors or Board of Directors refuses to file a lawsuit or fails to file a lawsuit within 30 days after receiving the written request from shareholders as provided above, or fails to file a lawsuit immediately upon emergency, which causes irreparable damage to the Company's benefit, the shareholders regulated above shall have the right to file a lawsuit to the people's court in their own name for the benefit of the Company.

Where the infringement of the lawful rights of the Company by others has caused losses to the Company, the shareholders as prescribed in Clause I of this article are authorized to file a lawsuit to the people's court.

Article 37 In case of violation of laws, administrative regulations or provisions hereof by directors and senior executives to further damage the shareholder's benefit, the shareholder can file a lawsuit to the people's court.

Article 38 Shareholders of the Company shall undertake the following obligations:

- (i) Observe laws, administrative regulations and the Articles of Association;
- (ii) Pay share capital based on the shares purchased and means of share buy-in;
- (iii) Do not withdraw shares except the cases stipulated by laws and regulations;
- (iv) Do not abuse the shareholder's rights to impair the interests of the Company or other shareholders; nor abuse the independent status of company legal person and shareholder limited liability to impair the creditors' interests.

Shareholders shall bear the compensation liability according to laws if misusing the shareholders' right to cause losses to the Company or other shareholders.

The shareholders shall undertake joint and several liability to the Company if abusing the independent status of company legal person and shareholder limited liability to avoid debts and seriously impair the creditor's interest of the Company.

- (v) Other obligations as prescribed in laws, administrative regulations and hereof.

Article 39 In case the shareholders holding more than 5% of the voting shares of the Company pledge the shares, they shall submit a written report to the Company upon the date of occurrence.

Article 40 The controlling shareholders and actual controllers of the Company shall not impair the interests of the Company with their association relationship. Otherwise, they shall bear the liability for losses incurred to the Company.

The controlling shareholders and the actual controllers shall act faithfully and assume responsibility to the Company and other public shareholders. The controlling shareholders shall strictly fulfill the rights of contributor in accordance with the laws, shall not impair lawful rights of the Company and other public shareholders by such means as interest distribution, capital reorganization, foreign Investment, occupation of funds or loan guarantee, nor utilize its controlling position to impair the interests of the Company and other public shareholders.

Section II General Rules of Shareholders Meeting

Article 41 Shareholders meeting is an organ of authority of the Company and shall exercise the following powers according to laws:

- (i) Decide the operation policies and investment plans of the Company;
- (ii) Elect and replace the directors and supervisors not assumed by representatives of the employees, and determine the matters concerning their remuneration;
- (iii) Deliberate and approve the reports of the Board of Directors;
- (iv) Deliberate and approve reports of Board of Supervisors;
- (v) Deliberate and approve annual financial budget plans and settlement plans of the Company;
- (vi) Review and approve the Company's plans for profits distribution and deficit coverage;
- (vii) Make resolutions on the increase or decrease of the Company's registered capital;

- (viii) Make resolutions on the issuance of corporate bonds;
- (ix) Make resolutions on the corporate merger, demerger, dissolution, liquidation or change in company form; and
- (x) Modify the Articles of Association;
- (xi) Make resolutions on employment and dismissal of accounting firms of the Company;
- (xii) Deliberate and approve the guarantee matters as specified in Article 41;
- (xiii) Deliberate those matters concerning the Company's purchasing and selling major assets exceeding 30% of the total assets audited in the latest term of the Company within a year;
- (xiv) Deliberate and approve the matters concerning modifying the purpose of the raised fund;
- (xv) Deliberate the equity incentive plans;
- (xvi) Deliberate other matters to be decided by shareholders meeting as stipulated in laws, administrative regulations, department rules or provisions hereof.

Article 42 The guarantee behaviors of the Company as below shall be deliberated by shareholders meeting.

- (i) Any guarantee provided when the total amount of guarantee of the Company and its holding subsidiary is equal to or more than 50% of the net asset audited in the latest term;
- (ii) Any guarantee provided when the total external guarantee of the Company reaches or exceeds 30% of the total asset audited in the latest term;
- (iii) Guarantee provided for the guarantee object with asset-liability ratio of over 70%;
- (iv) Guarantee provided for any single guarantee whose value exceeds 10% of the net assets audited in the latest term;
- (v) Guarantee provided for shareholders, actual controllers and their related parties.

Article 43 The shareholders meeting includes annual shareholders meeting and extraordinary shareholders meeting. Annual shareholders meeting shall be held once a year and within 6 months after the last fiscal year ends.

Article 44 The Company shall convene extraordinary shareholders meeting within 2 months since the date of occurrence upon any of the following cases:

- (i) Number of directors is less than the number of people stipulated in *Company Law* or 2/3 of the number provided in the Articles of Association;
- (ii) The loss of the Company not offset yet is 1/3 of the total amount of the paid-up capital;
- (iii) Upon the request of shareholders that separately or collectively hold over 10% of the Company's shares;
- (iv) The Board of Directors deems necessary;
- (v) The Board of Supervisors proposes;

(vi) Other circumstances stipulated by laws, administrative regulations, department rules or hereof.

Article 45 The shareholders meeting of the Company shall be held in the place where the Company is domiciled or the place specified in notice of shareholders meeting by Board of Directors.

Shareholders meeting shall have meeting place set and be convened in the form of on-site meeting. Besides on-site meeting, the Company shall also offer network voting or other voting modes, to ensure convenience for shareholders to attend the shareholders meeting. Any shareholder attending the meeting by the aforesaid means shall be deemed as attendance.

Article 46 During the convening, lawyers will be invited to give legal advices and announcement for issues below:

- (i) Whether the procedure for holding and convening the meeting complies with laws, administrative regulations and the Articles of Associations;
- (ii) Whether the eligibility of the convener and participants is legal and valid;
- (iii) Whether the voting procedure and result are legal and valid;
- (iv) Legal opinions on other issues at the Company's request.

Section III Convening of the Shareholders Meeting

Article 47 Board of Directors shall convene shareholders meeting within specified period as stipulated in Article 42 and Article 43 of the Articles of Association.

If the Company fails to convene shareholders meeting within the specified period as stipulated in Article 42 and Article 43 of the Articles of Association, it shall make report to CSRC agency in the place where the Company is located and SSE to explain the reason and give announcement.

Article 48 Independent directors shall have the right to make proposal to the Board of Directors for convening extraordinary shareholders meeting. For proposals requiring Board of Directors to convene extraordinary shareholders meeting, Board of Directors shall give a written feedback of agreement or disagreement within 10 days upon receiving the proposal in accordance with laws, administrative regulations and provisions hereof.

Board of Directors agreeing to convene extraordinary shareholders meeting shall give notice of convening within 5 days after making resolution; Board of Directors disagreeing shall give reasons and announcement.

Article 49 Board of Supervisors shall have the right to give written proposal to Board of Directors for convening extraordinary shareholders meeting. Board of Directors shall give a written feedback of agreeing or disagreeing within 10 days upon receiving of the proposal in accordance with laws, administrative regulations and provisions hereof.

Board of Directors agreeing to convene the extraordinary shareholders meeting shall give notice of convening within 5 days after making resolution; any modification on the original proposal in the notice shall be approved by Board of Supervisors.

Board of Directors disagreeing to convene or fails to give feedback within 10 days after receiving the proposal will be deemed as unable to or refusing to fulfill the obligations of convening shareholders meeting, and Board of Supervisors can convene and preside over the meeting by itself.

Article 50 Shareholder individually or jointly holding more than 10% of shares shall have the right to request Board of Directors in written form to hold an extraordinary shareholders meeting. The Board of Directors shall give its feedback of agreeing or disagreeing in written form within ten days after receiving the request according to provisions of laws, administrative regulations and the Articles of Association.

If the Board of Directors agrees with the convening, it shall issue the notice within five days after its decision, and modifications to the original request in the notice shall be approved by relevant shareholders.

If the Board of Directors disagrees or doesn't give its feedback within ten days after receiving the request, shareholders who individually or jointly hold more than 10% of shares shall have the right to request Board of Supervisors in written form to hold an extraordinary shareholders meeting.

If the Board of Supervisors agrees with the convening, it shall issue the notice within five days after receiving the request, and modifications to the original proposal in the notice shall be approved by relevant shareholders.

Board of Supervisors failing to give the notice of extraordinary shareholders meeting within prescribed time shall be deemed as not calling and presiding over the meeting, and the shareholders individually or jointly holding over 10% of shares for more than 90 consecutive days shall have the right to call and preside over the meeting.

Article 51 Board of Supervisors or shareholders deciding to convene shareholders meeting shall inform Board of Directors in writing and put on record to CSRC agency at the location of the Company and SSE.

Prior to the announcement on the resolution of convening shareholders meeting, the shareholding proportion of the convening shareholders shall not be lower than 10%.

The convening shareholders shall, in time of issuing the notice of shareholders meeting and the announcement on the resolution of convening shareholders meeting, submit relevant certificates and materials to CSRC agency and stock exchange at the location of the Company.

Article 52 With respect to the shareholders meeting independently convened by the Board of Supervisors or the shareholders, the Board of Directors and board secretary shall give coordination. The Board of Directors shall provide the register of shareholders on the date of equity registration. If the Board of Directors doesn't provide register of shareholders, the convener can apply to Shanghai branch of CSDCC for it with relevant announcement on the notice of convening. The convener can only use the obtained register of shareholders for convening shareholders meeting.

Article 53 The Company shall bear the cost of shareholders meeting convened by Board of Supervisors or shareholders.

Section IV Proposal and Notice of Shareholders Meeting

Article 54 The proposal shall fall within the scope of the power of the shareholders meeting, contain clear subject matter and detailed issues to be discussed and comply with relevant stipulations of applicable laws, administrative regulations and provisions hereof.

Article 55 When the Company convenes the shareholders meeting, the Board of Directors, the Board of Supervisors or shareholders that separately or collectively hold over 3% of the Company's shares have the right to submit proposals to the Company.

Shareholder who individually or jointly holds more than 3% of shares can put forward temporary proposal and submit it to the convener in written form within ten days before the convening of shareholders meeting. The convener shall give supplementary notice to shareholders meeting to announce the content of temporary proposal within two days after receiving the proposal.

Except the circumstances prescribed in the preceding paragraph, the convener shall not, after having issued the notice hereof, revise the proposal expressly set out or newly added in the notice.

For the proposal which is not listed in the notice to shareholders meeting or not in accordance with provisions of Article 53 hereof, shareholders meeting cannot vote on it and make a decision.

Article 56 The convener shall inform every shareholder of the convening of annual shareholders meeting within 20 days before convening through announcement mode, and inform every shareholder of the convening of extraordinary shareholders meeting within 15 days before convening through announcement mode.

Article 57 Notice to Shareholders' Meeting shall include the following contents:

- (i) Time, place and duration of the meeting
- (ii) Matters and proposals to be reviewed at the meeting
- (iii) Emphasize with striking words: All the shareholders have the right to attend the shareholders meeting and may entrust their agents to attend the meeting and participate in its voting; the shareholder's agent may not necessarily be the shareholders hereof.
- (iv) Equity rights registration date of the shareholders having the right to attend the shareholders meeting;
- (v) Name and telephone number of the permanent contact person.

Therein, the interval between equity rights registration date listed in (IV) of this Article and meeting date shall not be longer than seven working days. And the equity rights registration date shall not be altered once settled.

The Company shall set out expressly the voting time and procedures by Internet or other means in the notice of shareholders meeting. The starting time of voting by Internet or other means shall neither be earlier than 3:00pm of the day before the on-site shareholders meeting to be convened, nor later than 9:30am of the current day when the on-site shareholders meeting is convened; and the ending time shall not be earlier than 3:00pm of

the day when the on-site shareholders meeting ends.

Article 58 Notice and supplementary notice shall fully and completely announce specific contents of all proposals and offer all data or interpretation needed by shareholders to make reasonable judgment to items to be discussed. For items to be discussed which need opinions of independent directors, the opinions and their reasons shall be announced when the notice or supplementary notice to shareholders meeting is given.

Article 59 Where the directors and supervisors election is scheduled to be discussed, the notice shall reveal the detailed information about the directors and supervisors, including at least the following contents:

- (i) Personal information such as education background, professional experience, part-time job, etc.;
- (ii) Whether the candidate has any association relationship with any controlling shareholder or actual controller of the Company;
- (iii) Number of shares of the Company held by the candidate;
- (iv) Whether the candidate was once imposed with any sanction by the CSRC or other relevant authorities.

Except when directors and supervisors are elected by cumulative voting, each candidate for director and supervisor should be proposed separately.

Article 60 Once the notice is issued, the shareholders meeting shall not be postponed or canceled without justifiable cause and the proposals set out in the shareholders meeting shall not be canceled. Once it is postponed or canceled, the convener shall announce the information and explain the reason within at least two days before the original date.

Section V Holding of Shareholders Meeting

Article 61 The Board of Directors and other conveners of the Company shall take necessary measures to ensure the normal order hereof. The Board of Directors and other conveners of the Company shall take measures to prevent such acts as interference of the shareholders meeting, provocation and infringement of the lawful rights of the shareholders, and shall report them promptly to relevant authorities for investigation and persecution.

Article 62 All shareholders or their agents having been registered on equity right registration date have the right to attend the shareholders meeting, and exercise the voting right in accordance with applicable laws, regulations and provisions hereof.

The shareholders may either attend the shareholders meeting on their own, or entrust their agents to attend and vote.

Article 63 Individual shareholder shall present the ID card or other valid certificate that can prove its identity and stock account card when attending the meeting in person; entrusted agent shall present its valid identity certificate and shareholder's power of attorney when attending the meeting.

Corporate shareholders should designate the legal representative or a deputy designated by the legal representative to attend the meeting. Legal representative shall present its own

ID card, valid certificates that can prove the qualification of legal representative and stock account card when attending the meeting; entrusted agent shall present its ID card and written power of attorney legitimately issued by the legal representative of corporate shareholder's unit when attending the meeting.

Article 64 The power of attorney issued by the shareholder for entrusting their agent to attend the shareholders meeting shall contain the following:

- (i) Agent's name;
- (ii) Whether the agent has the voting right;
- (iii) Instructions on whether to cast affirmative, negative or abstention vote for each proposal to be voted at the shareholders meeting
- (iv) Issuance date and validity of the power of attorney;
- (v) Autograph (or seal) of the consigner. Where the consigner is the corporate shareholder, the power of attorney shall be stamped with the official seal.

Article 65 The power of attorney shall clarify whether the shareholder agent may act of its own will without the specific instruction from the shareholder.

Article 66 Where the power of attorney for voting by proxy is signed by the person entrusted by the consigner, the power of attorney signed upon authorization or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents as well as the power of attorney for voting shall be placed in the premise of the Company or at other places prescribed in the notice of meeting.

Where the consigner is a legal person, its legal representative or the person authorized by Board of Directors and other decision-making authority shall act as the representative to attend the shareholders meeting.

Article 67 The register of meeting attendant shall be made by the Company. Information such as names of attendees or (company name), ID card number, address, amount of held shares or shares with voting rights, name of shareholders (or company name) they represent for shall be recorded in such register.

Article 68 The convener and the lawyer employed by the Company shall, in accordance with the register provided by the securities registration and clearing institutions, jointly verify the legality of the qualification of the shareholders, register full name (or name) of the shareholders and number of shares with voting rights. The registration for meeting shall be ceased before the host of meeting announces the number of attending shareholders and agents and the total amount of shares with voting right they held.

Article 69 During convening of shareholders meeting, all the directors, supervisors and board secretary shall attend, the President and other senior executives shall attend meeting as non-voting attendee.

Article 70 The shareholders meeting shall be presided over by the Chairman of the Board of Directors. When the Chairman cannot or shall not perform its duties, more than half of the directors will elect a director to hold the meeting.

For the shareholders meeting independently summoned by Board of Supervisors, the Chairman of Board of Supervisors will hold the meeting. If the Chairman of Board of Supervisors cannot or shall not hold the meeting, more than half of supervisors will elect a supervisor to hold.

Shareholders meeting independently summoned by the shareholders shall be held by a representative recommended by the convener.

Where the host of shareholders meeting violates the rules of procedure so that the meeting is unable to continue, another host may, with the approval of over 50% of present shareholders with voting right, be elected by the shareholders meeting to continue the meeting.

Article 71 The Company shall formulate the Rules of Procedure, prescribe the detailed convention and voting procedures hereof, including notice, registration, deliberation of proposals, voting, vote calculation, announcement of the voting results, formation of meeting resolution, minutes of meeting and its signature and pronouncement as well as the principle of authorization from the shareholders meeting to the Board of Directors which shall be definite and specific. The Rules of Procedure for shareholders meeting, which is an attachment of the Articles of Association, are to be drawn up by the Board of Directors and approved at the shareholders meeting.

Article 72 At the annual shareholders meeting, the Board of Directors and Board of Supervisors shall report their work of the previous year to the shareholders meeting. Every independent director should also give a work report.

Article 73 The Board of Directors, Board of Supervisors, and senior executives shall give interpretation and explanation on the inquiry and advice raised by the shareholders at the shareholders meeting.

Article 74 The presider of the meeting shall, prior to the voting, announce the number of shareholders and the agents present, as well as the total voting shares held by such present shareholders and agents, which shall be subject to that registered in meeting registration.

Article 75 There shall be minutes of shareholders' meeting, which shall be in the charge of board secretary. Minutes of meeting shall carry the following information:

- (i) Time, place and agenda of the meeting as well as name of the meeting convener;
- (ii) Name of the presider as well as directors, supervisors, managers and other senior executives presenting or attending the meeting;
- (iii) Number of shareholders and agents attending the meeting, total number of shares with voting rights held by them and the proportion of shares to the total shares of the Company;
- (iv) Description of the deliberation process of each proposal, keypoints of speeches and voting results;
- (v) Shareholders' inquiry or suggestion and corresponding reply or explanation;
- (vi) Name of the lawyer, vote counter and counting witness;

(vii) Other items that shall be recorded as defined in the provisions hereof.

Article 76 The convener shall guarantee the authenticity, accuracy and completeness of the meeting minutes. Directors, supervisors, board secretary, meeting convener or its representative and meeting presider shall sign the minutes of meeting. Minutes of meeting shall be saved together with autograph books of shareholders present and power of attorney of agents present, and valid data of voting by network or other ways for ten years.

Article 77 The convener shall ensure the continuity of the shareholders meeting until the final resolution is adopted. If the shareholders meeting is suspended or cannot reach resolution due to force majeure or other special causes, necessary measures shall be taken as soon as possible to resume the shareholders meeting, or the shareholders meeting shall be terminated directly and announced in time. Meanwhile, the conveners shall report to the CSRC agency in the place where the Company is located and SSE.

Section VI Voting and Resolution of Shareholders Meeting

Article 78 The resolutions of the shareholders meeting fall into ordinary resolution and special resolution.

The ordinary resolution, made at shareholders' meeting, shall be approved by more than half of the voting rights of shareholders (including shareholders' agent) attending the meeting.

Special resolution shall be approved by more than two thirds of shareholders present (including shareholders' agent).

Article 79 The following items require the adoption of the shareholders meeting by ordinary resolution:

- (i) Work report of the Board of Directors and Board of Supervisors;
- (ii) Profit distribution plans and plans to cover Company losses drawn up by the Board of Directors;
- (iii) Appointment, dismissal, and payment of remuneration for members of the Board of Directors and Board of Supervisors;
- (iv) Annual budget plan and final settlement plan of the Company;
- (v) Annual report of the Company;
- (vi) Other matters except those which shall be passed by means of special resolutions in accordance with laws, administrative regulations or provisions hereof.

Article 80 The following items shall be passed at the shareholders meeting by means of special resolution:

- (i) Increase or decrease of the Company's registered capital;
- (ii) Demerger, merger, dissolution and settlement of the Company;
- (iii) Revision of the Articles of Association;
- (iv) The case that the purchased and sold assets or guarantee amount of the Company

within one year exceeds 30% of the total assets audited by the Company in the latest term;

(v) Stock incentive plan;

(vi) Other matters provided in laws, administrative regulations or the Articles of Association, or deemed by shareholders meeting as having significant potential influence upon the Company by means of common resolution, and thereby needing to be passed by special resolutions.

Article 81 The shareholders (including shareholders' agent) enjoy voting right in line with the volume of their holding shares on the basis of one share with one voting right.

During deliberation of major matters concerning the interests of medium-small investors at shareholders' meeting, vote for medium-small investors shall be counted separately. Separate-counting results shall be disclosed timely and publicly.

The shares of the Company held by itself shall have no voting right and shall not be calculated in the total voting share held by the present shareholders.

The Board of Directors, independent directors and the shareholders in line with the relevant provisions may collect voting right of shareholders. The Company shall raise no minimum shareholding limit on soliciting the voting right.

Article 82 When the shareholders meeting is deliberating matters concerning related transactions, the related shareholders shall not participate in the voting, and the number of the shares with voting right it represents shall not be calculated in the total number of valid votes; the announcement on resolution of shareholders meeting shall fully disclose the voting of non-related shareholders.

Article 83 The Company shall, on the premise of guaranteeing the legality and validity of shareholders meeting, provide convenience for the present shareholders by various means, including on-line voting platform or other modern information technology means.

Article 84 Unless the Company is in crisis or other special conditions, the Company will not sign contract to authorize all or important business management to people excluding directors, the President and other senior executives of the Company without approval of shareholders meeting by special resolution.

Article 85 Namelist of director and supervisor candidates shall be submitted to the shareholders meeting for voting.

The voting concerning the election of directors and supervisors may, in accordance with the provisions hereof or the resolution at the shareholders meeting, adopt the cumulative voting system.

The cumulative voting system as stated in the preceding paragraph means that every share shall, in electing directors or supervisors at the shareholders meeting, have the same voting power with that of the candidate director or supervisor, and the voting power possessed by the shareholder may be exercised in a centralized way. The Board of Directors shall announce the resume and basic information of the candidate directors and supervisors to the shareholders.

Article 86 In addition to the cumulative voting system, the shareholders meeting shall vote

all proposals one by one; different proposals on one matter shall be voted based on time sequence of putting forward. The shareholders meeting shall not postpone or refuse the proposal's voting unless such particular causes as force majeure results in its termination or failure of fulfillment.

Article 87 The shareholders meeting shall not revise proposals when the proposal is deliberated; otherwise, the revision shall be deemed a new proposal and shall not be voted on the current shareholders meeting.

Article 88 For the same voting power, only one voting method can be selected from on-site, on-line or other voting methods. The first ballot shall prevail once repeated voting arises in the same voting power.

Article 89 Registered voting on shareholders meeting will be adopted.

Article 90 Prior to the voting on the proposal, two shareholders shall be chosen to participate in vote calculation and supervision. Where the issues to be deliberated have something to do with the shareholders, relevant shareholders and agents shall not attend the vote calculation and supervision.

When the shareholders meeting is voting on the proposal, the lawyer, shareholder's representative and supervisor's representative shall be jointly responsible for vote calculation, vote supervision and the announcement of the voting result, which shall be recorded in the meeting minutes.

Shareholders of listed Company or their agents voting via Internet or other means have the right to check their voting result via corresponding voting system.

Article 91 End time of on-site voting of shareholders meeting shall be not earlier than online or other voting methods; the host shall announce the voting result of each proposal, and announce whether the proposal is adopted based on voting results.

Prior to the formal announcement of the voting result, the listed company, vote counter, counting witness, major shareholders and Internet service supplier related to the shareholders meeting in on-site, online, or other forms shall bear confidential obligations for the voting.

Article 92 Shareholders attending the shareholders' meeting shall express one of the following opinions on proposals submitted for voting: consent, objection or waiver. The securities registration and settlement institution shall be the nominal holder of shares under Hong Kong Stock Connect Pilot Program, except those required to be applied by the actual holder.

The blank, falsely-filled and unreadable votes as well as failure of voting shall be deemed as abstention, and the voting result of its holding shares shall be filled with "abstention".

Article 93 The host can organize vote counting in case of any doubt to voting result; if the host fails to count the votes and the shareholders or their agents present have doubt to voting result, they can ask for counting votes immediately after voting result announcement, and the host shall immediately organize vote counting.

Article 94 Resolution of shareholders' meeting shall be timely announced to indicate

number of shareholders and agents present, voting shares held, proportion to total voting shares of the Company, voting method, voting results of each proposal, and details of each resolution adopted.

Article 95 Proposals not adopted or modifications on resolutions of the previous shareholders meeting shall be mentioned specifically in the announcement hereof.

Article 96 For adopted proposals relating to election of director and supervisor, the appointment time of new director and supervisor is just the date of resolution adoption.

Article 97 For adopted proposals relating to cash dividend, stock dividend or transforming capital reserve into share on shareholders meeting, the Company will implement detailed scheme within two months after the meeting ending.

Chapter V Board of Directors

Section I Directors

Article 98 Directors of the Company shall be natural person, and person engaged in the following cases cannot be appointed as director of the Company:

- (i) With no or limited capacity for civil conduct;
- (ii) Sentenced to prison due to corruption, bribery, conversion of property, misappropriation of property and sabotage of social economic order, with a discharge period of less than 5 years; or having been deprived of political rights as a result of a criminal conviction, with a discharge period of less than 5 years;
- (iii) Serving as the director or factory director and the President of companies and enterprises under bankruptcy liquidation and having individual responsibility for the bankruptcy of the companies and enterprises within 3 years since bankruptcy and liquidation of the companies and enterprises;
- (iv) Acting as the legal representative of a company or enterprise whose business license was revoked and ordered to close down due to its violation of law, and is personally responsible for such revocation, with the revocation period of less than 3 years;
- (v) Owing comparatively large amount of debt which is overdue;
- (vi) Punishment by China's Securities Regulatory Commission as prohibition from access to securities market which has not been expired;
- (vii) Other contents prescribed in laws, administrative regulations and department rules.

Election or appointment of director in violation of this article shall be invalid. Directors having such conducts during their term as prescribed in this Article shall be dismissed by the Company.

Article 99 Directors shall be elected or changed through shareholders meeting, with a term of three years. The director may, after its expiration of the term, be reelected and reappointed. The shareholders meeting shall not dismiss, without fair cause, the post of the director prior to its expiration of term.

The term directors shall commence since its assumption of office till the expiration of that term of Board of Directors. Where the directors' term of office is expired but the reelection fails to be held timely, the original directors shall, prior to the assumption of the reelected directors, perform its director duties in accordance with laws, administrative regulations and provisions hereof.

The President or other senior executives can work as director concurrently, but the number of concurrent directors shall not be more than one half of total number of directors.

Article 100 The directors shall abide by laws, administrative regulations and provisions hereof and assume the following duties:

- (i) Do not abuse power to accept bribery or other illegal income and to misappropriate the Company's assets;
- (ii) Do not embezzle the Company's fund;
- (iii) Do not open an account in his(her) own name to deposit the funds and assets of the Company;
- (iv) Do not act against the provisions hereof to lend the Company's fund to others or provide guarantee for others by using the Company's assets without the approval of the shareholders meeting or the Board of Directors;
- (v) Do not act against the provisions hereof to conclude contract with the Company or undertake transaction without the approval of the shareholders meeting;
- (vi) Do not abuse its power to seek business opportunity for himself(herself) without the consent of the shareholders meeting that should be attributed to the Company, to operate independently or jointly with others the same kind of business as that of the Company;
- (vii) Do not peculate the commissions of the Company;
- (viii) Do not reveal the confidential information of the Company without permission;
- (ix) Do not abuse its associated relations to impair the interest of the Company;
- (x) Perform other faithful duties prescribed in laws, administrative regulations and provisions hereof.

Directors' income obtained by breaching the provisions of this article shall belong to the Company; if the Company suffers from losses caused thereby, such directors shall also bear the compensation liability.

Article 101 Director shall perform following duties of diligence to the Company as per laws, administrative regulations and provisions hereof:

- (i) Exercise meticulously, gravely and diligently the rights authorized by the Company to ensure the Company's business acts are in line with the requirements of national laws, administrative regulations and national economic policies, and business activities are not beyond the scope prescribed in the business license;
- (ii) Give fair treatment to all the shareholders;
- (iii) Master the business management of the Company in a timely manner;

- (iv) Sign written confirmation opinions for the Company's regular reports to ensure the information disclosed by the Company is authentic, accurate and complete;
- (v) Truthfully provide relevant information and materials to the Board of Supervisors, and do not impede the Board of Supervisors in exercising its functions and powers;
- (vi) Perform other diligence obligations set out in laws, administrative regulations, department rules and provisions hereof.

Article 102 Directors failing to attend the meeting for two consecutive times and also failing to entrust other directors hereto shall be deemed as incapable of performing their duties and the Board of Directors shall propose the shareholders meeting to replace such directors.

Article 103 Directors can submit the resignation before expiration of the term. Written resignation report is required. Board of Directors will announce relevant situation within two days.

Where the total number of members in Board of Directors is lower than the minimum quorum, the original directors shall, prior to the assumption of the reelected directors, perform its directorship in accordance with relevant laws, administrative regulations and provisions hereof.

Except the cases prescribed above, resignation of director shall come into effect since the resignation report is sent to Board of Directors.

Article 104 Upon effectiveness of resignation or expiration of the term, the director shall finish all handover procedures to Board of Directors, and shall not be relieved of duty of loyalty to the Company and shareholders after expiration of the term; such duty is still effective within reasonable time limit specified herein.

Article 105 Unless otherwise legally authorized hereof or by Board of Directors, no director can act on its own name or on behalf of the Company or Board of Directors. The director acting in his (her) own name shall declare its standpoint and identity in advance provided that the director is deemed by the third party as acting on behalf of the Company or Board of Directors.

Article 106 Provided that director performs its duty in violation of laws, administrative regulations, department rules or provisions hereof, which causes loss of the Company, the director shall bear compensation liability.

Article 107 Independent director shall perform its duty per laws, administrative regulations, department rules and provisions hereof.

Section II Board of Directors

Article 108 The Company set up Board of Directors to be responsible for shareholders meeting.

Article 109 Board of Directors consists of 7 directors, including 3 independent directors.

Article 110 The Board of Director is entitled to exercise the following duties and powers:

- (i) Convene shareholders meeting and report to the meeting;

- (ii) Carry out any resolution adopted by shareholders meeting;
- (iii) Decide the business plans and investment plans of the Company;
- (iv) Formulate annual financial budget plans and settlement plans of the Company;
- (v) Formulate profit distribution plans and loss recovery plans of the Company;
- (vi) Formulate schemes for any increase or decrease in registered capital, issue of bond or other securities and listing of the Company;
- (vii) Draw up the Company's plans for major acquisition, purchase of the Company's own stocks or merger, demerger, dissolution or change in corporation form;
- (viii) Make decisions on the Company's matters within the scope of authorization by shareholders meeting such as external investment, acquisition and sell of any asset, assets mortgage, external guarantee, entrusted financing and affiliated transaction;
- (ix) Decide the set-up of the Company's internal management organizations;
- (x) Appoint or dismiss the President and board secretary; to appoint and dismiss Executive Vice-president, Vice-president, chief financial officer and other senior executives according to the President's nomination, and to determine their remuneration, rewards and punishments;
- (xi) Establish the Company's basic management system;
- (xii) Establish any amendment to the Articles of Association;
- (xiii) Manage the Company's information disclosure;
- (xiv) Submit an application to the shareholders meeting to engage or replace an accounting firm providing audit service for the Company;
- (xv) Listen to work report of the President, and check the President's work;
- (xvi) Other powers granted by laws, administrative regulations, department rules or the Articles of Association.

Article 111 Board of Directors shall explain non-standard audit opinions of financial reports given by certified public accountant on shareholders meeting.

Article 112 Board of Directors shall determine rules of procedure for the board to ensure implementation of the resolutions on shareholders meeting, hence improving working efficiency and ensuring scientific decision.

Article 113 When the Board of Directors appoints the Company's managers, the Party organization shall consider the candidates nominated by the Board of Directors or the President and give advices, or recommend candidates to the Board of Directors and the President.

Article 114 The Board of Directors shall listen to the opinions of the Party organization in advance when deciding major issues such as the direction of reform & development of the Company, main objective tasks and key works.

Article 115 The Board of Directors shall clarify authorities with respect to external

Investment, acquisition and sell of any asset, assets mortgage, external guarantee, entrusted financing and affiliated transaction, establish a strict procedure for examination and decision-making, and organize relevant experts and professionals to make a review and then report to the shareholders meeting for approval in case of any major Investment project.

Article 116 The Board of Directors has one chairman. The Chairman shall be elected by the majority of directors of the Board.

Article 117 The Chairman of the Board is entitled to exercise the following duties and powers:

- (i) Preside over shareholders' meeting, and convene and preside over board meeting;
- (ii) Supervise and examine the implementation of any resolution adopted by the Board of Directors;
- (iii) Sign the Company's stock certificates, the Company's bond certificates and certificates of other valuable securities;
- (iv) Sign important documents of the Board of Directors or other documents which shall be signed by the Company's legal representative;
- (v) Exercise the authorities of legal representative;
- (vi) Upon emergency of force majeure such as extraordinary serious natural disaster, exercise special disposition right per laws and interests of the Company, and report to Board of Directors and shareholders' meeting after the event;
- (vii) Other authorities granted by the Board of Directors.

Article 118 In case that the President cannot or do not perform its duty, one director shall be recommended to perform its duty by more than one half of all directors.

Article 119 At least two board meetings shall be held by Board of Directors annually; the meeting shall be convened by the President with written notice given to all directors and supervisors in ten days before the meeting holding.

Article 120 Shareholders representing more than one tenth voting power, representing more than one third voting power or Board of Supervisors can propose to hold interim board meeting. Within ten days after receiving the proposal, the President shall convene and hold board meeting.

Article 121 Method of sending notice on interim board meeting held by Broad of Directors: by special person, email or fax; time limit of notice: informing all directors in five days before meeting holding.

Article 122 The notice of board meeting shall cover the following information:

- (i) Date and place of the meeting;
- (ii) Period of the meeting;
- (iii) Reasons and topic;

(iv) Date of notice.

Article 123 Board meeting shall be held with more than one half directors present. Any resolution made by the Board of Directors shall obtain the consent of more than half of all directors.

In voting on a resolution of the Board of Directors, one person shall have only one vote.

Article 124 Provided that director is associated with the company involved in resolution items, the director cannot vote or be entrusted to vote. The board meeting shall be held when more than half of the unrelated directors are present. Any resolution made at the board meeting shall obtain the consent of half of the unrelated directors. Provided that the number of unrelated directors present at board meeting is less than 3, the matter shall be submitted to shareholders meeting for deliberation.

Article 125 Voting method of resolution: voting by open ballot.

An interim board meeting may have a resolution made and signed via fax by directors present at the meeting provided that directors can fully express their opinions.

Article 126 Director shall attend board meeting in person; provided that director cannot attend the meeting for certain reason, other directors can be entrusted with written statement stating the agent name, items, scope of authority and valid period, and such statement shall be signed or sealed by the consigner. The director attending the meeting by power of attorney shall exercise the rights of the director within the scope of authorization. Director failing to attend a board meeting and failing to entrust a representative to attend on his/her behalf shall be considered as waiving the right to vote at the meeting.

Article 127 The Board of Director shall prepare minutes of meeting for the decision on matters discussed on the meeting, and all directors present shall sign their names on it.

Minutes of board meeting shall be saved as company file for 10 years.

Article 128 Minutes of board meeting shall cover the following:

- (i) The date and place of the meeting convened, and the name of the convener;
- (ii) Name of directors present in person and name of directors present at the board meeting by proxy (agent);
- (iii) Agenda of the meeting;
- (iv) Keypoints of directors' speech;
- (v) Voting manner and result of every matter under resolution (the voting result shall state the number of affirmative votes, dissenting votes or abstention votes).

Chapter VI The President and Other Senior Executives

Article 129 The Company shall set one CEO, appointed or dismissed by Board of Directors.

The Company shall set several executive vice-presidents and vice presidents, appointed or dismissed by Board of Directors.

Article 130 Conditions in Article 97 for unqualified service of director are also applicable to senior executives.

Provisions on Duty of loyalty of directors in Article 99 hereof and those on duty of diligence in Article 100 (IV)-(VI) are also applicable to senior executives.

Article 131 Controlling shareholder and actual controller serving as other post except director, are not allowed to be senior executives.

Article 132 The President's term of office is three years and renewable.

Article 133 The President shall be responsible for Board of Directors and exercise the follow powers:

- (i) Direct the Company's production and operation management, organize to implement the resolutions of Board of Directors, and report to Board of Directors;
- (ii) Organize to implement the Company's annual operation plan and investment plan;
- (iii) Prepare the internal operation and management mechanism setting scheme of the Company;
- (iv) Establish the basic management system of the Company;
- (v) Prepare the Company's detailed regulations and systems;
- (vi) Submit application to the Board of Directors to employ or dismiss the Executive Vice-president, Vice-president and financial director of the Company;
- (vii) Decide to employ or dismiss managers other than those employed or dismissed by Board of Directors;
- (viii) Prepare the salary, welfare, rewards and punishment systems for employees, and decide the employment and dismissal of employees;
- (ix) Other authorities awarded in Articles of Association or by Board of Directors.

The President shall attend board meeting as non-voting attendee.

Article 134 The President shall formulate working rules for himself and submit to Board of Directors for approval.

Article 135 Working rules of the President include:

- (i) Conditions and procedures of convening president meeting as well as the participants.
- (ii) Specific obligations and division of work of the President and other senior executives;
- (iii) Authorities with respect to the utilization of the Company's funds or assets and the execution of major contracts, systems on reporting to the Board of Directors and the Board of Supervisors;
- (iv) Other matters deemed necessary by the Board of Directors.

Article 136 The President can submit early resignation. Detailed procedures and methods for resignation of the President are stipulated in service contract between the President and the Company.

Article 137 Board secretary shall be appointed for the meeting preparation, documents maintenance of shareholders meeting and board meeting, data management and information exposure of shareholders.

Board secretary shall observe relevant provisions of laws, administrative regulations, department rules and provisions hereof.

Article 138 If senior executives cause losses to the Company when performing duties in violation of the provisions of laws, administrative regulations, department rules or provisions hereof, they shall bear the compensation liability.

Chapter VII Board of Supervisors

Section I Supervisors

Article 139 The unsuitable situation for director appointment in Article 97 hereof is also applicable to Board of Supervisors.

Directors, the President and other senior executives are not allowed to serve as supervisor concurrently.

Article 140 Supervisors shall obey laws, administrative regulations and Articles of Association, bear the duty of loyalty and diligence to the Company, and shall not use their authorities to accept any bribery or other illegal income or misappropriate the Company's property.

Article 141 Office term for supervisor is 3 years. Such term can be renewed upon expiration.

Article 142 In the event that reelection is not made promptly upon expiry of the term of a supervisor, or the resignation of a supervisor results in the members of the Board of Supervisors below the quorum, the former supervisor shall remain the fulfillment of a supervisor's duty as per laws, administrative regulations and provisions hereof before the reelected supervisor takes the position.

Article 143 A supervisor shall ensure that the information disclosed by the Company is true, accurate and complete.

Article 144 A supervisor may attend any board meeting as a nonvoting delegate, and put forward inquiries or suggestions on matters under a resolution of the Board of Directors.

Article 145 A supervisor shall not damage the Company's interests by utilizing his/her association, and shall assume the compensation liability once causing losses to the Company.

Article 146 In the event that a supervisor is in violation of any provision of laws, administrative regulations, department rules or provisions hereof during fulfillment of duty and thereby causes any loss to the Company, he/she shall assume the compensation liability.

Section II Board of Supervisors

Article 147 The Company shall establish Board of Supervisors. Board of Supervisors

consists of three supervisors and one chairman. The Chairman of the Board of Supervisors shall be elected by the majority of all supervisors. The Chairman shall summon and hold the meeting of Board of Supervisors. If the Chairman is unable or unwilling to perform the obligation, a new supervisor shall be elected by more than half of supervisors to summon and hold the meeting.

Board of Supervisors shall include shareholders' representative and proportional staff representatives for no less than one third. The staff representative in the Board of Supervisors shall be elected by the Company's staff at the staff representative meeting, staff meeting or through other forms of democratic election.

Article 148 Board of Supervisors have the following authorities:

- (i) Audit the Company's regular report prepared by the Board of Directors and propose written audit opinions;
- (ii) Check the Company's financial affairs;
- (iii) Supervise the conduct of directors and senior executives performing duties for the Company, and put forward advices on dismissing directors or senior executives who violate laws, administrative regulations, the Articles of Association, or the resolutions of the shareholders' meeting;
- (iv) Request directors or senior executives to make correction when any action of them causes damage to the Company's interests;
- (v) Propose convening of extraordinary shareholders meeting, summon and hold shareholders meeting when the Board of Directors failed to perform obligations provided in *Company Law*;
- (vi) Raise proposals to the shareholders meeting;
- (vii) File a lawsuit against directors and senior executives in accordance with Article 152 of the *Company Law*; and
- (viii) Start investigation when operation of the Company is abnormal and employ professional organizations such as accounting firm and law firm for assistance, with the fees undertaken by the Company.

Article 149 Meeting of Board Supervisors shall be held at least once every six months. Supervisors may propose the convening of interim meeting of the Board of Supervisors.

The resolution of the Board of Supervisors shall be adopted by more than half of supervisors.

Article 150 The Board of Supervisors shall establish rules of procedure for Board of Supervisors to clarify the method of discussion and voting procedure applied by the Board of Supervisors, to ensure the working efficiency and scientific decision-making.

Article 151 Board of Supervisors shall prepare a minutes for the decisions on matters discussed, on which all supervisors present shall sign.

Supervisors shall have the right to require their speeches made at the meeting to be kept as descriptive record. Minutes of meeting of Board of Supervisors shall be kept for ten

years as company file.

Article 152 Meeting notice of Board of Supervisors shall cover:

- (i) Date, place and period of the meeting;
- (ii) Reasons and topic;
- (iii) Date of notice.

Chapter VIII Financial Accounting System, Interests Distribution and Auditing

Section I Financial Accounting System

Article 153 The Company shall establish the Company's financial accounting system according to laws, administrative regulations, and provisions of national departments concerned.

Article 154 The Company shall submit annual fiscal and accounting report to China Securities Regulatory Commission and Shanghai Securities Exchange in four months after every fiscal year and submit the semi-annual fiscal report to entrusted organization of China Securities Regulatory Commission and Shanghai Securities Exchange in two months from the end of six months of each fiscal year; and submit quarter fiscal and accounting report to entrusted organization of China Securities Regulatory Commission and Shanghai Securities Exchange in one month starting from the end of the first three months and nine months of the fiscal year.

The above financial accounting report shall be formulated in accordance with relevant laws, administrative regulations and department rules.

Article 155 No additional accounting book shall be established besides the legal book. No account shall be opened in the name of any individual to deposit the Company's assets.

Article 156 During after-tax profit distribution of The Company, 10% shall be taken as the Company's statutory common reserve. When the accumulative total of the Company's statutory common reserve is more than 50% of the Company's registered capital, the profits may not be further withdrawn.

If the Company's statutory common reserve is not sufficient to make up loss of the previous years, the profit of the very year shall be used to make up such loss before withdrawing according to the preceding regulation.

Subject to a resolution of the shareholders' meeting, after the Company has set aside funds from after-tax profits for the statutory common reserve, the Company may set aside funds for a discretionary common reserve.

The after-tax profit remained after making up of the Company's loss and withdrawal of the common reserve may be distributed according to the proportion of shares held by shareholders unless it is not allowed herein.

If the shareholders meeting distributes profits to shareholders before the losses are made

up for and allocations are set aside for statutory common reserve in breach of preceding paragraph, shareholders must return such profits distributed in breach of the provisions to the Company.

The Company's shares held by the present Company shall not be used for profit distribution.

Article 157 The Company's statutory common reserve shall be used to make up the Company's loss, expand the scale of the Company's production and operation, or be transferred to increase the Company's capital. However, the capital reserve shall not be used to make up the Company's loss.

When the statutory common reserve is transferred to capital, such common reserve remained shall not be less than 25% of the Company's registered capital prior to the transfer.

Article 158 The Company shall carry out positive distributions and obey the following regulations:

(i) Basic principles for profit distribution of the Company:

1. In taking fully consideration of the shareholder's return and without violating rules of cash bonus in *Company Law*, profits of shareholder shall be distributed according to stipulated ratio of net profits that belongs to the parent company in consolidated statement of the year.
2. Profit distribution policies of the Company remain continuous stable and given consideration to the long-term interests of the Company and whole benefits of shareholders and sustainable development.
3. Cash bonus is the preferential method adopted for profits distribution.

(ii) Concrete profit distribution policies are as follows:

1. Distribution method

Methods for profits distribution are: cash, stock, cash and stock or other means allowed in laws and regulations; medium-term profit distribution is also feasible.

2. Conditions and ratios of cash bonus

Except for special occasion and under the case that the financing can guarantee continuous operation and long-term development of the Company and the un-distributed profits of the year is positive without violating distribution stipulations of *Company Law*, cash bonus shall be adopted for distribution and the profits distributed in this manner shall account for no less than 10% of the net profits belonging to the parent company's shareholders in consolidated financial statement. Accumulated profits distributed in cash bonus in the latest three years shall account for no less than 30% of average distributable profits of last three years.

Special occasions:

- (1) Major investment or cash outflow in the coming 12 months of the Company (except project of raised fund) reaches or is higher than 30% of the net assets audited in the latest term; investment plan or cash outflow includes proposed external investment, asset

acquisition, external debt payment or equipment procurement, etc.

(2) Standard audit report without reserved opinions to the annual financial report of the Company is not issued by audit agency.

3. Specific condition for distribution of stock dividend

When the Company runs well and the stock price and equity size are regarded as mismatched in the opinion of Board of Directors, and the distribution of stock dividend is for the overall benefit of all shareholders of the Company, preliminary distribution plan of stock dividend can be put forward under the premise of satisfying the above cash bonus conditions.

(iii) Process of deliberating profit distribution plan:

1. The profit distribution plan shall be put forward and drawn up by the management layer in combination with the regulations of Articles of Association, profit condition and capital demand plan for submission to Board of Directors for review. Board of Directors of the Company shall fully discuss the rationality of profit distribution plan, and then submit to shareholders meeting for deliberation after special resolution is formed.

When deliberating concrete cash bonus scheme, the Company shall fully listen to minority shareholders' opinions and demands on shareholders meeting, and communicate with shareholders, esp. minority shareholders by means of hotline or fax to reply to the issues that minority shareholders concern in a timely manner.

2. In case the Company fails to determine profit distribution plan of the year according to the existing cash bonus policy due to special conditions stated above in Item (ii), the Board of Directors shall specially explain detailed reasons for no conducting of cash bonus, purpose of company's retained earnings, expected investment income, etc., submit to shareholders meeting after independent directors show their opinions, and then disclose on media specified by the Company. When profit distribution plan of the year is submitted to shareholders meeting for review, it shall be agreed by more than 2/3 of the shareholders attending the shareholders meeting.

3. Decision-making process for profit distribution policy adjustment or modification of the Company

In case company production and management is significantly impacted by war, natural disaster or change of external business environment or the Company's own business status changes greatly, the Company can adjust or modify cash bonus policy determined in the Articles of Association if necessary after detailed demonstration. Board of Directors shall fully discuss the rationality of profit distribution policy, and then submit to shareholders meeting for deliberation after independent directors shows their opinions and special resolution is formed. During deliberation of the shareholders meeting, it shall be agreed by more than 2/3 voting power held by shareholders attending the meeting.

(iv) Implementation of profit distribution plan:

After resolution on profit distribution plan is made at shareholders meeting of the Company, Board of Directors shall complete matters of dividends (or share) distribution within two months after holding of shareholders meeting.

Section II Internal Audit

Article 159 The Company shall establish an internal audit system and designate full-time auditing staff to exercise internal audit supervision over the Company's financial income & outcome and economic activities.

Article 160 The internal audit system and responsibilities of audit staff shall be executed after the approval of Board of Directors. Audit director shall be responsible and report work to the Board of Directors.

Section III Employment of Accounting Firm

Article 161 The Company will employ the accounting firm with the "qualification for securities-related business" to carry out such businesses as audit of accounting statement, verification of net assets and other relevant consultant services. The employment term is one year, and further employment is allowed.

Article 162 The Company's employment of accounting firm shall be subject to the decision of the shareholders meeting, and the Board of Directors cannot appoint the accounting firm before the decision made on shareholders meeting.

Article 163 The Company shall ensure data of accounting document, accounting book, fiscal accounting report and other documents offered to the accounting firm are authentic and integrate. No denial, hiding and false report is allowed.

Article 164 Costs on the auditing by accounting firm shall be decided by shareholders meeting.

Article 165 Notice of dismissal or termination of accounting firm shall be sent 30 days ahead, and the firm is allowed to put forward opinions on voting of dismissal at shareholders meeting.

If the accounting firm proposes to discharge its appointment, it shall clarify whether the Company has any improper condition to the shareholders meeting.

Chapter IX Notice and Announcement

Section I Notice

Article 166 The Company's notice will be issued in the following forms:

- (i) Delivery by designated person;
- (ii) Mail delivery;
- (iii) Through announcement;
- (iv) Any other forms provided herein.

Article 167 On condition that any notice is given by the Company through announcement, the notice shall be deemed as received by all persons concerned once it is announced.

Article 168 The notice of convening shareholders meeting shall be issued in form of announcement by the Company.

Article 169 The notice of convening board meeting shall be sent by designated person or by fax or e-mail.

Article 170 The notice of convening meeting of Board of Supervisors shall be sent by designated person or by fax or e-mail.

Article 171 As for notice sent out by designated person, addressee in person shall sign (or seal) on service return receipt, and the signing date shall be the date of delivery; as for notice sent out by fax, addressee in person shall sign (or seal) on service return receipt, and the signing date shall be the date of delivery; as for notice sent out by announcement, the date of first publishing shall be the date of delivery.

Article 172 If the notice of the meeting is not sent to a certain person that has right to obtain such notice or such person doesn't receive such notice for accidental omission, the meeting and any resolution made at the meeting will not be invalid thereby.

Section II Announcement

Chapter 173 The Company designates media appointed by *China Securities Journal*, and/or *Shanghai Securities Journal*, and/or *Securities Times*, and/or CSRC and website of Shanghai Stock Exchange as media for publishing announcement or disclosing other necessary information.

Chapter X Merger, Demerger, Capital Increase and Decrease, Dissolution and Settlement

Section I Merger, Demerger, Capital Increase and Decrease

Article 174 The Company's combination can be consolidation by merger or consolidation.

Consolidation by merger means that a company merges another, and the merged one will dissolve. Consolidation means that more than two companies are integrated to incorporate a new company, and all parties integrated will dissolve.

Article 175 In the event of merger, all parties shall sign merger agreement and prepare a balance sheet and an inventory of property. The Company shall inform the creditor within 10 days since the decision of merger is made and announce on *China Securities Journal*, and/or *Shanghai Securities Journal*, and/or *Securities Times*, and/or on other media for disclosing information of listed company designated by China Securities Regulatory Commission within 30 days. The creditor can ask the Company to pay off debts or provide corresponding guarantee within 30 days after receiving the notice or within 45 days without receiving notice.

Article 176 In the event of merger, creditor's rights and debt of all parties merged shall be succeeded by the company surviving in the merger or by the new company.

Article 177 In case of company demerger, the assets shall be divided accordingly.

In case of company demerger, a balance sheet and an inventory of property shall be prepared. The company shall inform the creditor within 10 days after the decision of demerger is made, and announce on *China Securities Journal*, and/or *Shanghai Securities*

Journal, and/or *Securities Times*, and/or on other media for disclosing information of listed company designated by China Securities Regulatory Commission within 30 days.

Article 178 Companies after demerger shall bear joint liability for debts before demerger, except that the Company has reached a written agreement for debt repayment with the creditors before demerger.

Article 179 In case the Company needs to reduce the registered capital, a balance sheet and an inventory of property must be worked out.

The Company shall inform the creditor within 10 days after the decision of reducing registered capital is made, and announce on *China Securities Journal*, and/or *Shanghai Securities Journal*, and/or *Securities Times*, and/or on other media for disclosing information of listed company designated by China Securities Regulatory Commission. The creditor has rights to ask the company to pay off debts or provide corresponding guarantee within 30 days after receiving the notice or within 45 days without receiving notice.

The amount of the Company's registered capital after decrease shall be no less than statutory minimum amount.

Article 180 In the case of merger or demerger of a company, where any registered item requires change, such change shall be registered at registration authority in accordance with the laws; where the company is dissolved, company de-registration shall be carried out in accordance with the laws; where a new company is established, establishment registration shall be carried out in accordance with the laws.

For any increase or decrease of registered capital, the Company shall handle registration of change at the registration authority according to laws.

Section II Dissolution and Liquidation

Article 181 The Company is dissolved for any of the following reasons:

(i) Other causes for dissolution, as stipulated in the Articles of Association, have occurred;

(ii) The shareholders meeting has made a resolution on dissolution;

(iii) The Company needs to be dissolved for its merger or demerger;

(iv) The Company's business license is revoked, or the Company has been ordered to close down or revoked in accordance with law; or

(v) The Company encounters any kind of serious difficulties in its business management, and the continuous existence of the Company will cause major damage to the interests of shareholders. In case of failure in settlement through other means, shareholders holding more than 10% of the Company's voting shares may file an application to the people's court of competent jurisdiction to dissolve the Company.

Article 182 For the case in Item I of Article 178 hereof, it can survive by modifying this Articles of Association.

Modification of the Articles of Association in line with the provisions of the preceding paragraph must be approved by over 2/3 of the shareholders with voting power present at

the shareholders meeting.

Article 183 When the company is dissolved for the regulations in Item I, Item II, Item IV, and Item V of Article 178, a liquidation team shall be formed to carry out the liquidation within 15 days since causes for resolution appear. The liquidation team shall consist of directors or personnel determined by the shareholders meeting. Upon failure of setting a liquidation team for liquidation within the above time limit, a creditor may apply to the people's court to designate relevant personnel as members of the liquidation team to conduct liquidation.

Article 184 A liquidation team may exercise the following authorities during liquidation:

- (i) Clear up the Company's assets, and compiling a balance sheet and an inventory of property respectively;
- (ii) Notify and announce the creditors;
- (iii) Handle the Company's unfinished business related to liquidation;
- (iv) Pay owing taxes and taxes incurred during the liquidation;
- (v) Clear creditor's rights and debts;
- (vi) Handle the Company's remaining property after the debts are paid; and
- (vii) Participate in civil lawsuit on behalf of the Company.

Article 185 The liquidation team shall inform the creditor within 10 days since its establishment and issue the decision on *China Securities Journal*, and/or *Shanghai Securities Journal*, and/or *Securities Times*, and/or on other media for disclosing information of listed company designated by China Securities Regulatory Commission within 60 days. The creditors shall, within 30 days after receipt of such notice, or, in case of failure to receive such notice, 45 days after issuance of such proclamation, report their claims to the liquidation team.

When reporting claims, the creditors shall describe relevant affairs of creditor's rights and provide supporting information. The liquidation team shall have creditor's rights registered.

During claims reporting, the liquidation team shall not liquidate debts for the creditors.

Article 186 After checking the Company's property and preparing a balance sheet and an inventory of property, the liquidation team shall formulate a liquidation plan and present it to the shareholders meeting or to the people's court for confirmation.

After paying the liquidation expense, employees' wage, social insurance premium and statutory compensation, and paying off unpaid taxes and the Company's liabilities, the Company shall distribute remaining properties based on the proportion of shares held by shareholders.

During the liquidation, the Company still exists but is not authorized to carry out any operating activities unrelated to liquidation. Before liquidation according to the provisions of preceding paragraphs, the Company's properties shall not be distributed to shareholders.

Article 187 After clearing up the Company's properties, and compiling a balance sheet and an inventory of property, the liquidation team shall apply for declaration of bankruptcy to a

people's court according to laws if finding that the Company's properties are not enough to pay off debts.

After the Company is declared bankrupt by the people's court, the liquidation team shall hand over all liquidation matters to the court.

Article 188 After liquidation of the Company, the liquidation team shall prepare a liquidation report, and submit to the shareholder' meeting for approval or to the people's court for confirmation, and then submit to registration authority of the Company, to apply for cancellation of company registration, and announce the termination of the Company.

Article 189 Members of liquidation team shall be devoted to their duties and perform their liquidation obligations according to laws.

The liquidation team members shall neither take advantage of their powers to take bribes or other illegal incomes, nor embezzle the Company's property.

The liquidation team members shall bear the liability for compensation if causing losses to the Company or the creditor due to intention or gross negligence.

Article 190 The Company declared bankrupt as provided by law shall have bankruptcy liquidation carried out according to relevant enterprise bankruptcy laws.

Chapter XI Revision of Articles of Association

Article 191 The Company shall revise the Articles of Association upon any of the following cases:

- (i) Any conflict between those matters specified by the Articles of Association and the provisions of laws or administrative regulations after any revision of the *Company Law* or relevant laws or administrative regulations;
- (ii) Any change in the Company's conditions is not in compliance with those matters recorded in the Articles of Association;
- (iii) Any revision of the Articles of Association decided by shareholders meeting.

Article 192 Amendment to Articles of Association passed by resolution of shareholders meeting shall be submitted to competent authorities for approval; those involving company's registration, change registration shall be done in accordance with the laws.

Article 193 Board of Directors shall revise the Articles of Association according to resolution of shareholders meeting and approval comments of competent authorities.

Article 194 Amendment to Articles of Association belongs to the information required to be disclosed by laws and regulations, and shall be announced as provided.

Chapter XII Supplementary Provisions

Article 195 Interpretation

- (i) A controlling shareholder means such a shareholder that the shares held by him/her account for more than 50% of the Company's share capital, or the proportion of shares held

by him/her is less than 50% but the voting rights corresponding to shareholding are enough to cause significant influence on a resolution made by the shareholders meeting.

(ii) An effective controller means a person who is not a shareholder of the Company, but can effectively control the Company's activity through investment relation, agreement or any other arrangement.

(iii) Association relationship means the relationship between the Company's controlling shareholder, effective controller, director, supervisor or senior manager and an enterprise controlled by them directly or indirectly as well as any other relationship which may cause transfer of the Company's interests. However, the enterprises controlled by the state do not incur an association relationship simply because their shares are controlled by the state.

(iv) Notice or announcement in Chapter IV: "Shareholders and Shareholders Meeting" refers to relevant information disclosed in journal designated by CSRC. If the notice or announcement needs a large space, the Company can disclose relevant information in summary on the journal designated by CSRC, with the full text published on website designated by CSRC at the same time. Supplementary notice of shareholders' meeting referred to in the Articles of Association will be published on the same journal as that for meeting notice.

Article 196 The Board of Directors may prepare detailed rules and regulations for the Articles of Association according to the provisions herein. The detailed rules shall not conflict with the regulations of the Articles of Association.

Article 197 The Articles of Association is written in Chinese. Whenever Articles of Association in foreign languages or of other versions is in conflict with this Articles of Association, the latest Chinese version approved and registered at enterprise registration authority shall prevail.

Article 198 "Above", "within", and "below", mentioned in the Articles of Association all contain the figure listed; while "over", "under", "beyond", "lower" and "more than " don't contain the figure listed.

Article 199 The Articles of Association shall be interpreted by the Company's Board of Directors.

Article 200 Attachments to the Articles of Association include Rules of Procedure for shareholders meeting, Rules of Procedure for Board of Directors and Rules of Procedure for Board of Supervisors.