

Articles of Association of

Hunan Nonferrous Metals Corporation Limited

**(a joint stock limited company incorporated in the People's Republic of China
with limited liability)**

Hunan Nonferrous Metals Corporation Limited
Approved by extraordinary general meeting of
Hunan Nonferrous Metals Corporation Limited

1st Amendment approved at 2005 the 3rd extraordinary general meeting of
Hunan Nonferrous Metals Corporation Limited held on 17 December 2005

Considered and approved the implementation upon listing of the Company at The 6th
Board meeting of the first session of the Board of Directors held on 12 March 2006

Approved the adopted Articles of Association after the amendment of further
issue of H Shares at the 5th Board meeting of the first session of the Board of
Directors and 2007 the 1st extraordinary general meeting of Hunan Nonferrous
Metals Corporation Limited held on 5 February 2007

3rd Amendment approved at 2007 the 2nd extraordinary general meeting of
Hunan Nonferrous Metals Corporation Limited held on 21 December 2007

4th Amendment approved at 2009 the 1st extraordinary general meeting of
Hunan Nonferrous Metals Corporation Limited held on 6 March 2009

5th Amendment approved at 2011 the 1st extraordinary general meeting of
Hunan Nonferrous Metals Corporation Limited held on 6 August 2011

6th Amendment approved at 2012 the 1st extraordinary general meeting of
Hunan Nonferrous Metals Corporation Limited held on 28 August 2012

7th Amendment approved at 2014 the 1st extraordinary general meeting of
Hunan Nonferrous Metals Corporation Limited held on 28 October 2014

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NOTE: the “**Mandatory Provisions**” refer to the Mandatory Provisions for Articles of Association of Companies Listed Overseas jointly issued by the former State Council Securities Policy Committee and the former State Commission for Restructuring the Economic System; “**Circular Regarding Comments on the Amendments to Articles of Association**” refers to the “Circular Regarding Comments on the Amendments to Articles of Association of Companies Listed in Hong Kong” (Zheng Jian Hai Han [1995]No.1) jointly issued by the Overseas-Listing Department of the CSRC and the Production System Department of the former State Commission for Restructuring and economic System. The part of italicized words shall be the content other than mandatory provisions.

CHAPTER 1 GENERAL PROVISIONS

Article 1 Hunan Nonferrous Metals Corporation Limited (the “Company”) formulated the Articles of Association in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China, the Special Regulations of the State Council on the Overseas Offer and Listing of Shares by Joint Stock Limited Companies (the “Special Regulations”), the Mandatory Provisions for Articles of Association of Companies Listed Overseas (“Mandatory Provisions”) and Circular Regarding Comments on the Amendments to Articles of Association of Companies Listed in Hong Kong Circular Regarding Comments on the Amendments to Articles of Association” as well as other relevant requirements under the laws, administrative rules and regulations.

The Company was established by way of promotion with the approval of the People’s Government of Hunan as evidenced by the approval document Xiang Zheng Han[2005]146. It was registered with the Hunan Administration for Industry and Commerce on 1 September 2005. The number of the Company’s business licence is: 4300001006128

The promoters include:

Promoter 1 : Hunan Nonferrous Metals Corporation Limited

Promoter 2 : Shenzhen City Bangxin Investment Development Company, Ltd.

Promoter 3 : Zijin Mining Group Company, Limited

Promoter 4 : Hunan Valin Steel and Iron Group Company, Ltd.

Promoter 5 : Powerise Information Technology Company, Ltd.

Article 2 The registered name of the Company in Chinese: 湖南有色金属股份有限公司

The registered name of the Company in English: Hunan Nonferrous Metals Corporation Limited

Article 3 The Company’s legal domicile: No. 290 Laodongxi Road, Changsha City, Hunan, PRC

Postcode: 10015

Telephone: 0731—85385545 (office)

Facsimile: 0731—85529468

Article 4 The Chairman of the Board is the legal representative of the Company.

Article 5 The Company is a joint stock limited company in perpetual existence; is an independent legal person, governed and protected by the laws, administrative regulations and other

relevant regulations of China.

Article 6 The Articles of Association were approved by the special resolution of the Company's general meeting. It was approved by the relevant authority of the State and was registered with the former Administration for Industry and Commerce and entered into force, and supersede the registered original articles of association of the Company.

From the date of the Articles of Association becoming effective, the Articles of Association constitute a legally binding document regulating the Company's organization and activities, and the rights and obligations between the Company and each shareholder and among the shareholders inter se.

In accordance with the Articles of Association, shareholders may sue shareholders, shareholders may sue the Directors, supervisors, president and other senior management of the Company, shareholders may sue the Company and the Company may sue the Directors, supervisors, president and other senior management.

The term "sue" in the preceding Article shall refer to and include court proceedings and arbitration proceedings.

The "senior management" in the Articles shall include deputy president, chief financial officer and the secretary to the Board.

Article 7 The Articles of Association are binding on the Company and its shareholders, Directors, supervisors, president and other senior management, all of whom are entitled to claim rights regarding the Company's affairs in accordance with the Articles of Association.

Article 8 The Company may invest in other limited liability companies and joint-stock limited companies and undertake the responsibilities of the company invested with the limitation of the capital subscription. However, the Company shall not be any unlimited liability shareholder of any other economic organizations.

CHAPTER 2 OBJECTIVES AND SCOPE OF BUSINESS

Article 9 The business objectives of the Company are: to set up a modern corporate systems, fully utilize both domestic and overseas capital markets, product market and technology market, so as to achieve the optimal allocation of resources, improve operations management, elevate the effectiveness of assets operations and assets return rate; to adapt to the market needs, accelerate the structure adjustment, optimize product structure continuously, promote the technology improvement, enhance the corporate level technical equipment and operations quality, develop international market, to achieve internationalized operations, enhance domestic and international market competitiveness, to provide customers with quality product and services, and strive to grow as a world-class of multi-kinds of nonferrous metal production suppliers in the field of nonferrous metals.

Article 10 The scope of business of the Company shall be based on the items approved by the company registration authorities.

The business scope of the Company covers: operation of assets; investment in certain industries; mineral selection, smelting, processing and sale of and related technological design and research of non-ferrous metals other than those listed on the directory of industries prohibited by the country from foreign companies' investments; research and development, production and sale of machinery, devices and meters, non-ferrous new materials and chemical materials (excluding dangerous goods and controlled chemical products) and related products; import and export business as permitted by the country; research and development of information technology and production and sale of related products; business of providing services.

CHAPTER 3 SHARES, SHARES TRANSFER AND REGISTERED CAPITAL

Article 11 The Company shall have ordinary shares at all times. It may provide other kinds of shares according to its need, upon approval of the examination and approval authorities of the Company that are authorized by the State Council.

Article 12 All the shares issued by the Company shall have a par value which shall be RMB1 for each share.

The term "RMB" in the preceding Article shall refer to the legal tender of the People's Republic of China.

Article 13 Subject to the approval of China Securities Regulatory Commission, the Company may issue shares to domestic and foreign investors.

For the purposes of the preceding paragraph, the term "foreign investors" shall refer to investors from foreign countries or from Hong Kong Special Administrative Region, Macau Special Administrative Region or Taiwan that subscribe for shares issued by the Company, and the term "domestic investors" shall refer to investors within the People's Republic of China, excluding the above-mentioned regions, that subscribe for shares issued by the Company.

Article 14 Shares issued by the Company to domestic investors for subscription in Renminbi shall be referred to as domestic shares. Shares issued by the Company to overseas investors for subscription in foreign currency shall be referred to as foreign shares. Foreign shares which are listed outside the PRC shall be referred to as overseas listed foreign shares. Domestic shares which are listed in the PRC shall be referred to as PRC-listed domestic shares (A shares). Both the shareholders of the domestic shares and overseas listed foreign shares are shareholders of the ordinary shares and shall have the same obligations and rights.

The term "foreign currency" in the preceding Article shall refer to a legal currency (other than Renminbi) of other countries or regions which is recognized by the foreign exchange administration authority of the State and can be used for payment of the Company's shares.

Overseas listed foreign shares issued by the Company and listed in Hong Kong shall be referred to as H shares for short. H shares refer to the shares approved to be listed on the Stock Exchange of Hong

Kong Limited, the par value of which are denominated in Renminbi (RMB), and are subscribed for and traded in Hong Kong dollars. H Shares can also be listed on a stock exchange in the United States of America in the form of American depositary receipts.

Article 15 Upon the approval by the relevant legal regulations of the State to examine and approve companies, the total number of issuable ordinary shares of the Company upon its incorporation is 2,183,760,000 domestic shares of RMB1.00 each. All shares were subscribed by the promoters; in which 2,091,260,000 shares were subscribed by Hunan Nonferrous Metals Corporation Limited representing 95.76% of the total number of issuable ordinary shares of the Company upon its incorporation; 60,000,000 shares were subscribed by Shenzhen City Bangxin Investment Development Company, Limited representing 2.75% of the total number of issuable ordinary shares of the Company upon its incorporation; 30,000,000 shares were subscribed by Zijin Mining Group Company, Limited representing 1.37% of the total number of issuable ordinary shares of the Company upon its incorporation; 1,500,000 shares were subscribed by Hunan Valin Steel and Iron Group Company, Limited representing 0.07% of the total number of issuable ordinary shares of the Company upon its incorporation; and 1,000,000 shares were subscribed by Powerise Information Technology Company, Limited representing 0.05% of the total number of issuable ordinary shares of the Company upon its incorporation.

Article 16 Upon approval of the authorities that are authorized by the State Council, the Company may issue additional shares of overseas listed foreign shares. And in accordance with the State's provisions of reduction of shareholding, domestic shareholders of the Company at the time of the issue of overseas-listed foreign shares sell 107,560,000 shares of domestic shares to foreign investors, and depending on the market conditions, the issue of over allotment shall maximum up to 15% of the overseas-listed foreign shares. Should the right of over-allotment is exercised, the domestic shareholders of the Company shall accord to the provisions of the reduction of shareholding to reduce its shareholding and sell maximum up to 123,690,000 shares of domestic shares.

Upon completion of the issue of the aforesaid overseas-listed foreign shares, and the right of over-allotment option not exercised, the Company's share capital structure is: 3,259,340,000 ordinary shares, of which, 1,986,770,000 ordinary shares are held by Hunan Nonferrous Metals Corporation Limited, 57,000,000 ordinary shares are held by Shenzhen City Bangxin Investment Development Company, Limited, 30,000,000 ordinary shares are held by Zijin Mining Group Company, Limited, 1,430,000 ordinary shares are held by Hunan Valin Steel and Iron Group Company, 1,000,000 ordinary shares are held by Powerise Information Technology Company, and 1,183,140,000 ordinary shares are held by holders of overseas-listed foreign shares, representing 36.30% of the Company's total ordinary shares in issue.

Should the right of over-allotment option is fully exercised, the Company's share capital structure is: 3,420,680,000 ordinary shares, of which, 1,971,100,000 ordinary shares are held by Hunan Nonferrous Metals Corporation Limited, 56,550,000 ordinary shares are held by Shenzhen City Bangxin Investment Development Company, Limited, 30,000,000 ordinary shares are held by Zijin Mining Group Company, Limited, 1,410,000 ordinary shares are held by Hunan Valin Steel and Iron Group Company, 1,000,000 ordinary shares are held by Powerise Information Technology Company, and 1,360,610,000 ordinary shares are held by holders of overseas-listed foreign shares, representing 38.78% of the Company's total ordinary shares in issue.

The holders of the domestic shares of the Company and holders of overseas-listed foreign shares of the Company are holders shall be deemed as different classes of shareholders.

The domestic shares held shall not be transferred within one (1) year from the date the H Shares of the Company being listed and traded on Hong Kong Stock Exchange. Upon approval by the State Council or regulatory authority authorized by the State Council, as well as on condition of meeting the requirements of Hong Kong Stock Exchange, domestic shares may be converted into H Shares.

Article 17 Upon approval of the plan of issuing overseas-listed foreign shares and domestic shares of the Company by the securities regulatory authority under the State Council, the Board of the Company may make the share issue arrangements.

As to the plan of the respective issue of overseas-listed foreign shares and domestic shares in accordance with the provisions of the preceding article, the Board of the Company may proceed with the issue of the respective overseas-listed foreign shares and domestic shares within 15 months after it is approved by the securities regulatory authority under the State Council.

Article 18 Where the Company issues overseas-listed foreign shares and domestic shares respectively within the total number of shares as stated in the issuance proposal, the respective shares shall be subscribed for in full at one time. If the requirement of subscription in full at one time cannot be met under special circumstances, such issue may be in several tranches subject to the approval by the securities regulatory authority under the State Council.

Article 19 The Company's registered capital is RMB3,668,058,000. (the capital increase of the Company by the issue of domestic RMB ordinary shares, the issue of overseas-listed shares or exercising the over-allotment option, the registered capital of the Company shall be adjusted accordingly, and shall, in accordance with the provisions of the law and administrative regulations of the State, report to the relevant authorities for filing.

Article 20 The Company may, based on its operational and development needs and in accordance with the relevant provisions of the Articles of Association, approve an increase of capital.

The Company may increase its capital in the following manners:

- (1) by offering new shares for subscription by unspecified investors;
- (2) by placing new shares to its existing shareholders;
- (3) by allotting bonus shares to its existing shareholders; or
- (4) by any other means which is permitted by laws and administrative regulations.

The Company's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of the Company's Articles of Association, be conducted in accordance with the

procedures stipulated by relevant laws and administrative regulations of the State.

The increase or reduction of the capital shall be registered in the Administration for Industry and Commerce and published on announcement.

Article 21 Unless otherwise provided by laws and administrative regulations, shares of the Company are freely transferable and are not subject to any lien.

Directors, supervisors, general manager and other senior officers who are shareholders of the Company shall, during their term of office, report regularly to the Company their shareholding. Their shareholding shall be managed and disclosed in accordance with the rules of the stock exchange of the Company's listed shares and the relevant laws of the jurisdictions where the Company is listed.

The aforementioned person shall not transfer their shares of the Company during their term of office, except as demanded by a court order.

Domestic shares and overseas-listed foreign shares of the Company can be can be traded, transferred, given by way of gift, inherited and mortgaged in accordance with the provisions of the relevant laws of PRC and these Articles of Association. The transfer and transmission of the shares should be registered in the share registration organ entrusted by the Company.

Article 22 Upon transfer of the Company's shares, the transferees of the shares will become the holders of such shares with their names being entered in the register of shareholders.

Article 23 All issues and transfers of overseas-listed foreign shares of the Company shall be registered in the register of holders of overseas-listed foreign shares kept in Hong Kong in accordance with Article 39.

The Company shall ensure that all overseas-listed foreign shares carry the following representations, and instruct and cause the registry of the Company to refuse to register any person as shareholder of any shares of the Company subscribed, purchased or transferred unless and until the person has produced to the registry a share certificate carrying the following representations and has signed proper forms:

- (1) The purchaser agrees with the Company and each shareholder, and the Company agrees with each shareholder, to observe and comply with the Company Law and other relevant laws, administrative regulations as well as the Articles of Association;
- (2) The purchaser with the Company, each shareholder, Director, supervisor and management of the Company, and the Company on behalf of itself and each Director, supervisor and management, agrees with each shareholder, to refer to arbitration all the disputes and claims concerning the Articles of Association or any rights or obligations provided for in the Company law and other relevant laws and administrative regulations, and to authorize the arbitration to be exposed to public hearing and the result of the arbitration to be publicly announced;

- (3) The purchaser and the Company and the shareholders of the Company have agreed that shares of the Company can be transferred freely by shareholders;
- (4) The purchaser authorizes the Company to represent him/her to enter into an agreement with the Directors and management of the Company whereby the Directors and management promise to bear and comply with their duties to shareholders provided for in the Articles of Association.

Article 24 the Company may cease sending dividend warrants by post, if:

- (1) such warrants have been left uncashed, and the Company may exercise the right should such on two consecutive occasions; or
- (2) the first occasion on which such warrants are returned undelivered.

The Company shall not sell the shares of a member who is untraceable and keep the proceeds unless such sales fulfills the following conditions:

- (1) during a period of twelve (12) years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and
- (2) on expiry of the twelve (12) years the Company gives notice upon approval of CSRC of its intention to sell the shares by way of an advertisement published in the newspapers and notifies Hong Kong stock exchange of such intention.

CHAPTER 4 REDUCTION OF CAPITAL AND REPURCHASE OF SHARES

Article 25 In accordance with the provisions of the Articles of Association, the Company may reduce its registered capital.

Article 26 The Company must prepare a balance sheet and list of assets for reduction of registered capital.

The Company shall notify its creditors within ten (10) days from the date of the Company's resolution on reduction of registered capital and shall publish an announcement at least three (3) times in the newspapers designated by <http://www.cninfo.com.cn> Hong Kong Stock Exchange. A creditor has the right, within thirty (30) days of receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within ninety (90) days from the date of the first announcement, to require the Company to repay its debt or provide a corresponding guarantee for such debt.

The registered share capital of the Company following the reduction of capital shall not fall below the minimum statutory requirement.

Article 27 The Company may, in accordance with the procedures set out in the Articles of Association and with the approval of the relevant governing authority of the State, repurchase its outstanding shares under the following circumstances:

- (1) cancellation of shares for the purposes of reducing its capital;
- (2) merging with another company that holds shares in the Company;
- (3) other circumstances as permitted by laws and administrative regulations.

Article 28 The Company may, with the approval of the relevant governing authority of the State for repurchasing its shares, conduct the repurchase in one of the following manners:

- (1) to make a pro rata general offer of repurchase to all of its shareholders;
- (2) to repurchase shares through public trading on a stock exchange;
- (3) to repurchase through an off-market agreement.

Article 29 Where the Company repurchases its shares through an off-market agreement, it shall seek prior approval of the shareholders at general meeting in accordance with the Articles of Association. The Company may release or vary a contract so entered into by the Company or waive its rights thereunder with prior approval by shareholders at general meeting obtained in the same manner.

The contract to repurchase shares as referred to in the preceding paragraph includes, but not limited to, an agreement to become obliged to repurchase or to acquire the right to repurchase shares.

The Company shall not assign a contract for repurchasing its shares or any of its right thereunder.

Where the Company has the power to purchase for redemption a redeemable share, purchases not made through the market or by offer shall be limited to a maximum price; if purchases are by offer, the offer shall be made available to all shareholders alike.

Article 30 After the Company repurchased its shares pursuant to the laws, it should cancel such part of the shares within the term specified by the laws and administrative rules and applied to the former Administration for Industry and Commerce for registration of alteration of the registered capital.

The amount of the Company's registered share capital shall be reduced by the aggregate par value of those cancelled shares.

Article 31 Unless the Company is in the course of liquidation, it must comply with the following provisions in respect of repurchase of its outstanding shares:

- (1) where the Company repurchases its shares at par value, payment shall be made out of book balance of the distributable profits of the Company or out of proceeds of a fresh issue of

shares made for that purpose;

- (2) where the Company repurchases its shares at a premium to their par value, payment representing the par value shall be made out of the book balance of distributable profits of the Company 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:
 1. if the shares being repurchased were issued at par value, payment shall be made out of the book balance of the distributable profits of the Company;
 2. if the shares repurchased were issued at a premium to their par value, payment shall be made out of the book balance of the distributable profits of the Company or out of the proceeds 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 the Company on the issue of the shares repurchased nor the amount of the Company's share premium account (or capital reserve account) (including the premiums on the fresh issue) at the time of such repurchase;
- (3) payment by the Company in consideration of the following shall be made out of the Company's distributable profits:
 1. acquisition of rights to repurchase shares of the Company;
 2. variation of any contract for repurchasing shares of the Company;
 3. release of any of the Company's obligation under any contract for repurchasing its shares;
- (4) after the Company's registered share capital has been reduced by the total par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value portion of the shares repurchased shall be transferred to the Company's capital reserve account.

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

Article 32 The Company and its subsidiaries shall not, by any means at any time, provide any kind of financial assistance to a person who is acquiring or is proposing to acquire shares of the Company. The said acquirer of shares of the Company includes a person who directly or indirectly assumes any obligations due to the acquisition of shares of the Company.

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

This provision shall not apply to the circumstances stated in Article 36.

Article 33 The financial assistance referred to in this Chapter includes (but not limited to) the following means:

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

The expression "assuming an obligation" referred to in this Chapter includes the assumption 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.

Article 34 The following activities shall not be deemed to be activities as prohibited in Article 32:

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

the assets are reduced, the financial assistance is provided out of the distributable profits of the Company).

CHAPTER 6 SHARE CERTIFICATES AND REGISTER OF MEMBERS

Article 35 The Company's share certificates shall be in registered form.

The items specified on the share certificate of the Company shall, in addition to those provided in the Company Law, contain other items required to be specified by the stock exchange(s) on which the shares of the Company are listed.

The share certificates of the Company can be transferred, given by way of gift, inherited and mortgaged in accordance with the provisions of the relevant laws, administrative rules and these Articles of Association. The transfer and transmission of the shares should be registered in the share registration organ entrusted by the Company.

Article 36 The share certificates shall be signed by the chairman. Where the stock exchange on which the shares of the Company are listed requires the share certificates to be signed by the Company's manager or other senior management, the share certificates shall also be signed by such manager or other senior management. The share certificates shall take effect after being affixed with the seal of the Company or the securities seal of the Company. The share certificates shall only be affixed with the Company's seal under the authorization of the Board. The signatures of the legal representative of the Company or other relevant senior management on the share certificates may also be in printed form.

Article 37 The Company shall establish the register of shareholders and shall contain the following particulars:

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

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

Article 38 The Company may keep the register of holders of the overseas-listed foreign shares overseas in accordance with the understanding and agreement between the organ under the State Council in charge of securities and the overseas securities regulatory authority and appoint

an overseas agent for management. The original of the register of holders of the overseas listed foreign shares listed in Hong Kong should be kept in Hong Kong.

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

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

Article 39 The Company shall keep a complete register of members.

The register of members shall include the following:

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

Article 40 Different parts of the register of shareholders shall not overlap one another. No transfer of the shares registered in any part of the register shall, during the existence of that registration, be registered in any other part of the register of shareholders.

Alternation or rectification of each part of the register of members shall be made in accordance with the laws of the place where that part of the register of members is maintained.

Article 41 All overseas-listed foreign shares shall be transferred by an instrument in writing in any usual or common form or any other form which the Board may approve. The instrument of transfer of any share may be executed without seal either by hand or in mechanically-printed form. If the shareholder is a recognized clearing house or an appointer on his behalf as defined in the law of Hong Kong (hereinafter referred to as the "Recognized Clearing House"), the instrument of transfer may be executed in mechanically-printed form.

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

- (1) A fee of HK\$2.5 per instrument of transfer or such higher amount as agreed from time to time by the Hong Kong Listing Rules has been paid to the Company for registration of transfer and

other documents relating or which will affect the right of ownership of the shares;

- (2) the instrument of transfer involves only the overseas-listed foreign shares listed on the Main Board of the Hong Kong Stock Exchange;
- (3) the stamp duty payable on the instrument of transfer has been paid;
- (4) the relevant share certificates and evidence reasonably required by the Board showing that the transferor has the right to transfer such shares have been provided;
- (5) if the shares are to be transferred to joint holders, the number of such joint holders shall not exceed four (4);and
- (6) the Company does not have any lien over the relevant shares.

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

Article 42 Transfers may not be entered in the register of members within thirty (30) days prior to the date of a shareholders' general meeting or within five (5) days before the record date set by the Company for the purpose of distribution of dividends.

Article 43 When the Company intends to convene a shareholders' general meeting, distribute dividends, liquidate and engage in other activities that involve determination of shareholdings, the Board shall decide on a date as the record date for the determination of rights attaching to shares in the Company. Shareholders whose names appear in the register of members at the end of the record date are considered shareholders of the Company.

Article 44 Any person who objects to the register of members and requests to have his name entered in or removed from the register of members may apply to a court of competent jurisdiction for rectification of the register.

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

Article 45 Any shareholder who is registered in, or any person who requests to have his name entered in, the register of shareholders may (if his share certificates (the "original certificates") are lost) apply to the Company for a replacement share certificate in respect of such shares (the "relevant shares").

If a holder of the domestic shares loses his share certificates and applies for their replacement, it shall be dealt with in accordance with the provisions of Article 150 of the Company Law.

If a holder of overseas-listed foreign shares loses his share certificates and applies for their

replacements, it may be dealt with in accordance with the relevant laws, the rules of the stock exchange and other relevant regulations of the place where the original register of holders of overseas-listed foreign shares is maintained.

The issue of replacement share certificates to holders of overseas-listed foreign shares shall comply with the following requirements:

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

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

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

such expenses.

Article 46 Where the Company issues a replacement certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforementioned new share certificate or a shareholder who thereafter registers as the owner of such shares (in the case that he is a bona fide purchaser) shall not be removed from the register of shareholders.

Article 47 The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original certificate or the issuance of the replacement certificate, unless the claimant proves that the Company had acted fraudulently.

The joint holders of any shares shall jointly or severally assume the liability to pay for all amounts payable for the relevant shares.

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

CHAPTER 7 SHAREHOLDERS' RIGHTS AND OBLIGATIONS

Article 48 A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is entered in the register of members.

A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and number of shares he holds. Shareholders holding the same class of shares shall be entitled to the same rights and assume the same obligations.

Where a legal person is a shareholder of the Company, his right shall be exercisable by a legal representative or a proxy of such legal representative or (if the shareholder is a recognised clearing house as defined by the provisions of the law of Hong Kong formulated from time to time (hereinafter referred to as the "Recognised Clearing House") or other persons designated by him) a representative of the Recognised Clearing House or an appointer on his behalf.

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

Article 49 e ordinary shareholders of the Company shall be entitled to the following rights:

- (1) the right to dividends and other forms of distribution in proportion to the number of shares held;
- (2) the right to attend or appoint a proxy to attend shareholders' general meetings and to exercise the corresponding voting right thereat in accordance with laws;
- (3) the right to supervise and manage the business activities of the Company and to put forward proposals and raise inquiries;
- (4) the right to transfer, donate, or pledge shares held by them in accordance with the laws, administrative regulations and provisions of the Articles of Association;
- (5) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:
 1. to obtain a copy of the Articles of Association, subject to payment of the cost of such copy;
 2. to inspect and copy, subject to payment of a reasonable charge:
 - (i) all parts of the register of shareholders;
 - (ii) personal particulars of each of the Company's Directors, supervisors, general manager and other senior management including:
 - (a) present name and alias and any former name and alias;
 - (b) principal address (domicile);
 - (c) nationality;
 - (d) primary and all other part-time occupations;
 - (e) identification document and its number;
 - (iii) report on the state of the Company's share capital;
 - (iv) reports showing the aggregate par value, quantity, maximum and minimum price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount incurred by the Company for this purpose;
 - (v) minutes of shareholders' general meetings;
- (6) in the event of the termination or liquidation of the Company, to participate in the distribution

of remaining assets of the Company in accordance with the number of shares held;

(7) other rights conferred by laws, administrative regulations and the Articles of Association.

The Company shall not freeze or otherwise impair any right of any persons for reason that the person fails to disclose that he directly or indirectly enjoys rights attached to the shares of the Company.

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

- (1) To abide by the Articles of Association.
- (2) To pay subscription monies according to the number of shares subscribed and the method of subscription.
- (3) other obligations imposed by the laws, administrative regulations and the Articles of Association.

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

Article 51 In addition to obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchange on which shares of the Company are listed, a controlling shareholder shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of all or some of the shareholders of the Company:

- (1) to relieve a Director or supervisor of his duty to act honestly in the best interests of the 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 the Company's assets, including (without limitation) opportunities beneficial to the Company;
- (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 (without limitation) rights to distributions and voting rights save for a restructuring of the Company submitted to the general meeting of shareholders for approval in accordance with the Articles of Association.

Article 52 The term "controlling shareholder" referred to in the preceding articles of association means a person who satisfies any one of the following conditions:

- (1) a person who, acting alone or in concert with others, has the power to elect more than half of the Board members;
- (2) a person who, acting alone or in concert with others, has the power to exercise or to control

the exercise of 30% (inclusive) or more of the voting rights in the Company;

- (3) a person who, acting alone or in concert with others, holds 30% (inclusive) or more of the issued and outstanding shares of the Company;
- (4) a person who, acting alone or in concert with others, has de facto control of the Company in any other way.

CHAPTER 8 SHAREHOLDERS' GENERAL MEETINGS

Article 53 The shareholders' general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with the law.

Article 54 The shareholders' general meeting may exercise the following functions and powers:

- (1) to decide on the operating policies and investment plans of the Company;
- (2) to elect and replace Directors who are not representatives of the staff and decide on matters relating to the remuneration of Directors;
- (3) to elect and replace the supervisors who are not representatives of the staff and decide on matters relating to the remuneration of supervisors;
- (4) to examine and approve reports of the Board;
- (5) to examine and approve reports of the Supervisory Committee;
- (6) to examine and approve the Company's proposed annual preliminary and final financial budgets;
- (7) to examine and approve the Company's profit distribution plans and plans for making up losses;
- (8) to decide on increases or reductions in the Company's registered capital;
- (9) to decide on matters such as merger, division, change the form of Company, dissolution and liquidation of the Company;
- (10) to decide on the issue of bonds by the Company;
- (11) to adopt resolutions on the Company's appointments, dismissals or non-reappointments of accounting firms;
- (12) to amend the Articles of Association;

- (13) to examine the proposals submitted by supervisory committee of the Company or shareholders holding not less than 5% (inclusive) of the Company's voting shares;
- (14) to examine matters relating to major acquisition or disposals proposals of the Company (acquisition or disposal of asset (including interest) exceeds 15% of the Company's net assets as set out in the latest balance sheet considered by the shareholders' general meeting);
- (15) to examine other matters required by laws, administrative regulations, departmental rules and the Articles of Association to be resolved by general meeting of shareholders.

Article 55 Without approval by the shareholders' general meeting in special resolution, the Company shall not conclude a contract with other people than the directors, supervisors, president and other senior management officers or delegating management of all or the Company's important operation to such people.

Article 56 General meetings of shareholders shall be annual general meetings of shareholders and extraordinary general meetings of shareholders. A general meeting of shareholders shall be convened by the Board. The annual general meeting of shareholders shall be held once every year within six months after the end of the previous accounting year.

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

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

The amount of shareholdings referred to the preceding item (3) above shall be calculated as at the date of request made.

Article 57 When the Company convenes a shareholders' general meeting, it shall issue a written notice and make announcement forty-five (45) days prior to the meeting informing all the registered shareholders of the matters to be examined at the meeting as well as the date and place of the meeting. Shareholders that intend to attend the shareholders' general meeting shall, within twenty (20) days prior to the meeting, deliver a written reply to the Company on meeting attendance.

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

For the purpose of the notice to be issued under this article, the issuance date thereof shall be the date on which the Company or the share registrars appointed by the Company has delivered the notice to the postal office for posting.

Article 58 In the annual general meeting of shareholders of the Company, shareholders holding more than five percent (inclusive) of the total voting shares of the Company, are entitled to propose new resolutions in written form. The Company shall include those matters which are within the scope of duties of the shareholders' general meeting into the agenda. The new resolutions shall be submitted to the Company within thirty (30) days before the notice of aforesaid meeting.

The motion of shareholders shall satisfy the following conditions:

- (1) The content thereof shall not contravene the laws, regulations and rules, and shall fall into the scope of business of the Company and the scope of responsibilities of the shareholders' general meeting;
- (2) The proposal shall have a clear subject for discussion and specific issues for resolution; and
- (3) The proposal shall be submitted or delivered to the board of directors in written form.

Article 59 The Company 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 not less than one half of the Company's total voting shares, the Company may hold the meeting. If not, the Company shall within five (5) days notify the shareholders again by public notice of the matters to be considered, the place and the date of the meeting. The Company may then hold the meeting after such publication of such notice.

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

Article 60 A notice of the general meeting shall meet the following requirements:

- (1) be in writing;
- (2) specify the place, date and time of the meeting;
- (3) state the matters to be discussed at the meeting;
- (4) specify the date of registration of equity entitlements for shareholders entitled to attend shareholders' general meeting

- (5) provide such information and explanation as are necessary for the shareholders to make an informed decision on the proposals put before them. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to repurchase the shares of the Company, to reorganize its share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed contract, if any, and the cause and effect of such proposal must be properly explained;
- (6) contain a disclosure of the nature and extent, if any, of the material interests of any Director, supervisor, general manager and other senior management 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 shareholders of the same class;
- (7) contain the full text of any special resolution to be proposed at the meeting;
- (8) contain a conspicuous 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 a proxy need not be a shareholder;
- (9) specify the time and place for lodging proxy forms for the relevant meeting.
- (10) the names and contact telephone numbers of the contact persons in connection with the meeting;

Article 61 The Company shall deliver shareholder; notice of shareholders' general meetings shall be served on each shareholder (whether or not such shareholder is entitled to vote at the meeting), by personal delivery or prepaid airmail to the address of the shareholder as shown in the register of shareholders. For the holders of domestic shares, notice of the meetings may be issued by way of public announcement.

The public announcement referred to in the preceding paragraph shall be published in one (1) or more national newspapers designated by CSRC within the interval of forty-five (45) days to fifty (50) days before the date of the meeting. After the publication of such announcement, the holders of domestic shares shall be deemed to have received the notice of the relevant shareholders' general meeting.

Article 62 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions passed at the meeting.

Article 63 Any shareholder entitled to attend and vote at the general meeting shall have the right to appoint one (1) or several persons (who may not be shareholders) to act as his proxy to attend, speak and vote at the meeting on his behalf. The proxy so appointed by the shareholder may, pursuant to the instructions of the shareholder, exercise the following rights:

- (1) the right of the shareholder to speak at the meeting;
- (2) the right of the shareholder to demand or join in demanding a poll; and
- (3) 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.

Article 64 The instrument appointing a proxy must be in writing under the hand of the shareholder or his attorney duly authorized in writing; for a corporate shareholder, the proxy must be affixed with the common seal or signed by its director or attorney or officer duly authorized in writing. Such letter of attorney shall state the number of shares represented by the proxy. If several proxies are appointed, such letter of attorney shall clearly indicate the number of shares represented by each proxy.

Article 65 Proxy forms shall be lodged at the domicile of the Company or other places specified in the notice of meeting 24 hours before the relevant meeting for voting according to the proxy form, or 24 hours before the designated time of voting. Where the proxy form is signed by a person under a power of attorney on behalf of the appointer, the power of attorney or other authorization documents authorized to be signed shall be notarized. A notarially certified copy of that power of attorney or other authorization documents, together with the proxy form, shall be deposited at the domicile of the Company or other places specified in the notice of meeting.

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

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

Article 66 Any form issued to a shareholder by the Board for use by him for appointing a proxy shall allow the shareholder to freely instruct the proxy to cast vote in favour of or against each resolution dealing with the businesses to be transacted at the meeting. Such letter of authorization shall contain a statement that in the absence of instructions by the shareholder, his proxy may vote as he thinks fit.

Article 67 Where the appointer has deceased, incapacitated to act, withdrawn the appointment or the power of attorney, or where the relevant shares have been transferred prior to the voting, a vote given in accordance with the letter of authorization shall remain valid provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting.

Article 68 There shall be two types of resolutions of shareholders' general meetings, namely

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 favour of the resolution in order for it to be passed.

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

Article 69 A shareholder (including his 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, under any applicable laws and regulations and the listing rules of the place of listing of the Company's shares, required to abstain from voting on a particular resolution or restricted to vote only in favour of or against any particular resolution, any votes cast by such shareholder (of his proxy) in contravention of such requirement or restriction shall not be counted.

Article 70 At any shareholders' general meeting, a resolution shall be decided on a show of hands unless a poll is demanded by the following persons before or after deciding on a show of hands:

- (1) The chairman of the meeting;
- (2) At least two shareholders entitled to vote or their proxies; or
- (3) One or more shareholders (including proxies) individually or jointly holding more than 10% (inclusive) of the voting shares represented by all shareholders present at the meeting.

Unless a poll is demanded, a declaration by the chairman of the meeting that a resolution has on a show of hands been carried, 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 at that meeting.

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

Article 71 A poll demanded on such matters as the election of chairman or the adjournment of the meeting, shall be taken forthwith. A poll demanded on any other matters shall be taken at such time as the chairman may decide, and the meeting may proceed to discuss other matters, while the results of the poll shall still be deemed to be a resolution of that meeting.

Article 72 On a poll taken at a meeting, a shareholder (including proxy) entitled to two or more votes need not cast all his votes in the same way.

Article 73 During the election of directors, supervisors in the shareholders' general meeting, if

there are more than two candidates, each share held by a shareholder (including its proxy(ies)) shall have the same voting rights as the number of candidates to be elected. He may cast all his votes on one single candidate or spread his votes on different candidates, but have to make explanations on the distribution of voting rights.

Article 74 When the number of votes for and against a resolution is equal, whether the vote is taken by show of hands or by ballot, the chairman of the meeting shall be entitled to one additional vote.

Article 75 The following resolutions shall be adopted as ordinary resolutions at a general meeting:

- (1) working reports of the Board and the Supervisory Committee;
- (2) profit distribution proposals and plans for making up losses formulated by the Board;
- (3) the appointment and removal of members of the Board and their remuneration and payment methods;
- (4) annual financial budgets, final accounts, balance sheets and profit and loss accounts and other financial statements of the Company; and
- (5) annual report of the Company;(65) other matters unless otherwise required to be adopted as special resolutions in accordance with the applicable laws and administrative regulations, and departmental rules or required by the stock exchanges on which the Company's shares are listed and the Articles of Association.

Article 76 The following resolutions shall be adopted as special resolutions at a general meeting:

- (1) increase or reduction of registered capital and issuance of shares of any class, warrants and other similar securities of the Company;
- (2) repurchase of the shares of the Company;
- (3) issuance of debentures of the Company;
- (4) division, merger, dissolution and liquidation or change in corporate form of the Company, as well as major acquisition or disposal;
- (5) amendments to the Articles of Association; and
- (6) considered by the shareholders' general meeting, by way of an ordinary resolution, to have a substantial impact on the Company and to require approval by a special resolution;

required by the stock exchanges on which the Company's shares are listed

Article 77 Shareholders who request for the convening of an extraordinary general meeting or a class meeting shall comply with the following procedures:

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

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

(inclusive) or more of the shares carrying the right to vote at the meeting can request the Board to convene a class meeting by signing one or several copies of written request(s) in the same form and content, and stating the motions and resolutions proposed. The Board shall reply in written form regarding the acceptance or refusal to convene an extraordinary general meeting within ten (10) days upon receiving the request have the right to propose the Board to convene extraordinary general meetings. The Board shall reply in written form regarding the acceptance or refusal to convene an extraordinary general meeting within ten (10) days upon receiving the request in accordance with the requirements of the laws, administrative regulations, rules and the Articles of Association.(2) If the Board agrees to convene extraordinary general meeting, notice convening the meeting shall be issued within five (5) days after the Board resolved to do so. If the Board does not agree to convene extraordinary general meeting, reasons shall be explained and announced in writing. If the Board does not agree to convene the extraordinary general meeting requested by Independent Director to convene, reasons shall be explained and announced. If the Board does not agree to convene the extraordinary general meeting or does not reply within ten (10) days upon receiving the request, the Board will be considered as unable or refused to fulfill the obligation to convene general meetings and the Supervisory Committee may convene and preside over the meeting on its own, and the procedures for convening such meeting shall follow the procedures of the shareholders' general meeting convened by the Board as much as possible. If the Board does not agree to convene an extraordinary general meeting, shareholders have the right to request the Supervisory Committee to convene the extraordinary general meeting or class meeting in writing. If the Supervisory Committee agrees to convene the extraordinary general meeting, notice convening the extraordinary general meeting or class meeting shall be issued within five (5) days upon receiving the request. Should there be amendments to the original requests in the notice, consent has to be obtained from the related shareholders. If the Supervisory Committee does not issue notice of the general meeting within the required period, it will be considered as not going to convene

and preside over the general meeting, and shareholders individually or jointly holding over 10% of the shares of the Company for 90 consecutive days have the right to convene and preside over the meeting on their own (The procedures for convening such meeting shall follow the procedures of the shareholders' general meeting convened by the Board as much as possible.

Article 78 Shareholders' general meetings shall be convened and presided over by the Chairman of the Board as the chairman of the meeting and in the failure of which, the Vice Chairman shall convene and preside over the meeting. In the event that both the chairman and vice chairman fail to attend the meeting, one Director shall be elected by the Board to convene and reside over the meeting on its behalf. In the event that no such designation is made, one shareholder as elected from the attending shareholders may preside over the meeting. If, for any reason, the attending shareholders fail to elect one to be the Chairman, the attending shareholder (or his proxy) who holds the most voting shares shall be the Chairman.

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

Article 79 The chairman of the meeting shall determine whether or not a resolution of the shareholders' general meeting shall be adopted. His decision shall be final and conclusive and shall be announced at the meeting and recorded in the minutes..

Article 80 In the event that the chairman of the meeting has any doubt as to the result of a resolution put forward to the vote, he may have the votes counted. In the event that the chairman of the meeting fails to have the votes counted, any shareholder present in person or by proxy objects to the result announced by the chairman of the meeting may demand that the votes be counted immediately after the declaration of the voting result, the chairman of the meeting shall have the votes counted immediately.

Article 81 In the event that the votes are counted at the shareholders' general meeting, the counting results shall be recorded in the minutes of the meeting.

The minutes of the meeting together with the attendance book for shareholders' signing and the proxy forms for proxies attending the meeting shall be kept at the domicile of the Company. The aforesaid minutes of the meeting, attendance book and proxy forms shall not be destroyed in period of ten (10) years.

The convener shall ensure the truthfulness, accuracy and completeness of the meeting minutes. Directors, Supervisors, the secretary to the Board, the convener or his representative and the chairman of the meeting who attend the meeting shall sign on the meeting minutes. The minutes shall be kept

together with the signature book of shareholders attending the meeting, the authorization letter of proxies as well as all valid materials of voting for no less than ten (10) years.

Article 82 Copies of the minutes of the meeting shall be available for inspection during business hours of the Company by any shareholder free of charge. If a shareholder demands from the Company a copy of such minutes, the Company shall send a copy to him within seven (7) days after receipt of reasonable charges.

CHAPTER 9 SPECIAL PROCEDURES FOR VOTING BY A CLASS OF SHAREHOLDERS

Article 83 Shareholders holding different classes of shares shall be class shareholders.

Class shareholders shall be entitled to the rights and assume obligations pursuant to the provisions of the laws, administrative regulations and the Articles of Association.

Article 84 Any variation or abrogation of the rights of any class of shareholders proposed by the Company may only come into effect upon the adoption of a special resolution at a shareholders' general meeting and approval by the affected shareholders of that class at a separate meeting held in accordance with Articles 86 to 90 of these Articles of Association.

Article 85 The following circumstances shall be deemed to be a variation or abrogation of the rights of shareholders of a certain class:

- (1) to increase or decrease the number of shares of a particular class, or increase or decrease the number of shares of another class having rights on voting, distribution or other privileges equal or superior to those of the shares of such class;
- (2) to effect an exchange of all or part of shares of such class into shares of other classes, or to effect an exchange or grant a right of exchange of all or part of the shares of other classes into shares of such class;
- (3) to remove or reduce rights to accrued dividends or cumulative dividends attached to shares of such class;
- (4) to reduce or remove the rights to a dividend preference or a liquidation preference to distribution of property attached to shares of such class;
- (5) to add, remove or reduce the rights to conversion, options, voting, transfer, pre-emptive rights to placement and acquire securities of the Company attached to shares of such class;
- (6) to remove or reduce rights to receive payment payable by the Company in particular currencies attached to shares of such class;
- (7) to create a new class of shares having rights on voting, distribution or other privileges equal or

superior to those of the shares of such class;

- (8) to restrict the transfer or ownership of the shares of such class or increase such restrictions;
- (9) to issue subscription rights or share conversion rights for shares of such class or other classes;
- (10) to increase the rights and privileges of shares of other classes;
- (11) to restructure the Company where the proposed restructuring scheme will result in different classes of shareholders bearing a disproportionate burden of obligations of such restructuring;
- (12) to vary or abrogate the terms provided in this chapter.

Article 86 Shareholders of the affected class, whether or not having the right to vote at the shareholders' general meeting, shall nevertheless have the right to vote at class meetings on matters referred to in Clause (2) to (8) and (11) to (12) of the previous Article, but interested shareholders shall not be entitled to vote at class meetings.

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

- (1) in the case of a repurchase of its own shares by the Company by making offers to all shareholders on the same pro rata basis or through public dealing on a stock exchange in accordance with Article 28 of the Articles of Association, "interested shareholders" shall refer to the controlling shareholders as defined in Article 52 of the Articles of Association;
- (2) in the case of a repurchase of its own shares by the Company through an off-market agreement in accordance with the provisions of Article 28 of the Articles of Association, "interested shareholders" shall refer to the shareholders to which the proposed agreement relates;
- (3) in the case of a restructuring of the Company, "interested shareholder" shall refer to a shareholder within a class who bears liabilities less than the proportionate burden imposed on other shareholders of that class or who has interests different from those held by shareholders of the same class.

Article 87 A resolution of the class meeting shall be passed in accordance with Article 86 of the Articles of Association by shareholders present in the meeting representing not less than two-thirds of voting rights.

Article 88 Written notice of a class meeting convened by the Company shall be dispatched forty-five (45) days prior to the date of the class meeting to all shareholders of such class whose names appear on the register of members, specifying the matters to be considered and the date and place of the meeting. Shareholders who intend to attend the meeting shall serve on the Company written replies of their intention to attend twenty (20) days prior to the date of the meeting.

If the number of voting shares at such meeting held by shareholders who intend to attend such meeting reaches more than one-half of the total number of voting shares at such meeting, the Company may hold such class meeting; if this cannot be attained, the Company shall further notify the shareholders by way of announcement within five (5) days thereof specifying the matters to be considered and the date and place of the meeting. After such announcement has been given, the Company may then hold the class meeting. Such public announcement shall be published in newspaper.

Article 89 Notices of the class meeting only need to be served on shareholders entitled to vote thereat.

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

Article 90 Save for holders of shares of other classes, the holders of domestic shares and holders of overseas-listed foreign shares are deemed to be different classes of shareholders.

The special procedures for voting by class shareholders shall not apply in the following circumstances:(1) any proposed issuance of domestic shares and foreign shares listed overseas by the Company in every twelve (12) months, whether separately or together, if such proposed issuance of domestic shares and foreign shares listed overseas are approved by the shareholders in a general meeting by way of special resolution, and the domestic shares and foreign shares listed overseas proposed to be issued by the Company not exceeding 20% of the shares of such class in issue;(2) where the Company's plan to issue domestic shares and foreign shares listed overseas at the time of its establishment is carried out within fifteen (15) months from the date of approval of the securities governing authority of the State Council.

CHAPTER 10 BOARD OF DIRECTORS

Article 91 The Company shall have a Board, which shall comprise nine (9) Directors, with one chairman and one Vice-chairman. And external directors (refer to directors who do not hold an office in the Company) shall represent one-half (inclusive) or more of members of the Board and there shall be three (3) independent directors.

Directors shall be elected by a shareholders' general meeting with a term of office of three years. A director may be re-elected upon expiration of the term. The term of office of a director commences from the date of election.

Article 92 Upon maturity of the current term of office of director or the presence of any vacancies due to various reasons, the Board of Directors shall put forward the nomination of director candidates to the shareholders' general meeting. The formulation of the director candidates shall be set out by the Board. The candidates' curriculum vitae and basic information should be disclosed to shareholders when the notice of shareholders' general meeting is delivered.

In case of a vacancy of director, the Board of Directors may appoint the relevant individual to be

the Director of the Company and passed by more than one-half of the majority of voting. The term of office of the director who is elected to fill the vacancy shall be up to the maturity of the current term of office of the Board, and shall be eligible to offer himself for re-election and reappointment.

Written notice of an intention to nominate a candidate for Director and willingness to accept the nomination by the candidate shall be delivered to the Company seven (7) days prior to the date of such meeting. The period of notification shall commence from the date on which the notice of the meeting for election of the relevant director is dispatched and end no later than seven (7) days prior to the date of such meeting.

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

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

Article 93 No Directors shall act, in their personal capacity, on behalf of the Company or the Board beyond the provisions of the Articles of Association or without appropriate authorization by the Board. The Director shall, when acting in his personal capacity, state his standings and identities.

Directors are entitled, in accordance with the law, to understand various business operations and financial conditions of the Company; and implement supervision of the performance of the senior management.

Article 94 Directors shall exercise the power granted by the Company with prudence, conscientiousness and diligence to ensure

- (1) the business activities of the Company are in compliance with the State laws, administrative regulations and requirements of various State economic policies and business activities of the Company are within the scope under its business licence;
- (2) fair treatment to all shareholders;
- (3) to read carefully the Company's various business and financial reports; to understand the conditions of business operations management in a timely manner;
- (4) 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 the laws, administrative regulations or with the informed consent of shareholders given in a general meeting, not to delegate the exercise of his discretion; and
- (5) the acceptance of the legitimate supervision and reasonable recommendations of their performed duties by Supervisory Committee

Article 95 The Board shall report to the shareholders' general meeting and carries out the

following duties and powers:

- (1) to convene shareholders' general meetings and report its work to the shareholders' general meeting;
- (2) to implement the resolutions of shareholders' general meetings;
- (3) to decide on the Company's business plans and investment plans;
- (4) to formulate the Company's plans on annual financial budgets and final accounts;
- (5) to formulate the Company's profit distribution plans and plans on making up losses;
- (6) to formulate the proposals for increase or decrease of the registered capital of the Company and issue of bonds of the Company;
- (7) to formulate plans for merger, division, alteration of corporate form of the Company and dissolution;
- (8) to determine total annual amount of loan in accordance with the annual investment plan approved at shareholders' general meeting;
- (9) within the authorization of the shareholders' general meeting, to determine the scope of its power as to investments;
- (10) within the authorization of the shareholders' general meeting, to determine assets disposals;
- (11) within the authorization of the shareholders' general meeting, to determine external guarantees;
The external guarantees shall refer to the guarantees to be provided by the Company to other companies other than the wholly-owned subsidiaries and non wholly-owned subsidiaries of the Company;
- (12) to determine the establishment of the Company's internal management structure;
- (13) to determine to appoint or remove the general manager and secretary to the Board, and determine to appoint or remove the deputy general manager, the chief financial officer of the senior management of the Company based on the nomination by the chairman and to decide on their remunerations;
- (14) to appoint and replace the shareholders' representatives, directors and supervisors of the controlling subsidiaries and holding subsidiaries of the Company,
- (15) to determine the establishment of the Company's subsidiaries and branch organizations;
- (16) to formulate proposals for amendments of the Articles of Association;

- (17) to formulate the basic management system of the Company;
- (18) to be responsible for information disclosures of the Company;
- (19) to propose the appointment or removal of the Company's auditors to the general meetings of shareholders;
- (20) to receive the work report and inspect the work of the general manager of the Company;
- (21) to review and make decisions on any changes in the proportion of shareholdings of our subsidiaries in PRC listed companies due to new share issues of those listed companies (including new issue or placement);
- (22) to review and make decisions on transfer or pledge of all or part of our subsidiaries' shares in PRC listed companies or creation of any third party interests thereon;
- (23) to review and make decisions on each resolution of the shareholders' general meetings of PRC listed companies in which our subsidiaries have shareholdings that require our subsidiaries' voting as provided by the articles of association of those listed companies;
- (24) to determine other significant business and administrative matters, save for those matters which are required to be determined by the shareholders' general meeting as provided in the laws, administrative regulations and the Articles of Association; as well as to sign other significant agreements; and
- (25) to review and make decisions on the guarantees or entrustment loans to be provided by the Company to the wholly-owned subsidiaries and non wholly-owned subsidiaries of the Company; and
- (26) to exercise any other powers specified in the relevant laws, administrative regulations, departmental rules and the Articles of Association or conferred by the shareholders' general meeting.

Except for the Board resolutions in respect of the matters specified in subparagraphs (6), (7) and (16) of this Article which shall be passed by not less than two-thirds of the Directors, the Board resolutions in respect of all other matters may be passed by the affirmative vote of a simple majority of the Directors. Directors shall carry on his duties in accordance with the national laws, administrative regulations, articles of association and resolution of shareholders.

The Board resolutions in respect of subparagraphs (21) and (23) shall be in accordance with the relevant provisions of Hong Kong Stock Exchange, and shall be approved by the shareholders' general meeting.

Article 96 The board may set up several special committees, including an audit committee, a

remuneration committee, a strategic committee and a nomination committee, so as to assist the Board in the execution of its duty, or give recommendations or advices on the decisions of the Board under the leadership of the Board.

Article 97 In cases where the expected value of fixed assets proposed for disposal by the Board, when aggregated with value of fixed assets disposed within four (4) months before the proposed disposal, exceeds 33% of the fixed assets value set out in the latest balance sheet considered by the shareholders' general meeting, the Board shall not dispose or consent to dispose such fixed assets without prior approval by the shareholders' general meeting.

The term "fixed assets disposal" referred to in this Article represents (among other things) transferring certain interests in assets, but not including provision of guarantees by way of fixed assets.

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

Article 98 The Chairman of the Board is entitled to the following powers:

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

If the chairman is unable to or does not perform his duties, the Vice-chairman designated by the chairman shall perform his duties.

Article 99 Regular meetings of the Board shall be held at least four (4) times every year and shall be convened by the chairman of the Board. All of the Directors and Supervisors shall be notified about the meeting fourteen (14) days in advance. In case of emergency, a special Board meeting may be held if it is so requested by more than three (3) directors or the general manager of the Company.

Under one of the following circumstances, the Chairman of the Board shall convene and chair a special board meeting within five (5) days after the proposal is received.

- (1) when it is jointly proposed by not less than one-third of the Directors;
- (2) when the Supervisory Committee requests;
- (3) when it is jointly proposed by two (2) (inclusive) or more independent Directors;
- (4) when the chairman considers necessary;

- (5) each resolution of the shareholders' general meetings of PRC listed companies in which our subsidiaries have shareholdings (save for resolutions related to connected transactions)

Article 100 The convening of each Board meeting shall be informed by the ways of telephone or fax fourteen (14) days beforehand. The notice of board meeting shall include the date and venue, duration, agenda and the date the notice was issued, of the meeting.

Directors who are present at a meeting and have not raised objection concerning their failing to have received the notice of the meeting before or at the meeting shall be deemed to have been served and notice of meeting.

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

Article 101 The Board meeting shall be held with the presence of not less than half of the Directors.

Each Director shall have one vote when voting on a Board resolution. Resolutions of the Board shall be passed by more than half of all Directors.

In the case of equal votes in favour of and against the resolution, the chairman of the Board shall have a casting vote.

A written resolution signed and agreed by all directors respectively shall be deemed with similar effect as resolutions passed by Board meetings legally convened. Such written resolution may comprise one set or more documents, with each document signed by one or more directors. A resolution signed by directors or bearing the names of the directors and sent by telegram, telex, express mail, facsimile or by hand shall for the purpose of this clause be regarded as document signed by them.

Article 102 Directors shall attend Board meetings in person. Where a Director is unable to attend a meeting for any reason, he may by a written power of attorney appoint another Director to attend the meeting on his behalf. The power of attorney shall set out the scope of authorization.

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

Article 103 The Board shall keep minutes of resolutions passed at Board meetings. The minutes shall be signed by the Directors present at the meeting and the officer taking the minutes. The Directors shall be liable for the resolutions of the Board meeting. If a resolution of the Board meeting violates the laws, administrative regulations or the Articles of Association and the Company suffers serious losses as

a result thereof, the Directors who participated in the passing of such resolution are liable to compensate the Company. However, if it can be proven that a Director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such Director may be released from such liability.

Article 104 Board meetings shall be held at the Company's legal residence in principle, while it can be held any other places subject to resolutions of the Board.

Article 105 All the expenses incurred by the Directors for attending the Board meeting shall be borne by the Company, including the traffic expense from the place where the Director is located to the place where the meeting is convened, as well as the board and lodging expenses during the term of the meeting. The miscellaneous expenses such as the rental of meeting room and the local traffic expenses etc shall be borne by the Company.

Article 106 The Board of Directors may set up committees or working teams comprising two or more directors from time to time, and delegate such committees or working teams with certain powers, duties and discretionary powers of the Board of Directors itself. The relevant committee and working team shall act within the scope as authorised by the Board of Directors, and shall abide with the rules set by the Board of Directors from time to time. The Board of Directors may also resolve to dismiss the relevant committee or working team or change the scope of its authorisation.

The quorum of meetings of the Board committees or working teams shall be the two members of the committees or working teams or more than half of the members. The requirements on the procedures and minutes of meetings as applicable to Articles 101 to 105 in the Articles of Association shall also be applicable on the relevant committees or working teams, unless the relevant requirements have been replaced by the rules as mentioned in the previous paragraph.

Unless otherwise required by the Board of Directors, a president who is not a director may attend Board meetings, and shall be entitled to receive notices and relevant documents of such meetings. However, unless the president is a director, he shall have no voting rights in the Board meetings.

CHAPTER 11 SECRETARY TO THE BOARD

Article 107 The Company shall have a secretary to the Board. The secretary to the Board shall be a senior management member of the Company.

Article 108 Secretary to the Board of the Company shall be a natural person with the requisite professional knowledge and experience, and serve for a term of three (3) years, which term is renewable upon re-election and re-appointment; and shall be appointed by the Board. His primary duties include:

- (1) to ensure that the Company has complete constitutional documents and records;
- (2) to ensure that the Company prepares and delivers the reports and documents required (included but not limited to business administrative management authorities) by competent authorities in accordance with the law;

- (3) to ensure that the Company's register of shareholders is properly maintained, and that persons entitled to access to the relevant records and documents are furnished with such records and documents without delay;
- (4) be responsible the preparation of the meetings of shareholders and the Board, custody of documents and the of the information of the shareholders of the Company and to for coordinating and organizinghandle matters relating to the information disclosure;
- (5) be responsible for keeping the Company's price-sensitive information confidential and working out effective and practical confidentiality systems and measures; and
- (6) to perform the responsibilities and obligations (including all other duties delegated by the Board) that a board secretary is held responsible for by laws, the regulatory body of the jurisdiction where the Company is listed and/or the provisions in the Articles of Association.

Article 109 Directors or the senior management other than the general manager and chief financial officer may concurrently hold the post of the Secretary to the Board. The accountant(s) of the certified public accountants' firm appointed by the Company shall not concurrently hold the post of the Secretary to the Board.

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

CHAPTER 12 GENERAL MANAGER OF THE COMPANY

Article 110 The Company shall have one general manager, several deputy general manager, shall be appointed or removed by the Board. The General manger and deputy general manger serve for a term of three (3) years, which term is renewable upon re-election and re-appointment.

Article 111 The general manager of the Company shall be accountable to the Board and carry out the following duties and powers:

- (1) to lead the Company's production, operation and management, organize resources to carry out the Board's resolutions, and report to the Board;
- (2) to organize the implementation of the Company's annual business plan and investment plan;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to draft the Company's basic management system;
- (5) to formulate the basic rules and regulations of Company;

- (6) to propose the appointment or dismissal of the Company's deputy president general manager and chief financial officer;
- (7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board;
- (8) Under the authorization of the Board, to exercise the power relating to the mortgage, lease, sub-contract or transfer of the assets of the Company;
- (9) to exercise other powers conferred by the Articles of Association and the Board.

The deputy general manager(s) and chief financial officer shall assist the general manager in his work and report to the general manager.

Article 112 The general manager in performing his functions, shall act honestly and diligently and in accordance with the laws, administrative regulations, departmental rules and the Articles of Association.

Article 113 In performing his functions, the general manager shall act honestly and diligently and in accordance with the laws, administrative regulations, departmental rules and the Articles of Association.

The president shall formulate the detailed working rules of the president, which shall be submitted to the Board for approval before implementation. The detailed working rules of the president shall include the following:

the conditions for convening, and procedures and attendants of the president's meeting; the duties and division of responsibilities of president and other senior management members; the fund and assets applications, authorities of execution of important contracts of the Company, and the mechanism of reporting to the Board and Supervisory Committee; other matters deemed as necessary by the Board. The president may resign prior to the expiration of their terms of office. The specific procedures and formalities of the said resignations shall be provided for in the employment contracts between the president and the Company.

CHAPTER 13 SUPERVISORY COMMITTEE

Article 114 The Company shall have a Supervisory Committee.

Article 115 The Supervisory Committee shall be composed of 9 Supervisors. The Supervisory Committee shall consist of four (4) representatives of shareholders as external supervisors, two (2) independent supervisors and three (3) representatives of employees as supervisors. The term of office of which account for more than. Supervisors who are representatives of the staff shall not less than one-third of the total number of supervisors. Each supervisor shall be three (3) years, which term is renewable upon re-election and re-appointment. The Supervisory Committee shall consist of supervisors who do not hold an office in the Company, which account for more than one half of the total number of

supervisors.

The Supervisory Committee shall have one (1) Chairman and one vice-chairman. The appointment and dismissal of the chairman and vice-chairman of the Supervisory Committee shall be passed by not less than two-thirds (inclusive) of its members.

Article 116 Representatives of shareholders and Independent supervisors shall be elected and dismissed by the shareholders' general meeting while representatives of employees shall be democratically elected and dismissed by the Company's staff.

Article 117 The Directors, general manager and other senior management members (including but not limited to chief financial officer) shall not assume the position of supervisors.

Article 118 Supervisory Committee meetings shall be held at least twice every year and convened and chaired by the Chairman of the Supervisory Committee. If the chairman of the Supervisory Committee is unable to perform or fails to perform his duties, the vice chairman of the Supervisory Committee shall preside; if the vice chairman of the Supervisory Committee is unable or fails to fulfill the duty thereof, a supervisor nominated by the majority of supervisors shall convene and preside over the Supervisory Committee meetings.

Article 119 The Supervisory Committee shall exercise the following powers in accordance with the laws:

- (1) to review any regular report of the Company prepared by the board of directors and to issue written opinion of review accordingly; to examine the Company's financial position and authorize or otherwise to appoint an accountants firms in the Company's name to independently review the same of the Company whenever necessary;
- (2) to supervise Directors, general manager, deputy general manager, chief financial officer and secretary to the Board in performing their duties to the Company and to propose dismissal of the aforesaid personnel who violate any laws, administrative regulations, the Articles of Association or resolutions of shareholders' general meetings;
- (3) to demand rectification from a Director, general manager, deputy general manager, chief financial officer and secretary to the Board when the acts of such persons are harmful to the Company's interest; and report to the shareholders' general meeting and the relevant governing authority when necessary;
- (4) to examine the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the Board to the shareholders' general meetings and, should any queries arise, to engage, in the name of the Company, certified public accountants and practicing auditors to conduct a re-examination;
- (5) to make recommendations on the accounting firm appointed by the company;

- (6) to propose the convening of a shareholders' extraordinary general meeting and to convene and preside over the shareholders' general meeting when the Board fails to perform such duties under the Company Law;
- (7) to propose the convening of a shareholders' extraordinary general meeting;
- (8) to deal with or take legal actions against the Directors, general manager, deputy general manager, chief financial officer and the secretary to the Board;
- (9) to put forward proposals to the shareholders' general meeting;
- (10) to exercise other powers specified under the laws, regulations and the Articles of Association.

The supervisors may attend board meetings as non-voting participants.

Article 120 Under normal circumstances, Supervisors may request the Chairman of the Supervisory Committee to convene an extraordinary supervisory meeting. The convening of each Board meeting shall be informed by the ways of telephone or fax ten (10) days beforehand. The notice of board meeting shall include the date and venue, duration, agenda and the date the notice was issued, of the meeting.

The Supervisory Committee meeting shall be held with the presence of two-third or more of the members. Resolutions of the Supervisory Committee meetings are voted on by open ballot. Each supervisor shall have one vote. When the number of votes for and against a resolution is equal, the chairman of the meeting shall be entitled to one additional vote. Supervisors shall attend Supervisory Committee meetings in person. Where a supervisor is unable to attend a meeting for any reason, he may by a written power of attorney appoint another supervisor to attend the meeting on his behalf. The power of attorney shall set out the scope of authorization.

Both the resolutions of the regular Supervisory Committee meetings and extraordinary Supervisory Committee meetings shall be passed by no less than two-thirds of all Supervisors.

Article 121 Detailed minutes shall be prepared for the decisions on the proposal put forward to the meeting for consideration, on which the supervisors present at the meeting shall sign. Each supervisor is entitled to request that an explanation of his comments made at the meetings be noted in the minutes. The minutes of Supervisory Committee meetings shall be kept by the Secretary to the Board as Company filings for record for a minimum period of ten (10) years.

Article 122 The Supervisors shall be liable for the resolutions of the Supervisory Committee. If a resolution of the Supervisory Committee violates the laws, administrative regulations or the Articles of Association and the Company suffers serious losses as a result thereof, the Supervisor who participated in the passing of such resolution are liable to compensate the Company. However, if it can be proven that a Supervisor expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such Supervisor may be released from such liability.

Article 123 The Supervisory Committee shall establish a recording system for the implementation of the resolutions of such committee. Each resolution of the Supervisory Committee shall be executed by a designated supervisor or under his supervision. The designated supervisor shall record the process of execution and report the execution result to the Supervisory Committee.

Article 124 Supervisors and the Supervisory Committee shall not be liable for resolutions of the Board. However, if the Supervisory Committee considers that the Board resolution is in violation of the laws, regulations and the Articles of Association or harming the interests of the Company, the Supervisory Committee may resolve and propose the Board to reconsider.

Article 125 All reasonable expenses incurred in respect of the employment of professionals such as lawyers, certified public accountants or practicing auditors as are required by the Supervisory Committee in discharging its duties shall be borne by the Company.

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

Article 126 Supervisors shall continue to perform their duties in accordance with the laws, the administrative regulations and the Articles of Association.

CHAPTER 14 QUALIFICATIONS AND DUTIES OF THE DIRECTORS, PRESIDENT, AND OTHER SENIOR MANAGEMENT MEMBERS OF THE COMPANY

Article 127 A person may not serve as a Director, supervisor, president, or any other senior management member of the Company if any of the following circumstances applies:

- (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 less than five (5) years have elapsed since the date of the completion of implementation of such punishment or deprivation;
- (3) is a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation due to inefficient management and poor business performance and is personally liable for the insolvency of such company or enterprise, where less than three (3) years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;
- (4) is a former legal representative of a company or enterprise which had its business licence

revoked due to a violation of the law and who incurred personal liability, where less than three (3) years has elapsed since the date of the revocation of the business licence;

- (5) has a relatively large amount of debts due and outstanding;
- (6) is under criminal investigation or prosecution by a judicial organization for violation of the criminal law where the said investigation or prosecution is not yet concluded;
- (7) is not eligible for enterprise leadership according to the laws and administrative regulations;
- (8) a non-natural person;
- (9) convicted of the contravention of provisions of relevant securities regulations by a relevant competent authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than five (5) years has elapsed since the date of the conviction;
- (10) civil servants of any countries.

Article 128 The validity of an act of a Director, president, and any other senior management member on behalf of the Company is not, vis-a-vis a bona fide third party, affected by any irregularity in his office, election or any defect in his qualification.

Article 129 In addition to obligations imposed by laws, administrative regulations or required by the stock exchanges on which the Company's shares are listed, each of the Company's Directors, supervisors, president, and other senior management members owes a duty to each shareholder, in the exercise of the functions and powers of the Company entrusted to him:

- (1) not to cause the Company to exceed the scope of the business stipulated in its business licence;
- (2) to act honestly in the best interest of the Company;
- (3) not to expropriate in any guise the Company's property, including (without limitation) expropriation of opportunities advantageous to the Company;
- (4) not to expropriate the individual rights of shareholders, including (without limitation) rights to distribution and voting, save as pursuant to a restructuring of the Company submitted to shareholders for approval in accordance with the Articles of Association.

Article 130 Each of the Company's Directors, supervisors, president, and other senior management members 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.

Article 131 Each of the Company's Directors, supervisors, president and other senior

management members 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 (without limitation) discharging the following obligations:

- (1) to act honestly in the best interests of the Company;
- (2) to exercise powers within the scope of his powers and not to exceed 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 the laws, administrative regulations or with the informed consent of shareholders given in a general meeting, not to delegate the exercise of his discretion;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) except in accordance with the Articles of Association or with the informed consent of shareholders given in general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) without the informed consent of shareholders given in general meeting, not to use the Company's property for his own benefit by any means;
- (7) not to exploit his position to accept bribes or other illegal income or expropriate the Company's property by any means, including (without limitation) opportunities advantageous to the Company;
- (8) without the informed consent of shareholders given in general meeting, not to accept commissions in connection with the Company's transactions;
- (9) to abide by the Articles of Association, faithfully execute his duties and protect the Company's interests, and not to exploit his position and power in the Company to advance his own private interests;
- (10) not to compete with the Company in any form unless with the consent of shareholders given in general meeting;
- (11) not to misappropriate the Company's funds, not to open accounts in his own name or other names for the deposit of the Company's assets and, without the informed consent of shareholders given in general meeting, not to lend the Company's funds to others or provide guarantee for others with the Company's assets;¹¹ and
- (12) unless otherwise permitted by informed shareholders in general meeting, to keep in confidence information relating to the Company acquired by him in the course of and during his tenure and not to use such information in purposes other than in furtherance of the interests

of the Company, save that disclosure of such information to the court or other governmental authorities is permitted if:

1. disclosure is made as required by law;
2. the interests of the public require disclosure;
3. the interests of the relevant Director, supervisor, president, and other senior management member require disclosure.

14Save for Directors, Presidents and other senior management members123

Article 132 Each Director, supervisor, president, and other senior management member of the Company shall not cause the following persons or institutions (“associates”) to do what he is prohibited from doing:

- (1) the spouse or minor child of that Director, supervisor, president, and other senior management member;
- (2) a person acting in the capacity of trustee of that Director, supervisor, president, and other senior management member or any person referred to in paragraph (1) of this Article;
- (3) a person acting in the capacity of partner of that Director, supervisor, president, and other senior management member or any person referred to in paragraphs (1) and (2) of this Article;
- (4) a company in which that Director, supervisor, president, and other senior management member, alone or jointly with one or more persons referred to in paragraphs (1), (2) and (3) above or other Directors, supervisors, president, and other senior management members of the Company have a de facto controlling interest;
- (5) the Directors, supervisors, president, and other senior management members of the controlled company referred to in paragraph (4) of this Article.

Article 133 The fiduciary duties of the Directors, supervisors, president, and other senior management members of the Company do not necessarily cease with the termination of their tenure. The duty of confidence in relation to trade secrets of the Company survives the termination of their tenure. Other duties may continue for such period as fairness may require depending on the time lapse between the termination of tenure and the occurrence of the event concerned and the circumstances under which the relationships between them and the Company are terminated.

Where a director, supervisor, president and other senior administrative officer leaves his office and causing damages to the Company, he shall be liable for compensation.

Article 134 Except for circumstances prescribed in Article 51 of the Articles of Association, a Director, Supervisor, manager, and other senior management member of the Company may be relieved

of liability for specific breaches of his duty by the informed consent of shareholders given at a general meeting.

Article 135 Where a Director, Supervisor, manager, and other senior management member of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than his contract of service with the Company), he shall declare the nature and extent of his interests to the Board at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal therefor is otherwise subject to the approval of the Board.

Directors shall not vote on such matters having material interests in contract, transaction or arrangement, and shall not be counted in the quorum of the meeting.

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

A Director, Supervisor, president, and other senior management member of the Company is deemed to be interested in a contract, transaction or arrangement in which an associate of him is interested

Article 136 Where a Director, Supervisor, president, and other senior management member of the Company gives to the Board a general notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, such notice shall be deemed for the purposes of the preceding paragraph of this Article to be a sufficient declaration of his interests, so far as the content stated in such notice is concerned, provided that such general notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company.

Article 137 The Company shall not in any manner pay taxes for or on behalf of its Directors, Supervisors, general manager, and other senior management members.

Article 138 The Company shall not directly or indirectly make a loan to, or provide any guarantee in connection with, the making of a loan to a Director, Supervisor, president, and other senior management member of the Company or of the Company's parent company or any of their respective associates.

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

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

Article 139 A loan made by the Company in breach of the above provisions shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

Article 140 A loan guarantee provided by the Company in breach of paragraph (1) of Article 138 shall be unenforceable against the Company, except that:

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

Article 141 For the purposes of the foregoing provisions of this Chapter, a guarantee includes an undertaking or property provided to secure the performance of obligations by the obligor.

Article 142 In addition to any rights and remedies provided by the laws and administrative regulations, where a Director, Supervisor, president, and other senior management member of the Company is in breach of his duties to the Company, the Company has a right to:

- (1) claim damages from the Director, Supervisor, president, and other senior management member in compensation for losses sustained by the Company as a result of such breach;
- (2) rescind any contract or transaction entered into by the Company with the Director, Supervisor, president, and other senior management member or with a third party (where such third party knows or should know that there is such a breach of duties by such Director, Supervisor, president, and other senior management member);
- (3) demand the Director, Supervisor, president, and other senior management member to

surrender the profits made by him in breach of his duties;

- (4) recover any monies received by the Director, Supervisor, president, and other senior management member which should have been otherwise received by the Company, including (without limitation) commissions;
- (5) demand payment of the interest earned or which may have been earned by the Director, Supervisor, president, and other senior management member on the monies that should have been paid to the Company; and
- (6) recover any profits earned by the Director, Supervisor, president, and other senior management member convicted of the breach of his duties by legal proceedings.

Article 143 The Company shall, with the prior approval of shareholders in general meeting, enter into a contract in writing with a Director or supervisor wherein his emoluments are stipulated, including;

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

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

Article 144 The contract for emoluments entered into between the Company and its Directors or supervisors should provide that in the event of a takeover of the Company, the Company's Directors and supervisors shall, subject to the prior approval of the shareholders in general meeting, have the right to receive compensation or other payment for loss of office or retirement.

A takeover of the Company as referred to above means:

- (1) a takeover offer made by any person to all shareholders; or
- (2) an offer made by any person with a view to the offeror becoming a "controlling shareholder" within the meaning of Article 52 of these Articles of Association.

If the relevant Director or supervisor does not comply with this Article, any sum so received by

him shall belong to those persons who have sold their shares as a result of the said offer made. The expenses incurred in distributing that sum pro rata amongst those persons shall be borne by the relevant Director or supervisor and shall not be paid out of that sum.

CHAPTER 15 FINANCIAL AND ACCOUNTING SYSTEM AND PROFIT DISTRIBUTION

Article 145 The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and PRC accounting standards formulated by the finance regulatory department of the State Council.

Article 146 At the end of each fiscal year, the Company shall prepare a financial report which shall be examined and verified in a manner prescribed by law.

The Company's annual financial statements included the following financial accounting statements and supplementary details report:

- (1) balance sheets;
- (2) income statements;
- (3) Cash flow statement;
- (4) Change in equity of owners;
- (5) profit distribution statements; and
- (5) Appendix of accounting statements.

The fiscal year of the Company shall coincide with the calendar year, i.e. from January 1 to December 31 on the Gregorian calendar.

Article 147 The Board shall place before the shareholders at every annual general meeting such financial reports as are required by any laws, administrative regulations or directives promulgated by competent regional and central governmental authorities to be prepared by the Company.

Article 148 The Company's financial reports shall be made available for shareholders' inspection at the Company twenty (20) days before the date of every annual shareholders' general meeting. Each shareholder shall be entitled to obtain a copy of the financial reports referred to in this Chapter.

The Company shall send the report of Directors together with the balance sheet (including documents to be annexed as required by the laws), income statement or income and expenditure statement and summary financial report (including the former financial reports) to each holder of overseas listed foreign shares by pre-paid mail at least twenty-one (21) days before the convening of the annual general meeting. The address of the recipient shall be the registered address as shown on the

register of members.

Article 149 The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or that of the place overseas where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, explanations shall be made in the financial statements. When the Company is to distribute its after-tax profits, the lower of the after-tax profits as shown in the two financial statements shall be adopted.

Article 150 The interim results or financial information published or disclosed by the Company shall be prepared in accordance with PRC Accounting Standards and regulations as well as the international accounting standards or such accounting standards in the place of listing overseas.

Article 151 The Company shall announce twice its financial results for each fiscal year. Within sixty (60) days following the end of the first six (6) months of the fiscal year, the Company shall announce and send its interim financial report to shareholders, and within one hundred and twenty (120) days following the fiscal year end the annual financial report for the year will be announced.

Article 152 The Company shall not keep accounts other than those provided by law.

Article 153 Capital reserve fund includes the following items:

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

Article 154 The Company may distribute dividends in the form of (or both of them) :

- (1) cash;
- (2) shares.

The Company shall calculate, declare and pay dividends and other amounts which are payable to holders of domestic shares in Renminbi within three months after dividends declared. The Company shall calculate and declare dividends and other payments which are payable to holders of Overseas-Listed Foreign-Invested Shares in Renminbi, and shall pay such amounts in the local currency of the place in which such Overseas-Listed Foreign-Invested Shares are listed within within three months after dividends declared. The applicable exchange rate shall be the average closing rate for the relevant foreign currency announced by the People's Bank of China five (5) working days prior to the announcement of payment of dividend and other amounts. The Company shall pay dividends and other amounts to holders of Foreign-Invested Shares in accordance with the relevant foreign exchange control regulations of the State. The Board may distribute interim dividend or bonus dividend subject to the approval of shareholders' general meeting.

Article 155 Profit after taxation of the Company is used in the following order:

- (1) to offset losses;
- (2) to provide for statutory reserve;
- (3) to provide for discretionary reserve
- (4) to pay for dividends of ordinary shares.

The paragraph (4) and (5) of the distribution proportion of a certain year is based on the Board in accordance with operating conditions and development needs, subject to the approval of shareholders' meeting.

Article 156 The Company shall not distribute dividends or proceed with other distributions in the form of bonus dividends before offsetting against losses and providing for statutory reserve.

Article 157 When distributing each year's after-tax profits, the Company shall set aside 10 per cent of its after-tax profits for the Company's statutory surplus reserve fund. When the aggregate balance in the statutory surplus reserve fund has reached 50 per cent or more of the Company's registered capital, the Company need not make any further allocations to that fund.

Article 158 The discretionary reserve is provided separately in accordance with the resolution of the shareholders' meeting.

Article 159 The Company shall appoint receiving agents on behalf of the holders of overseas listed foreign shares to receive on behalf of such shareholders dividends declared and all other monies owing by the Company in respect of such shares.

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

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

On condition of compliance with applicable laws and administrative regulations of PRC, with respect to the shares in question having become payable and no dividend has been claimed, where power is taken by the Company to forfeit unclaimed dividends. But the power shall not be exercised before the expiry of the related proceedings.

Where power is taken to terminate the dispatch of dividend warrants by way of mail, if such warrants have been left uncashed, such power will not be exercised until such warrants have been so left uncashed for two consecutive occasions. Nevertheless, such power may be exercised after the first occasion on which the dividend warrant is returned undelivered.

Where power is taken to the Company to issue share warrants to bearer, no new share warrants shall be issued to replace one that has been lost, unless the Company is satisfied beyond reasonable doubt that the original has been destroyed.

The Company may sell the shares of a member who is untraceable and keep the proceeds should the Board considered it fit for, but it must comply with the followings:

- (1) during a period of twelve (12) years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed by the member; and
- (2) on expiry of the twelve (12) years the Company gives notice upon approval of CSRC of its intention to sell the shares by way of an advertisement published in the newspapers and notifies the authority and the relevant foreign securities regulators of such intention.

The Company shall implement an internal audit system, and shall engage full-time auditors to conduct internal audit of its income and expenditure and economic activities. The internal audit system and duties of the internal auditors of the Company shall be implemented upon approval by the Board. The chief auditor shall be accountable and report to the Board.

CHAPTER 16 APPOINTMENT OF ACCOUNTANTS' FIRM

Article 160 The Company shall appoint an independent firm of certified public accountants which is qualified under the relevant regulations of the State to audit the Company's annual financial statements.

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

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

Article 161 The certified public accountants' firm appointed by the Company shall hold office from the conclusion of the annual general meeting of shareholders at which the appointment is made until the conclusion of the next annual meeting of shareholders.

Article 162 The certified public accountants' firm appointed by the Company shall have the following rights:

- (1) the right to inspect at any time the books, records and vouchers of the Company, and to require the Directors, president, and other senior management members of the Company to provide any relevant information and explanation thereof;

- (2) the right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the performance of duties of such accountants' firm;
- (3) the right to attend shareholders' general meetings and to receive all notices of, and other communications relating to, any shareholders' general meeting which any shareholder is entitled to receive, and to be heard at any shareholders' general meeting in relation to matters concerning its role as the accountants' firm of the Company.

Article 163 If there is a vacancy in the position of the accountants' firm, the Board may appoint an accountants' firm to fill such vacancy before the convening of the shareholders' general meeting. Any other accountants' firm which has been appointed by the Company may continue to act during the period when there is such vacancy.

Article 164 The shareholders in general meeting may, by ordinary resolution, remove a certified public accountants' firm before the expiration of its office, notwithstanding the stipulations in the contract between the Company and the firm, but without prejudice to the firm's right to claim, if any, for damages in respect of such removal.

Article 165 The remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined by the shareholders' general meeting. The remuneration of an accounting firm appointed by the board of directors shall be determined by the board of directors.

Article 166 The Company's appointment of, removal of and non-reappointment of a certified public accountants' firm shall be resolved by shareholders in general meeting. The resolution of the shareholders' general meeting shall be filed with the securities regulating authority under the State Council.

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

- (1) A copy of the proposal about appointment or removal shall be sent to the firm proposed to be appointed or proposing to leave its post or the firm which has left its post in the relevant fiscal year before notice of meeting is given to the shareholders.
- (2) If the leaving firm makes representations in writing and requests the Company to notify the shareholders of such representations, the Company shall (unless the representations are received too late) :
 1. in any notice given to shareholders about a resolution to be made, state the representations that has been made by the accountants' firm which is about to leave; and

2. attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in the Articles of Association.
- (3) If the firm's representations are not sent in accordance with paragraph (2) above, the relevant firm may require that the representations be read 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:
 1. the shareholders' general meeting relating to the expiry of its term of office;
 2. any shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal; and
 3. any shareholders' general meeting convened on its resignation;

and 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 certified public accountants' firm of the Company.

Article 167 The Company's appointment of, removal of and non-reappointment of a certified public accountants' firm shall be resolved by shareholders in general meeting. The resolution of the shareholders' general meeting shall be filed with the securities regulating authority of the State Council.

- (1) Any certified public accountants' firm may resign from its office by depositing at the Company's premise a resignation notice. Such notice shall include any of 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 the shareholders or creditors of the Company; or
 2. a statement of any matters of which an account should be given.

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.

- (2) Where a notice is deposited under the paragraph (1), the Company shall within fourteen (14) days send a copy of the notice to the competent authority. If the notice contains a statement referred to in subparagraph (2) above, a copy of such statement shall be placed at the Company's registered office for shareholders' inspection. The Company shall also send a copy of such statement to every holder of overseas-listed foreign shares and each shareholder who are entitled to the Company's financial report by prepaid post, and it shall be sent to the addresses recorded in the register of members.

- (3) Where the notice of resignation of a certified public accountants' firm contains in item (1) 2 of this paragraph a statement of any matters of which an account should be given, the certified public accountants' firm may require the Board to convene a shareholders' extraordinary general meeting for the purpose of giving an explanation of the circumstances connected with its resignation.

CHAPTER 17 MERGER AND DIVISION OF THE COMPANY

Article 168 In the event of a merger or division of the Company, a plan shall be proposed by the Board of the Company and shall be approved in accordance with the procedures stipulated in the Articles of Association and the relevant examining and approving formalities shall be processed as required by law. Shareholders who oppose the plan of merger or division of the Company shall have the right to request that the Company or the shareholders who consent to such plan purchase their shares at a fair price. A special document of the Company's resolution on the merger or division should be prepared for inspection by the shareholders.

The aforesaid document should also be dispatched to the holders of overseas-listed foreign shares by mail.

Article 169 The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

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

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

Article 170 When the Company is divided, its assets shall be split up accordingly.

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

The ancillary obligation with respect to debts incurred by the Company before its division shall be borne by the companies after the division.

Article 171 When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the company registration authority in accordance with the law. Upon dissolution, the Company shall cancel its registration in accordance with the law. When a new company is established, its establishment shall be registered in accordance with the law.

CHAPTER 18 DISSOLUTION AND LIQUIDATION OF THE COMPANY

Article 172 The Company shall be dissolved and liquidation should be made in accordance with governing laws upon the occurrence of any of the following:

- (1) a resolution on dissolution is passed by shareholders at a general meeting;
- (2) dissolution is necessary due to a merger or division of the Company;
- (3) the Company is declared bankrupt because of inability to repay debts due;
- (4) the Company is order to close down prescribed by law due to the breach of laws, administrative regulations.

Article 173 Where the Company is dissolved under subparagraph (1) of the preceding Article, a liquidation committee shall be set up within fifteen (15) days thereafter, and the composition of the liquidation committee of the Company shall be determined by an ordinary resolution of shareholders in a general meeting.

Where the Company is dissolved under subparagraph (3) of the preceding Article, the People's Court shall organize the shareholders, relevant organizations and professionals to establish a liquidation committee to proceed with the liquidation.

Where the Company is dissolved under subparagraph (4) of the preceding Article, the relevant competent authority shall organize the shareholders, relevant organizations and professionals to establish a liquidation committee to proceed with the liquidation.

Article 174 Where the Board proposes to liquidate the Company for any reason other than the Company's declaration of its own insolvency, the 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 the Company, the Board is of the opinion that the Company will be able to pay its debts in full within twelve (12) months from the commencement of the liquidation.

Upon the passing of the resolution by the shareholders in a general meeting in relation to the liquidation of the Company, all duties and powers of the Board shall cease.

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

Article 175 The liquidation committee shall notify creditors within ten (10) days from the date of its establishment and make three (3) newspaper announcement at one or more newspaper designated by the securities regulatory authority of the State Council within sixty (60) days of that date. The

liquidation committee shall register the claims.

Article 176 During the liquidation period, the liquidation committee shall exercise the following functions and duties:

- (1) to ascertain the Company's assets and separately prepare a balance sheet and an inventory of assets;
- (2) to notify creditors by sending notice or by making announcement;
- (3) to deal with and settle the Company's outstanding business deals in relation to the liquidation;
- (4) to settle outstanding taxes and taxes incurred during the liquidation period;
- (5) to ascertain all claims and debts;
- (6) to dispose of the remaining assets of the Company after the repayment of debts; and
- (7) to represent the Company in any civil proceedings.

Article 177 After it has ascertained the Company's assets and prepared the balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to the shareholders' general meeting or to the relevant competent authority for confirmation.

The liquidation cost included salary of liquidation staff and consultant shall be settled, before settling the debt of other creditors, by the Company's assets.

After a resolution on dissolution is passed by shareholders at a general meeting or the Company is declared bankrupt according to law or it is order to close down, no one is allowed to dispose of the Company's assets without the permission of the liquidation committee.

The assets of the Company shall be liquidated in the following order: payment of the settlement expense, salary of the staff members of the Company, social security insurance expense, outstanding taxes and debts to other companies.

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

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

Members of the liquidation committee shall perform their duties faithfully and carry out the liquidation in accordance with the laws.

Members of the liquidation committee shall not take advantage of their position to take bribes or

other illegal income, or misappropriate the assets of the Company. If members of the liquidation committee cause loss to the Company or its creditors, either willfully or due to gross negligence, they shall be liable for compensation.

Article 178 In the event of the Company's liquidation owing to dissolution, if the liquidation committee, after ascertaining the Company's assets and preparing a balance sheet and an inventory of assets, discovers that the Company's assets are insufficient to repay its debts, it shall immediately apply to the court for a declaration of bankruptcy.

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

Article 179 Following the completion of liquidation, the liquidation committee shall present a report on liquidation and prepare a statement of the receipts and payments and the financial accounts for the period of the liquidation which shall be audited by PRC certified public accountants and then submitted to the shareholders' general meeting or relevant competent authorities for confirmation.

The liquidation committee shall within 30 days after the date of the shareholders' general meeting or the affirmation from the concerned competent authorities, submit the aforementioned documents to corporation registration authorities for cancellation of the Company's registration and announce that the Company ceases to exist.

CHAPTER 19 PROCEDURES FOR AMENDMENT TO THE ARTICLES OF ASSOCIATION

Article 180 The Company may, pursuant to the requirements of the laws, administrative regulations and the Articles of Association, amend these Articles of Association.

Article 181 The amendment of these Articles of Association which involves the content of "Mandatory Provisions", With the approval by the Company's examination and approval authority authorized by the State Council and Subject to the approval of China Securities Regulatory Commission becoming effective, the amendment involving the registration of the Company shall be made in line with the relevant laws.

CHAPTER 20 NOTICES

Article 182 Corporate communication may be sent by the following means:

- (1) Prepaid mail;
- (2) by public announcements;
- (3) personal delivery;
- (4) the means which the Company and the person be served agreed or other means available for the person be served upon receipt the notice; and

(5) by any other means provided regulatory body where the Company is listed.

The “other means” as stated in the preceding provision (5) shall include but not limited to transmission methods such as electronic mails or facsimile.

Unless the manner of notice is stipulated by these Articles of Association, the Bank shall normally serve the notice to shareholders and debenture holders in the manner as stated in preceding provisions (1) and (2); if the circumstances stated in preceding provision (5) exist, the notice shall be served in accordance with (5).

The notice to Directors and Supervisors shall normally be served in accordance with the manner as stated in preceding provision (4). The manners as stated in provisions (1) and (3) may also be adopted depending on the circumstances.

Article 183 Where the Corporate Communication is despatched by post, the five (5) days after the despatched date shall be the date of delivery.

Where the Corporate communication is delivered by announcement, after the publication of such announcement, the relevant receivers shall be deemed to have received the notice. The date of the first time of announcement published shall be the delivery date.

Where the Corporate Communication is delivered by specially designated person, the addressee shall be required to sign his name (or affix his chop) on the receipt, and the date on which the addressee signs the receipt shall be the date of service.

Where the Corporate Communication is despatched by post, it shall be placed in an envelope properly addressed with postage prepaid. With the envelope containing such Communication being put into the mailbox shall be deemed as despatched and regarded as received after 48 hours following the despatch.

Unless otherwise required, the Company, according to regulations or having received permission to send by public notice or to deliver any notice, shall publish public notice in at least one national newspaper approved by the authority in charge of the administration of securities in the State Council, and if possible, the Company shall publish on the same date such a notice in the place (as required by the relevant regulations) where the shares are listing. Should the shares of the Company are listed in Hong Kong, where the requirement of listing rules is to publish such a notice on the same date in one leading English and one leading Chinese newspaper (in both Chinese and English) in Hong Kong.

CHAPTER 21 SETTLEMENT OF DISPUTES

Article 184 The Company shall act according to the following principles to settle disputes:

- (1) Whenever any disputes or claims arise between holders of the overseas-listed foreign-invested shares and the Company, holders of the overseas-listed foreign-invested shares and the

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

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

Disputes in relation to the identification of shareholders and disputes in relation to the register of shareholders 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 a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.

(3) If any disputes or claims of rights prescribed in subparagraph (1) above are referred to arbitration, the laws of the People's Republic of China shall apply, save as otherwise provided in laws and administrative regulations.

(4) The award of an arbitration body shall be final and conclusive and binding on all parties.

CHAPTER 22 SUPPLEMENTARY PROVISIONS

Article 185 "Accountant's firm" in these Articles of Association shall have the same meaning as "auditors".

Article 186 The Articles of Association is written both in Chinese and English. In case of any discrepancy between versions, the Chinese version shall prevail.

The right to interpret the Article shall reside with the Board of the Company. For the matters which are not covered by the Article shall be submitted and reported by the Board for consideration and approval at shareholders' general meetings.

Words and expressions in these Articles shall have the following meanings, unless there be

something in the subject or context inconsistent therewith:

“Articles”	shall mean	Articles of Association of the Company
“the Board”	shall mean	Board of Directors of the Company
“Chairman”	shall mean	Chairman of the Company
“Director”	shall mean	any Directors of the Company
“overseas listed foreign invested shares”	shall mean	any overseas listed foreign invested shares of the Company
“The Company’s legal domicile”	shall mean	the legal domicile of the Company as situated at No. 290 Laodongxi Road, Changsha City, Huan, PRC
“Renminbi”	shall mean	the legal currency of PRC
“Secretary to the Board”	shall mean	the Company Secretary to the Board
“PRC” or “State”	shall mean	People’s Republic of China
“Hong Kong Stock Exchange”	shall mean	The Stock Exchange of Hong Kong Limited
“Company”	shall mean	the Company, Hunan Nonferrous Metals Corporation Limited
“Subsidiaries”	shall be	referred to in the Rules Governing the Listing of Securities on the Stock Exchange
“auditor”	shall be	referred to in the Rules Governing the Listing of Securities on the Stock Exchange