

PEGASYSTEMS INC
Form 4
September 17, 2014

FORM 4

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

OMB APPROVAL

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STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Trefler Leon

(Last) (First) (Middle)

C/O PEGASYSTEMS INC., 1
ROGERS STREET

(Street)

CAMBRIDGE, MA 02142

(City) (State) (Zip)

2. Issuer Name and Ticker or Trading Symbol
PEGASYSTEMS INC [PEGA]

3. Date of Earliest Transaction
(Month/Day/Year)
09/15/2014

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

____ Director _____ 10% Owner
 Officer (give title below) _____ Other (specify below)

Senior Vice President, Sales

6. Individual or Joint/Group Filing(Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1. Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)	4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)	5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Ownership (Instr. 4)
				(A) or (D)	Price		
Common Stock	09/15/2014		M	124 ⁽¹⁾	\$ 0	6,388	D
Common Stock	09/15/2014		F	41	\$ 21.49	6,347	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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(9-02)

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Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(e.g., puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)	5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)	6. Date Exercisable and Expiration Date (Month/Day/Year)	7. Title and Amount of Underlying Securities (Instr. 3 and 4)	8. Amount or Number of Shares
Restricted Stock Units ⁽²⁾	\$ 0	09/15/2014		M	124 ⁽¹⁾	12/15/2010 ⁽¹⁾ ⁽³⁾	Common Stock	2,500

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Trefler Leon C/O PEGASYSTEMS INC. 1 ROGERS STREET CAMBRIDGE, MA 02142			Senior Vice President, Sales	

Signatures

/s/ Janet Mesrobian, Esq., as Attorney-In-Fact for Leon Trefler 09/17/2014

**Signature of Reporting Person Date

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
- ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
- (1) Represents 5% quarterly vesting on September 15, 2014. Original grant was 2,500 RSUs, with 20% vested on December 15, 2010, and the remaining 80% vesting in equal quarterly installments over the remaining four years.
- (2) Each restricted stock unit represents the right to receive, following vesting, one share of Pegasystems Inc.'s common stock.
- (3) Once vested, the shares of common stock are not subject to expiration.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, see Instruction 6 for procedure. Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. -size: 10pt; width: 100%;" class="DSPFListTable" id="z5050a0cbc06d42ccb5bbb83ec426d70d" cellpadding="0" cellspacing="0">

- (7) to draft plans for the merger, division, dissolution or change in corporate form of the Company;
- (8) to determine the Company's internal management structure;

- to appoint or remove the general manager of the Company, appoint or remove deputy general managers, Chief (9) Financial Officer and General Counsel of the Company according to the recommendations of the general manager and decide on their remuneration matters;
- (10) to set forth the Company's basic management system;
- (11) to formulate proposals for any amendment of the Articles of Association;
- (12) to set proposals for the amendment of the rules of procedures of the general meeting of shareholders;
- (13) to determine matters on the Company's external guarantee under applicable laws and within the scope of authorization of the Articles of Association; and
- (14) other functions and powers conferred by the Articles of Association or the general meeting of shareholders.

Other than the board resolutions in respect of the matters specified in items (6), (7), (11) and (13) which shall be passed by the affirmative vote of two-thirds or more of the directors, the board resolutions in respect of all other matters may be passed by the affirmative vote of the majority of the directors.

During the inter-sessional period of the board of directors, the chairman and vice chairman of the board may, as entrusted by the board of directors, jointly exercise some of the functions and powers of the board of directors which include:

- (1) consideration and approval of motions on the establishment or cancellation of development and construction projects;

- (2) consideration and approval of motions from the general manager on the appointment, removal and mobilization of the Company's departmental managers and the secondment of agency managers;
- (3) consideration and approval of plans on the use of important funds;
- (4) consideration and approval of motions on the establishment or cancellation of subsidiaries or branches; and
- (5) consideration and approval of other particularly significant issues.

Article 102 All directors of the Company shall carefully treat and strictly control liability risks arising from external guarantee and shall adhere to the following principles in determining the Company's issues on external guarantee:

- (1) the Company's provision of guarantee for another party shall adhere to the principles of equality, voluntariness, fairness, integrity and mutual benefit; prior to determining the provision of guarantee for another party or deciding to submit the relevant issue to the general meeting of shareholders for consideration, the Company shall have a full understanding of the credit status
- (2) of the party to be guaranteed and shall conduct a comprehensive analysis of the impact of the guarantee issue on the interests and risk of the Company;
- (3) the Company can provide guarantee only to enterprises with good credit and proven repayment capacity; and
- (4) the Company shall observe the stipulations of applicable laws and shall not provide guarantee for any party that is prohibited to be guaranteed by the Company under the laws.

Article 103 Unless otherwise prescribed in applicable laws and these Articles, the board of directors has the right to determine external guarantees in the amount of 5% to 20% of the Company's net assets in the consolidated financial statements for the latest accounting year. The chairman and vice chairman of the board have the right to jointly determine external guarantees in the amount of less than 5% of the Company's net assets in the consolidated financial statements for the latest accounting year.

Article 104 Prior to making decisions on materials issues such as the direction of the reform and development of the Company, its main objectives and tasks, and key work arrangement, the Board of Directors shall seek advice from the Party organization. When the Board of Directors appoints senior management personnel of the Company, the Party organization shall first deliberate on the candidate(s) and make recommendations.

Article 105 In disposing fixed assets, if the expected value of the fixed assets to be disposed of and the total value of the fixed assets already disposed of in four (4) months before the proposal of such disposal jointly exceed 33% of the fixed assets value shown in the latest balance sheet reviewed by the general meeting of shareholders, the board of directors shall not dispose of or approve the disposal of such fixed assets prior to the approval by the general meeting of shareholders.

The disposal of fixed assets referred to in this Article shall include the act of transferring certain rights and interests of assets, excluding the act of providing guarantee with fixed assets.

The effectiveness of transactions concerning the disposal of fixed assets conducted by the Company shall not be subject to the first clause of this Article.

Article 106 The chairman of the board of directors shall exercise the following functions and power:

- (1) to preside over general meetings of shareholders and to convene and preside over the board of directors' meetings;
- (2) to review on the implementation of resolutions passed by the board of directors' meetings;
- (3) to sign the certificates of securities issued by the Company; and
- (4) to exercise other powers conferred by the board of directors.

When the chairman of the board is unable to perform his/her functions and powers, he/she may assign the vice chairman to act on his/her behalf.

Article 107 Board meetings shall be convened by the chairman of the board at least twice a year and an official notice in respect of the time and venue of the meeting shall be given to all directors in writing ten (10) days before the date of the meeting. Shareholders representing 10% or more of the voting shares, or the chairman of the board, or one-third or more of the members of the board of directors, or the supervisory committee, or the general manager of the Company may submit proposals to the board of directors for the convening of an extraordinary general meeting. The chairman of the board shall convene and preside over the board meetings within ten (10) days upon the receipt of such proposal from shareholders representing 10% or more of the voting shares, or one-third or more of the members of the board of directors, or the supervisory committee, or the general manager of the Company.

The method and period of notification for the convening of regular and extraordinary board meetings:

(1) Where the time and venue of regular board meetings have been specified in advance by the board of directors, the notice of meeting is not required.

Where the time and venue of regular board meetings have not been specified in advance by the board of directors, the chairman of the board shall give a notice of the time and venue of the meeting to all directors and supervisors at least ten (10) to thirty (30) days in advance. For extraordinary board meetings, the chairman of the board shall give (2) a notice of the time and venue of the meeting to all directors and supervisors at least three (3) days in advance.

However, those to be convened under emergency conditions shall not be subject to the relevant restriction on the notice period. The relevant notice of board meetings referred to above shall be given to all directors and supervisors by telex, telegraph, fax, express or registered mail or by hand.

(3) The notice shall be given in Chinese, with English translation attached when necessary, and shall include the program and agenda of the meeting.

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

Regular or special board meetings may be held in the form of telephone conference or by means of similar communication facilities. So long as the directors who are present at the meeting can clearly listen to and (5) communicate with other directors, all directors who are present at the meeting shall be deemed to have attended the meeting in person.

Article 108 Board meetings shall be conducted in Chinese.

Article 109 Board meetings shall be held only if the majority of the directors are present.

Each director shall have one (1) vote. Board resolutions must be voted for by the majority of all directors.

Article 110 Directors shall attend the board meeting in person. If a director is unable to attend the meeting in person due to some reasons, he/she may entrust another director in writing to attend the meeting on his/her behalf and the proxy letter shall specify the scope of the authority.

The director who attends the board meeting on behalf of another director shall exercise the right of the entrusting party within the scope of authorization. If any director fails to attend the board meeting or entrusts a proxy to be present on his/her behalf, he/she shall be deemed to have waived his/her voting rights at that meeting.

Article 111 The board of directors shall take minutes of all decisions made on the matters discussed at a board meeting. Directors present at the meeting and the recorder shall sign their names on the minutes. Directors shall be responsible for the resolutions of board meetings. If any resolution adopted by a board meeting violates the laws, administrative regulations, the Articles of Association or the resolution of the general meeting of shareholders and causes the Company to suffer from significant losses, the directors who voted for the resolution shall be liable for compensation to the Company while the directors who are certified by the minutes of the meeting having voted against the resolution are not liable for the losses.

Article 112 If the board of directors has delivered a motion to all directors and the directors who have given their signatures for consent have reached the required quorum for making such decision pursuant to these Articles, such motion may become a board resolution and no board meeting is required.

Chapter 11 Secretary of the Board of Directors

Article 113 The Company shall have a secretary of the board of directors who is a senior officer of the Company.

Article 114 The secretary of the board of directors shall be a natural person who has the requisite professional knowledge and experience, and shall be nominated by the board of directors. The main duties of the secretary are:

- (1) to ensure that the Company has complete organizational documents and records;

- (2) to ensure that the Company has prepared and delivered all reports and documents as required by the authorities in accordance with the laws; and
- (3) to ensure that the Company's register of shareholders is properly created and those persons who have the right to access the Company's records and documents can obtain such records and documents in a timely manner.

The company shall establish the General Counsel System and the General Counsel shall be the senior manager of the Company. The General Counsel shall fully participate in the management activities of the management level and give full play to the role of legal review. Where the matters considered by the board of directors involve legal issues, the General Counsel shall attend the meeting and provide legal opinions.

The Company shall be active in establishing a sound working system for the management of investor relations and, by way of various approaches, take the initiative in strengthening communication and exchanges with shareholders, in particular the public shareholders. The secretary of the board of directors shall be specifically responsible for the management of investor relations of the Company.

A director or other senior management personnel of the Company (excluding the Company's supervisors) may serve concurrently as the secretary of the board of directors. Accountants of an accounting firm appointed by the Company shall not serve concurrently as the secretary of the board of directors.

If an action is required to be taken by a director and the secretary of the board of directors respectively, a director who is also the secretary of the board shall not take such action in both capacities simultaneously.

Chapter 12 General Manager

The Company shall have one (1) general manager. The general manager shall be appointed or removed by the board of directors.

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

- (1) to be in charge of the production, operation and management of the Company, and to coordinate the implementation of resolutions of the board of directors;

- (2) to organize the implementation of the Company's annual business plans and investment proposals;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to draft the Company's basic management system;
- (5) to formulate specific regulations of the Company;
- (6) to propose the appointment or dismissal of the Company's deputy general managers, Chief Financial Officer and General Counsel;
- (7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the board of directors; and
- (8) other powers conferred by the Articles of Association and the board of directors.

Article 120 The general manager may attend board meetings as a non-voting attendee. A general manager who is not a director does not have any voting rights at board meetings.

Article 121 The general manager shall act honestly and diligently in accordance with the laws, administrative regulations and the Articles of Association when performing their functions and powers.

Chapter 13 Supervisory Committee

Article 122 The Company shall have a supervisory committee.

Article 123 The supervisory committee shall comprise six (6) persons, of which two of them shall serve as the chairman and vice chairman of the supervisory committee respectively. External supervisors shall account for one-half or more of the total number of supervisors in the committee. The supervisory committee shall have a term of three (3) years and the term is renewable upon re-election.

The election or removal of the chairman and vice-chairman of the supervisory committee shall be determined by two-thirds or more of the members of the supervisory committee.

Article 124 The supervisory committee shall comprise four (4) shareholder representatives and two (2) representatives of workers and staff of the Company. Shareholder representatives shall be elected and removed by shareholders in general meetings while the election and removal of representatives of workers and staff shall be determined through democratic elections organized by the Company's workers and staff.

Article 125 Neither a director nor a senior officer of the Company may serve concurrently as a supervisor.

Supervisors' meetings shall be convened at least once every six months. A supervisor may propose for the convening of an extraordinary supervisors' meeting. The chairman of the supervisory committee is responsible to convene and preside over supervisors' meetings. Where the chairman is unable or fails to perform his/her duties, the vice chairman of the supervisory committee shall convene and preside over supervisors' meetings. Where the vice chairman is unable or fails to perform his/her duties, supervisors' meetings shall be convened and presided over by the majority of the supervisors.

Article 127 The supervisory committee shall be accountable to the general meeting of shareholders and exercise the following functions and powers in accordance with the laws:

- (1) to review the Company's financial position;
to supervise the performance of duties by the directors and senior management personnel and to advise on the
- (2) dismissal of directors and senior management personnel who are in breach of the laws, administrative regulations, the Articles of Association and resolutions of the general meeting of shareholders;
- (3) to demand the directors, general manager and other senior management personnel to rectify their error if they have acted in a harmful manner to the Company's interest;
to check and inspect the financial information such as the financial report, business report and plans for distribution
- (4) of profits to be submitted by the board of directors to the general meeting of shareholders and to authorize, in the Company's name, publicly certified and practicing accountants to assist in the review on such information should any doubt arise in respect thereof;
- (5) to check periodic reports of the Company as prepared by the board of directors and to give their opinion in writing;
- (6) to propose to convene an extraordinary general meeting and, where the board of directors fails to perform its duties to convene or preside a general meeting of shareholders, to convene or preside the general meeting of shareholders;
- (7) to represent the Company in negotiations with or in bringing actions against a director;

- (8) to conduct investigations when an abnormal operation of the Company is found and, when necessary, may appoint professional institutions, including accounting and legal firms, to assist its work; and
- (9) other functions and powers conferred by law, administrative regulations, the Articles of Associations and the general meeting of shareholders.

Supervisors shall attend board meetings.

Article 128 Resolutions of the supervisory committee shall be valid only when passed by the affirmative vote of two-thirds or more of the supervisors. Minutes shall be taken for supervisors' meetings and be signed by the attending supervisors and the recorder.

Supervisors have the right to ask to keep their comments made at the meeting in the minutes. Minutes of the supervisors' meetings shall be kept properly as an important file of the Company.

Article 129 All reasonable fees incurred in respect of the engagement of professionals, including lawyers, certified public accountants and practicing auditors, which are required by the supervisory committee in the exercise of its functions and powers shall be borne by the Company.

Article 130 A supervisor shall perform his duties faithfully in accordance with the laws, administrative regulations and the provisions of the Articles of Association.

Chapter 14 Qualifications and Obligations of Directors, Supervisors, General Manager and Other Senior Management Personnel

Article 131 A person may not serve as a director, supervisor, general manager or senior officer of the Company if any of the following circumstances apply:

- (1) a person who does not have or who has limited capacity for civil conduct;
a person who has been found guilty of for corruption, bribery, infringement or misappropriation of property or other crimes which destroy the social economic order, and the sentence is enforced for less than five (5) years or a
- (2) person who has been deprived of his/her political rights and not more than five (5) years have elapsed since the sentence was served;

- a person who is a former director, factory manager or manager of a company or enterprise which has been dissolved or put into liquidation as a result of mismanagement and who was personally liable for the winding up of
- (3) such company or enterprise, where less than three (3) years have elapsed since the date of completion of the insolvent liquidation of the company or enterprise;
- a person who is a former legal representative of a company or enterprise the business license of which was revoked
- (4) due to violation of law and who are personally liable, where less than three (3) years have elapsed since the date of the cancellation of the business license;
- (5) a person who has a relatively large amount of debts which have become due and outstanding;
- (6) a person who is currently under investigation by the judicial authorities for violation of criminal law;
- (7) a person who, according to laws and administrative regulations, cannot act as a leader of an enterprise;
- (8) a person other than a natural person; and
- a person who has been adjudged by the competent authority for violation of relevant securities regulations and such
- (9) conviction involves a finding that such person has acted fraudulently or dishonestly, where less than five (5) years have elapsed since the date of such convictions.

Article 132 Independent directors must have independence and the following people shall not act as an independent director:

- persons employed by the Company or its subsidiaries and their immediate family members and major social
- (1) connections (immediate family members mean spouse, parents and issues, etc. and major social connections mean siblings, parents-in-law, sons/daughters-in-law, spouse of siblings, siblings of spouse, etc.);
- (2) natural person shareholders who directly or indirectly hold 1% or more of the Company's issued shares or who are top ten shareholders and their immediate family members;
- (3) persons employed by the shareholder company who directly or indirectly hold 5% or more of the Company's issued shares or who are top five shareholders and their immediate family members;
- (4) persons who once belonged to the preceding three items in the past year;
- (5) persons who provide financial, legal or consulting service to the Company or its subsidiaries; and

(6) other persons determined by the securities regulatory authority of the State Council.

Article 133 Where the directors, general manager and other senior management personnel of the Company act on behalf of the Company, the effectiveness of such act against any third party acting in good faith shall not be affected by the non-compliance in terms of incumbency, election or qualification of such person.

Article 134 Apart from the obligations prescribed in the laws, administrative regulations or listing rules of the securities exchange where the Company's shares are listed, the director, supervisor, general manager and other senior management personnel of the Company shall also assume the following obligations towards every shareholder, when exercising their functions and powers granted by the Company:

- (1) not operating business beyond the business scope specified in the Company's business license;
- (2) acting in good faith with a view to maximize the Company's interests;
- (3) not depriving the Company of its properties by any means, including (but not limited to) favorable opportunities for the Company; and not depriving shareholders of personal rights and interests, including (but not limited to) the rights of distribution
- (4) and voting, excluding the restructuring of the Company submitted to the general meeting of shareholders for approval pursuant to the Articles of Association.

Article 135 When exercising their rights or performing their obligations, the director, supervisor, general manager and other senior management personnel of the Company shall be responsible for behaving with prudence, diligence and skills a reasonably prudent person would exercise under similar circumstances.

Article 136 When performing their duties, the director, supervisor, general manager and other senior management personnel of the Company shall observe the principle of good faith, and shall not place themselves in a position where their interest may conflict with their obligations. The principle includes (without limitation) the following obligations:

- (1) acting in good faith with a view to maximize the Company's interests;
- (2) exercising rights within the scope of authority, without exceeding such scope;

- personally exercising the discretionary power without manipulated by other persons; the discretionary power shall
- (3) not be assigned to any other person, unless as approved by law, administrative regulations, or the informed general meeting of shareholders;
 - (4) equally treating shareholders of the same class and fairly treating those of different class;
 - (5) except as otherwise provided in the Articles of Association or approved by the informed general meeting of shareholders, not to sign contracts, conduct transactions or make arrangements with the Company;
 - (6) without approval of the informed general meeting of shareholders, not to utilize the Company's property by any means for their own interests;
 - (7) not to take advantage of the position to accept bribes or other illegal income, or misappropriate the property of the Company by any means, including (but not limited to) favorable opportunities for the Company;
 - (8) without approval of the informed general meeting of shareholders, not to accept commissions related to the Company's transactions;
 - (9) observing the Articles of Association, faithfully performing their responsibilities and protecting interests of the Company, and not to take advantage of their position and power to seek personal interests;
 - (10) without approval of the informed general meeting of shareholders, not to compete with the Company by any means;
not to misappropriate the Company's funds or to lend such funds to other persons, not to deposit the Company's
 - (11) funds in the account opened in personal name or otherwise, or utilize the assets of the Company to provide guarantee for the personal debt of the Company's shareholders or other persons; and
without approval of the informed general meeting of shareholders, not to reveal the confidential information of
 - (12) the Company gained during their term of office; unless for the interest of the Company, not to take advantage of such information, however, in any one of the following circumstances; such information may be disclosed to the court or other governmental authorities:
 1. provided by law;
 2. required for public interests; and
 3. required by the director, supervisor, general manager and other senior management personnel for his/her own interests.
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Article 137 The director, supervisor, general manager and other senior management personnel of the Company shall not instigate the following persons or institutions (collectively “related persons”) to do anything that they are forbidden to do:

- (1) the spouse or minor children of the director, supervisor, general manager and other senior management personnel of the Company;
- (2) trustees of the director, supervisor, general manager and other senior management personnel of the Company and those specified in item (1) of this Article;
- (3) partners of the director, supervisor, general manager and other senior management personnel of the Company and those specified in items (1) and (2) of this Article;
- (4) companies in which the director, supervisor, general manager and other senior management personnel of the Company, whether alone or jointly with those specified in items (1), (2) and (3) of this Article or other directors, supervisors, general manager and other senior management personnel of the Company, has de facto controlling interest; and
- (5) the directors, supervisors, general managers and other senior management personnel of the controlled companies specified in item (4) of this Article.

Article 138 The obligations of good faith of the director, supervisor, general manager and other senior management personnel of the Company shall not necessarily terminate upon expiration of their term of office, and their obligations to hold the business secrets of the Company confidential shall remain valid after the expiration of their tenures of office. The duration of other obligations shall be decided in accordance with the principle of fairness, depending on the interval between the date when an event arises and the date when they leave their post, and depending on the circumstances and conditions under which their relationship with the Company terminates.

Article 139 The responsibilities borne by the director, supervisor, general manager and other senior management personnel of the Company due to violation of a certain obligation may be discharged by the informed general meeting of shareholders, with the exception of the circumstances specified in Article 46 of these Articles.

Article 140 Where the director, supervisor, general manager and other senior management personnel of the Company has direct or indirect material

interest with the contracts, transactions or arrangements (except the employment contracts between the Company and its directors, supervisors, general manager and other senior management personnel) signed or planned by the Company, such person shall notify the board of directors of the nature and degree of the interest as soon as possible, regardless of whether such matter, in general, shall be subject to approval of the board of directors.

Unless the interested directors, supervisors, general manager and other senior management personnel have informed the board of directors of the matter in accordance with the requirements specified in the preceding paragraph, and the board of directors has approved it at a meeting where such persons are neither included in the quorum nor participated in the voting, the Company has the right to cancel such contracts, transactions or arrangements, save the counterparty is an innocent party who is unaware of the violation of their obligations by the related directors, supervisors, general manager and other senior management personnel.

When the related persons of the director, supervisor, general manager and other senior management personnel of the Company have an interest with a certain contract, transaction or arrangement, it shall be deemed that the director, supervisor, general manager and other senior management personnel have an interest as well.

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

Article 142 The Company shall not pay taxes for its directors, supervisors, general manager and other senior management personnel by any means.

Article 143 The Company shall not, directly or indirectly, provide loans or loan guarantee for the directors, supervisors, general manager and other senior management personnel of the Company and its holding company, nor shall it provide the same to their related persons.

This Article shall be inapplicable to the following circumstances:

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

Article 144 Where the Company provides loans in violation of the preceding article, the payee shall return the loans immediately, regardless of the loan conditions.

Article 145 The Company shall be free of compulsory execution of the loan guarantee if it provides such loan guarantee in violation of the first clause of Article 139 of this Chapter, except for the following circumstances: when providing loans to the related persons of the director, supervisor, general manager and other senior

- (1) management personnel of the Company and its holding company, the provider is not aware of the circumstances; and
- (2) the collateral provided by the Company has been legally sold by the loan provider to a purchaser acting in good faith.

Article 146 The guarantee referred to in the preceding article includes the activities whereby the guarantor bears the responsibility or provides property to ensure the obligation performance of the guarantee.

Article 147 In case when the director, supervisor, general manager and other senior management personnel of the Company violate their obligations towards the Company, apart from the rights and remedial measures provided by law and administrative regulations, the Company has the right to take the following measures:

- (1) requiring relevant directors, supervisors, general manager and other senior management personnel to compensate the Company for the losses resulted from their dereliction of duty;
cancelling any contract or transaction between the Company and relevant directors, supervisors, general manager
- (2) and other senior management personnel and that between the Company and a third party (if the third party have known or should have known that the relevant directors, supervisors, general manager and other senior management personnel had violated their obligations towards the Company);
- (3) requiring relevant directors, supervisors, general manager and other senior management personnel to hand over the proceeds generated in violation of their obligations;
- (4) recovering related directors, supervisors, general manager and other senior management personnel for the funds that originally should be collected by the Company, including (but not limited to) commissions; and
- (5) requiring relevant directors, supervisors, general manager and other senior management personnel to return the interest generated by or possibly generated by the fund that originally should be turned over to the Company.

Article 148 With the prior approval of the general meeting of shareholders, the Company shall sign written contracts with its directors and supervisors in respect of compensation. The matter of compensation aforesaid includes:

- (1) compensation of directors, supervisors or senior management personnel of the Company;
- (2) compensation of directors, supervisors or senior management personnel of the Company's subsidiaries;
- (3) compensation of other services supporting the management of the Company and its subsidiaries; and
- (4) compensatory amounts for the loss of office or retirement of a director or supervisor.

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

Article 149 The compensation contracts between the Company and its directors and supervisors shall provide that when the Company is acquired, with the

prior approval of the general meeting of shareholders, directors and supervisors of the Company have the right to obtain the compensatory or other amounts to which they are entitled due to losing their post or retirement. The acquisition referred to above means any one of the following circumstances:

- (1) any person makes an offer of acquisition to all shareholders; and
- (2) any person makes an offer of acquisition with the aim to make the offer become the controlling shareholder of the Company. The controlling shareholder is defined in Article 47 hereof.

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

Chapter 15 Financial and Accounting Systems and Profit Distribution

Article 150 The Company shall establish its financial and accounting systems in accordance with laws, administrative regulations and the provisions of PRC accounting standards formulated by the competent financial authority of the State Council.

Article 151 At the end of each accounting year, the Company shall prepare a financial and accounting report which shall be audited by an accounting firm in a manner prescribed by laws.

Article 152 The board of directors of the Company shall place before the shareholders at every annual general meeting such financial reports which the relevant laws, administrative regulations and directives promulgated by local governments and competent authorities require the Company to prepare.

Article 153 The Company shall make the financial report available at the Company for examination by its shareholders twenty (20) days prior to the convening of the annual general meeting of shareholders. Every shareholder of the Company has the right to obtain the financial report mentioned in this Chapter.

The Company shall send the board of directors' report and the aforesaid report to each holder of overseas-listed foreign-invested shares by

pre-paid post at least twenty-one (21) days prior to the convening of the annual general meeting of shareholders, and the address registered in the register of shareholders shall be the address of the recipient.

Article 154 The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with international accounting standards. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in the notes of the financial statements. In distributing its profits after tax for the relevant accounting year, the lower of the two amounts shown in the aforesaid financial statements shall be adopted.

Article 155 Interim results, annual results or relevant financial information to be announced or disclosed by the Company shall be prepared in accordance with PRC accounting standards and regulations and also in accordance with the international accounting standards.

Article 156 The Company shall publish its financial reports four (4) times in each accounting year, that is, the report for the first quarter shall be published within thirty (30) days after the end of the first three (3) months of each accounting year, the interim financial report shall be published within sixty (60) days after the end of the first six (6) months of each accounting year, the report for the third quarter shall be published within thirty (30) days after the end of the first nine (9) months of each accounting year, and the annual financial report shall be published within one hundred and twenty (120) days after the end of each accounting year.

Article 157 The Company shall not have any account book except its statutory ones.

Article 158 The capital reserve includes the following items:

- (1) the premium gained from shares issuance in excess of the par value; and
- (2) other incomes that shall be included into the capital reserve as required by the competent financial authority of the State Council.

Article 159 In allocating dividends after taxes are paid in accordance with the provisions of the taxation law, the principle of the Company is:

- (1) The after-tax profits of the Company shall be first used for making up losses on the previous year. No profit shall be available for allocation

before losses on the previous year are covered. Undistributed profits in the previous year may be incorporated into the profits of the current year for allocation.

(2) After making up the losses, the Company's after-tax profits shall be allocated in the following order of priority pursuant to relevant laws:

1. contributing to the statutory reserve fund;
2. contributing to the discretionary reserve fund; and
3. paying dividends to shareholders of ordinary shares.

When allocating the after-tax profits of the current year, the Company shall allocate 10% of its profits to the (3) statutory reserve fund. Where the accumulated statutory reserve fund of the Company has reached 50% or more of the registered capital of the Company, no allocation is needed.

The proposal for allocating profits to the discretionary reserve fund and for paying dividends to shareholders of (4) ordinary shares mentioned in item (2) of this Article shall be drafted by the board of directors and shall be approved by shareholders in the general meeting.

The Company shall establish and maintain a consistent and stable profit distribution policy, where positive distribution methods (including without limitation giving preference to payment of cash dividends) shall be used to ensure reasonable returns of investment for the shareholders while taking into account the long-term interests of the Company, the interests of all the shareholders as a whole and the reasonable funding requirements and sustainable development of the Company. The Company may pay dividends in cash, stock or a combination of both. The Company may distribute interim cash dividends when it deems appropriate.

The Company may pay cash dividends in any year when its earnings and accumulated undistributed profits are positive and its cash flows are sufficient for the normal conduct of business and sustainable development of the Company, provided that the profits to be distributed by the Company in cash shall, in principle, not be less than 50% of the distributable profits realized in that year as indicated in the consolidated accounts.

Where the Company operates well and the Board believes that the Company's share price does not match with its equity scale and that the distribution of cash dividends will be conducive to the interest of the

Company and its shareholders as a whole, then subject to satisfying the condition for cash dividends as mentioned above, the Company may propose to profit distribution policy for cash dividends.

The profit distribution plan of the Company shall be prepared by the management and submitted to the Board and the Board of Supervisors for approval. The Board shall fully discuss the reasonableness of the plan and submit its decision to the general meeting for approval. Where the Company decides not to pay cash dividends under special circumstances, the Board shall explain the reasons for not paying cash dividends and clarify the purpose of use of the Company's retained earnings, its anticipated investment income, etc.. Such clarification and explanation, along with the comments on them from the independent directors, shall be submitted to the general meeting for approval and to make disclosure.

With respect to any adjustment to the Company's profit distribution policy, the Board shall conduct a special discussion to demonstrate the reasons for such adjustment and form a report to be reviewed by the independent directors, which shall then be submitted to the general meeting for approval by way of special resolution.

Where the Board does not propose distribution of cash dividends despite the profitability of the Company or where the Company adjusts its cash dividend policy, online voting shall be made accessible to the shareholders in determining such proposal(s).

After the resolution in respect of the profit distribution plan is approved at the general meeting, the Board shall complete the distribution of dividends (or bonus shares) within two months after the meeting.

The Company shall establish various channels of communication to grant the minority shareholders an opportunity to give their opinions on the Company's profit distributions and the changes in the Company's profit distribution policy.

Article 162 The Company shall calculate and declare dividends and other payments in Renminbi. Cash dividends and other cash distributions which are payable to holders of domestic-invested shares shall be paid in Renminbi. Cash dividends and other distributions which are payable to holders of foreign-invested shares shall be paid in US Dollars. However, those payable to holders of foreign-invested shares traded on the Hong Kong Stock Exchange shall be paid in Hong Kong Dollars.

Where dividends or other distributions are paid in a currency other than Renminbi, the applicable exchange rate shall be the average benchmark rate for the relevant foreign currency determined by the Peoples' Bank of China in two (2) working days during the week prior to the announcement of payment of such dividends or other distributions.

Article 163 The Company shall appoint receiving agents for holders of the overseas-listed foreign-invested shares. Such receiving agents shall receive dividends which have been declared by the Company and other amounts which the Company should pay to holders of the overseas-listed foreign-invested shares on such shareholders' behalf.

The receiving agents appointed by the Company shall meet the relevant requirements of the laws of the place at which the securities exchange on which the shares are listed is located or the relevant regulations of such securities exchange. The receiving agents appointed for holders of the overseas-listed foreign-invested shares traded on the Hong Kong Stock Exchange shall each be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

Any amount paid up by shareholders for any shares prior to the call on shares may be entitled to interests. However, shareholders are not entitled to any interest declared thereafter in respect of their prepayments.

Chapter 16 Appointment of Accounting Firms

Article 164 The Company shall appoint an independent firm of accountants which is qualified under the relevant regulations of the State to audit or review the financial reports of the Company.

Article 165 The term of appointment of the accounting firm shall begin at the close of the current annual general meeting of shareholders and end at the close of the next annual general meeting of shareholders.

Article 166 The accounting firm appointed by the Company shall enjoy the following rights:

(1) examining the books, records and vouchers of the Company at any time, and requiring the directors, general manager or other senior

management personnel of the Company to provide relevant information and explanations;

(2) requiring the Company to adopt all reasonable measures to obtain from its subsidiaries information and explanations that are required for the performance of duties; and

(3) attending the general meeting of shareholders, receiving notice of general meeting of shareholders or other information in relation to the general meeting of shareholders and giving speeches at the meeting with regard to matters involving its duties as an accounting firm appointed by the Company.

Article 167 If a vacancy occurs on the post of accounting firm, the board of directors may appoint an accounting firm to fill such vacancy before the convening of the general meeting of shareholders. Any other accounting firm which has been appointed by the Company may continue to act during the period during which a vacancy arises.

Article 168 The general meeting of shareholders may decide to dismiss an accounting firm by adopting ordinary resolution before the expiration of the term of office of the accounting firm, regardless of the terms and conditions of the contract between the accounting firm and the Company. If the relevant accounting firm has the right to make claim to the Company due to its dismissal, such right shall not be affected.

Article 169 The compensation of the accounting firm or the method of determining the compensation shall be decided by the general meeting of shareholders. The compensation of the accounting firm appointed by the board of directors shall be decided by the board of directors.

Article 170 The decision on engaging, dismissing or not renewing the appointment of an accounting firm shall be made by the general meeting of shareholders, and reported to the securities regulatory authority of the State Council for filing.

If the general meeting of shareholders plans, by passing resolutions, to recruit a non-incumbent accounting firm to fill up any vacancy of the post of accounting firm, or renew the engagement of an accounting firm appointed by the board of directors to fill up the vacancy, or dismiss an accounting firm before the expiration of its term of office, the following provisions must be satisfied:

The relevant proposal on engagement or dismissal shall be sent to the accounting firm proposed to be engaged or (1) proposing to leave the post or the firm which has left the post in the relevant accounting year before the issuance of the notice of general meeting of shareholders.

If the accounting firm about to leave the post makes a written statement, and asks the Company to inform the (2) shareholders of its statement, unless the time of receiving the written statement is too late, the Company must adopt the following measures:

1. stating in the notice issued for making resolutions that the accounting firm about to leave the post has made a statement; and
2. sending the duplicate copy of the statement in the form of an attachment to the notice to shareholders in a way stipulated by the Articles of Association.

If the Company fails to send the statement of the relevant accounting firm according to the provisions of item (2) of (3) this Article, the accounting firm may ask the statement be read at the general meeting of shareholders and make further appeal.

(4) An accounting firm about to leave the post has the right to attend the following meetings:

1. general meeting of shareholders at which its term of office shall expire;
2. general meeting of shareholders at which the vacancy due to its dismissal is to be filled up; and
3. general meeting of shareholders convened due to its resignation from its post.

The accounting firm about to leave the post has the right to receive all notices of the aforesaid meetings or other information in relation to the meetings and give speeches at the aforesaid meetings with regard to matters involving its duties as the previous accounting firm appointed by the Company.

Prior notice shall be given to the accounting firm if the Company decides to remove such accounting firm or Article not to renew the appointment thereof. Such accounting firm has the right to make representations at the 171 general meeting of shareholders. Where the accounting firm resigns from its position, it shall make clear to the shareholders in a general meeting whether there has been any impropriety on the part of the Company.

An accounting firm may resign its office by depositing at the Company's legal domicile a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall contain the following statements:

1. a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or
2. a statement of any such circumstances.

The Company shall send copies of the aforesaid written notice to relevant competent authorities within fourteen (14) days from the date of receiving the aforesaid notice. If the notice carries the statements mentioned in item (2) of the preceding clause, the Company shall deposit the duplicate copy of the statements in the Company for shareholders' reference. The Company shall also send the duplicate copy of the aforesaid statements to each shareholder of overseas-listed foreign-invested shares by prepaid post, and the address registered in the register of shareholders shall be the address of the recipient.

If the resignation notice of an accounting firm carries any statement stated in item (2) above, the accounting firm may ask the board of directors to convene an extraordinary general meeting of shareholders to listen to its explanation on relevant circumstances of its resignation.

Chapter 17 Merger and Division

For a merger or division of the Company, the board of directors shall put forward a proposal, and the formalities for approval shall be handled according to law after the proposal has been adopted according to the procedures specified in these Articles. Shareholders who oppose the Company's merger or division plans have the right to ask the Company or the shareholders who approve the merger or division plans to purchase their shares at a fair price. The contents of the resolution on the merger or division of the Company shall be made into special document, which shall be available for shareholders and shall be sent by prepaid post to holders of the overseas-listed foreign-invested shares. The address registered in the register of shareholders shall be the address of the recipient.

Article 173 The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

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

After the merger of the Company, the claims and debts of the parties to the merger shall be assumed by the surviving company or the newly established company.

Article 174 In the case of a division of the Company, its assets shall be divided accordingly.

In the case of a division of the Company, the parties to the division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days from the date of adoption of the resolution on the division and shall publish a public notice in newspaper within thirty (30) days from the date of the resolution.

The companies which exist after the division shall be jointly and severally liable for the debts of the Company prior to the division, except when the Company has reached a written agreement on debt settlement with the creditors before the division.

Article 175 Where a merger or division of the Company involves any change in the registered items, such changes shall be registered with the company registration authority according to law. Where the Company is dissolved, cancellation of the Company's registration shall be carried out according to law. Where a new company is incorporated, the registration of the Company's establishment shall be carried out pursuant to law.

Chapter 18 Dissolution and Liquidation

Article 176 The Company shall be dissolved and liquidated according to law upon the occurrence of any one of the following events:

- (1) the period of business expires;
- (2) a resolution regarding the dissolution is passed by the general meeting of shareholders;

- (3) dissolution is necessary due to a merger or division of the Company;
- (4) the Company is legally declared insolvent due to its failure to repay debts as they become due;
- (5) the Company is revoked of its business license, ordered to be closed down or deregistered according to law; and where the Company encounters serious difficulties in its operation and management, its continued existence causes material harm to shareholders' interest, and the problems could not be solved through other means, the Company is
- (6) dissolved by the people's court according to law upon the request of shareholders who hold 10% or more of all voting shares of the Company.

Where the Company is dissolved due to items (1), (2), (5) and (6) of the preceding article, a liquidation committee shall be formed within fifteen (15) days from the date of occurrence of the reason for the dissolution and the members of the liquidation committee shall be determined by the general meeting of shareholders through ordinary resolution.

Where the Company is dissolved due to item (4) of the preceding article, the people's court shall, in accordance with relevant legal provisions, organize the shareholders and relevant bodies and professionals to form a liquidation committee to carry out liquidation.

If the board of directors decides that the Company shall carry out liquidation (except for liquidation resulting from the Company's declaration of bankruptcy), it shall state in the notice of general meeting of shareholders convened for this purpose that the board of directors has conducted comprehensive investigation on the Company's conditions and believes that the Company is able to pay off all its debts within twelve (12) months following the commencement of liquidation.

The functions and powers of the board of directors of the Company shall terminate immediately when the general meeting of shareholders adopts the resolution on liquidation.

The liquidation committee shall follow the directions of the general meeting of shareholders to report on its income and expenditures, the Company's business and progress of liquidation at least once a year to the general meeting of shareholders and make a final report to the general meeting of shareholders at the end of liquidation.

Article 179 The liquidation committee shall inform its creditors within ten (10) days from the date of its establishment, and shall publish a public announcement in newspaper within sixty (60) days from the date of its establishment. The liquidation committee shall register the creditors' rights.

Article 180 The liquidation committee shall exercise the following functions and powers during the period of liquidation:

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

Article 181 After the liquidation committee has sorted the Company's assets and prepared a balance sheet and an inventory of assets, it shall prepare a liquidation plan and submit it to the general meeting of shareholders or the people's court for confirmation.

The Company's assets shall be used to pay off its debts in the following order:

- (1) outstanding workers' and staff salaries, social insurance premiums and statutory compensatory amounts for the three(3) years before the date of liquidation;
- (2) outstanding and additional taxes, funds and other payables that should be settled in accordance with applicable administrative regulations; and
- (3) bank loans, debentures and other debts.

Any surplus assets of the Company remaining after its debts have been repaid in accordance with the provisions of the preceding article shall be distributed to its shareholders according to the class of shares and the proportion of shares held.

The Company shall continue to exist during the period of liquidation. However, it shall not conduct any business activities having no relevance to liquidation.

Article 182 In the case of liquidation as a result of dissolution of the Company, if the liquidation committee, having sorted the Company's assets and prepared the balance sheet and an inventory of assets, discovers that there are insufficient assets in the Company to pay off its debts, it shall apply to the people's court forthwith for a declaration of bankruptcy of the Company.

Upon the declaration of bankruptcy of the Company by the people's court, the liquidation committee shall hand over the liquidation matters to the people's court.

Article 183 Upon the completion of liquidation, the liquidation committee shall prepare a liquidation report and an income and expenditure statement and financial account for the period of liquidation and, after they are certified by a Chinese certified public accountant, submit them to the general meeting of shareholders or the relevant competent authority for confirmation.

The liquidation committee shall, within thirty (30) days from the date of confirmation by the general meeting of shareholders or the relevant competent authority, submit the aforesaid documents to the company registration authority for cancellation of the Company's registration and announce the Company's termination.

Chapter 19 Procedures for Amendment of the Articles of Association

Article 184 The Company may make amendments to the Articles of Association in accordance with law, administrative regulations and the provisions of the Articles of Association.

Article 185 Amendment of the Articles of Association involving the contents of the Mandatory Provisions shall become effective upon the approval of the department responsible for the examination and approval of companies as authorized by the State Council. Those involving the registered particulars of the Company shall be made for the change in registration in accordance with law.

Chapter 20 Notice

Article 186 Unless otherwise prescribed by these Articles, notices, materials or written statements which are issued by (1) the Company to shareholders must be delivered by hand or by pre-paid post to the holders of registered shares based upon the registered address of each of such shareholders.

If sent by mail, the notice shall be deemed delivered to the recipient when it is clearly addressed, postage pre-paid (2) and put into envelopes before being posted by mail and shall be deemed received by the recipient in five (5) working days from the date of delivery of the mail.

Notices, instructions, documents, materials or written statements which are issued by the shareholders or directors (3) to the Company shall be deposited or delivered by registered mail to the Company's legal domicile or the registered agent of the Company.

Notices, instructions, documents, materials or written statements which are issued by the shareholders or directors (4) to the Company may be proven to have delivered within the specified period under normal postal conditions based upon the date of delivery of such mails and may be proven to have arrived when they are clearly addressed and postage pre-paid.

With regard to the exercise of power in terminating the delivery of dividend warrants by mail, if a dividend warrant has not been exercised, such power shall be exercised only when the dividend warrant has not been exercised for two consecutive occasions. However, such power may be exercised after the dividend warrant has withdrawn due to the failure in reaching the recipient in the first occasion.

With regard to the exercise of power in disposing shares held by untraceable shareholders, such power shall be exercised only when the following provisions are met:

- (1) dividends have been distributed in respect of the relevant shares at least three (3) times within twelve (12) years and no person has claimed the dividends during such period; and
- (2) upon the end of the twelve (12) years, an advertisement is published by the Company in newspaper describing its intent to dispose the shares and the Hong Kong Stock Exchange is being notified.

Chapter 21 Settlement of Disputes

Whenever any disputes or claims arises between holders of overseas-listed foreign-invested shares and the Company, or between holders of overseas-listed foreign-invested shares and the directors, supervisors, managers or other senior management personnel of the Company, or between holders of overseas-listed foreign-invested shares and holders of domestic-invested shares in respect of any disputes or claims in relation to the affairs of the Company as a result of any rights or obligations arising from the Articles of Association, the Company Law or other relevant laws or administrative regulations, such disputes or claims shall be referred by the relevant parties to arbitration.

Article
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(1) Where a dispute or claim of rights aforesaid is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the settlement of such dispute or claim, shall, where

such person is the Company or the Company's shareholder, director, supervisor, general manager or other senior management personnel, comply with the decisions made in the arbitration.

Disputes in respect of the definition of shareholders and disputes in relation to the register of shareholders need not be settled by arbitration.

(2) A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. After a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

If a claimant elects for arbitration to be carried out at the Hong Kong International Arbitration Centre, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.

(3) Unless otherwise provided in the laws and administrative regulations, the laws of the People's Republic of China shall apply for any disputes or claims referred to in item (1) which are settled by way of arbitration.

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(4) The judgment of the arbitral body shall be final and binding on all parties.

Chapter 22 Interpretation of these Articles

Article 188 It shall be the responsibility of the board of directors to interpret these Articles.

These Articles are written in Chinese and English and, in case of any divergence, the Chinese version shall prevail. The Chinese version is binding and enforceable by law.

Article 189 Accounting firm referred to in these Articles has the same meaning as “auditors”.

Article 190 Unless otherwise prescribed by these Articles, the expressions of “above”, “within” and “below” include the figures mentioned whist the expressions of “short of”, “beyond”, “less than”, “more than”, “exceeding” and “over” do not include the figures mentioned.

Chairman of the Board of Directors: Cao Peixi

Announcement 4

HUANENG POWER INTERNATIONAL, INC.
Rules and Procedures for General Meetings

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CHAPTER 4 SUPPLEMENTARY ARTICLES

CHAPTER 1 GENERAL PROVISIONS

Article 1 In order to safeguard the legitimate interests of Huaneng Power International, Inc. (hereinafter referred to as the “Company”) and its shareholders, to specify the duties, responsibilities and permission right of the shareholders’ general meetings, to ensure the proper, efficient and smooth operation of the shareholders’ general meeting and to ensure the shareholders’ general meeting exercises its functions and powers according to law, these Rules are formulated according to the “Company Law of the People’s Republic of China” (hereinafter referred to as “Company Law”), “Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas”, “Standards for the Governance of Listed Companies” and “Rules for General Meetings of Listed Companies” and the Articles of Association of Huaneng Power International, Inc. (hereinafter referred to as “Articles of Association”).

Article 2 These Rules apply to the general meetings of the Company and shall be binding on the Company, all shareholders, authorised proxies of the shareholders, directors, supervisors and other relevant personnel present at the meeting.

Article 3 The board of directors of the Company shall convene the general meeting in strict compliance with requirements for convening general meetings as set out in the relevant laws and regulations and the Articles of Association. The board of directors shall not hinder the proper exercise of the power and authority of general meeting.

Article 4 Shareholders who legally and validly holds the shares of the Company are entitled to attend the general meeting in person or by proxy, and is entitled to enjoy the rights of speech, requisition, and voting, etc.

Shareholders or their proxies who attend the general meeting shall comply with the relevant laws and regulations, the Articles of Association and the rules stipulated herein and shall take initiative to maintain the order of the meeting and shall not infringe the legitimate rights and interests of other shareholders.

Article 5 The Capital Market Department of the Company is responsible for organizing the holding of general meeting and the relevant matters.

Article 6 The convening of general meeting shall follow the general principle of simplicity and shall not provide extra economic benefit to the shareholders (and their proxies) who have attended the general meeting.

Article 7 Those matters which in accordance with laws, administrative regulations and the Articles of Association shall be determined at the shareholders’ general meeting shall then be considered at the general meeting, so as to protect shareholders’ right of determination on such matters. If necessary and in reasonable circumstances, in

case that the details of the matters to be resolved cannot be determined at the general meeting, the shareholders may authorize the board of directors to make relevant decision within the scope of authority conferred by the shareholders.

For the shareholders' authorization to the board of directors on ordinary resolutions, it shall be approved by more than one-half of the voting rights of the shareholders who attend (including their proxies) the general meeting. For the shareholders' authorization on special resolutions, it shall be approved by more than two-third of the voting right of the shareholders who attend (including their proxies) the general meeting. The authorization shall be clear and specific.

The general meeting shall exercise its functions and powers to the extent as permitted by the Company Law. It shall not interfere with shareholders in respect of their own rights

CHAPTER 2 TYPES OF GENERAL MEETING

Article 8 There are two types of general meeting, i.e. annual general meeting (hereinafter referred to as "AGM") and extraordinary general meeting.

All shareholders of the Company are entitled to the right to attend the AGMs and extraordinary general meetings.

In case of the occurrence of the events as stipulated in the Articles of Association of the Company shall convene class shareholders' meetings. Shareholders holding different classes of shares are class shareholders. Except other class shareholders, domestic shareholders and holders of overseas listed foreign invested shares are regarded as different classes of shareholders.

Article 9 AGMs are held once every year within six months from the end of the previous accounting year.

If the Company intends to alter or annul the rights of class shareholders, it shall, before undergoing the alteration and annulment, have such alteration or annulment approved by a special resolution at the general meeting and shall convene a class shareholders' meeting in accordance with the provisions of the Articles of Association.

CHAPTER 3 PROCEDURES FOR CONVENING
A SHAREHOLDERS' GENERAL MEETING

Section 1 Putting Forward Proposals

Article 11 Proposals put forward in a general meeting shall be specific and shall relate to the matters which shall be discussed at a general meeting.

Article 12 Proposals at the general meeting shall be usually put forward by the board of directors.

Article 13 Where more than one-half of the independent directors request the board of directors to convene an extraordinary general meeting, they shall be responsible for putting forward the proposals to be examined at the meeting.

Article 14 The shareholders individually or jointly holding more than 3% (including 3%) of the total voting shares of the Company are entitled to put forward provisional proposals at the general meeting in accordance with the relevant procedure specified in the applicable laws.

Article 15 Where the supervisory committee proposes to convene a general meeting, it shall be responsible for putting forward proposals.

Article 16 Where shareholders individually or jointly holding more than 10% (including 10%) of the Company's voting shares propose to convene a shareholders' general meeting, the proposing shareholders shall be responsible for putting forward the proposals.

Section 2 Collection and Examination Motions

Article 17 The proposals put forward at the general meeting shall meet the following conditions:

The content of the proposals shall be in compliance with requirements stipulated by laws, regulations and the (1) Articles of Association and shall fall within the business scope of the Company and within the jurisdiction of general meeting;

(2) The theme of the proposal shall be clear and specific;

(3) The proposal shall be submitted to the board of directors in writing.

Article 18 Shareholders individually or jointly holding more than 3% (including 3%) of the Company's voting shares are entitled to put forward proposals at the general meeting. The board of directors shall examine and approve such shareholders' proposals according to the following principles:

Relevance. The board of directors shall conduct examination of a proposal. If the proposal complies with laws, (1) regulations and the Articles of Association and falls into the jurisdiction of general meeting, it shall be submitted to the general meeting for discussion. Otherwise no such submission shall be submitted to general meeting.

Procedures. The board of directors may decide on the procedural issues relating to the proposal. Where a proposal needs to be divided into different proposals or merged with other proposals to be voted on, consent of the person (2) putting forward the original proposal is required. If the person putting forward the original proposal does not agree with any changes, the chairman of the general meeting may request the general meeting to decide on the procedural issues and conduct discussion according to the procedures decided by the general meeting.

Article 19 Where the shareholders individually or jointly holding more than 10% (including 10%) of the Company's voting shares propose to convene an extraordinary general meeting or class shareholders' meeting, they may sign one or more written request(s) in identical form and contents stating the topics for discussion at the meeting, and at the same time submit proposals complying with the above requirements of these Rules to the board of directors.

Article 20 Proposals involving the following circumstances shall be deemed to be a change or abrogation of the rights of a class shareholder and the board of directors shall submit them to a class shareholders' meeting for examination:

(1) to increase or decrease the number of shares of such a class, or to increase or decrease the number of shares of another class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such a class;

(2) to change all or part of the shares of such a class into shares of another class or to change all or part of the shares of another class into shares of that class or to grant such a conversion right;

(3) to cancel or reduce rights to accrued dividends or cumulative dividends attached to shares of such a class;

- (4) to reduce or remove preferential rights attached to shares of such a class to receive dividends or to the distribution of assets in the event that the Company is liquidated;
- (5) to add, cancel or reduce share conversion rights, options, voting rights, transfer rights, pre-emptive placing rights, or rights to acquire securities of the Company attached to shares of such a class;
- (6) to cancel or reduce rights to receive payment payable by the Company in a particular currency attached to shares of such a class;
- (7) to create a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of such a class;
- (8) to restrict the transfer or ownership of shares of such a class or to impose additional restrictions;
- (9) to issue rights to subscribe for, or to convert into, shares of such a class or another class;
- (10) to increase the rights or privileges of shares of another class;
- (11) to restructure the Company in such a way so as to cause the shareholders of different classes to bear liabilities in proportionally during the restructuring;
- (12) to amend or abrogate the provisions of Chapter 9 of the Articles of Association "Special Procedures for Voting by a Class of Shareholders".

Section 3 Notice of Meeting

Article 21 A written notice shall be issued 45 days prior to a general meeting, informing all shareholders of the matters to be considered at the meeting, and the date and place of the meeting.

The notice of a general meeting shall be delivered to the shareholders (whether or not such shareholders are entitled to vote at the meeting) by hand or by pre-paid mail to the addresses of the shareholders as shown in the register of shareholders of the Company. For the holders of domestic shares, the notice of the meeting may also be given by way of public announcement.

The public announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authority of the State Council during the period between the forty-fifth and the fifth days before the

date of the meeting. Once the announcement is made, the holders of domestic shares shall be deemed to have received the notice of the relevant shareholders' general meeting.

Save and except for stipulations under the law, the above forty-five day notice period shall commence from the date when the notice is issued.

Article 22 The notice of a class shareholders' meeting shall be delivered only to the shareholders who are entitled to vote at such meeting.

Article 23 Where a resolution is prepared to be passed to appoint an accounting firm other than an incumbent accounting firm, to fill a casual vacancy in the office of the accounting firm, to reappoint an accounting firm who was appointed by the board of directors to fill a casual vacancy or to remove an accounting firm before expiry of its term of office, a copy of the appointment or removal proposal shall be sent (before issue of the notice of meeting) to the firm proposed to be appointed or proposing to leave its post or the firm which have already left its post in the relevant fiscal year.

If the accounting firm proposes to leave its post makes representations in writing and requests the Company to give the shareholders notice of such representations, the Company shall (unless the representations have been received too late) take the following measures:

1. In any notice of the resolutions given to shareholders, state the fact of the representations having been made by the accounting firm leaving its post; and
2. Attach a copy of the representations to the notice and deliver it to the shareholders.

Article 24 The notice of a general meeting shall satisfy the following requirements:

- (1) in writing;
- (2) specify the place, date and time of the meeting;
- (3) set out the matters to be discussed;

(4) provide the shareholders with such information and explanation as necessary to enable the shareholders to make an informed decision on the proposals put before them. Such a principle includes (but not limited to) where a proposal is made to amalgamate the Company with another, to repurchase shares of the Company, to reorganize its share capital, or to restructure the Company in any

other way, the terms of the proposed transaction must be provided in detail together with contracts (if any) and the cause and effect of such proposal must be properly explained;

(5) contain a disclosure of the nature and extent of the material interests of any director, supervisor, general manager and other senior officers in the proposed transaction and the effect which the proposed transaction will have on them in their capacity as shareholders in so far as it is different from the effect on the interests of other shareholders of the same class;

(6) contain the full text of any special resolution to be proposed at the meeting;

(7) contain a clear statement that a shareholder entitled to attend and vote at such meeting is entitled to appoint one or more proxies to attend and vote at such meeting on his behalf and that such a proxy needs not be a shareholder;

(8) specify the time and place for lodging proxy forms for the meeting.

The board of directors shall set out the matters to be discussed and considered at the general meeting in the Article notice of such a general meeting. If it is required to alter matters involved in the resolutions of the previous 25 general meeting, the contents of the proposal shall be complete and not only include the contents of the changes.

Items included under “any other business” without specific contents shall not be deemed as a proposal and the same shall not be voted at general meeting.

Article 26 The board of directors shall issue a notice to convene the general meeting within fifteen days upon receipt of a written request for convening a general meeting from the supervisory committee which is in compliance with the relevant requirements.

Article 27 After the board of directors has received a written request for convening an extraordinary general meeting from shareholders individually or jointly holding more than 10% (including 10%) of the Company’s voting shares, it shall issue a notice to convene a shareholders’ general meeting as soon as possible. Any alterations to the original proposal shall have the consent of the proposing shareholders. After the issue of the notice, the board of directors shall not propose any new proposals or changes or defer the time for holding the general meeting without the consent of the proposing shareholders.

Article 28 Except for provisional proposal proposed by shareholder(s) who individually or jointly holding 3% (inclusive of 3%) or more of the Company’s voting shares in the general meeting in accordance with the relevant procedure specified in the applicable

laws, the board of directors cannot, after the notice of the general meeting is issued, make any alteration to the original proposals nor can it propose any new proposals which are not listed in the original notice.

Section 4 Convening and Postpone the Meeting

Article 29 Shareholders and authorised proxies intending to attend a shareholders' general meeting shall deliver to the Company their written replies concerning their attendance at such a meeting twenty days before the date of the meeting.

The Company shall, based on the written replies which it receives from the shareholders twenty days before the date of the general meeting, calculate the number of voting shares represented by the shareholders and the authorised proxies who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting amount to more than one-half of the Company's total voting shares, the Company may hold the general meeting; if not, then the Company shall, within five days, notify the shareholders again by way of public announcement of the matters to be considered at, and the place and date for, the meeting. The Company may then hold the general meeting after publication of such an announcement.

Article 30 After the notice of the general meeting has been issued, the general meeting shall not be convened at an earlier date, nor shall it be postponed without reasons. Where a general meeting has to be postponed for special reasons, the board of directors shall publish a postponement notice at least two working days before the original date of the general meeting. The board of directors shall state the relevant reasons and the date for convening the meeting after the postponement in the postponement notice.

Where the Company postpones the general meeting, it shall not change the shareholding record date for the shareholders who are entitled to attend the general meeting according to the original notice.

Section 5 Registration of a Meeting

Article 31 A shareholder may attend the shareholders' general meeting in person or appoint a proxy to attend and vote on his behalf. The instrument appointing a proxy to attend the general meeting shall be in writing. Such instrument of proxy shall be under the hand of principal or its attorney duly authorized in writing, or if the principal is a legal person, either under seal or under the hand of a director or a duly authorized attorney. If several proxies are appointed, such written instrument shall clearly indicate the number of shares of the shareholder represented by each proxy.

Article 32 The proxy form shall be lodged with the Company's premises or such other place as specified in the notice convening the meeting at least twenty-four hours prior to the relevant meeting for which the proxy is appointed to vote or twenty-four hours prior to the scheduled voting time. Where the proxy form is signed by a person authorised by the principal, the power of attorney or other authorisation documents shall be notarised. The notarised power of attorney and other authorisation documents, together with the proxy form, shall be lodged with the Company's premises or such other place as specified in the notice convening the meeting.

Article 33 The Company shall be responsible for preparing an attendance register, which will be signed by the personnel attending the meeting. The attendance register shall set out the names of persons present at the meeting (or names of units), identification document numbers, address domicile, the number of voting shares held or represented, names of the proxies (or names of the units) and so on.

Article 34 The board of directors and supervisory committee of the Company shall take all necessary measures to ensure the solemnity and proper order of the general meeting. The Company may refuse the admission of any persons (other than the shareholders (and their proxies) attending the general meeting, directors, supervisors, secretary to the board of directors, senior management, lawyers retained by the Company and invitees of the Company) to the venue of the general meeting. The Company shall take measures to prevent the occurrence of any interruption to order of the general meeting, disturbance and nuisance, and any conduct infringing the legitimate rights of the shareholders. The Company shall also report the same to the relevant government authorities for investigation.

Section 6 Convening a Meeting

Article 35 The general meetings shall be convened by the board of directors and presided by the Chairman. Where the Chairman is unable to or does not perform the duty, the Vice Chairman shall preside the meeting. Where the Vice Chairman is unable to or does not perform the duty, the meeting shall be presided by a director nominated by more than one-half of the directors. If the board of directors is unable to or does not perform the duty to convene the general meeting, the Supervisory Committee shall convene and preside the meeting timely. If the Supervisory Committee does not convene and preside the meeting for a period longer than 90 consecutive days, any single shareholder or shareholders holding an aggregate of more than 10% total shares of the Company can convene and preside the meeting.

Article 36 Where shareholders individually or jointly holding more than 10% (including 10%) of the Company's voting shares of their own motion decide to convene an extraordinary general meeting, the board of directors and secretary to the board of directors shall earnestly perform their duties. The board of directors must attend the

meeting and the board of directors shall ensure the meeting is held in proper order. The procedures for convening the general meeting shall meet the following requirements:

- (1) The meeting shall be called by the board of directors. The secretary to the board of the directors is required to attend the meeting while directors and supervisors shall attend the meeting;
- (2) The board of directors shall retain lawyers who are qualified to practice securities-related matters to issue legal opinion in accordance with the relevant rules and regulations;
- (3) The procedures of the meeting shall comply with the applicable laws and the Article of Association.

Article 37 After the chairman of the meeting has declared the opening of the meeting, he shall read out the proposals, and the proposer of the proposal in issue shall explain the motions in following manner:

- (1) Where the motion is put forward by the board of directors, the proposal shall be explained by the chairman of the board of directors, other directors designated by the Chairman or secretary to the board of directors;
- (2) Where the proposal is put forward by others, the proposal shall be explained by the person (or its proxy) putting forward the proposal.

Article 38 At the AGM, the board of directors shall report on and make an announcement in relation to the situation of the conduct and execution of the matters assigned to the board of directors pursuant to the resolutions passed since last AGM.

Article 39 At the AGM, the supervisory committee shall make a supervisory report on specific matters of the Company for the preceding year, the contents of which shall include:

- (1) The result of the examination of the financial position of the Company;
- (2) The situation of the due performance of the duties of the directors and senior management and the execution off the laws, rules and regulations, Articles of Association and the resolutions passed at general meeting;
- (3) Other important events needed to report to the general meeting from the Supervisory Committee's point of view.

If the supervisory committee thinks necessary, it may provide its opinion on the proposals to be tabled at the general meeting and submit an independent report in relation thereto.

Article 40 In case the accountants of the Company provides an illustrative explanation to the financial statements of the Company, or makes an qualified opinion or indicates its failure to provide an opinion or have a negative opinion on the auditors report, the board of directors shall explain at the general meeting the details of the events which led the accountants forming such views and the impact thereof on the financial position and business situation of the Company. In case that such event(s) has direct impact on the profit of the relevant period, the directors shall, by application of the principle of lowest threshold, determine the profit distribution proposal and proposal of capitalization of reserve funds.

Article 41 Proposals included in the agenda shall be examined before voting. Reasonable time shall be given at the shareholders' general meeting for each proposal to be discussed.

Article 42 No shareholder shall speak for more than twice at the meeting for each proposal. A shareholder is allowed to speak for no more than three minutes for the first time, and no more than one minute for the second time.

When a shareholder requests to speak, he shall only do so if he does not interrupt report which is being made by the meeting reporter or speeches which are being made by other shareholders.

Article 43 The board of directors and the Supervisory Committee shall answer such queries or suggestions raised by shareholders unless those relates to the Company's business secret and shall not be disclosed at the general meeting.

Section 7 Voting and Resolution

Article 44 General meeting shall resolve the proposals already included in the agenda.

Article 45 No alteration to the proposals will be allowed when they are being considered at the general meeting. Otherwise, the relevant changes should be deemed to be a new proposal which cannot be resolved at this general meeting.

Article 46 The general meeting shall consider and approve each and every proposal listed in the agenda. On the same matter with different proposals, consideration and approval of the same shall be in the order when the proposals are submitted. Except in the event of an act of God or other special reason resulting in the termination of the general meeting or that the resolutions cannot be voted upon, general meeting has no right to set aside or reserve the consideration and approval of the proposals.

Article 47 In examining the proposals on the election of directors and supervisors at a general meeting, shareholders shall vote on the candidates for the office of directors or supervisors one by one.

When the general meeting of shareholders votes on election of directors and supervisors (Supervisors in this clause do not include employee representative supervisors), the cumulative voting system shall be implemented. The cumulative voting system shall mean that when the general meeting of shareholders elects more than 2 directors or supervisors, each share shall represent the same number of voting rights identical the number of directors or supervisors to be elected. The shareholders can cast all of their votes for a single candidate or decentralize their votes to elect several candidates.

Article 49 The specific voting methods of implementing the cumulative voting system for electing directors or supervisors are as follows:

- (1) When the number of directors or supervisors to be elected is above two, the cumulative voting system shall be implemented.
- (2) When the cumulative voting system is implemented, each share shall represent the same number of voting rights identical to the number of directors or supervisors to be elected.

(3) The notice of the general meeting of shareholders shall inform the shareholders of the cumulative voting system for the directors and the supervisors' election proposal. The convener of the meeting shall prepare ballot paper suitable for the cumulative voting system. Written instructions and explanations for the cumulative voting system, the method of filling in the ballots, and the method of counting votes shall be provided.

When the general meeting of shareholders votes on election of directors and supervisors, the shareholder may vote for each director or supervisor candidate with the same voting rights as the shareholding; or cast all of their votes for one director or supervisor candidate which are the same as the number of directors or supervisors to be elected, or vote for a certain number of director or supervisor candidates respectively with the voting rights which are the same as the number of directors or supervisors to be elected.

(5) Shareholders who have exercised all of their votes for one or several director or supervisor candidates which are the same as the number of directors or supervisors to be elected shall no longer own the voting rights for other director and supervisor candidates.

At the end of the voting at the general meeting of shareholders, if the total number of voting rights exercised by a (6) shareholder for certain or several director and supervisor candidates is more than the voting rights of all the shares held by the shareholders, the shareholders' votes are invalid and deemed to be a waiver of the voting rights.

(7) The director or supervisor candidates who have received the agreed votes, the number of which exceeds one-half of the total number of shares with voting rights at the general meeting of shareholders (subject to the number of unaccumulated shares), shall be the elected director or supervisor candidates. If the number of candidates for directors and supervisors elected at the general meeting of shareholders exceeds the number of directors and supervisors supposed to be elected, the candidates with the majority of the votes will be elected as directors and supervisors (but if the number of votes for the elected candidates with fewer votes is equal, and the fact that the candidates are elected will give rise to the result that the number of elected candidates will exceed the number of directors and supervisors supposed to be elected, then these candidates and those who ranked behind shall be considered as not elected). If the number of the directors and supervisors elected at the general meeting of shareholders could not reach the number of the directors and supervisors supposed to be elected, a separate general meeting shall be held to elect the vacant directors and supervisors. Where a general meeting of shareholders elects directors or supervisors by means of cumulative voting system, the voting of directors and supervisors shall be conducted separately, the voting of independent directors and non-independent directors shall be conducted separately.

Article 50 Resolutions of a general meeting shall be divided into ordinary resolutions and special resolutions.

Ordinary resolutions shall be passed in the general meeting by votes representing more than one-half of the voting rights represented by the shareholders (including proxies) present at the meeting. In case of equal vote, the chairman shall have a casting vote.

Special resolutions shall be passed in the general meeting by votes representing more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting.

Article 51 Where a connected transaction is being considered at a shareholders' general meeting, the connected shareholders shall abstain from voting, and the voting rights represented by the shares held by them shall not be counted towards the total

number of valid votes. The voting result of the non-connected shareholders shall be fully disclosed in the announcement in relation to the resolutions passed at the shareholders' general meeting.

Article 52 The chairman of the meeting shall be responsible for deciding whether or not a resolution is duly passed. The chairman's decision, which shall be final and conclusive, shall be announced at the meeting and recorded in the minutes of the meeting. The Company shall, in compliance with the applicable laws and the rules and regulations of the stock exchange on which the shares of the Company are listed, to publish announcements for resolutions passed at general meeting.

Article 53 The board of directors of the Company shall retain lawyer(s) to attend the general meeting to give legal opinions on the following matters:

- (1) whether the procedures of convening and holding the general meetings are in compliance with laws, regulations and the Articles of Association;
- (2) whether the persons attending the meeting and the convenor of the meeting are legally entitled to do so;
- (3) whether the procedures of voting in the general meeting and the voting results of the resolutions are valid;
- (4) the issue of any advice on any other matters requested by the Company.

The Company may also retain notary public to attend the general meeting.

Section 8 Post-meeting Affairs and Announcement

Article 54 General meeting shall have its minutes, which shall include the following contents:

- (1) date, venue and agenda of the meeting as well as the name and title of the convenor;
- (2) name of the person who presided over the meeting, names of the directors, supervisors, secretary to the board of directors, managers and other senior management members who attended the meeting;
- (3) number of shareholders and proxies who attended the meeting, number of voting shares held by them and their proportion to the Company's total number of shares;
- (4) consideration procedures, the main points of the discussion and the voting results on each of the resolutions considered;

- (5) shareholders' queries or suggestions and the corresponding replies and explanations;
- (6) name(s) of the solicitor(s), the person-in-charge of vote-taking and the scrutineer(s);
- (7) other content required to be included in the minutes pursuant to the Articles of Association.

Article 55 Minutes of a general meeting shall be signed by the directors present at the meeting, secretary to the board of directors, convenor or his/her representative, the person who presided over the meeting and the minutes-taking officer and shall be kept as the Company's document by the secretary to board of directors.

Article 56 The secretary to the board of directors shall be responsible for keeping written information such as the register of attendees, power of attorney, copies of identification documents, voting statistical sheet, minutes of the meeting, resolutions of the meeting.

CHAPTER 4 SUPPLEMENTARY ARTICLES

Article 57 These Rules are formulated by the board of directors and shall come into effect upon the adoption by the general meeting. Any amendment to these Rules shall be proposed by the board of directors in the form of an amendment proposal, and shall come into effect upon adoption by the general meeting.

Article 58 The general meeting hereby authorises that the right to interpret these Rules shall rest with the board of directors.

Article 59 Where any relevant matters are not covered in these Rules or where these Rules are inconsistent with the relevant laws, administrative rules and other relevant regulatory documents as promulgated from time to time and the articles of association of the Company, those laws, administrative rules, other relevant regulatory documents and the Articles of Association shall prevail.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the under-signed, thereunto duly authorized.

HUANENG POWER INTERNATIONAL, INC.

By /s/ Huang Chaoquan

Name: Huang Chaoquan
Title: Company Secretary

Date: January 31, 2019

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