

This Appendix contains a summary of our Articles of Association. The principal objective is to provide potential investors with an overview of our Articles of Association. As the information contained below is a summary, it does not contain all the information that may be important to potential investors. As stated in the section headed “Documents Delivered to the Registrar of Companies and Available for Inspection” in Appendix X, a copy of our Articles of Association is available for inspection.

Our Articles of Association were amended and passed by the Shareholders on October 19, 2006 in accordance with applicable laws and regulations, including the Company Law, Special Provisions of the State Council Concerning the Flotation and Listing Abroad of Stocks by Limited Stock Companies, Mandatory Provisions, other PRC existing laws, administrative regulations and rules, and the Listing Rules. Our Articles of Association will become effective on the date that our H Shares are issued and listed on the Stock Exchange.

Directors and Other Senior Officers

Power to Allot and Issue Shares

There is no provision in the Articles of Association empowering our Directors to allot and issue Shares.

To increase the capital of our Company, our Board is responsible for formulating proposals for approval at a Shareholders’ general meeting by way of special resolution. Any such increase must be conducted in accordance with the procedures stipulated by the relevant laws and administrative regulations.

Power to Dispose of the Assets of our Company or any Subsidiary

Our Board is accountable to the Shareholders’ general meeting.

Our Board shall not, without prior approval at or consent of a Shareholders’ general meeting, dispose of, or agree to dispose of, any of our fixed assets where the anticipated value of the assets to be disposed of, together with the value of any of our fixed assets that has been disposed of in the period of four (4) months immediately preceding the proposed disposition, exceeds 33% of the value of our fixed assets as shown in the last balance sheet placed before the Shareholders’ general meeting.

The validity of a disposition of our fixed assets by us shall not be affected by a breach of the preceding paragraph.

For the purposes of our Articles of Association, a disposition of fixed assets includes an act involving the transfer of an interest in assets but does not include the provision of fixed assets as security.

Our Board shall carry out its duties in compliance with applicable laws and regulations, with our Articles of Association and with resolutions passed at the Shareholders’ general meetings.

Emoluments and Compensation or Payments for Loss of Office

We shall, with the prior approval of a Shareholders' general meeting, enter into a contract in writing with each of our Directors and Supervisors wherein his or her emoluments are stipulated. The aforesaid emoluments include:

- (1) emoluments in respect of his or her service as a Director, Supervisor or senior administrative officer of our Company;
- (2) emoluments in respect of his service as a Director, Supervisor or senior executive officer of any subsidiary of our Company;
- (3) emoluments in respect of the provision of other services in connection with the management of the affairs of our Company and any of its subsidiaries; and
- (4) payment by way of compensation for loss of office or as consideration for or in connection with his retirement from office.

Except under the contract entered into in accordance with the foregoing, no proceedings may be brought by a Director or Supervisor against us for any benefit due to him in respect of the above matters.

The contracts concerning the emoluments between our Company and our Directors or Supervisors should provide that, in the event of an acquisition of our Company, our Directors and Supervisors shall, subject to prior approval at a Shareholders' general meeting, have the right to receive compensation or other payment in respect of his loss of office or retirement. An "acquisition of our Company" referred to in this paragraph means either:

- (1) an offer made by any person to all Shareholders; or
- (2) an offer made by any person with a view to becoming a "controlling shareholder" (see the definition of "controlling shareholder" in the section headed "Rights of Minorities" below).

If the relevant Director or Supervisor does not comply with the above, any sum so received by him shall belong to those persons who have sold their Shares as a result of the offer made. The expenses incurred in distributing such sum pro rata among those persons shall be borne by the relevant Director or Supervisor and not paid out of that sum.

Loans to Directors, Supervisors and Other Officers

We shall not directly or indirectly make a loan to, or provide any guarantee in connection with the making of a loan to a Director, Supervisor, General Manager or other senior executive officer of our Company or of our holding company or any of their respective associates.

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

- (1) the provision by our Company of a loan or a guarantee of a loan to a company which is a subsidiary of our Company;

- (2) the provision by us of a loan or a guarantee in connection with the making of a loan or any other funds to any of our Directors, Supervisors, General Manager and other senior executive officers for them to pay for expenditure incurred or to be incurred by him for Company's purposes or for the purpose of enabling him to perform his duties properly in accordance with the terms of a service contract approved by the Shareholders' general meeting; and
- (3) we may make a loan to, or provide a guarantee in connection with the making of a loan to, any of the relevant Directors, Supervisors, General Manager and other senior executive officers or their respective associates on normal commercial terms, provided that the ordinary course of business of our Company includes the lending of money or the giving of guarantees.

A loan made by us in breach of the above provisions shall be immediately repayable by the recipient of the loan regardless of the terms of the loan.

A guarantee provided by us in breach of the above provisions shall be unenforceable against us, unless:

- (1) the guarantee was provided in connection with a loan to an associate of any of our Directors, Supervisors, General Manager and other senior executive officers of our Company or of our holding company and at the time the loan was advanced the lender did not know the relevant circumstances; or
- (2) the collateral provided by us has been lawfully disposed of by the lender to a bona fide purchaser.

The guarantee referred to in our Articles of Association includes an undertaking or property provided to secure the performance of obligations by the obligor.

Financial Assistance for the Acquisition of Shares in our Company

We and our subsidiaries shall not, by any means at any time, provide any kind of financial assistance (as defined below) to a person who is acquiring, or is proposing to acquire, our Shares. Such acquirer of our Shares includes a person who directly or indirectly incurs any obligations (as defined below) due to the acquisition of the Shares.

We and our subsidiaries shall not, by any means at any time, provide financial assistance to such acquirer as referred to in the preceding paragraph for the purpose of reducing or discharging the obligations assumed by that person.

The financial assistance referred to in our Articles of Association includes (but is not limited to) the following means:

- (1) gift;
- (2) guarantee (including the assumption of liability by a guarantor or the provision of assets by a guarantor to secure the performance of obligations by the obligor), or compensation (other than compensation in respect of our own default) or release or waiver of any rights;

- (3) provision of a loan or any other agreement under which the obligations of our Company are to be fulfilled before the obligations of another party, or a change in the parties to, or the novation of, or the assignment of rights arising under, such loan or agreement; or
- (4) any other form of financial assistance given by us when we are unable to pay our debts or have no net assets or when our net assets would thereby be reduced to a material extent.

The aforesaid “incurring an obligation” includes the incurring of obligations by the changing of the obligor’s financial position by way of contract or the making of an arrangement (whether enforceable or not, and whether made on its own account or with any other persons), or by any other means.

The following activities shall not be deemed to be prohibited activities:

- (1) the provision of financial assistance by us where the financial assistance is given in good faith and in the interests of our Company, and the principal purpose in giving the financial assistance is not for the acquisition of our Shares, or the giving of the financial assistance is an incidental part of some larger purpose of our Company;
- (2) the lawful distribution of our assets by way of dividend in accordance with the laws;
- (3) the allotment of bonus shares as dividends;
- (4) a reduction of registered capital, repurchase of Shares or reorganization of our share capital structure effected in accordance with our Articles of Association;
- (5) the lending of money by us in the ordinary course of our business, where the lending of money is part of the scope of business of our Company (provided that our net assets are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits); and
- (6) the provision of money by us for contributions to staff and workers’ share plans (provided that our net assets are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits).

Disclosure of Interests in Contracts with us or any of our Subsidiaries

Where a Director, Supervisor, General Manager or other senior executive officer of our Company is, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with us (other than his contract of service with us), he shall declare the nature and extent of his interests to our Board at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal therefor is otherwise subject to the approval of our Board under normal circumstances.

Unless the interested Director, Supervisor, General Manager or other senior executive officer discloses his interests in accordance with the aforesaid provisions and the contract, transaction or arrangement is approved by our Board at a meeting in which the interested Director, Supervisor, General Manager or other senior executive officer is not counted in the quorum and refrains from voting, a contract, transaction or arrangement in which that Director, Supervisor, General Manager

or other senior executive officer is materially interested is voidable at the instance of our Company except as against a bona fide party thereto acting without notice of the breach of duty by the interested Director, Supervisor, General Manager or other senior executive officer.

A Director, Supervisor, General Manager or other senior executive officer of our Company is deemed to be interested in a contract, transaction or arrangement in which an associate of his or hers is interested.

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

Remuneration

The remuneration of our Directors must be approved by the Shareholders' general meeting, as referred to under the paragraph headed "Emoluments and Compensation or Payments for Loss of Office" above.

Appointment, Removal and Retirement

The term of office of the chairman of our Board and the other Board members shall be three years. If the term of appointment of a Director expires and he is re-elected, our Director may be reappointed for consecutive terms. The Shareholders' general meeting may not remove a Director without reason before the expiration of the term of his appointment.

Directors shall be elected and replaced by the Shareholders' general meeting. A written notice of the intention to propose a person for election as Director and a notice in writing by that person indicating his acceptance of such election is required to be given to us at least seven days before the date of such Shareholders' general meeting. The start date of the aforesaid term may not be earlier than the first date of the notice of the Shareholders' general meeting held for this purpose, and the closing date of the term may not be later than the date seven days before the Shareholders' general meeting.

Observing relevant laws and regulations, the Shareholders' general meeting shall have power by ordinary resolution to remove any Director (but without prejudice to any claim for damages under any contract) before the expiration of his period of office.

Any person appointed by the Directors to fill a casual vacancy on or as an addition to the Board shall hold office only until the next following annual general meeting, and shall then be eligible for re-election.

Our Board shall consist of 11 Directors. Our Board shall have one chairman and one vice-chairman. The chairman and vice-chairman shall be elected by the affirmative vote of more than half of all of our Directors.

A person may not serve as a Director, Supervisor, General Manager or any other senior executive officer of our Company if the person is any of the following:

- (1) a person without legal or with restricted legal capacity;
- (2) a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offence; or who has been deprived of his political rights, in each case where no more than five (5) years have passed since the date of the completion of implementation of such punishment or deprivation;
- (3) a person who is a former director, factory manager or manager of a company or enterprise which was liquidated because of mismanagement and who is personally liable for the insolvency of such company or enterprise, where no more than three (3) years have passed since the date of the completion of the insolvency and liquidation of such company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise which had its business license revoked due to a violation of the law and who incurred personal liability, where no more than three (3) years have passed since the date of the revocation of the business license;
- (5) a person who has a relatively large amount of debt due and outstanding;
- (6) a person who is under criminal investigation or prosecution by a judicial organization for violating the criminal law, which investigation or prosecution is not yet concluded;
- (7) a person who is not eligible for enterprise leadership according to laws and administrative regulations;
- (8) a non-natural person; or
- (9) a person convicted of the contravention of securities regulations by a relevant government authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than five (5) years have passed since the date of the conviction.

The validity of an act of a Director, General Manager or other senior executive officer on our behalf against a bona fide third party is not affected by any irregularity in his office or election or any defect in his qualification.

Borrowing Powers

Subject to compliance with applicable laws and regulations of the PRC, we have the power to raise and borrow money, which power includes, but is not limited to, the issue of debentures, the charging or mortgaging of part or the whole of our business or properties and other rights permitted by PRC laws and administrative regulations. Our Articles of Association do not contain any specific provision in respect of the manner in which borrowing powers may be exercised by our Directors nor do they contain any specific provision in respect of the manner in which such powers may be varied, other than: (a) provisions which give our Directors the power to formulate proposals for the issuance of debentures by us; and (b) provisions which provide that the issuance of debentures must be approved by a Shareholders' general meeting by way of a special resolution.

Duties

In addition to the obligations imposed by law or administrative regulation or required by the stock exchanges on which Shares are listed, each of our Directors, Supervisors, General Manager and other senior executive officers owes a duty to each Shareholder, in the exercise of the functions and powers of our Company entrusted to him:

- (1) not to cause our Company to exceed the scope of the business stipulated in our business license;
- (2) to act honestly and in the best interest of our Company;
- (3) not to expropriate in any guise our property, including (but not limited to) usurpation of opportunities advantageous to us; and
- (4) not to expropriate the individual rights of Shareholders, including (but not limited to) rights to distribution and voting rights, save pursuant to a restructuring of our Company submitted to a Shareholders' general meeting for approval in accordance with our Articles of Association.

Each of our Directors, Supervisors, General Manager and other senior executive officers owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Each of our Directors, Supervisors, General Manager and other senior executive officers shall exercise his powers or carry out his duties in accordance with the principle of fiduciary and shall not put himself in a position where his duty and his interest may conflict. This principle includes (but is not limited to) discharging the following obligations:

- (1) to act honestly and in the best interests of our Company;
- (2) to exercise powers within the scope of his powers and not to exceed those powers;
- (3) to exercise the discretion vested in him personally and not to allow himself to act under the control of another and, unless and to the extent permitted by law or administrative regulation or with the informed consent of a Shareholders' general meeting, not to delegate the exercise of his discretion;
- (4) to treat Shareholders of the same class equally and to treat Shareholders of different classes fairly;
- (5) except in accordance with our Articles of Association or with the informed consent of a Shareholders' general meeting, not to enter into any contract, transaction or arrangement with us;
- (6) without the informed consent of a Shareholders' general meeting, not to use our property for his own benefit;
- (7) not to exploit his position to accept bribes or other illegal income or expropriate our property by any means, including (but not limited to) opportunities advantageous to our Company;

- (8) without the informed consent of a Shareholders' general meeting, not to accept commissions in connection with our transactions;
- (9) to abide by our Articles of Association, faithfully execute his official duties and protect our interests, and not to exploit his position and power in us to advance his own private interests;
- (10) not to compete with us in any form unless with the informed consent of a Shareholders' general meeting;
- (11) not to misappropriate our funds or lend such funds to others, not to open accounts in his own name or other names for the deposit of our assets and not to provide a guarantee for debts of a Shareholder or other individual(s) with our assets; and
- (12) unless otherwise permitted by an informed Shareholders' general meeting, to keep in confidence information acquired by him in the course of and during his tenure and not to use the information other than in furtherance of the interests of our Company, save that disclosure of such information to the court or other governmental authorities is permitted if:
 - (i) disclosure is made under compulsion of law;
 - (ii) the interests of the public require disclosure; or
 - (iii) the interests of the relevant Director, Supervisor, General Manager or other senior executive officer require disclosure.

Each Director, Supervisor, General Manager or other senior executive officer of our Company shall not cause the following persons or institutions ("associates") to do what he is prohibited from doing:

- (1) the spouse or minor child of that Director, Supervisor, General Manager or other senior executive officer;
- (2) a person acting in the capacity of trustee of that Director, Supervisor, General Manager or other senior executive officer or any person referred to in paragraph (1);
- (3) a person acting in the capacity of partner of that Director, Supervisor, General Manager or other senior executive officer or any person referred to in paragraph (1) or (2) above;
- (4) a company in which that Director, Supervisor, General Manager or other senior executive officer, alone or jointly with one or more persons referred to in paragraph (1), (2) or (3) above or other Director, Supervisor, General Manager or other senior executive officer has a de facto controlling interest; and
- (5) the directors, supervisors, general manager and other senior executive officers of the controlled company referred to in paragraph (4).

The fiduciary duties of our Directors, Supervisors, General Manager and other senior executive officers do not necessarily cease with the termination of their tenure. The duty of confidentiality survives the termination of their tenure. Other duties may continue for such period as fairness may require depending on the time lapse between the termination, the act concerned and the circumstances under which the relationships between them and our Company are terminated.

In addition to any rights and remedies provided by law and administrative regulation, where one of our Directors, Supervisors, General Managers or other senior executive officers is in breach of his duties to us, we have a right to:

- (1) claim damages from the Director, Supervisor, General Manager or other senior executive officer in compensation for losses sustained by us as a result of such breach;
- (2) rescind any contract or transaction entered into by us with the Director, Supervisor, General Manager or other senior executive officer or by us with a third party (where such third party knows or should know that there is such a breach of duties by such Director, Supervisor, General Manager or other senior executive officer);
- (3) account for the profits made by our Director, Supervisor, General Manager or other senior executive officer in breach of his duties;
- (4) recover any funds received by the Director, Supervisor, General Manager or other senior executive officer that should have been received by us, including (but not limited to) commissions; and
- (5) demand payment of the interest earned or which may have been earned by the Director, Supervisor, General Manager or other senior executive officer on the funds that should have been paid to us.

Shares and shareholders' register

Our Shares shall be in registered form.

The share certificates shall be signed by the chairman of the Board. Where the signatures of our other senior management staff are required by the securities exchange(s) on which our shares are listed, the share certificates shall also be signed by such other senior management staff. The share certificates shall become effective after our seal is affixed thereto or printed thereon. The seal shall be affixed with the authority of the directors. The signature of the chairman of the Board or of other senior management staff on the share certificates may also be in printed form.

The part of the register of holders of overseas listed foreign shares relating to holders of Shares listed on the Stock Exchange shall be maintained in Hong Kong.

Alterations to our Articles of Association

We may amend our Articles of Association in accordance with the requirements of law, administrative regulation and our Articles of Association.

Amendments to our Articles of Association involving the contents of the Mandatory Provisions for the Articles of Association of Companies Listed Overseas shall become effective upon approval by the companies-approving department authorized by the State Council and by the securities authority of the State Council. If there is any change relating to the registered particulars of our Company, application will be made for registration of the changes in accordance with law.

Variation of Rights of Existing Shares or Classes of Shares

Holders of different classes of Shares of our Company shall be considered as different classes of Shareholders. Shares issued to investors inside the People's Republic of China and to be subscribed for in Renminbi shall be referred to as "domestic investment shares". Shares issued to investors outside the People's Republic of China and to be subscribed for in foreign currency shall be referred to as "foreign investment shares". Rights conferred on any class of Shareholders in the capacity of Shareholders may not be varied or abrogated unless approved by a special resolution of Shareholders' general meeting and by holders of Shares of that class at a separate meeting conducted in accordance with our Articles of Association.

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

- (1) to increase or decrease the number of Shares of such class, or to increase or decrease the number of Shares of a class having voting or distributive rights or privilege equal or superior to those of the Shares of such class;
- (2) to effect an exchange of all or part of the Shares of such class into Shares of another class or to effect an exchange or create a right of exchange of all or part of the Shares of another class into the Shares of such class;
- (3) to remove or reduce rights to accrued dividends or rights to cumulative dividends attached to Shares of such class;
- (4) to reduce or remove a dividend preference or a liquidation preference attached to Shares of such class;
- (5) to add, remove or reduce conversion privileges, options, voting rights, transfer or preemptive rights, or rights to acquire securities of our Company attached to Shares of such class;
- (6) to remove or reduce rights to receive payment payable by us in particular currencies attached to Shares of such class;
- (7) to create a new class of Shares having voting or distributive rights or privileges equal or superior to those of the Shares of such class;
- (8) to restrict the transfer or ownership of the Shares of such class or add to such restriction;
- (9) to issue rights to subscribe for, or convert into, Shares of such class or another class;
- (10) to increase the rights or privileges of Shares of another class;

- (11) to restructure our Company where the proposed restructuring will result in different classes of Shareholders bearing a disproportionate burden of such proposed restructuring; and
- (12) to vary or abrogate provisions in chapter 5 of our Articles of Association.

Domestic Shareholders and overseas Shareholders are deemed to be different classes of Shareholders. Subject to the approval of the securities authority of the State Council, Domestic Shareholders may transfer their Domestic Shares to overseas investors and such transferred Shares may be listed or traded on an overseas stock exchange. Any listing or trading of the transferred Shares on an overseas stock exchange would have to comply with the regulatory procedures, rules and requirements of such stock exchange. Any listing or trading of the transferred Shares on an overseas stock exchange do not need to be approved by a special resolution of that class of Shareholders.

Shareholders of the affected class, whether or not otherwise having the right to vote at a Shareholders' general meeting, shall nevertheless have the right to vote at class meetings in respect of matters concerning paragraphs (2) to (8), (11) and (12) above, but interested Shareholder(s) (as defined below) shall not be entitled to vote at class meetings.

Resolutions of a class of Shareholders shall be passed by votes representing more than two-thirds of the voting rights of Shareholders of that class represented at the relevant meeting who are entitled to vote at class meetings.

Written notice of a class meeting shall be given forty-five (45) days before the date of the class meeting to notify all of the Shareholders in the share register of the class of the matters to be considered and the date and the place of the class meeting. A Shareholder who intends to attend the class meeting shall deliver his written reply concerning attendance at the class meeting to our Company twenty (20) days before the date of the class meeting.

If the number of Shares carrying voting rights at the meeting represented by the Shareholders who intend to attend the class meeting reaches one half or more of the voting Shares at the class meeting, we may hold the class meeting; if not, we shall within five (5) days notify the Shareholders of the class, again by public notice, of the matters to be considered and the date and the place for the class meeting. We may then hold the class meeting after publication of such notice.

Notice of class meetings needs to be served on Shareholders entitled to vote at the class meetings.

Meetings of any class of Shareholders shall be conducted in a manner as similar as possible to that of general meetings of Shareholders. The provisions of our Articles of Association relating to the manner of conducting any Shareholders' general meeting shall apply to any meeting of a class of Shareholders. Except for other classes of Shareholders, holders of domestic-invested Shares and foreign-invested Shares are deemed to be Shareholders of different classes.

The special procedures for voting at a meeting of a class of Shareholders shall not apply in the following circumstances:

- (1) where we issue, upon the approval by a special resolution of our Shareholders' general meeting, either separately or concurrently once every twelve months, not more than 20% of each of our existing issued domestic-invested Shares and overseas-listed foreign-invested Shares;
- (2) where our plan to issue domestic-invested Shares and overseas-listed foreign-invested Shares at the time of our establishment is carried out within fifteen (15) months from the date of approval of the securities authority of the State Council; or
- (3) upon the approval of the securities regulatory department of the State Council, our Domestic Shares holders may transfer their Domestic Shares to overseas investors and such transferred Shares may be listed or traded on an overseas stock exchange. Any listing or trading of the transferred Shares on an overseas stock exchange would have to comply with the regulatory procedures, rules and requirements of such stock exchange.

For the purposes of the class-rights provisions of our Articles of Association, an "interested Shareholders" is:

- (1) in the case of a repurchase of Shares by offers to all Shareholders pro rata or a public dealing on a stock exchange, a "controlling shareholder" defined in Article 61 of our Articles of Association;
- (2) in the case of a repurchase of Shares by an off-market contract, a holder of the Shares to which the proposed contract relates; and
- (3) in the case of a restructuring of our Company, a Shareholder within a class who bears less than a proportionate burden imposed on that class under the proposed restructuring or who has an interest in the proposed restructuring different from the interest of Shareholders of that class.

Resolutions — Majority Required

Resolutions of Shareholders' general meetings shall be divided into ordinary resolutions and special resolutions.

To adopt an ordinary resolution, votes representing more than one half of the voting rights represented by the Shareholders (including proxies) present at the meeting must be exercised in favor of the resolution in order for it to be passed.

To adopt a special resolution, votes representing two-thirds or more of the voting rights represented by the Shareholders (including proxies) present at the meeting must be exercised in favor of the resolution in order for it to be passed.

Voting Rights

All the Shareholders (including proxies) named in the share register on the date of record of our Company have the right to attend Shareholders' general meetings and to vote thereat in accordance with the relevant laws and regulations, and our Articles of Association. A Shareholder

(including a proxy) when voting at a Shareholders' general meeting may exercise voting rights in accordance with the number of Shares carrying the right to vote, and each Share shall have one vote. Where any Shareholder is required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted. At any general meeting of Shareholders a resolution shall be decided on a show of hands unless a poll is (before or after any vote by show of hands) demanded:

- (1) by the chairman of the meeting;
- (2) by at least two Shareholders entitled to vote present in person or by proxy; or
- (3) by one or more Shareholders present in person or by proxy and alone or together representing 10% or more of all Shares carrying the right to vote at the meeting.

Unless a poll be so demanded, a declaration of the resolution on a show of hands will be made by the chairman, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favor of or against such resolution.

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

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

On a poll taken at a meeting, a Shareholder (including a proxy) entitled to two or more votes need not cast all his votes in the same way.

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to one additional vote.

Requirements for Annual General Meetings

Shareholders' general meetings shall be convened by the chairman of our Board. The annual general meeting shall be held once every year within six (6) months from the close of the preceding financial year.

Accounts and Audit

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

Our Board shall place before the Shareholders at every annual general meeting such financial reports as are required by any laws, administrative regulations or regulatory documents promulgated by regional governmental authorities and authority departments to be prepared by us.

Our financial reports shall be made available for Shareholders' inspection at our Company twenty (20) days before the date of every annual general meeting. Each Shareholder shall be entitled to obtain a copy of the financial reports.

Our financial statements shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either International Financial Reporting Standards, or the accounting standards of the overseas place where our Shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in an appendix to the financial statements. When we are to distribute our profits, it is required to distribute dividends based on the lower of our distributable reserves determined under each of the two accounting standards.

Any interim results or financial information published or disclosed by us must also be prepared and presented in accordance with PRC accounting standards and regulations, and also in accordance with either International Financial Reporting Standards or the accounting standards of the place where our Shares are listed.

We shall publish our financial reports twice every fiscal year, that is, the interim financial report shall be published within sixty (60) days after the expiration of the first six (6) months of each fiscal year and the annual financial report shall be published within one hundred twenty (120) days after the expiration of each fiscal year.

Notice of Meetings and Agenda

The Shareholders' general meeting is the organ of authority of our Company and shall exercise its functions and powers in accordance with law. We shall not, without the prior approval of a Shareholders' general meeting, enter into any contract with any person other than a Director, Supervisor, General Manager or other senior executive officer whereby the management and administration of the whole or any substantial part of the business of our Company is to be handed over to such person. Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. Shareholders' general meeting shall be convened by our Board. Upon the occurrence of any of the following circumstances, our Board shall convene an extraordinary general meeting within two (2) months:

- (1) when the number of Directors is less than the number of Directors required by the Company Law or less than two-thirds of the number of Directors specified in the Articles of Association;
- (2) when the unrecovered losses of our Company amount to one-third of the total amount of its share capital;
- (3) when Shareholder(s) alone or together holding 10% or more of our issued and outstanding Shares carrying voting rights request(s);
- (4) when deemed necessary by our Board;
- (5) when suggested by the supervisory committee; or
- (6) under other circumstances stipulated by laws, administrative regulations, departmental ordinances or our Articles of Association.

When we convene a Shareholders' general meeting, written notice of the meeting shall be given forty-five (45) days before the date of the meeting, notifying all of the Shareholders in the share register of the matters to be considered and the date, place and time of the meeting. A Shareholder who intends to attend the meeting shall deliver his written reply concerning his attendance at the meeting to our Company twenty (20) days before the date of the meeting.

When we convene a Shareholders' annual general meeting, our Board, the supervisory committee, and Shareholders alone or together holding 3% or more of the total Shares of our Company shall have the right to propose new motions. The proposed motions shall be within the purview of the Shareholders' general meeting, shall contain an explicit subject of discussion and specific matters for resolution, and shall comply with the relevant laws and administrative regulations and our Articles of Association. Shareholders alone or together holding 3% or more of the total Shares of our Company shall propose new motions in writing to the chairman of the meeting 10 days before the Shareholders' general meeting. The chairman of the meeting shall circulate the supplemental notice within 2 days of receiving the new motions and announce the content of the new motions.

A Shareholders' extraordinary general meeting shall not decide on any matters not stated in the notice of meeting.

We shall, based on the written replies received twenty (20) days before the date of the Shareholders' general meeting from the Shareholders, calculate the number of voting Shares represented by Shareholders who intend to attend the meeting. If the number of voting Shares represented by the Shareholders who intend to attend the meeting reaches one half or more of our total voting Shares, we may hold the meeting. If not, then we shall within five (5) days notify the Shareholders again by public notice of the matters to be considered, and the place, date and time for the meeting. We may hold the meeting after the publication of such notice.

A notice of a meeting of Shareholders shall be required to:

- (1) be in writing;
- (2) specify the date, time and venue of the meeting;
- (3) state the matters to be discussed at the meeting;
- (4) provide information and explanations if it is necessary for the Shareholders to make an informed decision on the proposals. Without limiting the generality of the foregoing, where a proposal is made to amalgamate our Company with another, to repurchase Shares, to reorganize the share capital or to restructure our Company in any other way, the terms of the proposed transaction must be provided in detail, together with copies of the proposed agreement, if any, and the cause and effect of such proposal must be properly explained;
- (5) disclose the nature and the extent, if any, of the material interests of our Director, Supervisor, General Manager or other senior executive officer concerned in the proposal proposed and the effect of the proposed transaction on them in their capacity as Shareholders if it is different from the effect on the interests of our Shareholders of the same class;
- (6) contain the full text of any special resolution proposed to be voted on at the meeting;

- (7) contain a written statement that a Shareholder who has rights to attend and to vote is entitled to appoint one or more proxies to attend and to vote on behalf of himself and that a proxy need not be a Shareholder;
- (8) specify the time and place for lodging proxy forms for the relevant meeting;
- (9) list out the share registration date of Shareholders who are entitled to attend the meeting; and
- (10) state the name and telephone number of the regular contact person for the meeting.

The notice of the Shareholders' general meeting and the supplemental notice shall disclose all the content of the proposed motions adequately and completely. If the matters to be discussed need the opinion of the independent Directors, the opinion and reasons of the independent Directors shall be disclosed contemporaneously with the announcement of the notice of the Shareholders' general meeting and the supplemental notice.

Notice of the Shareholders' general meeting shall be served on the Shareholders (whether or not they are entitled to vote at the meeting) by delivery or prepaid mail to their addresses as shown in the register of Shareholders. For the holders of Domestic Shares, notice of the meetings may be issued by way of public notice.

The public notice shall be published in one or more newspapers designated by the securities governing authority of the State Council within the interval between forty-five (45) days and fifty (50) days before the date of the meeting. After the publication of such notice, the holders of domestic-invested Shares shall be deemed to have received the notice of the relevant Shareholders' general meeting. If it is practicable, the Chinese and English versions of such public notice shall be published in one Chinese newspaper and one English newspaper in Hong Kong on the same day.

As for the dividend certificate sent by mail to the members, the Company is entitled to cease sending such dividend certificates after two consecutive failures of cashing after the posting of such dividend certificates. If the first dividend certificate fails to reach the members and is sent back, the Company is entitled to exercise such right.

The right to sell the shares of members who are unable to contact shall not be exercised unless:

- (1) at least three dividends in respect of the Shares have been distributed in the past 12 years and no dividend has been claimed during such period; and
- (2) the Company has published an advertisement on the newspapers upon expiry of the 12 years regarding its intention to sell the Shares, and has notified the same to the Stock Exchange.

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

- (1) work reports of our Board and the supervisory committee;
- (2) plans formulated by our Board for the distribution of profits and for making up losses;

- (3) annual preliminary and final budgets, balance sheets, profit accounts and other financial statements of our Company;
- (4) annual reports of our Company; and
- (5) matters other than those required by the laws and administrative regulations or by our Articles of Association to be adopted by special resolution.

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

- (1) appointment and removal of the members of our Board and members of the supervisory committee, their remuneration and method of payment;
- (2) increase or decrease of share capital and the issue of Shares of any class, warrants and other similar securities;
- (3) issue of debentures of our Company;
- (4) division, merger, dissolution and liquidation of our Company;
- (5) amendments to our Articles of Association;
- (6) purchase or sale of major assets in one year where the amount of security provided for third parties exceeds 30% of the company's audited net assets of the latest period;
- (7) stock incentive plan; and
- (8) any other matters stipulated by law and administrative regulation, or our Articles of Association and considered by the Shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on us and should be adopted by a special resolution.

Transfer of Shares

All fully paid up overseas-listed foreign shares listed in Hong Kong are freely transferable in accordance with the provisions of the Articles of Association, but except where the conditions set out below are satisfied, the Directors may refuse to recognize any transfer document without providing any reason:

- (i) payment of a fee of HK\$2.50, or such larger amount as may from time to time be specified by the Stock Exchange so as to register the transfer document in respect of shares and other documents that are related to the ownership of shares or may have an effect on its ownership;
- (ii) the transfer document relates only to overseas-listed foreign shares listed in Hong Kong;
- (iii) the relevant stamp duty payable upon the instrument of transfer have been paid;
- (iv) the relevant Share certificate(s) and such other evidence reasonably required by the Board to show the right of the transferor to make the transfer shall be provided;

- (v) if the shares of the Company are transferred to joint holders, the number of joint holders shall not exceed four; and
- (vi) the relevant shares of the Company are free from all liens.

The alteration and rectification of each part of the share register shall be carried out in accordance with the laws of the place where the register is maintained.

No changes in the Shareholders' register due to the transfer of Shares may be made within thirty (30) days before the date of a Shareholders' general meeting or within five (5) days before the record date for our distribution of dividends.

Power of our Company to Purchase our Own Shares

In accordance with the provisions of the Articles of Association, with approval according to the procedures provided in our Articles of Association and subject to the approval of the relevant governing authority of the State, we may repurchase our issued Shares under the following circumstances:

- (1) cancellation of Shares for the reduction of our capital;
- (2) merging with another company that holds Shares;
- (3) granting the Shares as an incentive to our staff; and
- (4) a Shareholder who opposes a resolution on the merger or division of our Company adopted at a Shareholders' general meeting requests that our Company purchases his or her Shares.

We may not purchase our own Shares, except in the circumstances above.

The purchase by our Company of our Shares for the reasons specified in items (1) to (3) above shall require the adoption of a resolution by a Shareholders' general meeting. If we purchase our Shares for the reason specified in item (1) above, we shall cancel such Shares within 10 days of the date of the purchase. If we purchase our Shares for the reason specified in item (2) or (4), we shall transfer or cancel such Shares within six months.

Our Shares purchased pursuant to item (3) of the first paragraph may not exceed 5% of our total outstanding Shares, and the funds used for the purchase thereof shall be paid from our after-tax profit. The purchased Shares shall be transferred to the staff and workers within one year.

After obtaining an approval from the relevant State governing authority, we may repurchase our Shares, conducting the repurchase in one of the following ways:

- (1) making a pro rata general offer of repurchase to all of our Shareholders;
- (2) repurchasing Shares through public dealing on a stock exchange; or
- (3) repurchasing by an off-market agreement.

Where we repurchase our Shares by an off-market agreement, the prior sanction of Shareholders shall be obtained in accordance with our Articles of Association. We may release, vary or waive our rights under a contract so entered into by us with the prior approval of Shareholders obtained in the same manner.

A contract to repurchase Shares includes (but is not limited to) an agreement to become obliged to repurchase or an acquisition of the right to repurchase Shares.

We shall not assign contracts to repurchase Shares and our rights under such contracts.

Shares repurchased by us in accordance with law shall be canceled within the period prescribed by law and administrative regulation, and we shall apply to the original companies registration authority for registration of the change of our registered share capital.

The amount of our registered share capital shall be reduced by the aggregate par value of those canceled Shares, except for the Shares purchased to grant to staff and workers under stock incentive plan.

Unless we are in the course of liquidation, we must comply with the following provisions in relation to the repurchase of our issued Shares:

- (1) where we repurchase Shares at par value, payment shall be made out of our book surplus distributable profits or out of proceeds of a fresh issue of Shares made for that purpose;
- (2) where we repurchase Shares at a premium to par value, payment up to par value shall be made out of our book surplus distributable profits or out of the proceeds of a fresh issue of Shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:
 - (i) if the Shares being repurchased were issued at par value, payment shall be made out of our book surplus distributable profits; or
 - (ii) if the Shares being repurchased were issued at a premium to par value, payment shall be made out of our book surplus distributable profits or out of the proceeds of a fresh issue of Shares made for that purpose, provided that the amount paid out of the proceeds of the fresh issue shall not exceed the aggregate of premiums received by us on the issue of the Shares repurchased nor the current amount of our share premium account (including the premiums on the fresh issue);
- (3) where we have the power to repurchase or redeem redeemable Shares:
 - (i) if repurchases are not made through the market or by tender, prices shall be set to limit to a maximum price; and
 - (ii) if repurchases are made by tender, tenders shall be made available to all Shareholders;
- (4) payment by our Company in consideration of the following shall be made out of our distributable profits:
 - (i) acquisition of rights to repurchase Shares;

- (ii) variation of any contract to repurchase Shares; and
 - (iii) release of any of our obligations under any contract to repurchase Shares; and
- (5) after our registered share capital has been reduced by the total par value of the canceled Shares in accordance with the relevant provisions, the amount deducted from our distributable profits for payment of the par value portion of the Shares repurchased shall be transferred to our share premium account.

Power of any Subsidiary of our Company to Own Shares in our Company

There are no provisions in our Articles of Association preventing ownership of Shares in our Company by a subsidiary.

Dividends and Other Methods of Profit Distribution

We may distribute dividends in cash or Shares.

We shall appoint receiving agents on behalf of holders of the H Shares to receive on behalf of such Shareholders dividends declared and all other monies owing by us in respect of their H Shares. The receiving agents appointed on behalf of holders of the H Shares shall be under the requirements of the laws in the jurisdiction where our Shares are listed or under the requirements of the stock exchanges on which our Shares are listed.

The receiving agents appointed on behalf of holders of the H Shares shall be a company registered as a trust company under the Trustee Ordinance (Chapter 29, Laws of Hong Kong).

That any amount paid up in advance of calls on any Share may carry interest but shall not entitle the holder of the Share to participate in respect thereof in a dividend subsequently declared.

Where power is taken to forfeit unclaimed dividends, that power shall not be exercised until six years or more after the date of declaration of the dividend. Any unclaimed dividend will be retained by the Company.

Proxies

Any Shareholder entitled to attend and vote at a general meeting shall be entitled to appoint one or more other persons (whether a Shareholder or not) as his proxy to attend and vote on his behalf, and a proxy so appointed shall:

- (1) have the same right as the Shareholder to speak at the meeting;
- (2) have authority to demand or join in demanding a poll; and
- (3) have the right to vote by hand or on a poll, but a proxy of a Shareholder who has appointed more than one proxy may only vote on a poll.

The instrument appointing a voting proxy shall be placed at the domicile of our Company or at such other place as specified in the notice of the meeting within 24 hours prior to the meeting at which the proxy is authorized to vote or within 24 hours prior to the specified time of the vote. Where the instrument is signed by another person authorized by the entrusting party, the power of attorney or other document authorizing the signature shall be notarized. The notarized power of

attorney or other authorizing document shall be placed, together with the instrument appointing the voting proxy, at the domicile of our Company or at such other place as specified in the notice of the meeting.

Where the entrusting party is a legal person, its legal representative or the person authorized by resolution of our Board or other decision-making body shall be entitled to attend the Shareholders' meetings as the representative of such legal person.

Any form issued by our Board to Shareholders for the appointment of proxies shall give the Shareholders free choice to instruct their proxies to cast an affirmative or negative vote and enable the Shareholders to give separate instructions on each matter to be voted on during discussions at the meeting. The instrument of appointment shall specify that in the absence of instructions from the Shareholder, the proxy may vote as he thinks fit.

Where the entrusting party has died, lost capacity for acts, revoked the proxy or the signed instrument of appointment prior to the voting, or the relevant Shares have been transferred prior to the voting, a vote given in accordance with the terms of instrument of proxy shall remain valid, provided we do not receive a written notice of the event before the commencement of the relevant meeting.

Calls on Shares and Forfeiture of Shares

There are no provisions in our Articles of Association relating to the making of calls on Shares or for the forfeiture of Shares.

Rights of Shareholders (including inspection of register)

Ordinary Shareholders shall enjoy the right to:

- (1) collect dividends and other profit distributions on the basis of the number of Shares held by them;
- (2) participate or appoint proxies to participate in Shareholders' meetings and exercise voting rights;
- (3) supervise and control our business activities, and raise suggestions and inquiries;
- (4) transfer Shares in accordance with law, administrative regulation and our Articles of Association;
- (5) obtain relevant information in accordance with our Articles of Association, which shall include:
 - (i) obtaining our Articles of Association after payment of a charge to cover costs;
 - (ii) being entitled to browse and make a copy, after payment of reasonable charges, of:
 - (a) all parts of the register of Shareholders;

- (b) personal information on our Directors, Supervisors, General Manager and other senior management staff, including:
- current and previous names and aliases;
 - principal address (domicile);
 - nationality;
 - full-time and all other part-time occupations and duties; and
 - identification documents and their numbers;
- (iii) the status of our share capital;
- (iv) reports of the aggregate par value, number of Shares, and highest and lowest prices of each category of Shares repurchased by us since the last fiscal year, as well as all the expenses paid by us therefor;
- (v) the minutes of Shareholders' meetings;
- (vi) the counterfoil of the company debenture; and
- (vii) our financial accounting report.
- (6) participate in the distribution of our remaining property according to their shareholdings when we are terminated or liquidated;
- (7) request that we purchase his or her Shares if he or she opposes a resolution on our merger or division adopted at a Shareholders' general meeting; and
- (8) other rights conferred by laws, administrative regulations and our Articles of Association.

No powers shall be taken to freeze or otherwise impair any of the rights attaching to any Share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interest to us.

Quorum for Meetings and Separate Class Meetings

We may convene a Shareholders' general meeting where the number of voting Shares represented by those Shareholders from whom we have received, twenty (20) days before the meeting, notices of intention to attend the meeting reaches one half or more of our voting Shares; or, if that number is not reached, we shall within five (5) days notify the Shareholders again of the matters proposed to be considered at the meeting and the date, time and place of the meeting by way of public announcement. After such public announcement, we may hold the Shareholders' general meeting.

We may convene a class meeting where the number of voting Shares represented by those Shareholders from whom we have received, twenty (20) days before the meeting, notices of intention to attend the meeting reaches one half or more of the total number of voting Shares of that class; or,

if that number is not reached, we shall within five (5) days notify the Shareholders again of the matters proposed to be considered at the meeting and the date, time and place of the meeting by way of public announcement. After such public announcement, we may hold the class meeting.

Rights of Minorities

In addition to obligations imposed by law or administrative regulation or required by the stock exchange on which Shares are listed, a controlling shareholder shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of the Shareholders generally or of some part of the Shareholders:

- (1) to relieve a Director or Supervisor of his duty to act honestly and in the best interests of our Company;
- (2) to approve the expropriation by a Director or Supervisor (for his own benefit or for the benefit of another person), in any guise, of our assets, including (but not limited to) opportunities beneficial to our Company; or
- (3) to approve the expropriation by a Director or Supervisor (for his own benefit or for the benefit of another person) of the individual rights of other Shareholders, including (but not limited to) rights to distributions and voting rights except pursuant to a restructuring submitted to Shareholders for approval in accordance with our Articles of Association.

For these purposes, a “controlling shareholder” means a person who satisfies any one of the following conditions:

- (1) he alone, or acting in concert with others, has the power to elect one half or more of the members of our Board;
- (2) he alone, or acting in concert with others, has the power to exercise or to control the exercise of 30% or more of the voting rights in our Company;
- (3) he alone, or acting in concert with others, holds 30% or more of the issued and outstanding Shares; or
- (4) he alone, or acting in concert with others, in any other manner controls our Company in fact.

Procedures on Liquidation

We shall be dissolved and liquidated upon the occurrence of any of the following events:

- (1) the term of operation specified in our Articles of Association expires, or other causes specified in our Articles of Association for dissolving a company arise;
- (2) a resolution for dissolution is passed at a Shareholders’ general meeting;
- (3) dissolution is necessary due to a merger or division of our Company;
- (4) we are legally declared bankrupt due to our failure to repay our debts; or
- (5) we are ordered to close down due to our violation of laws or administrative regulations.

Where our Board proposes to liquidate our Company due to causes other than the declaration of insolvency, our Board shall include a statement in its notice convening a Shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of our Company, our Board is of the opinion that we will be able to pay our debts in full within twelve (12) months from the commencement of the liquidation.

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

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

Other Provisions Material to our Company and our Shareholders

General Provisions

We are a joint stock limited company in perpetual existence.

Our Articles of Association constitute a legally binding document regulating our organization and activities, and the rights and obligations between our Company and each Shareholder and among the Shareholders, and also shall be binding upon our Company and our Shareholders, Directors, Supervisors, General Manager and other senior executive officers.

We may invest in other limited liability companies or joint stock limited companies. Our liabilities to an investee company shall be limited to the amount of our capital contribution to such investee company.

We may, based on our requirements for operation and development and in accordance with the relevant provisions of our Articles of Association and the resolutions of a Shareholders' general meeting, approve an increase of capital.

We may increase our capital in the following ways:

- (1) offering new Shares to specific investors for subscription;
- (2) offering new Shares to non-specific investors;
- (3) placing new Shares to our existing Shareholders;
- (4) distributing new Shares to our existing Shareholders by way of bonus issues;
- (5) increasing the capital converted by a capital accumulation fund;
- (6) issuing convertible company debentures;
- (7) formulating an employee stock ownership plan in accordance with relevant laws and issuing stock to employees or employee stock ownership institutions; and
- (8) any other way permitted by law, departmental ordinances and administrative regulations.

An increase of capital by issuing new Shares shall, after being approved in accordance with the provisions of our Articles of Association, be conducted in accordance with the procedures stipulated by the relevant laws and administrative regulations.

Unless otherwise provided by law or administrative regulation, Shares are freely transferable and are not subject to any lien.

When we reduce our registered share capital, we must produce a balance sheet and an inventory of assets. We shall notify our creditors within ten (10) days of the date of the relevant resolution for the reduction of our share capital and shall publish a notice in a newspaper at least three times within thirty (30) days of the date of such resolution. A creditor has the right within thirty (30) days of receiving the notice from us or, in the case of a creditor who does not receive the notice, within ninety (90) days of the date of the first public notice, to demand that our Company repay our debts or provide a corresponding guarantee for such debt. Our registered capital after reduction shall not be less than the statutory minimum amount.

Ordinary Shareholders shall assume the following obligations:

- (1) to abide by the laws, administrative regulations, departmental ordinances and Articles of Association;
- (2) to pay subscription funds according to the number of Shares subscribed for and the method of subscription;
- (3) not to withdraw share capital unless stipulated by laws;
- (4) not to misuse its rights to prejudice the interests of our Company and other Shareholders, and, where the Shareholder is a legal person, not to misuse its independent status and its limited liability to prejudice the interests of debtors. Shareholders who misuse Shareholders' rights causing loss to other Shareholders shall assume liability to pay compensation in accordance with law. Shareholders who misuse the independent status of the legal person and Shareholder's limited liability to avoid any debt and causes severe damage to the interests of our debtors shall assume joint liability for our debts;
- (5) other obligations imposed by laws, administrative regulations and our Articles of Association.

Shareholders are not liable to make any further contribution to the share capital other than as agreed to by the subscriber of the relevant Shares on subscription.

Board

Our Board is responsible to the Shareholders' general meeting and exercises the following powers:

- (1) to be responsible for convening Shareholders' general meetings and to report on our Company to the Shareholders' general meeting;
- (2) to implement the resolutions of the Shareholders' general meetings;
- (3) to decide on our business plans and investment plans;

- (4) to formulate our annual financial budget and final report;
- (5) to formulate our profit distribution plan and loss recovery plan;
- (6) to formulate proposals for the increase or decrease of our registered capital and for the issue of corporate debentures or other securities and listing plans;
- (7) to formulate proposals for substantial acquisitions, for purchases of Shares and for merger, division, change of form or dissolution of our Company;
- (8) to decide upon matters regarding the outward investments, acquisitions and sales of assets, asset pledges, outward guarantees, trust financings, connected transactions, and the like within the powers authorized by Shareholders at general meetings;
- (9) to decide on the establishment of our internal management structure;
- (10) to appoint or remove our General Manager or the secretary of our Board; to appoint or remove our Vice General Manager, financial officers and other senior executive officers based on the nominations of the General Manager; and to decide on the remuneration, reward and punishment of the above individuals;
- (11) to nominate, in Shareholders' general meetings, candidates to serve as Directors or Supervisors of our Company;
- (12) to formulate our basic management system;
- (13) to formulate proposals for any amendment to our Articles of Association;
- (14) to manage information disclosure of our Company;
- (15) to propose in the Shareholders' general meetings matters relating to the appointment or replacement of the accounting firm to audit our Company;
- (16) to scrutinize and to monitor our General Manager's work; and
- (17) to exercise other powers conferred by laws, administrative regulations, departmental laws and our Articles of Association.

Any matter exceeding the authorization given by the Shareholders should be submitted to Shareholders' general meetings.

Except for our Board's resolutions in respect of the matters specified in the above paragraphs (6), (7), (11) and (13), which shall be passed by two-thirds or more of our Directors, our Board resolutions in respect of all other matters may be passed by half or more of our Directors.

Meetings of our Board shall be held at least four times a year, and about once a quarter, and convened by the chairman of our Board. Notice of each meeting shall be served on all of the attendees fourteen (14) days before the date of the meeting. Shareholders representing 10% or more of the voting rights, 1/3 Directors or more, or board of Supervisors, General Manager, chairman of our Board, 2 independent Directors or more, may propose to convene an extraordinary board meeting. The chairman of our Board shall convene the Board meeting within 10 days and preside over the Board meeting.

Meetings of our Board shall be held only if more than one half of our Directors are present. Each Director shall have one vote. Where the number of votes cast for and against a resolution are equal, the chairman of our Board shall have one more vote.

A Director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest nor shall he be counted in the quorum present at the meeting.

Supervisory Committee

We shall have a supervisory committee. Our Directors, General Manager and other senior executive officers, shall not act concurrently as Supervisors. The term of office of Supervisors shall be three years, renewable upon re-election and reappointment. The supervisory committee shall be composed of three (3) Supervisors. One of the members of the supervisory committee shall act as the chairman. The election or removal of the chairman of the supervisory committee shall be determined by two-thirds or more of the members of the supervisory committee. If the chairman of the supervisory committee is unable to perform or is not performing his duties, another Supervisor who is jointly elected by two-thirds or more of the members of the supervisory committee shall convene and chair the meetings of the supervisory committee. A resolution of the supervisory committee shall be passed by two-thirds or more of the members of the supervisory committee.

At least one-third of the members of the supervisory committee shall be representatives of staff and workers. The representatives of Shareholders shall be elected and removed at a Shareholders' general meeting; the representative of workers and staff shall be elected and removed democratically by the workers and staff of our Company.

The supervisory committee exercises the following powers:

- (1) to review the fixed-term report of our Company and to issue a written review opinion;
- (2) to examine our Company's financial situation;
- (3) to supervise the performance of our Directors and senior executive officers of their duties, and to propose dismissal of any of the aforesaid personnel who has acted in violation of applicable laws or regulations, our Articles of Association or the resolutions of a Shareholders' general meeting;
- (4) to demand rectification from our Directors and senior executive officers when the acts of such persons are harmful to our interests;
- (5) to verify our financial information such as our financial report, business report and plans for distribution of profits to be submitted by our Board to the Shareholders' general meetings and, should any queries arise, to engage, in our name, qualified accounting and auditing firms for a rectification of such information;
- (6) to convene an extraordinary Shareholders' general meeting, and to convene and preside over a Shareholders' general meeting when our Board fails to perform the duties of convening and presiding over the Shareholders' general meeting as stipulated in the Company Law;
- (7) to make proposals to Shareholders' general meetings;

- (8) to institute proceedings against our Directors and senior executive officers in accordance with article 152 of the Company Law; and
- (9) to exercise other powers specified in our Articles of Association or given to the committee at a Shareholders' general meeting.

Members of the supervisory committee shall be present at meetings of our Board.

General Manager of our Company

We shall have one General Manager, who shall be appointed and dismissed by our Board. Each term of appointment of a General Manager shall be three years, and the General Manager may be reappointed for consecutive terms.

The General Manager shall be accountable to our Board and exercise the following powers:

- (1) to be in charge of our operation and management, to organize the implementation of the resolutions of our Board, and to submit reports to our Board;
- (2) to organize the implementation of our annual business plan and investment plan;
- (3) to draft plans for the establishment of the internal organizational structure of our Company;
- (4) to draft our basic management system;
- (5) to formulate specific rules and regulations for our Company;
- (6) to propose the appointment or dismissal of our Vice General Manager and Financial Principal;
- (7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by our Board; and
- (8) to exercise other powers conferred by our Articles of Association and our Board.

The General Manager shall be present at meetings of our Board. However, the General Manager shall have no voting rights at the meetings unless he is also a Director.

The General Manager, in performing his functions and powers, shall act honestly and diligently and in accordance with laws, regulations and the Articles of Association.

Chairman of our Board

The chairman of our Board shall exercise the following powers:

- (1) to preside over Shareholders' meetings, and to convene and preside over meetings of our Board;
- (2) to supervise and inspect the implementation of the resolutions of our Board;
- (3) to sign the securities issued by us; and

(4) to exercise other powers authorized by our Board.

The vice-chairman shall assist the chairman. If the chairman is not capable of performing, or fails to perform his duties, the vice-chairman shall perform the duties on the chairman's behalf; in case that the vice-chairman is not capable of performing, or fails to perform his duties, over half of the Directors shall jointly elect one Director to perform the duties on his behalf.

Secretary of our Board

The secretary of our Board shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by our Board. His primary responsibilities include:

- (1) to ensure that our documents and records are complete;
- (2) to ensure the lawful preparation and submission of our reports and documents by us as required by the relevant authorities; and
- (3) to ensure that the register of Shareholders is properly maintained, and to ensure that persons who are entitled to obtain our records and documents can timely obtain the relevant records and documents.

Accounts and Audit

Our Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and rules stipulated by relevant authorities.

The Board shall place before Shareholders at every annual Shareholders' general meeting such financial reports as are required by the relevant laws, administrative regulations and directives promulgated by regional governments and competent authorities to be prepared by the Company.

At least 21 days before the date of the general meeting, a copy of the Director's report or summary of financial report shall be delivered or sent by post to the registered address of registered holder of H Shares.

Appointment of auditors

We shall appoint independent auditors who are qualified under the relevant regulations of the PRC to audit our annual financial statements and review our other financial reports.

The first auditors of our Company may be appointed by the inaugural meeting of our Company before the first annual general meeting, and the auditors so appointed shall hold office until the conclusion of the first annual Shareholders' general meeting.

If the inaugural meeting fails to exercise its powers under this paragraph, those powers shall be exercised by our Board.

The auditors appointed by us shall hold office from the conclusion of the annual general meeting of Shareholders at which the appointment is made until the conclusion of the next annual meeting of Shareholders.

The accounting firm engaged by us has the following rights:

- (1) to read the account books, records or certificates at any moment and require our Directors, managers and other principal management officers to provide relevant data and statements;
- (2) to require us to take all reasonable measures to acquire from our subsidiaries the data and statements necessary for the firm to implement its duties; and
- (3) to attend Shareholders' meetings and receive meeting notices and other information in relation to the meeting available to any Shareholder, and to speak at the meeting on any matter in relation to it as our accounting firm.

The remuneration of certified public accountants firm or the manner in which such firm is to be remunerated shall be determined at the Shareholders' general meeting. The remuneration of a certified public accountants firm appointed by our Board shall be determined by our Board.

Change and removal of accounting firm

Our appointment of, removal of and non-reappointment of a certified public accountants firm shall be resolved at Shareholders' general meetings, and, following any such action, the appropriate records will be provided to the securities authorities of the State Council.

No matter what the terms of the contract between the accounting firm and us, a Shareholders' general meeting, before the term of any accounting firm expires, may remove the accounting firm by ordinary resolution. The rights of recourse of the relevant accounting firm arising from removal will not be affected by this power.

Where it is proposed that any resolution be passed at a Shareholders' general meeting concerning the appointment of a certified public accountants firm, which is not an incumbent firm, to fill a casual vacancy in the office of the certified public accounting firm, reappointment of a retiring accounting firm which was appointed by our Board to fill a casual vacancy, or removal of an accounting firm before the expiration of its term of office, the following provisions shall apply:

- (1) A copy of the proposal shall be sent to the certified public accountants firm proposed to be appointed or proposing to leave its post or the firm which has left its post (leaving includes leaving by removal, resignation and retirement) before notice of a meeting is given to the Shareholders.
- (2) If the certified public accountants firm leaving its post makes representations in writing and requests us to notify such representations to the Shareholders, we shall (unless the representations are received too late):
 - (i) state the fact that the representations have made in any notice of the resolution given to Shareholders; and
 - (ii) attach a copy of the representations to the notice and deliver it to every Shareholder who is entitled to receive the notice.

- (3) If the firm's representations are not sent in accordance with paragraph (2), the relevant firm may require that the representations be read out at the Shareholders' general meeting and may lodge further complaints.
- (4) A certified public accountants firm which is leaving its post shall be entitled to attend:
 - (i) the Shareholders' general meeting at which its term of office would otherwise have expired;
 - (ii) any Shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal; and
 - (iii) any Shareholders' general meeting convened on its voluntary resignation.

The leaving accounting firm shall have the right to receive all notices of, and other communications relating to, any such meetings, and to speak at any such meeting in relation to matters concerning its role as the former accounting firm of our Company.

Resignation of accounting firm

Where the certified public accountants firm resigns its post, it shall make clear to the Shareholders' general meeting whether there has been any impropriety on our part.

Any certified public accountants firm may resign its office by depositing at our registered residence a resignation notice. Such notice shall include the following:

- (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 our Shareholders or creditors; or
- (2) a statement of any such circumstances.

The notice shall become effective on the date of such deposit or on such later date as may be stipulated in such notice.

Where a notice is deposited under the preceding paragraph, we shall within fourteen (14) days after receiving such notice send a copy of the notice to the relevant governing authority. If the notice contains a statement under subparagraph (2) of the preceding paragraph "Change and removal of accounting firm", a copy of such statement shall be sent to every Shareholder who has the right to receive our financial report.

Where the accounting firm's notice of resignation contains a statement under sub-paragraph (2) of the preceding paragraph "Change and removal of accounting firm", the certified public accountants firm may require our Board to convene a Shareholders' extraordinary general meeting for the purpose of providing an explanation of the circumstances connected with its resignation.

Dispute Resolution

We obey the following rules of dispute resolution:

- (1) Whenever any disputes or claims arise between holders of foreign-invested Shares issued overseas and us, holders of foreign-invested Shares issued overseas and our Directors, Supervisors, General Manager or other senior executive officers, or holders of foreign-

invested Shares issued overseas and holders of Domestic Shares, based on our Articles of Association or any rights or obligations conferred or imposed by the Company Law or any other relevant laws and administrative regulations concerning the affairs of our Company, such disputes or claims shall be referred by the relevant parties to arbitration.

Where a dispute or claim of rights 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 resolution of such dispute or claim shall abide by the arbitration, provided that such person is our Company or our Shareholder, Director, Supervisor, General Manager or other senior executive officer.

Disputes in relation to the identification of Shareholders and disputes in relation to the share register need not be referred to arbitration.

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

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

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