



NEW ARTICLES OF ASSOCIATION

OF

QINGLING MOTORS CO. LTD

(Adopted by a Special Resolution passed at a Shareholders' General Meeting held on 12 December 2018)

This English translation of the Company's Articles of Association is for reference only. In case of inconsistency between the Chinese version of the Company's Articles of Association and this English translation, the original Chinese version shall prevail.

ARTICLES OF ASSOCIATION OF QINGLING MOTORS CO. LTD

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ARTICLES OF ASSOCIATION OF QINGLING MOTORS CO. LTD

Chapter 1 General Principles

Article 1 This Company (or the “Company”) is a joint stock limited company established in accordance with the “Standard Opinion on Joint Stock Limited Companies”, the “Supplementary Requirements for the Implementation of the ‘Standard Opinion on Joint Stock Limited Companies’ by the Companies Listed in Hong Kong” and other relevant legislations and administrative regulations of the People’s Republic of China (hereinafter referred to as the “PRC”).

The Company is established by way of promotion under the approval given under the State Council Committee for the Restructuring of Economic Systems Document Ti Gai Sheng [1994] No. 53 and the Ministry of Foreign Trade and Economic Cooperation Document [1994] Wai Jing Mao Zi San Han Zi No. 247. It has been registered on 18 May 1994 with the Chongqing Municipal Administration for Industry and Commerce in Sichuan Province, the People’s Republic of China and the business licence thereof has been obtained. The current business licence number of the Company is No. 500000400027294.

The name of the promoter is: Qingling Motors Company Limited.

Article 2 The registered name of the Company: Chinese: 庆铃汽车股份有限公司
English: QINGLING MOTORS CO. LTD

Article 3 Address of the Company : 1 Xiexing Cun, Zhongliang Shan, Jiulongpo District, Chongqing, the People’s Republic of China
Postal Code : 400052
Telephone : 0086-23-6526-4125
Facsimile : 0086-23-6883-0397

Article 4 The chairman of the board of directors of the Company shall be the legal representative of the Company.

Article 5 The Company is a joint stock company with perpetual existence.

The rights and obligations in respect of the Company enjoyed and assumed by shareholders of the Company shall be limited to the extent of the class and number of shares held by them. The Company shall be liable to its creditors to the extent of all of its assets.

The Company is an independent legal person, governed and protected by the laws and administrative regulations of the People’s Republic of China.

Article 6 Pursuant to the “Company Law of the People’s Republic of China” (hereinafter referred to as the “Company Law”), “Special Requirements of the State Council for Share Offers and Listing by Joint Stock Limited Companies Listed Overseas” (hereinafter referred to as the “Special Requirements”) and “Mandatory Provisions for the Articles of Association of the Companies Listed Overseas” (hereinafter referred to as the “Mandatory Articles”) and other relevant legislations and administrative regulations, the Articles of Association adopted at the extraordinary general meeting held on 19th May, 1994 (hereinafter referred to as the “Original Articles”) was amended by adoption of new Articles of Association of the Company (hereinafter referred to as the “Articles of Association of the Company” or the “Articles of Association”) at the shareholders’ general meeting held on 9th June, 1995.

Article 7 The registration of the Original Articles with the Chongqing Municipal Administration for Industry and Commerce was completed whereupon it became effective.

The Articles of Association shall become effective after being passed by a special resolution at the Company's shareholders' general meeting and once approval is obtained from the State Council authorized approving authorities and the State Council Securities Commission. Once the Articles of Association have become effective, the Original Articles shall be replaced by the Articles of Association.

Article 8 From the date when the Articles of Association take effect, the Articles of Association shall constitute a legally binding document regulating the structure and activities of the Company and governs the rights and obligations between the Company and its shareholders and among the shareholders.

Article 9 The Articles of Association of the Company shall be binding on the Company, its shareholders, directors, supervisors, managers and other officers. All the persons mentioned above may, pursuant to the Articles of Association, put forward claims concerning the affairs of the Company.

The shareholders may, in accordance with the Articles of Association, bring actions against the Company. The Company may, in accordance with the Articles of Association, bring actions against the shareholders. The shareholders may, in accordance with the Articles of Association, bring actions against each other. The shareholders may, in accordance with the Articles of Association, bring actions against the directors, supervisors, managers and other officers.

For the purpose of this article, "action" includes taking court proceedings and arbitration proceedings.

Article 10 The Company may invest in other companies with limited liability and joint stock limited companies and the Company shall be liable to such company in which the Company has made an investment to the extent of the amount of the capital so invested.

The Company shall not be a shareholder with unlimited liabilities of other profit-making organizations.

Upon the approval of the State Council authorized approving authorities, the Company may operate as a holding company in accordance with Section 12(2) of the Company Law having regard to its operational and management requirements.

Article 11 Subject to the provisions of the laws and administrative regulations of PRC, the Company shall have the rights to raise funds or to borrow monies, including but not limited to the rights to issue bonds, or to charge or to pledge its properties.

Chapter 2 Business Objects and Scope

Article 12 The object of operations of the Company shall be:

to utilize the social capital within and outside PRC to develop the automobile industry; to expand both the domestic and international markets; to become a top company of the world by focusing on quality and quantity, relying on markets and aiming at efficiency, implementing advanced scientific management and employing flexible operating principles so as to ensure that the shareholders as a whole can obtain satisfactory economic results.

Article 13 The business scope of the Company is subject to the approval granted by the company registry.

Core Business:

- 1) The manufacture of Isuzu series automobile, sales, repair, provision of spare parts and general cargo transport.
- 2) The relevant assembly and spare parts of Isuzu series automobile and the facilities related to manufacture and the import of raw materials, and the relevant assembly and spare parts of domestic manufacture and the facilities related to manufacture and the acquisition of raw materials.

Article 14 With the approvals of the relevant government departments, the Company may from time to time make adjustments to its investment policy, scope and means of operations according to the domestic and international market trends, business development requirements within PRC and the Company's own development capabilities and business requirements and may also set up branches and offices both within and outside PRC and in the regions of Hong Kong, Macau and Taiwan (whether or not being wholly-owned).

Chapter 3 Share Capital and Registered Capital

Article 15 The Company may at any time create ordinary share: The ordinary shares issued by the Company shall include domestic shares and foreign shares. Having regard to its requirements and upon the approvals of the State Council authorized approving authorities, the Company may create other class of shares.

Articles 16 The shares issued by the Company shall have a par value of Renminbi 1 per share.

The aforesaid Renminbi shall mean the legal currency of the People's Republic of China.

Article 17 The Company may issue shares to domestic investors and overseas investors upon the approval of the authorities of the State Council responsible for securities.

The aforesaid overseas investors shall mean the investors from foreign countries and the regions of Hong Kong, Macau and Taiwan who subscribe for the shares issued by the Company; domestic investors shall mean the investors within the PRC other than those investors from the aforesaid regions.

Article 18 The shares issued by the Company to the domestic investors and subscribed in Renminbi shall be called domestic shares. The shares issued by the Company to the overseas investors and subscribed in foreign currency shall be called foreign shares. Those foreign shares listed overseas shall be called overseas listed foreign shares. Shareholders of domestic shares and overseas listed foreign shares are ordinary shareholders and shall have the same rights and obligations.

The aforesaid foreign currency shall mean the legal currency of other countries or areas, other than Renminbi, recognized by the foreign exchange authority of PRC for the purpose of payment for the shares to the Company.

Article 19 The foreign shares issued by the Company and listed in Hong Kong shall be called H shares. H shares shall mean the shares which have been admitted for listing on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the "HKSE") and the par value of which is denominated in Renminbi and are subscribed for and traded in Hong Kong currency.

Article 20 Upon approval of the approving authorities as authorised by the State Council, the total number of ordinary shares to be issued by the Company in the first tranche shall be 2 billion shares. The Company shall upon its establishment issue 1.5 billion shares (inclusive of domestic shares and H Shares), representing 75 per cent. of the total number of ordinary shares to be issued by the Company in the first tranche.

Article 21 The Company shall after its establishment issue 500 million overseas listed foreign shares (H Shares), representing 25 per cent. of the total number of ordinary shares to be issued by the Company in the first tranche.

The shareholding structure of the Company in the first tranche after the issue of the shares as mentioned in the preceding paragraph shall be: 2 billion ordinary shares, of which 1,020 million shares are held by the domestic shareholder, 慶鈴汽車(集團)有限公司 and 980 million shares are held by the shareholders of overseas listed foreign shares (H Shares).

Upon the passing of the resolutions at a class meeting of the holders of H Shares of the Company and the special resolutions at an extraordinary general meeting of the Company and upon approval of the relevant governing authorities of the PRC government, the Company issued overseas US\$100 million in aggregate principal amount of convertible bonds convertible into new H Shares and an additional US\$10 million in aggregate principal amount of convertible bonds pursuant to the over-allotment option (together referred to as

“Convertible Bonds”), and 258,651,865 new H Shares has been issued pursuant to the conversion of the Convertible Bonds and 223,616,403 new domestic shares has been allotted to 慶鈴汽車(集團)有限公司 which resulted in the ratio of the Company’s domestic shares being not less than 50.1% and the ratio of the H Shares being not more than 49.9%.

The shareholding structure of the Company after issue of new H Shares pursuant to the conversion of the Convertible Bonds and the allotment of new domestic shares to 慶鈴汽車(集團)有限公司 shall be: 2,482,268,268 ordinary shares, of which 1,243,616,403 shares are held by the domestic shareholder, 慶鈴汽車(集團)有限公司, and 1,238,651,865 shares are held by the shareholders of overseas listed foreign shares (H Shares).

Article 22 Upon the plan for the issue by the Company of overseas listed foreign shares and domestic shares being approved by the authorities of the State Council responsible for securities, the board of directors of the Company may implement arrangement, for the respective issue thereof.

The plan for the issue of overseas listed foreign shares and domestic shares may be implemented respectively by the Company pursuant to the provisions as aforesaid within 15 months upon the approval of the State Council Securities Commission.

Article 23 Where the total number of shares to be issued by the Company as determined under the plan includes the number of overseas listed foreign shares and the number of domestic shares, the capital shall be raised by one instalment; where the capital cannot be raised by one instalment under special circumstances, it can be raised by separate instalments with the approval of the State Council Securities Commission.

Article 24 The registered capital of the Company in the first tranche shall be Renminbi 2 billion. Upon the issue of the new H Shares and the new domestic shares by the Company from time to time in accordance with Article 21 of these Articles of Association, the registered capital has been increased to Renminbi 2,482,268,268.

Article 25 The Company may, based on its operation and business requirements, approve and increase in its capital in accordance with the relevant provisions of the Articles of Association.

The manners in which the capital of the Company may be increased are as follows:

- (1) offer of new shares to investors not particularly designated;
- (2) issue of new shares to existing shareholders by way of rights;
- (3) bonus issue of new shares to existing shareholders;
- (4) other methods as permitted by the laws and administrative regulations.

The increase in the capital of the Company by way of issuing new shares pursuant to the provisions of the Articles of Association shall be implemented in accordance with relevant laws and administrative regulations of PRC.

Article 26 Unless otherwise provided in the laws and administrative regulations, the shares of the Company may be freely transferable and shall be free from any lien.

Chapter 4 Reduction of Capital and Repurchase of Shares

Article 27 The Company may reduce its registered capital pursuant to the provisions of the Articles of Association.

Article 28 Upon the reduction of registered capital, the Company shall prepare a balance sheet and a list of its assets.

The Company shall notify its creditors within 10 days from the date of passing of the resolution for the reduction of registered capital and shall publish the notice at least three times in a newspaper within 30 days thereof. The creditors who have received the said notice shall have the right within 30 days from the date of receiving the notice, and the creditors who have not received the notice shall have the right within 90 days from the date of the notice was first published in the newspaper, to demand the Company to settle the debt or to provide corresponding security in respect of the debt.

The registered capital shall not be less than the minimum statutory requirement after the reduction of capital.

Article 29 In the following circumstances, the Company may repurchase its issued shares upon a resolution passed in accordance with the procedures provided in the Articles of Association and with the approval of the relevant governing authorities of PRC:

- (1) to cancel shares for reducing capital of the Company;
- (2) to amalgamate with other company which owns shares in the Company;
- (3) other circumstances which are permitted by the laws and administrative regulations.

The Company shall repurchase its issued shares in accordance with the provisions of Articles 30 to 33.

Article 30 The Company may with the approval of the relevant governing authorities of PRC repurchase its shares in any of the following manner:

- (1) to make a repurchase offer to all shareholders in proportion to their respective shareholdings;
- (2) to repurchase shares in open trading on a stock exchange;
- (3) to repurchase shares by way of agreement other than through a stock exchange.

Article 31 Where the Company repurchases shares by way of agreement other than through a stock exchange, it shall obtain the prior approval of the shareholders in general meeting according to the provisions of the Articles of Association. Where prior approval has been obtained from the shareholders in general meeting in the same manner, the Company may release or modify the contract entered into in the aforesaid manner or waive any right granted under such contract.

The contract to repurchase shares referred to above shall include but not limited to agreements agreeing to undertake the obligations to repurchase shares or acquiring the rights to repurchase shares.

The contract to repurchase shares on the repurchase of shares or any of the rights provided therein are not capable of being assigned by the Company.

Article 32 The Company shall cancel the shares repurchased within the period prescribed by the laws and administrative regulations and shall apply to the original company registration authority for registration of alteration of its registered capital.

The registered capital of the Company will be diminished by the total nominal value of the shares so cancelled.

Article 33 Unless the Company is in the process of liquidation, the repurchase of issued shares by the Company shall be subject to the following provisions:

- (1) if the shares are repurchased at face value, payment may be made out of the balance of the distributable profits in the books of the Company or from the proceeds of fresh issue of new shares for the purpose of repurchase of issued shares;
- (2) if the shares are repurchased at a premium, payment up to the face value may be made out of the balance of the distributable profits in the books of the Company or from the proceeds of fresh issue of new shares for the purpose of repurchase. Payment of the portion in excess of the face value shall be effected in the following manner:—
 - (i) if the repurchased shares were issued at par value, payment shall be made out of the balance of distributable profits in the books of the Company;
 - (ii) if the repurchased shares were issued at a premium, payment shall be made out of the balance of distributable profits in the books of the Company or from the proceeds of fresh issue of new shares for the purpose of share repurchase provided that, the amount paid out of the proceeds of fresh issue of new shares shall not exceed the aggregate of premium received on the issue of the shares repurchased, nor the balance of capital surplus reserve fund account of the Company at the time of such repurchase (including the amount of the premium received on the fresh issue of new shares);
- (3) The payment for the following shall be made out of the distributable profits of the Company:
 - (i) to acquire rights to repurchase its shares;
 - (ii) to amend the contract for the repurchase of its shares;
 - (iii) to release any of its obligations under the repurchase contract.
- (4) After the registered capital of the Company has been diminished by the total nominal amount of the shares so cancelled pursuant to relevant provisions, the amount which has been deducted from the distributable profits and used for repurchasing the nominal value of the shares shall be credited to the account of capital surplus reserve fund of the Company.

Chapter 5 Financial Assistance for the Acquisition of the Shares of the Company

Article 34 No financial assistance shall be provided at any time and in any manner by the Company and its subsidiaries to any person acquiring or intending to acquire the shares of the Company. The person(s) acquiring the shares of the Company aforesaid shall include the person(s) who undertake(s), directly or indirectly, obligations as a result of an acquisition of shares of the Company.

No financial assistance shall be provided at any time and in any manner by the Company and its subsidiaries to reduce or release the obligations of the said person(s) undertaking such obligations.

This article shall not apply to the circumstances stated in Article 36 in this chapter.

Article 35 The financial assistance referred to in this chapter shall include but not limited to the assistance in the following ways:

- (1) gift;
- (2) guarantee (including provision by the guarantor of an undertaking or property to secure the performance of obligations by the obligor), indemnity (other than an indemnity in respect of the Company's own neglect or default) or a release or waiver thereof;

- (3) provision of loan or making of a contract under which the obligations of the Company are to be fulfilled before the obligations of another party to the contract, the novation of the loan or changes of the parties to the contract and the assignment of rights under the loan and the contract;
- (4) any other 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 be material extent.

The undertaking referred to in this chapter shall include the undertaking of obligations by the obligator of contract or arrangement (whether the contract or arrangement is enforceable or to be undertaken individually or jointly with others) or changes in his financial position in any manner.

Article 36 The following activities shall not be deemed to be prohibited by Article 34 of this chapter:

- (1) the provision of financial assistance is given in good faith in the interests of the Company and the principal purpose in giving such assistance is not for acquisition of shares in the Company, or the giving of the assistance is but an incidental part of a master plan of the Company;
- (2) distribution of the assets of the Company by way of dividends lawfully declared;
- (3) the allotment of bonus shares as dividends;
- (4) a reduction of registered capital, repurchase of shares of the Company, adjustment of shareholding structure of the Company effected in accordance with the Articles of Association;
- (5) the lending of money by the Company in the ordinary course of its business where the lending of money is part of the scope of business (only if the Company has net assets which are not thereby reduced or to the extent that those assets are thereby reduced if the financial assistance is provided out of the distributable profits of the Company);
- (6) the provision of money by the Company for contributions to the share option scheme for employees (only if the Company has net assets which are not thereby reduced or to the extent that those assets are thereby reduced, if the financial assistance is provided out of the distributable profits of the Company).

Chapter 6 Share Certificates and Register of Shareholders

Article 37 The shares issued by the Company shall be in registered form.

The share certificates of the Company shall contain the following major particulars:

- (1) name of the Company;
- (2) date of incorporation of the Company;
- (3) class of the shares, nominal value and number of shares represented;
- (4) serial number of the certificate;

- (5) other items to be contained as required by the Company Law, the Special Requirements and the stock exchange on which the shares of the Company are listed.

Article 38 The shares of the Company may be transferred, donated, inherited and charged in accordance with the relevant laws, administrative regulations and the Articles of Association.

The transfer and assignment of shares shall be registered with the share registrar appointed by the Company.

Article 39 Share certificates shall be signed by the chairman and also be signed by other officer of the Company if required by the stock exchange on which the shares of the Company are listed. The share certificates shall come into effect upon the seal of the Company has been affixed or being affixed in the mode of printing. The affixing of the Company seal on the share certificates shall require the authority of the board of directors previously given. The signature of the chairman or other relevant officers of the Company may be affixed to share certificates in the mode of printing.

Article 40 The Company shall keep a register of shareholders and enter therein the following particulars:—

- (1) name, address (residential), occupation or description of each shareholder;
- (2) class and number of shares held by each shareholder;
- (3) the amount paid or payable for the shares held by each shareholder;
- (4) the serial number of the shares held by each shareholder;
- (5) the date on which each person was entered in the register as a shareholder;
- (6) the date on which any person ceased to be a shareholder.

Unless there is evidence to the contrary, the register of shareholders shall be sufficient evidence of shareholdings in the Company.

Article 41 The Company may, in accordance with the agreement or understanding between the authorities of the State Council responsible for securities and overseas securities supervisory authorities, keep the original register of shareholders in relation to overseas listed foreign shares outside the PRC and shall appoint overseas agencies to manage such register. The original register of shareholders in relation to overseas listed foreign shares which are listed in Hong Kong shall be kept in Hong Kong.

Copies of the register of shareholders in relation to overseas listed foreign shares shall be kept at the seat of the Company. Appointed overseas agencies shall from time to time guarantee that the original register of shareholders in relation to overseas listed foreign shares and the copies thereof shall be consistent.

Where there is any inconsistency between the original register of shareholders of overseas listed foreign shares and the copies thereof, the original shall prevail.

Article 42 The Company shall have a complete register of shareholders.

The complete register of shareholders shall contain the following parts:

- (1) register of shareholders other than those provided in paragraphs (2) and (3) below kept at the seat of the Company;

- (2) register of shareholders in relation to overseas listed foreign shares kept at the place of the overseas stock exchange in which those shares are listed;
- (3) register of shareholders kept in other place(s) as the board of directors of the Company thinks fit for the purpose of listing the shares of the Company.

Article 43 Different parts of the register of shareholders shall not overlap. No transfer of any shares registered in any part of the register of shareholders, shall during the continuance of that registration, be registered in any other part of the register of shareholders.

All transfer of overseas listed foreign shares listed in Hong Kong must be effected by an instrument of transfer in the usual or common form or in such other form as the board of directors may accept or by the standard clearing forms prescribed by The Stock Exchange of Hong Kong Limited by hand or by machine imprinted signature. All instruments of transfer must be left at the legal office of the Company or at such other place as the board of directors may appoint.

All the fully paid overseas listed foreign shares listed in Hong Kong shall be freely transferrable pursuant to the Articles of Association. However, the board of directors may refuse to recognize any instrument of transfer without assigning any reason thereof, unless:

- (1) a sum of HK\$2.5 or such higher amount as approved by the HKSE for the time being has been paid to the Company for registering any instrument of transfer or other documents related to or affecting the ownership of any shares;
- (2) the instrument of transfer only involves overseas foreign shares listed in Hong Kong;
- (3) the stamp duty in respect of the instrument of transfer has been paid;
- (4) relevant share certificates and such other evidence as the board of directors may reasonably require to show the right of the transferor to make the transfer have been produced;
- (5) if the shares are transferred to joint holders, the number of joint holders shall not exceed 4; and
- (6) the shares concerned are free of any lien in favour of the Company.

Changes or corrections to any part of the register of shareholders shall be made in accordance with the laws of the place where the register is kept.

Article 44 No registration of the changes relating to share transfer shall be made in the register of shareholders within 30 days prior to the shareholders' general meeting or within 5 days prior to the record date for determining the distribution of dividends.

Article 45 In the event the Company decides to convene a shareholders' general meeting, distribute dividends, liquidate or engage in activities which require determining shareholdings, the board of directors shall fix a date as a record date for determining the shareholdings. The shareholders of the Company shall be those shareholders registered on the register at the end of the record date.

Article 46 Any person who does not agree to the register of shareholders and requests to have his name registered thereon or removed therefrom may apply to the court of law having jurisdiction on the register for rectification of the register.

Article 47 Any shareholder whose name is registered in the register of shareholders or any person who requests to have his name registered in the register of shareholders has lost his share certificate (the “Original Certificate”), may apply to the Company for issuing new share certificate in respect of such shares (the “Relevant Shares”).

Domestic shareholder who lost his share certificate may apply for the issue of new share certificate in accordance with Section 150 of the Company Law.

Holder of overseas listed foreign shares who lost his share certificate may apply for the issue of new share certificate in accordance with the laws, stock exchange rules and other relevant regulations of the place where the original register of shareholders in relation to overseas listed foreign shares is kept.

Application for replacement of lost share certificate made by a holder of H shares shall be subject to the following requirements:

- (1) Applicant shall submit the application in standard form prescribed by the Company together with a notarial certificate or statutory declaration. The notarial certificate or statutory declaration shall include the reason of the application made by the applicant, the circumstances under which the share certificate was lost and the supporting evidence and a declaration that no other person shall be entitled to register as a shareholder in respect of the Relevant Shares.
- (2) No declaration made by other person other than the applicant has been received by the Company for registration as a shareholder of the Relevant Shares prior to the determination of the Company to issue new certificate.
- (3) If the Company determines to issue new certificate to the applicant as replacement, it shall publish a notification for issuing new certificate for replacement purpose in the newspaper designated by the board of directors and the period for such notification shall be 90 days and such notification shall be published at least once every 30 days.
- (4) Prior to the publishing of the notification for issuing new certificate for replacement purpose, the Company shall submit a copy of the notification to be published to the stock exchange where its shares are listed. The notification may be published upon the reply of such stock exchange confirming that the said notification has been exhibited in such stock exchange. The period for the exhibition of the notification in such stock exchange shall be 90 days.

If the consent for the application for replacement of the certificate has not been obtained from the registered shareholder of the Relevant Shares, the Company shall send to the said shareholder by post a copy of such notification to be published.

- (5) Upon the expiry of 90 days for the publication and exhibition of the notification as provided in paragraphs (3) and (4) above and no objection has been received from any person against the replacement of certificate, new share certificate shall be issued to the applicant based on his application.
- (6) Where the Company issues new share certificate pursuant to this article, it shall forthwith cancel the Original Certificate and make such entry in the register of shareholders in order to record such cancellation and issue.
- (7) All expenses relating to the cancellation of Original Certificate and issuing new share certificate by the Company shall be borne by the applicant. The Company shall be entitled to refuse to take any action until the applicant can provide reasonable indemnity.

Article 48 Upon the issue by the Company of new share certificate pursuant to the provisions of the Articles of Association, the name of the bona fide purchaser who acquires the Relevant Shares or the person who subsequently registered as the shareholder of the said shares (as a bona fide purchaser) shall not be removed from the register of shareholders.

Article 49 The Company shall assume no liability for any loss incurred by any person as a result of the cancellation of the Original Certificate or in issuing new share certificate, unless it can be proved by such person that the Company is fraudulent.

Chapter 7 Rights and Obligations of Shareholders

Article 50 Shareholders of the Company shall be the persons who hold the shares of the Company in accordance with the laws and have their names registered in the register of shareholders.

Shareholders shall enjoy the rights and assume the obligations according to the class of and number of shares held by them. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

Article 51 A holder of ordinary shares of the Company shall have the following rights:

- (1) to claim dividends and distribution of profits in any other form in proportion to the number of shares held;
- (2) to attend and to appoint proxy to attend shareholders' general meetings and to vote thereat;
- (3) to supervise and manage the business activities of the Company and to put forward proposals and raise inquiries;
- (4) to transfer shares in accordance with the laws, administrative regulations and the Articles of Association; to transfer overseas listed foreign shares in accordance with the laws in the place where such shares are listed;
- (5) to receive information as provided in the Articles of Association of the Company, including:
 1. the right to a copy of the Articles of Association upon payment of the costs thereof;
 2. upon payment of reasonable charges, the right to inspect and make copies of:
 - (i) all parts of the register of shareholders;
 - (ii) personal particulars of the directors, supervisors, managers and other officers of the Company, including:—
 - (a) present forename and surnames and any former forename or surname and any aliases;
 - (b) principal address (residential);
 - (c) nationality;
 - (d) occupation and all other part-time occupation and positions;
 - (e) identification documents and its number.

- (iii) state of the share capital of the Company;
 - (iv) reports showing the total nominal value and number of shares repurchased by the Company since the end of the last financial year, quantity, the highest and the lowest price paid and the aggregate amount paid by the Company in respect of each class of its shares repurchased;
 - (v) minutes of the shareholders' general meetings.
- (6) the right to participate in the distribution of the surplus assets of the Company in proportion to the number of shares held in the event of the termination or liquidation of the Company;
 - (7) other rights conferred by the laws, administrative regulations and the Articles of Association of the Company.

Article 52 A holder of ordinary shares of the Company shall undertake the following obligations:

- (1) to comply with 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 of the Company.

A shareholder shall not be liable to make further contribution to the share capital other than the terms as agreed by the subscriber of the relevant shares on subscription.

Article 53 In addition to the obligations imposed by the laws and administrative regulations or required by the listing rules of the stock exchange on which the shares of the Company are listed, the controlling shareholder, in exercising the power as a shareholder, shall not exercise his voting rights in a manner prejudicial to the interests of all or some part of the shareholders when making decision on the following manners:

- (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), in any guise, the assets of the Company, including but not limited to an opportunity beneficial to the Company;
- (3) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another) the individual rights of other shareholders, including but not limited to rights to distributions and voting rights save and except restructuring of the Company submitted for approval by the shareholders in general meeting in accordance with the Articles of Association.

Article 54 A controlling shareholder referred to in the preceding article means a person who satisfies any one of the following conditions:

- (1) he may alone or acting in concert with others has the power to elect more than half of the directors;
- (2) he may alone or acting in concert with others has the power to exercise 30 per cent. or more of the voting rights in the Company or control the exercise of 30 per cent. or more of the voting rights in the Company;

- (3) he may alone or acting in concert with others holds 30 per cent. or more of the issued shares of the Company;
- (4) he may alone or acting in concert with others has de *facto* control of the Company in any other manner.

Chapter 8 Shareholders' General Meetings

Article 55 The shareholders' general meeting shall be the source of authority of the Company and shall exercise its powers according to the laws.

Article 56 The shareholders' general meeting shall have the following powers:–

- (1) to determine the business policies and investment plans;
- (2) to elect and replace directors and to determine the remuneration of the directors;
- (3) to elect and replace supervisors who are representatives of the shareholders and to determine the remuneration of such supervisors;
- (4) to consider and to approve the report of the board of directors;
- (5) to consider and to approve the report of the supervisory committee;
- (6) to consider and to approve the annual financial budgets and final accounts;
- (7) to consider and to approve the plan for profit distribution and plan for making up losses;
- (8) to approve the increase in or reduction of the registered capital of the Company;
- (9) to approve the amalgamation, demerger, dissolution and liquidation of the Company;
- (10) to approve the issue of debentures of the Company;
- (11) to approve the appointment, dismissal or discontinuance of appointment of the accountants firm;
- (12) to amend the Articles of Association;
- (13) to consider the motion put forward by the shareholders together representing 5 per cent. or more of the shares of the Company carrying voting rights;
- (14) other matters to be approved at the shareholders' general meeting as required by the laws, administrative regulations and the Articles of Association.

The shareholders' general meeting may authorise or appoint the board of directors to effect those matters authorised or appointed by the shareholders' general meeting.

Article 57 The Company shall not enter into contract with any person other than a director, supervisor, manager or other officer of the Company whereby such person undertakes the management and administration of the whole or any substantial part of the business of the Company.

Article 58 Shareholders' general meetings are divided into annual general meeting and extraordinary general meeting. Shareholders' general meetings shall be convened by the board of directors. Annual general meeting shall be held once every year and within six months after the financial year end.

Under any of the following circumstances, the board of directors shall convene an extraordinary general meeting within two months thereof:

- (1) when the number of directors falls below the number required by the Company Law or two-thirds of the number required by the Articles of Association;
- (2) when the losses of the Company which have not been made up amount to one-third of the total share capital of the Company;
- (3) upon requisition of shareholders holding 10 per cent. or more of the issued shares carrying voting rights for the convening of an extraordinary general meeting;
- (4) when the board of directors deems necessary of the supervisory committee proposes to convene the same.

Article 59 The Company shall, 45 days before the date of the meeting, send notices of the shareholders' general meeting as mentioned in Article 62 of the Articles of Association and inform all registered shareholders of the matters to be considered at the meeting and the date and venue of the meeting. Those shareholders who intend to attend the meeting shall send the written reply for attending the meeting to the Company 20 days before the date of the meeting.

Article 60 In the case of annual general meeting, shareholders together holding 5 per cent. or more of the total number of shares carrying voting rights shall be entitled to propose new motions in writing to the Company and the Company shall include the same, which falls within the powers of the shareholders' general meeting, into the agenda of such meeting.

Article 61 The Company shall convene the shareholders' general meeting if the written replies received from the shareholders by the Company 20 days before the date of the meeting show that the number of shares carrying voting rights represented by the shareholders who intend to attend is more than one-half of the total number of shares with voting rights, failing which the Company shall, within 5 days, inform the shareholders again in the form of public notice the proposed matters for consideration at the meeting and the date and venue of the meeting. Shareholders' general meetings may be convened after such notification has been published.

Resolutions on matters not specified in the notice shall not be passed at shareholders' extraordinary general meetings.

Article 62 Notice of shareholders' general meetings shall satisfy the following requirements:

- (1) it shall be in writing or in other manners as prescribed in the Articles of Association;
- (2) it shall specify the place, date and time of the meeting;
- (3) it shall state the nature of business to be transacted at the meeting;

- (4) it shall provide such information and explanation as are necessary for the shareholders to make a judicious decision on the business to be transacted. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to repurchase shares, to reorganize the 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 agreement, if any, and the causes and effects must be properly explained;
- (5) it shall contain a disclosure of the nature and extent, if any, of the material interests of any director, supervisor, manager, and other officer in the transaction proposed and the effect of the proposed transaction on them in their capacity as shareholders in so far as it is different from the effect on the interests of the other shareholders of the same class;
- (6) it shall contain the full text of any special resolution proposed to be passed at the meeting;
- (7) it shall contain conspicuously a statement that a shareholder entitled to attend and vote at the meeting shall be entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not be a shareholder; and
- (8) it shall specify the time and place for lodging proxy forms for the relevant meeting.

Article 63 The notice of a shareholders' general meeting shall be sent to shareholders, regardless of whether a shareholder is entitled to vote at the meeting, by hand or pre-paid post. The service address shall be the address on the register of shareholders. As for domestic shareholders, the notice of a shareholders' general meeting may be given in the form of public notice.

The public notice referred to above shall be published 45 days to 50 days prior to the date of the meeting in a newspaper or several newspapers prescribed by the authorities of the State Council responsible for securities. Once published, all domestic shareholders shall be deemed to have received the relevant notice of the shareholders' general meeting.

Subject to no contravention of the laws, regulations and listing rules of the places where the Company is registered and listed, the Company shall issue or otherwise make available the aforementioned notices of shareholders' general meeting to shareholders of overseas listed foreign shares by such other means as prescribed in Article 192 of the Articles of Association but needs not to issue or otherwise make available the same by the means as mentioned in the first paragraph of this Article.

Article 64 The accidental omission to give a notice of a meeting to or the non-receipt of notice of a meeting by any person who is entitled to receive notice shall not invalidate the meeting and the resolutions passed at such meeting.

Article 65 Any shareholder who is entitled to attend the shareholders' general meeting and to vote thereat shall be entitled to appoint one or more persons (whether a shareholder) as his proxy to attend and vote on his behalf. Such proxy or proxies shall exercise the following rights pursuant to the appointment made by the appointing shareholder:

- (1) the same right as the shareholder to speak at the shareholders' general meeting;
- (2) authority to demand or join in demanding a poll;
- (3) the right to vote by show of hands or on a poll; however, but a proxy of a shareholder who has appointed more than one proxy may only vote on a poll.

Where a shareholder is a recognised clearing house (or its nominee(s)) as defined in the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), it may authorise such person or persons as it thinks fit to act as its representative(s) at any shareholders meeting of the Company or at any meeting of any class of Members provided that if more than one person is authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. Such authorised person shall be entitled to exercise the same rights and power on behalf of the recognised clearing house (or its nominee(s)) which he or they represent as if such person is an individual shareholder of the Company.

Article 66 The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a corporation, either under its seal or under the hand of a director or attorney duly authorised. Such written instrument shall specify the number of shares of the appointer as are represented by the proxy.

Article 67 The instrument appointing a proxy shall be deposited at the seat of the Company or such other place as is specified in the notice of meeting not less than 24 hours before the time appointed for the meeting at which the person named in the instrument proposes to vote or, 24 hours before the time appointed for taking of the poll. Where such instrument is signed by a person under a power of attorney or other authority on behalf of the appointer, that power of attorney or other authority shall be notarized. A notorially certified copy of that power of attorney or other authority together with the instrument appointing a proxy shall be deposited at the seat of the Company or such other place as is specified in the notice of the meeting.

If the appointer is a corporation, the legal representative or such person as is by the resolution of its board of directors or other governing body authorized to act as its representative may attend at the shareholders' general meeting of the Company.

Article 68 Any form issued to a shareholder by the board of directors for use by him for appointing a proxy shall be in such as to enable the shareholder, according to his intention, to instruct the proxy to vote in favour or against each resolution dealing with business to be transacted at the meeting. Such a form shall contain a statement that in default of such instructions, the proxy may vote as he thinks fit.

Article 69 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or loss of capacity of the principal or revocation of the proxy or power of authority or other authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no intimation in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company before the commencement of the meeting at which the proxy is used.

Article 70 A proxy who attends the shareholders' general meeting on behalf of the shareholder shall produce the document of his identity and the power of attorney signed by the appointer or the legal representative of the appointer. The power of attorney shall specify the date of issue. If a corporate shareholder appoints its legal representative to attend the meeting, the legal representative shall produce the document of his identity and a notorially certified copy of the resolution of the board of directors or other authority of the appointer.

Article 71 Resolutions of the shareholders' general meeting shall be divided into ordinary resolutions and special resolutions.

Ordinary resolution of a shareholders' general meeting shall be passed by more than one-half of the voting rights held by the shareholders (including proxies) present at the meeting.

Special resolution of a shareholders' general meeting shall be passed by more than two-thirds of the voting rights held by the shareholders (including proxies) present at the meeting.

Shareholders (including proxies) present at the shareholder's general meeting shall specifically vote for or against each resolution proposed to be passed at the meeting. Any abstain vote or waiver to vote shall be disregarded by the Company as voting rights for calculating the result of that resolution.

Article 72 For the purpose of voting at the shareholders' general meeting, a shareholder (including proxy) shall exercise voting rights in accordance with the number of shares carrying voting rights represented by him. Each share shall have one vote.

Where the Company has actual knowledge that any shareholder is, under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (including the appendices thereto, any listing agreement or other contractual arrangement entered into with any party pursuant thereto, and rulings of The Stock Exchange of Hong Kong Limited made in pursuance thereof) required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

Article 73 At any shareholders' general meeting, a resolution put to the vote of the meeting shall be decided on a show of hands unless a poll is taken as may from time to time be expressly required by the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited or unless a poll is (before or after any vote by the show of hands) demanded:

- (1) by the chairman of the meeting;
- (2) by at least two shareholders present in person by proxy for the time being entitled to vote at the meeting;
- (3) by any shareholder or shareholders (including proxy) holding individually or holding an aggregate of 10 per cent. or more of the shares carrying the right to vote at the meeting.

Unless a poll is so required or duly demanded, a declaration by the chairman of the meeting that a resolution has on a show of hands been carried or lost and an entry to that effect in the minutes book shall be the conclusive evidence of the fact without any proof of the number or proportion of the votes recorded in favour of or against the resolution.

A demand for a poll may be withdrawn by the person making such demand.

Article 74 If a poll demanded on the election of a chairman or on a question of adjournment of the meeting shall be taken forthwith, a poll demanded on any other question shall be taken at such time as the chairman of the meeting directs. The meeting may proceed to the discussion of other items. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

Article 75 On a poll, a member (including proxy) entitled to two or more votes need not use all his votes or cast all the votes he uses in the same way.

Article 76 In case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to a second or casting vote.

Article 77 The following matters shall require sanction of an ordinary resolution at a shareholders' general meeting:

- (1) the working reports of the board of directors and the supervisory committee;

- (2) plan for distribution of profits and plans for making up losses prepared by the board of directors;
- (3) the appointment and removal of the members of the board of directors and the supervisory committee and their remunerations and method of payment;
- (4) annual financial budgets and statements of final accounts, balance sheets, profit statements and other financial statements of the Company;
- (5) matters not otherwise required by the laws, administrative regulations or the Articles of Association to be passed by special resolutions.

Article 78 The following matters shall require the sanction of a special resolution at shareholders' general meetings:

- (1) the increase in and reduction of the share capital of the Company, and the issue of any class of shares, warrants or other similar securities;
- (2) the issue of bonds of the Company;
- (3) the demerger, amalgamation, dissolution and liquidation of the Company and major acquisitions and disposals;
- (4) amendments to the Articles of Association;
- (5) other matters which have been adopted by ordinary resolutions at the shareholders' general meeting, and which are considered to have significant effect on the Company shall be adopted by special resolutions.

Article 79 Any resolution adopted at a shareholders' general meeting shall comply with the relevant provisions of the laws in PRC, administrative regulations and the Articles of Association.

Article 80 The procedures for convening an extraordinary general meeting or a class meeting of the shareholders on requisition of the shareholders shall be as follow:

- (1) Two or more shareholders who hold an aggregate of 10 per cent. or more of the shares carrying voting right at such meeting may sign one or several written requisition in the same form requesting the board of directors to convene an extraordinary general meeting or class meeting of the shareholders, specifying the objects of the meeting. Upon receipt of the said written requisition, the board of directors shall convene an extraordinary general meeting or a class meeting of shareholders as soon as possible. The number of the shares held as aforesaid shall be calculated based on those shares held by the shareholder(s) as at the date of the written requisition.
- (2) Where the board of director fails to give notice to convene the meeting within 30 days upon the receipt of the said written requisition, the requisitionists may themselves convene a meeting within four months upon the receipt of the said requisition by the board of directors. A meeting convened by the requisitionists shall be convened in the same manner, as nearly as possible, as that in which meetings are to be convened by the board of directors.

Any reasonable expenses incurred by the requisitionists by reason of the failure of the board of directors duly to convene a meeting shall be repaid to the requisitionists by the Company, and any sum as repaid shall be retained from the Company by way of fees or other remuneration in respect of their services to such of the directors as were in default.

Article 81 A shareholders' general meeting shall be convened and presided by the chairman of the board of directors. Where the chairman of the board of directors is unable to attend for any reason, such meeting shall be convened and presided by the deputy chairman of the board of directors. Where the chairman and deputy chairman of the board of directors are unable to attend, the board of directors shall choose a director to convene and preside such meeting. Where no chairman has been designated, the shareholders present may elect one of their number to act as the chairman. If for any reason no chairman is elected by the shareholders, the shareholder (or proxy) holding the highest number of shares carrying the right to vote shall preside the meeting.

Article 82 The chairman of the meeting shall be responsible for determining whether a resolution of the shareholders' general meeting is passed or not and his decision shall be final and conclusive and the same shall be announced at such meeting and recorded in the minutes book.

Article 83 If the chairman of the meeting has any doubt as the result of a resolution put to the vote at the meeting, he may take a poll vote. If the chairman of the meeting fails to take a poll vote any shareholder who is present in person or by proxy and who objects to the result announced by the chairman of the meeting may demand a poll vote immediately after the declaration of the result, and the chairman shall take a poll vote forthwith.

Article 84 If there is a poll vote at a shareholders' general meeting, the result thereof shall be recorded in the minutes book.

The secretary shall cause minutes in respect of every shareholders' general meeting to be made and the minutes shall be signed by the directors present at the meeting.

Memorandum of the meeting shall be made in respect of all resolutions passed at shareholders' general meeting. Minutes and memorandum of a meeting shall be written in Chinese. Minutes together with the shareholders' attendance lists and instruments appointing proxies shall be kept at the legal address of the Company.

Article 85 A shareholder shall be entitled to inspect copies of minutes of any shareholders' general meeting free of charge during the business hours of the Company. If the shareholder demands from the Company a copy of such minutes, the Company shall send him the copy within seven days after having received reasonable charges.

Chapter 9 Special Procedures for the Voting of Class Shareholders

Article 86 Shareholders of different classes of shares shall be classified as class shareholders.

Class shareholders shall have rights and shall undertake obligations pursuant to the provisions of the laws, administrative regulations and the Articles of Association.

Article 87 The rights attached to any class of shares may varied or abrogated with the sanction of a special resolution passed at the shareholders' general meeting and by holders of shares of the affected class passed at a separate general meeting of the holders of shares of the class convened in accordance with Article 89 to Article 93 respectively.

Article 88 The following shall be considered as a variation or abrogation of the rights of class shareholders:

- (1) to increase or reduce the number of shares in that class or to increase or reduce the number of shares in a class of shares which have rights on voting, distribution or other privileges equal or superior to that class of shares;
- (2) to exchange all or a portion of shares of that class for shares of another class, or to exchange all or a portion of the shares of another class for shares of that class or to grant the rights to exchange the same;

- (3) to cancel or reduce the rights to claiming all the accrued dividends or cumulative dividends of shares of that class;
- (4) to reduce or cancel the preferential rights of that class to claim the dividends or the distribution of assets upon the liquidation of the Company;
- (5) to increase, cancel or reduce the rights to conversion of shares, options, voting rights, rights of transfer, pre-emptive rights and the rights to acquire the securities of the Company of that class;
- (6) to cancel or reduce the rights to receive the monies payable by the Company in a particular currency of that class;
- (7) to create a new class of shares which have the rights to voting, distribution and other privileges equal or superior to that class of shares;
- (8) to restrict or to impose more restrictions on the transfer or ownership of that class of shares;
- (9) to issue options or rights on subscription for or conversion of shares into that class or another class of shares;
- (10) to increase the rights and privileges of another class of shares;
- (11) to re-structure the Company in such a way that different class shareholders will undertake disproportionate obligations under the proposed restructuring;
- (12) to vary or abrogate the provisions of in this chapter.

Article 89

The class shareholders so affected whether or not otherwise have voting rights at a shareholders' general meeting, shall be entitled to vote at the class meeting involving matters provided in paragraphs (2) to (8) and (11) to (12) of Article 88, provided that any interested shareholders shall not be entitled to vote at that class meeting.

The meaning of an interested shareholder as referred to in the preceding paragraph shall be as follows:

- (1) Where the Company has made a repurchase offer to all shareholders in the same proportion in accordance with the provisions of Article 30 of the Articles of Association or repurchases its shares on a stock exchange through open transactions, "interested shareholder" shall mean the controlling shareholder as defined in Article 54 of the Articles of Association;
- (2) Where the Company repurchases its shares by way of an agreement otherwise than on a stock exchange in accordance with the provisions of Article 30 of the Articles of Association, "interested shareholder" shall mean the shareholder to which the agreement relates;
- (3) In the case of a restructuring of the Company, "interested shareholder" shall mean a shareholder who undertakes obligations by a lower proportion than that of other shareholders of the same class, or a shareholder who holds interests different from those held by other shareholders of the same class.

Where the Company has actual knowledge that any class shareholder is, under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (including the appendices thereto, any listing agreement or other contractual arrangement entered into with any party pursuant thereto, and rulings of The Stock Exchange of Hong Kong Limited made in pursuance thereof) required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such class shareholder in contravention of such requirement or restriction shall not be counted.

Article 90 Resolution of a class meeting shall be passed by two-thirds or more of the shares with voting rights held by the class shareholders who, according to Article 89 are entitled to vote at that class meeting.

Article 91 The Company shall, 45 days before the date of class meeting of shareholders, send written notice of the class meeting and inform all registered shareholders of that class of the matters to be considered at the class meeting and the date and venue of the class meeting. Those shareholders of the class who intend to attend shall send the written reply to the Company 20 days before the class meeting.

Where the number of class shares held by those shareholders who intend to attend and who have the right to vote is more than one-half of the total number of shares of that class with the voting rights, the Company shall convene that class meeting, failing which the Company shall, within 5 days, inform the shareholders of the class again in the form of public notice the proposed matters for consideration at the class meeting and the date and venue of the class meeting. Class meeting be convened after such notification.

Article 92 The notice of a class meeting shall only be given to the shareholders who are entitled to vote at such meeting only.

The proceedings of a class meeting shall be as nearly as possible as that of a shareholders' general meeting. The provisions in the Articles of Association relating to the proceedings of a shareholders' general meeting shall apply to the class meeting.

Article 93 In addition to holders of other classes of shares, domestic shareholders and shareholders of overseas listed foreign shares shall be deemed to be different classes of shareholders.

The special procedures for voting of class shareholders shall not apply to the following circumstances:

- (1) Where, upon approval by a special resolution passed at a shareholders general meeting, the Company issues domestic shares and overseas listed foreign shares either separately or concurrently once every twelve months, and the total amount of the domestic shares and overseas listed foreign shares so issued do not exceed 20 per cent. of their total issued amount respectively;
- (2) Where the Company plans to issue domestic shares and overseas listed foreign shares on establishment, to be implemented within fifteen months from the date of approval by the State Council Securities Commission.

Chapter 10 Board of Directors

Article 94 There shall be a board of directors comprising 11 members. The board of directors shall have one chairman and one or two deputy chairmen and one or more executive directors. Executive directors shall manage the affairs authorized by the board of directors.

Article 95 Directors shall be elected at the shareholders' general meeting for a term of three years. Upon the expiry of the term, a director shall be eligible for re-election.

Written notice of the intention to nominate a candidate for election as a director and the written notice by such candidate of his willingness to accept the nomination shall be sent to the Company at least 7 days before the date of the shareholders' general meeting.

The period for lodgment of the notices referred to in the preceding paragraph will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting.

Candidates for directors (executive directors and non-executive directors) of the first board of directors shall be nominated by the promoter and elected at the founding meeting for the establishment of the Company. The number of directors elected shall be not less than the number specified in Article 94 and not more than the maximum number of directors fixed by the ordinary resolution passed at the shareholders' general meeting. If the number of directors voted for is more than the maximum number of directors prescribed, directors who obtained the highest number of votes with reference to the maximum number of directors so fixed shall be elected as directors.

Subject to the relevant laws and administrative regulations, the shareholders' general meeting may by an ordinary resolution remove a director before the expiration of his term of office but without prejudice to any claim for damages under any contract.

The chairman, deputy chairman (nominated by the chairman) and executive director (nominated by the chairman) shall be elected and removed by a simple majority of the directors. The term of office for the chairman, deputy chairman and executive director shall be three years and they shall be eligible for re-election.

A director may assume the office of any other officer of the Company.

A directors shall not be required to hold any shares of the Company.

Article 96

The board of directors shall be responsible to the shareholders' general meeting and shall have the following powers and duties:

- (1) to be responsible for convening shareholders' general meeting and to report on its work to the shareholders' general meeting;
- (2) to implement resolutions of the shareholders' general meeting;
- (3) to determine the business plans and investment proposals of the Company;
- (4) to prepare the annual financial budgets and final accounts of the Company;
- (5) to prepare plans for profit distribution and plans for making up losses for the Company;
- (6) to formulate the Company's borrowing and financial policies, proposals for the increase in and reduction of registered capital and the issue of bonds of the Company;
- (7) to formulate proposals for major acquisitions and disposals for the merger, demerger and termination of the Company and to decide on the charging, letting and transfer of the major assets of the Company;
- (8) to decide on the internal management structure of the Company;
- (9) to employ or dismiss the manager and to engage or dismiss the assistant manager, officer in charge of financial matters on the basis of nominations from the manager and to determine their remuneration;

- (10) to set up the basic management systems of the Company, including the financial management and personnel management systems;
- (11) to formulate proposals for amendments of the Articles of Association;
- (12) to file a petition for the insolvency of the Company;
- (13) to appoint operating and legal advisers of the Company;
- (14) to decide on the level of wages and salary and welfare and award schemes;
- (15) to decide on other major issues and administrative matters of the Company other than those required by the Company Law and the Articles of Association to be resolved at the shareholders' general meetings and to execute other major agreements;
- (16) other powers conferred by the shareholders' general meeting and the Articles of Association.

Except directors' resolutions in respect of the matters specified in items (6), (7) or (11) above which shall be passed by more than two-thirds or more of the directors, directors' resolutions in respect of all other matters above may be passed by more than one half of the directors.

Article 97

If the board of directors proposes to dispose of the Company's fixed assets, where the aggregate of the amount or value of the consideration for the proposed disposal and where any fixed assets of the Company have been disposed of in the period of 4 months immediately preceding the proposed disposal, the amount or value of the consideration for any such disposal in that period exceeds 33 per cent. of the value of the fixed assets as shown in the latest balance sheet laid before the Company in shareholders' general meeting held, the board of directors shall not dispose of or agree to dispose of the said fixed assets without the prior approval of the shareholders' general meeting.

The proposed disposal of fixed assets referred to in this article shall include the acts of transferring certain interests in that assets but exclude the acts of the charging that fixed assets by way of security.

The validity of the transaction on the disposal of fixed assets by the Company shall not be affected by the breach of the first paragraph of this article.

Article 98

The chairman shall have the following powers and duties:

- (1) to preside over the shareholders' general meeting and to convene and preside over the meeting of the board of directors;
- (2) to examine the implementation of the resolutions of the board of directors;
- (3) to sign the securities issued by the Company;
- (4) other powers conferred by the board of directors.

Where the chairman is unable to perform his duties, he may designate a deputy chairman to perform the same on his behalf.

Article 99

Meeting of the board of directors shall be held at least twice every year and shall be convened by the chairman. The notice for such meeting shall be given to all directors 7 days in advance. In case of emergency, interim meeting of the board of directors may be convened at the request of more than one-third of the directors or the manager of the Company.

Meeting of the board of directors shall in principle be held at the seat of the Company. However, it may be held at other place in or outside the PRC if the board of directors so resolved.

The language used at the meeting of the board of directors shall be Chinese. Where necessary, interpreters may also attend the meeting to provide simultaneous interpretation service between Chinese and English languages.

Article 100 Notice of the meeting of the board of directors shall be served in the following manner:

- (1) Where the time and place of regular meeting of the board of directors have been fixed by the board of directors in advance, no notice shall be served.
- (2) Where the time and place of the meeting of the board of directors have not been fixed by the board of directors in advance, notice of the meeting of the board of directors specifying the time and place of the meeting shall be given by the Chairman to the directors by telex, cable, facsimile, express courier service, registered mail or by hand at least 7 days (but not more than 30 days) before the meeting.
- (3) The notice shall be in Chinese and, if necessary, an English version of the same shall be enclosed therein and the notice shall include agenda of the meeting. Any director may waive the right to receive notice of the meeting of the board of directors.

Article 101 A director shall be deemed to have received the notice of meeting if he is present at the meeting and does not raise the issue of the non-receipt of such notice prior to or at the time of this arrival at the meeting.

The regular meeting or interim meeting of the board of directors may be held by conference telephone or similar communication equipment. So long as all the directors participating at the meeting can clearly hear and communicate with each other, all such directors present shall be deemed to be present in person at the meeting.

Article 102 The quorum of the meeting of the board of directors shall be more than one-half of the directors (including those directors who have been appointed in writing by other directors to attend the meeting on their behalf under Article 103 of the Articles of Association). Each director shall have one vote. Resolutions of the meeting of the board of directors shall be passed by a simple majority of all the directors. In case of an equality of votes, the chairman shall have a second vote.

Article 103 Directors shall attend the meeting of the board of directors in person. Where any director is unable to attend the meeting, he may in writing appoint another director to attend the meeting on his behalf. The appointing instrument shall specify the scope of the authorization.

The director attending a meeting on other's behalf shall exercise the rights of the director who appoints him or within the scope of the authorization. If a director is unable to attend a meeting of the board of directors and has not appointed a representative to attend the meeting on his behalf, he shall be deemed to have waived his right to vote at such meeting.

The expenses incurred by the directors in attending a meeting of the board of directors shall be borne by the Company. These expenses include transportation fees between the location of the director and the place of meeting and charges for accommodation and meals during the period of the meeting of the board of directors. Miscellaneous expenses such as rental of the venue of the meeting and local transportation fees shall also be borne by the Company.

Article 104 The board of directors may accept resolutions in writing in lieu of convening a meeting of the board of directors. However, the draft of such resolutions shall be sent to every director by hand or by post, telex or facsimile. A resolution shall be a director's resolution without convening a meeting of the board of directors if it has been sent to all directors by the board of directors and approved and signed by the requisite number of directors to pass the resolution and sent back to the Secretary by one of the aforesaid means.

Article 105 The board of directors shall cause the matters resolved at the meeting of the board of directors and director's resolution passed without convening meeting of the board of directors to be recorded at Chinese language in form of minutes. Minutes of every meeting of board of directors shall be present to all directors for examination as soon as possible. Directors who intend to amend or supplement the minutes shall within one week after receiving the same submit his proposed amendments to the chairman. The agreed final form of the minutes shall be signed by the directors who attended such meeting and the person taking notes of the proceeding of such meeting. Minutes of all the meetings of the board of directors shall be kept at the seat of the Company in the PRC and a complete copy the minutes shall be sent to every director as soon as possible.

The directors shall be responsible for the resolution passed by the board of directors. Where any resolution of the board of directors contravenes the laws, administrative regulations or the Articles of Association, the directors involved in passing such resolution shall be liable to indemnify the Company for losses sustained by the Company as the consequences of such contravention provided that it has been proved that he objected to the resolution and the objection has been recorded in the minutes of such meeting, such director may be exempt from the liability.

Chapter 11 Secretary of the Board of Directors of the Company

Article 106 The Company shall have one or two Secretaries on the board of directors. The secretary is an officer of the Company.

Article 107 The Secretary shall be a natural person who has the requisite professional knowledge and experience. The secretary, who shall be appointed by the board of directors, shall be mainly responsible for:

If the Company shall have two Secretaries of the board of directors, they shall be respectively responsible for the Company's affairs in the PRC and in Hong Kong. The secretary responsible for the PRC's affairs shall be mainly responsible for ensuring that the constitution documents and records of the Company are in order, that the necessary reports and documents are prepared and submitted to relevant PRC authorities in accordance with the laws, that the register of shareholders of the Company are properly maintained and that persons entitled to records and documents of the Company are furnished with such records and documents without delay.

The secretary who is responsible for Hong Kong's affairs shall be mainly responsible for reporting and submitting relevant information and documents to the HKSE in accordance with the Listing Rules of the HKSE, preparing various documents in connection with the shareholders' general meetings and meetings of board of directors and submitting to the Registrar of Companies in Hong Kong documents relating to the Company.

Where the Company has only one secretary of the board of directors, he shall undertake all the above mentioned responsibilities of PRC affairs secretary and Hong Kong affairs secretary.

Article 108 Any director or officer of the Company may be appointed as the secretary (of the board of directors). Any accountant of the accountants firm appointed by the Company shall not be appointed the secretary of the board of directors.

Where the secretary of the board of directors is also a director and an act is required to be done by a director and the secretary separately, such person who is acting both as director and the secretary shall not perform the act in both capacities.

Article 109 The secretary of the board of directors shall perform his duties diligently in accordance with the provisions of the Articles of Association. The secretary shall assist to ensure that the Company complies with the relevant laws of PRC and the regulations of the stock exchange on which the shares of the Company are listed.

Chapter 12 Manager of the Company

Article 110 The Company shall have one manager who shall be appointed or dismissed by the board of directors.

Article 111 The manager shall be responsible to the board of directors and shall have the following powers and duties:

- (1) to be responsible for the production and management of the Company and to organize the implementation of the resolutions of the board of directors;
- (2) to organize the implementation of the annual business plans and investment proposals of the Company;
- (3) to prepare proposals for the internal management structure of the Company;
- (4) to prepare the management systems of the Company;
- (5) to draft the regulations of the Company;
- (6) to employ and dismiss assistant managers and persons in charge of financial matters;
- (7) to employ and dismiss management staff other than those who shall be employed and dismissed by the board of directors;
- (8) other powers conferred by the Articles of Association and the board of directors.

Article 112 The manager who is not a director may attend any meeting of the board of directors and shall be entitled to receive notice of the meeting and relevant documents. The manager who is not a director shall not be entitled to vote at any meeting of the board of directors.

Article 113 The manager and the assistant managers shall not, in exercising their powers, vary the resolutions of the board of directors and the shareholders' general meetings nor to exceed the scope of their authority.

Article 114 The manager and assistant managers shall discharge their duties honestly and diligently in accordance with the laws, administrative regulations and the Articles of Association.

Article 115 The manager, assistant managers and other officers shall give three months prior written notice of resignation to the board of directors; departmental managers shall give two months prior written notice of resignation to the manager.

Chapter 13 Supervisory Committee

Article 116 The Company shall have a supervisory committee. The supervisory committee is the Company's standing internal supervisory organ. Its responsibilities are to exercise supervision over the board of directors and its members and other officers, including the manager and assistant managers, to prevent any abuse of powers, infringement of the legitimate rights of the Company, its shareholders and workers.

Article 117 The supervisory committee shall consist of three members, one of whom shall act as the chairman of the committee. The term of office for the members of the committee shall be three years and they shall be eligible for re-election.

The appointment and removal of the chairman of the supervisory committee shall be made by a resolution passed by two-thirds or more of the members of the supervisory committee.

Article 118 Two-thirds of the supervisors shall be representatives of shareholders and the remaining supervisors shall be representatives of the staff and workers of the Company. The representatives of the shareholders shall be elected and removed by the shareholders' general meeting; the representatives of the staff and workers shall be elected and removed through democratic election by the staff and workers of the Company.

Article 119 Any director, manager, assistant manager, officer in charge of financial matters and other officers shall not act as a supervisor.

Article 120 Meeting of the supervisory committee shall be convened at least once every year and the meeting shall be convened by the chairman of the supervisory committee.

Article 121 The supervisory committee shall be responsible to the shareholders' general meeting and shall have following powers and duties in accordance with the laws:

- (1) to examine the financial conditions of the Company;
- (2) to supervise the conduct of the directors, manager and other officers of the Company to see whether they contravene the laws, administrative regulations or the Articles of Association in performing the duties of the Company;
- (3) to request the directors, managers and other officers of the Company to rectify their acts which are prejudicial to the interests of the Company;
- (4) to verify the financial information such as financial statements, operation reports and profits distribution proposals submitted by the board of directors to the shareholders' general meeting; where any query arises, the financial information shall be referred to a registered accountant or certified auditor appointed in the name of the Company to re-examine the same;
- (5) to propose the convening of extraordinary general meetings;
- (6) to represent the Company in negotiating with or the directors or taking legal proceedings against the directors;
- (7) other powers and duties provided in the Articles of Association.

Supervisors may attend meetings of the board of directors.

Article 122 The resolutions of the supervisory committee shall be passed by two-thirds or more of supervisors.

Article 123 The reasonable costs and expenses incurred in engaging professionals such as lawyers, registered accountants and certified auditors as are required by the supervisory committee in discharging its duties shall be borne by the Company.

Article 124 Supervisors shall honestly discharge their duties in accordance with the laws, administrative regulations and the Articles of Association of the Company.

Chapter 14 Qualifications and Obligations of the Directors, Supervisors, Managers and other Officers of the Company

Article 125 A person shall be disqualified from being a director, supervisor, manager or other officer of the Company in any one of the following circumstances:

- (1) the individual has no civil capacity or restricted civil capacity;

- (2) a period of less than 5 years has elapsed since the conviction of corruption, bribery, unauthorized appropriation of properties, embezzlement of properties or disrupting social and economic order; or a period of less than 5 years has elapsed since being deprived of political rights for commission of offences;
- (3) a period of less than 3 years has elapsed since the completion of the liquidation of any company or enterprise which was insolvent due to unsound business operation and management and where the person acted as a director or factory manager, manager of such company or enterprise and was personally liable for such insolvency;
- (4) a period of not less than 3 years has elapsed since revocation of the business licence of a company or enterprise due to illegal business operations where the person was the legal representative of such company or enterprise and for which he was personally liable;
- (5) the person is personally liable for a substantial loan which was due for payment but remains unpaid;
- (6) the person has been involved in criminal offences subject to investigation by judicial authorities and the case has yet to be settled;
- (7) the person is not eligible for acting in the leadership of a company or enterprise according to the laws or administrative regulations;
- (8) the person is not a natural person; and
- (9) a period of less than 5 years has elapsed since the person was adjudged by the relevant governing authority to be guilty of contravention of provisions of securities regulations involving fraud or dishonesty.

Article 126 The validity of an act of a director, manager or other officer of the Company acting on behalf of the Company against any bona fide third party shall not be affected by any irregularity in his appointment, election or any defects in his qualification.

Article 127 In addition to the obligations imposed by the laws and administrative regulations or required by the listing rules of the stock exchange on which the shares of the Company are listed, a director, supervisor, manager or other officer owes a duty to each shareholder for the following in the exercise of the powers entrusted to him:

- (1) not to cause the Company to exceed the scope of business stipulated in its business licence;
- (2) to act honestly in what he considers to be in the best interests of the Company;
- (3) not to expropriate in any guise the properties of the Company, including but not limited to usurp the opportunities beneficial to the Company;
- (4) not to expropriate the individual rights of shareholders including but not limited to rights of distribution and voting rights save and except pursuant to a restructuring of the Company submitted for approval of the shareholders in general meeting in accordance with these Articles of Association.

Article 128 A director, supervisor, manager or other officer of the Company, owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonable prudent person would be expected to exercise in comparable circumstances.

Article 129 A director, supervisor, manager or officer owes a duty, in the exercise of powers of the Company entrusted to him, to observe obligations of a fiduciary not to place himself in a position where his interest and the obligations undertaken may conflict. This principle shall include but not limited to the following obligations:

- (1) to act honestly in what he considers to be in the best interests of the Company;
- (2) to exercise the powers vested in him and not to exceed the scope thereof;
- (3) to exercise the discretionary power granted to him personally and not allow himself to act under the direction of another and unless and to the extent permitted by the laws and administrative regulations or informed consent of shareholders in general meeting, not to delegate the exercise of his discretion;
- (4) to treat the shareholders of the same class equally and treat the shareholders of different classes fairly;
- (5) Except in accordance with these Articles or with the informed consent of shareholders in general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) without the informed consent of shareholders in general meeting not to use the Company's property for his own benefit;
- (7) not to use his authority for obtaining bribes or other illegal income and not to expropriate in any guise the property of the Company including but without limitation, not to usurp opportunities beneficial to the Company;
- (8) without the informed consent of the shareholders' general meeting, not to accept commissions in connection with the Company's transaction;
- (9) to observe the Articles of Association; to perform the duties faithfully; to protect the interests of the Company; not to use his position and authority in the Company to make his own benefit;
- (10) without the informed consent of the shareholders' general meeting not to compete in any way with the Company;
- (11) shall not embezzle the funds of the Company or make loans to the others out of the funds of the Company; shall not deposit the assets of the Company into accounts under his name or any other name; shall not use assets of the Company as security for loans to shareholders of the Company or any other person;
- (12) not to disclose confidential information of the Company acquired by him during the term of office without the informed consent of the shareholders' general meeting; not to use the information other than in furtherance of the interests of the Company; save and except that disclosure of such information to the court of law or other government authorities is permitted if:
 1. disclosure is required by the laws;
 2. there is a duty to the public to disclose;
 3. it is in the personal interests of such director, supervisor, manager or other officer to require disclosure.

Article 130 A director, supervisor, manager and other officer of the Company shall not cause any of the following person or association (the “associates”) to do such things as such director, supervisor, manager or other officer is prohibited from doing so:

- (1) the spouse or minor child of that director, supervisor, manager or other officer of the Company;
- (2) the trustee of that director, supervisor, manager or other officer of the Company or any person referred to in paragraph (1) of this article;
- (3) the partner of that director, supervisor, manager or other officer of the Company or any person referred to in paragraphs (1) and (2) of this article;
- (4) a company in which that director, supervisor, manager or other officer of the Company alone or jointly with one or more of the persons referred to in paragraphs (1), (2) and (3) of this article or other directors, supervisors, managers or other officers of the Company, has a de facto controlling interest;
- (5) a director, supervisor, manager or other officer of a company being controlled as referred to in paragraph (4) of this article.

Article 131 The fiduciary duty of a director, supervisor, manager or other officer of the Company does not necessarily cease upon the termination of his tenure of office. The obligation of confidence in relation to the trade secrets of the Company shall survive after the termination of his tenure. Other obligations may continue for such period as to be determined under the principle of fairness, depending on the time lapse between the acts concerned and the termination and the circumstances and the conditions under which the relationship with the Company terminated.

Article 132 Except as provided in Article 53 of these Articles, a director, supervisor, manager or other officer of the Company may be relieved of liability for specific breaches of his duty by the informed consent of the shareholder in general meeting.

Article 133 Where a director, supervisor, manager or other officer of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contracts transaction or arrangement with the Company (other than a contract of service of that director, supervisor, manager and other officer with the Company) shall declare the nature and extent of his interests to the board of directors at the earliest opportunity whether or not the contract, transaction, arrangement or proposal therefor is otherwise subject to the approval of the directors in normal circumstances.

Unless the interested director, supervisor, manager or other officer of the Company has disclosed his interest to the board of directors in accordance with the preceding paragraph and the contract, transaction or arrangement has been approved by the board of directors at a meeting in which the interested director is not counted in the quorum and has refrained from voting, a contract, transaction or arrangement in which the director, supervisor, manager or other officer is materially interested is voidable at the instance of the Company except as against a bona fide party acting without notice of the breach of duty by such director, supervisor, manager or officer concerned.

A director, supervisor, manager or officer of the Company is deemed to be interested in a contract, transaction or arrangement, in which the associates of such director, supervisor, manager or officer is interested.

A director shall not vote (nor be counted in the quorum) on any resolution of the board of directors approving any contract, arrangement or proposal in which he or any of his associates (for the purpose of this paragraph (together with its sub-paragraphs) and the subsequent paragraphs of this Article, the term “associate(s)” shall have the same meaning as the term “associate(s)” as defined in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited), to the knowledge of such director has a material interest, and if he shall do so his vote shall not be counted and he shall not be counted in the quorum on such resolution of the board of directors, but this prohibition shall not apply to any of the following matters namely:

- (i) any contract or arrangement for the giving by the Company of any security or indemnity to the director or his associate(s) in respect of money lent or obligations incurred or undertaken by him or any of his associates at the request of or for the benefit of the Company or any of its subsidiaries;
- (ii) any contract or arrangement for the giving by the Company of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the director or his associate(s) has/have himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (iii) any contract, arrangement or proposal concerning an offer of the shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase where the director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (iv) any contract or arrangement in which the director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company;
- (v) any contract, arrangement or proposal concerning any other company in which the director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the director and/or his associate(s) is/are beneficially interested in shares of that company, provided that the director and any of his associates are not in aggregate beneficially interested in 5 per cent. or more of the issued shares or voting rights of any class of shares of such company (or of any third company through which his interest or that of his associates is derived);
- (vi) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to directors, his associates and employees of the Company or any of its subsidiaries and does not give the director or his associate(s) any privilege not generally accorded to the employees to whom such scheme or fund relates; and
- (vii) any proposal or arrangement concerning the adoption, modification or operation of any share scheme involving the issue or grant of options over shares or other securities by the Company to, or for the benefit of the employees of the Company or any of its subsidiaries under which the director or his associate(s) may benefit.

A company shall be deemed to be a company in which a director and/or his associate(s) own(s) 5 per cent. or more if and so long as (but only if and so long as) he and/or his associate(s) is/are (either directly or indirectly) the holder(s) of or beneficially interested in 5 per cent. or more of any class of the equity share capital of such company (or of any third company through which his interest or that of any of his associates is derived) or of the voting rights available to members of such company. For the purpose of this paragraph there shall be disregarded any shares held by a director or his associate(s) as bare or custodian trustee and in which he or any of them has no beneficial interest, any shares comprised in a trust in which the interest of the director or his associate(s) is/are in reversion or remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the director or his associate(s) is/are interested only as a unit holder and any shares which carry no voting right at general meetings and very restrictive dividend and return of capital right.

Where a company in which a director and/or his associate(s) hold(s) 5 per cent. or more is materially interested in a transaction, then that director and/or his associate(s) shall also be deemed materially interested in such transaction.

If any question shall arise at any meeting of the board of directors as to the materiality of the interest of a director (other than the chairman of the meeting) or his associate(s) or as to the entitlement of any director (other than such chairman) to vote or be counted in the quorum and such question is not resolved by his voluntarily agreeing to abstain from voting or not to be counted in the quorum, such question shall be referred to the chairman of the meeting and his ruling in relation to such other director shall be final and conclusive except in a case where the nature or extent of the interest of the director and/or his associate(s) concerned as known to such director has not been fairly disclosed to the board of directors. If any question as aforesaid shall arise in respect of the chairman of the meeting such question shall be decided by a resolution of the board of directors (for which purpose such chairman shall be counted in the quorum but shall not vote thereon) and such resolution shall be final and conclusive except in a case where the nature or extent of the interest of such chairman as known to such chairman has not been fairly disclosed to the board of directors.

Article 134 Where a director, supervisor, manager or officer of the Company gives a general notice in writing to the board of directors 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, stating that, by reason of facts specified in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, that notice shall be deemed for the purpose of the preceding article of this Article to be a sufficient declaration of interests of such director, supervisor, manager or officer, so far as attributable to those facts in relation to any contract, transaction or arrangement of that description which may subsequently be made by the Company.

Article 135 The Company shall not, in any manner, pay tax for or on behalf of its director, supervisor, managers or other officers.

Article 136 The Company shall not directly or indirectly, make a loan to or provide any guarantee in connection with a loan made by any person to its directors, supervisors, managers or other officers of the Company or of its holding company; or make a loan to or provide any guarantee in connection with any loan made by any person to the associates of such person as aforesaid.

The preceding provision shall not apply to the following:

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

- (2) the provision of a loan or a guarantee for loan by the Company to any of its directors, supervisors, managers or other officers under a service contract as approved by shareholders in general meeting or the provision of funds by the Company to him to meet expenditure incurred or to be incurred by him for the purpose of the Company or for the purpose of enabling him properly to perform his duties;
- (3) where the ordinary course of business of the Company includes the lending of money and the giving of guarantees, the Company may make a loan to or provide a guarantee in connection with a loan by another person to any of its directors, supervisors, managers or officers and his associates on normal commercial terms.

Article 137 A loan made by the Company in breach of the preceding provisions, shall be forthwith repayable by the recipient regardless of the terms of the loan.

Article 138 A guarantee provided by the Company in breach of Article 136(1) shall be unenforceable against the Company except that:

- (1) a loan was made by a person to a director, supervisor, manager or other officer of the Company or of its holding company, and at the time the loan was advanced the lender did not know of the relevant circumstances;
- (2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

Article 139 The guarantee referred to in the preceding article shall include an undertaking by the guarantor or property provided to secure the performance of obligations by the obligor.

Article 140 Where a director, supervisor, manager and other officer of the Company is in breach of his obligations to the Company, the Company shall have a right to take the following measures in addition to the various rights and remedies provided by the laws and administrative regulations:

- (1) to request such director, supervisor, manager and other officer to pay damages for the losses sustained by the Company as a natural consequence of his breach of duties;
- (2) to rescind any contract or transaction entered into by the Company with such director, supervisor, manager or other officer and any contract or transaction entered into by the Company with a third party (where such third party knew or should have known that such director, supervisor, manager or other officer representing the Company is in breach of the obligations to the Company);
- (3) to request such director, supervisor, manager or other officer to return the proceeds received as a consequence of the breach of the obligations;
- (4) to recover from such director, supervisor, manager and other officer any monies which should otherwise have been received by the Company, including without limitation to commissions;
- (5) to request such director, supervisor, manager and other officer to return such interests accrued or may be accrued from the monies which should otherwise have been paid to the Company.

Article 141 The Company shall, with the prior approval of the shareholders in general meeting, enter into a contract in writing with a director or supervisor in respect of their remuneration. The emoluments referred to above shall include:

- (1) the emoluments in respect of his service as a director, supervisor or other officer of the Company;
- (2) the emoluments in respect of his service as a director, supervisor or other officer of a subsidiary of the Company;
- (3) the emoluments for provision of other services in connection with the management of the affairs of the Company and its subsidiaries;
- (4) payment by way of compensation for loss of office or as consideration for or in connection with his retirement.

Save pursuant to the contract aforesaid, no legal proceedings may be brought by a director or supervisor against the Company in respect of the benefits ought to be received by him by reasons of the matters stipulated above.

Article 142 There shall be a provision in a contract made between the Company and a director or supervisor in respect of their remuneration that the director or the supervisor shall, with the prior approval of the shareholders in general meeting, be entitled to payment by way of compensation for loss of office or as consideration for his retirement from office in connection with the takeover of the Company. A takeover of the Company referred above shall mean any of the following:

- (1) a takeover offer made to all shareholders by any person;
- (2) a takeover offer made by any person with a view to the offeror becoming the controlling shareholder. The definition of “controlling shareholder” shall be the same as the one defined in Article 54 of the these Articles.

If the relevant director or supervisor does not comply with this article, any sum received by him shall belong to the persons who have sold their shares as a result of accepting the offer made as aforesaid; and the expenses incurred by him in distributing that sum pro rata amongst those persons shall be borne by him and not retained out of that sum.

Chapter 15 Financial and Accounting System and Profit Distribution

Article 143 The Company shall formulate the financial and accounting system of the Company in accordance with the laws, administrative regulations and the provisions in the PRC accounting standards prepared by the authority governing financial matters under the State Council.

Article 144 The financial year of the Company shall coincide with the calendar year, which commences from 1st January and ends on 31st December of the Gregorian calendar.

The Company shall adopt Renminbi as its accounts keeping unit. All accounts shall be written in Chinese.

The Company shall, at the end of each financial year, prepare financial reports and shall examine and audit the same according to statutory requirements.

Article 145 The board of directors of the Company shall place before to the shareholders at every annual general meeting the financial statements prepared by the Company as are required by the relevant laws, administrative regulations and mandatory documents promulgated by the local government and the governing authority. Such statements shall be audited.

- Article 146** The financial reports of the Company shall be deposited at the Company for inspection by its shareholders not later than 20 days before the annual general meeting. Each shareholder of the Company shall be entitled to receive the financial statements referred to in this article.
- The Company shall send by prepaid mail 21 days before the annual general meeting the above reports to each holder of overseas listed foreign shares. The service address shall be the address in the register of shareholders.
- Subject to no contravention of the laws, regulations and listing rules of the places where the Company is registered and listed, the Company shall issue or otherwise make available the aforementioned reports to shareholders of overseas listed foreign shares by such other means as prescribed in Article 192 of the Articles of Association but needs not to issue or otherwise make available the same by the means as mentioned in the preceding paragraph of this Article.
- Article 147** The financial statements of the Company shall, in addition to being prepared in accordance with the PRC accounting standards and regulations, be prepared in accordance with international accounting standards or such accounting standards of the place where the shares of the Company are listed. Where material differences appear in the financial statements prepared in accordance with the two sets of accounting standards mentioned above, the financial statements shall contain statements of the material differences. Where the Company makes a distribution of profit after taxation in respect of the relevant financial year, the amount of distribution shall be the lesser of the profit after taxation as shown in both financial statements as aforesaid.
- Article 148** The interim results and financial information to be published or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations, and at the same time to be prepared in accordance with international accounting standards or the accounting standards of the place where the shares of the Company are listed.
- Article 149** The Company shall publish its financial reports twice in each financial year. The interim financial report shall be within 60 days after the end of the first 6 months of the financial year and the annual financial report shall be published within 120 days after the end of the financial year.
- Article 150** The Company shall not have other books of account other than the statutory books of account.
- Article 151** The Company shall establish an internal audit department responsible for internal audit and supervision of the Company's income and expenditure and its other economic activities. The internal audit department shall have one manager and a number of audit personnel to be nominated by the chairman and appointed or removed by the board of directors. The internal audit department shall be directly accountable to the board of directors.
- Article 152** The profits after taxation of the Company shall be distributed in accordance with the following order:
- (1) making up for losses;
 - (2) allocation to statutory reserve fund;
 - (3) allocation to statutory public benefit fund;
 - (4) payment of dividends in respect of preferential shares, if any;
 - (5) allocation to discretionary reserve fund upon approval by a resolution of the shareholders in general meeting;
 - (6) payment of dividends in respect of ordinary shares;

Save as otherwise provided in Article 158 of these Articles of Association, the actual proportion of distribution in respect of items (2) to (6) of this article for any year shall be determined by the board of directors in accordance with the operational conditions and the development requirements of the Company, and shall be submitted to the shareholders' general meeting for approval.

- Article 153** The capital reserve fund shall include the following sums:
- (1) the amount of share premium arising from the issue of shares in excess of their par value;
 - (2) other income to be credited to capital reserve fund in accordance with the provisions of the authority governing the financial matters under the State Council.

Article 154 No dividends shall be paid, and no distribution by way of bonus issue shall be made before the Company has made up its losses and has made allocations to the statutory reserve fund and public benefit fund.

The Company shall allocate 10 per cent. of the profit after taxation of the year to the statutory reserve fund. The Company may stop allocating to it if the amount of the accumulated statutory reserve fund exceeds 50 per cent. of the Company's registered capital.

Article 155 The Company may distribute dividends in the following forms:

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

Article 156 Dividends shall be paid to the shareholders in proportion to their shareholdings within six months after the end of each financial year.

Article 157 Where the Company makes payment of cash dividends and other amounts to the holders of domestic shares, the payment shall be made in Renminbi. Where the Company makes payment of cash dividends and other amounts to the shareholders of overseas listed foreign shares, the payment shall be calculated and declared in Renminbi and payable in foreign currency.

Unless otherwise provided by relevant laws or administrative regulations, when the cash dividends and other payments are paid in foreign currency, the exchange rate shall be the average mean price of the relevant currency announced by the People's Bank of China one calendar week before the announcement of payment of dividends and other payments.

Article 158 Subject to paragraph 2 of Article 56 and sub-paragraph (16), paragraph 1 of Article 96 of these Articles of Association, the board of directors may decide to distribute interim dividends. Unless otherwise provided in the laws and administrative regulations, the amount of the interim dividends shall not exceed 50 per cent. of the distributable profits stated in the Company's interim profit statement.

Article 159 The reserve fund of the Company shall only be used for making up the losses of the Company, to expend the production operation or to increase the capital of the Company.

The Company capitalizes the reserve fund as its capital upon the approval of the shareholders' general meeting, new shares shall be issued by way of bonus to the shareholders in proportion to their shareholdings or the par value of the shares shall be increased. Provided that the balance of such reserve fund must not be less than 25 per cent. of the registered capital when the statutory reserve fund is capitalized as capital.

Article 160 Where the Company makes any distribution of dividends to the shareholders, the Company shall make withholdings and payments on behalf of the shareholders of such tax taxable on the dividends payable to shareholders in accordance with the provisions of the PRC taxation law and the amount of dividends payable.

Article 161 The Company shall appoint a receiving agent for shareholders of overseas listed foreign shares. The receiving agent shall receive on behalf of such shareholder the dividends distributed to and other amounts payable by the Company in respect of the overseas listed foreign shares.

The receiving agent appointed by the Company shall satisfy requirements provided under the laws or the relevant provisions of the stock exchange at the place where the shares of the Company are listed.

The receiving agent appointed by the Company for the shareholders of overseas listed foreign shares listed in Hong Kong shall be a trust company registered under the Trustee Ordinance of Hong Kong.

Chapter 16 Appointment of Accountants Firm

Article 162 The Company shall engage an independent accountants firm which satisfies the relevant requirements of PRC to audit the annual financial statements of the Company and to audit other financial statements of the Company.

The first accountants firm may be appointed by the founders meeting prior to the first annual general meeting and the accountants firm so appointed shall hold office until the conclusion of the first annual general meeting.

Where the power as provided above is not exercised by the founders meeting, it shall be exercised by the board of directors.

Article 163 The term of the office of the accountants firm shall be from the conclusion of the current annual general meeting until the conclusion of the next annual general meeting.

Article 164 The accountants firm appointed by the Company shall have the following rights:

- (1) to inspect at any time the books and accounts, records and supporting documents of the Company and be entitled to request the directors, managers and other officers of the Company to provide relevant information and explanations thereof;
- (2) to request the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the performance of the duties of such accountants firm;
- (3) to attend any shareholders' general meeting 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 on any matter which concerns it as accountants firm of the Company.

Article 165 Where the office of the accountants firm is vacated, the board of directors may appoint another accountants firm to fill such vacancy prior to the holding of shareholders' general meeting, but while any such vacancy continues, the surviving or continuing accountants firm or accountants firms, if any, may act.

Article 166 Notwithstanding anything in the agreement between the accountants firm and the Company, the shareholders in general meeting may by ordinary resolution remove an accountants firm before the expiration of the term of office of such accountants firm. Where the accountants firm so removed shall be entitled to claim against the Company for damages, if any, in respect of such removal, such entitlement shall not be prejudiced thereby.

Article 167 The remuneration or the determination of the remuneration of the accountants firm shall be fixed by the shareholders in the shareholders' general meeting. In the case of the accountants firm appointed by the board of directors, the remuneration of the accountants firm may be fixed by the board of directors.

Article 168

The appointment, removal and termination of engagement of an accountants firm by the Company shall be determined by the shareholders at the shareholders' general meeting and shall be submitted to the authorities of the State Council responsible for securities for approval.

Where a resolution at a shareholders' general meeting is proposed to appoint an accountants firm to fill a casual vacancy in the office of the accountants firm, to reappoint an accountants firm appointed by the board of directors to fill a casual vacancy, or to remove an accountants firm before the expiry of its term of office, the following provisions shall apply:—

- (1) A copy of the proposed resolution in respect of appointment or removal shall be sent before notice of meeting is given to the shareholders to the accountants firm proposed to be appointed or the accountants firm proposing to leave its post or the accountants firm who has left its post in the relevant financial year.

“Leaving” includes leaving by removal, resignation and retirement.

- (2) If the accountants firm leaving its post makes representations in writing and requests their notification to the shareholders, the Company shall take the following measures (unless the representations are received too late):

1. in any notice of the resolution given to shareholders, state the fact of the representations having been made;
2. send a copy of the representations as appendix to the notice to every shareholder in accordance with the mode of service prescribed by the Articles of Association.

- (3) If the representations of the accountants firm are not sent out as required by paragraph (2) of this article, the accountants firm may require that the representations shall be read out at the shareholders' general meeting and may have further rights of redress.

- (4) An accountants firm which is leaving its post shall be entitled to attend:

1. the shareholders' general meeting at which its term of office would otherwise have expired;
2. any shareholders' general meeting at which it is proposed to fill the casual vacancy caused by its removal;
3. any shareholders' general meeting convened on its resignation.

The leaving accountants firm is entitled to receive all notices of, and other communications relating to, any such meeting, and to be heard at any such meeting on any matter which concerns it as a former accountants firm of the Company.

Article 169

Where the Company removes or not to reappoint an accountants firm, the Company shall give prior notice to the accountants firm which shall have the right to make representations at the shareholders' general meeting. Where the accountants firm tenders its resignation, it shall explain to the shareholders' general meeting whether there is any improper matter.

An accountants firm may resign its office by depositing a notice in writing to that effect at the Company's seat. Such notice shall terminate its office on the date on which it is deposited at the Company's seat or such later date as may be specified in the notice. Such notice shall include:

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

Where a notice is received by the Company as aforesaid, the Company shall within 14 days send a copy of the notice to the relevant governing authorities. If the notice contains a statement under paragraph 2 of this article, a copy of the notice shall also be deposited at the Company for the inspection of the shareholders, and the said copies shall also be sent to every shareholder of overseas listed foreign shares by prepaid mail. The service address shall be the address on the register of shareholders.

Subject to no contravention of the laws, regulations and listing rules of the places where the Company is registered and listed, the Company shall issue or otherwise make available the aforementioned copies to shareholders of overseas listed foreign shares by such other means as prescribed in Article 192 of the Articles of Association but needs not to issue or otherwise make available the same by the means as mentioned in the preceding paragraph of this Article.

Where the notice of resignation of the accountants firm contains a statement regarding any accountable affair, the accountants firm may require the board of directors to convene an extraordinary general meeting for the purpose of hearing an explanation of the circumstances connected with his resignation.

Chapter 17 Insurance

Article 170 The Company shall effect insurance with the People's Insurance Company of China and other insurance companies registered in PRC and allowed by the laws of PRC to provide insurance coverage to PRC companies.

The types of insurance, insured amount, other terms and period of insurance shall be discussed and decided by the board of directors with reference to the practices of companies in the same industry in other countries and the practice and legal requirements in PRC.

Chapter 18 Labour Management

Article 171 The Company shall formulate its labour management, personnel management, wages and welfare and social insurance systems in accordance with the laws and administrative regulations of PRC.

Article 172 In respect of all levels of management personnel, the Company shall adopt appointment system and the Company shall adopt contract system in respect of ordinary staff and workers. The Company shall have autonomy in respect of the allocation and the assignment of work of its employees and may exercise its own discretion to recruit and, in accordance with administrative regulations and the terms of contracts, dismiss management personnel, staff and workers.

Article 173 The Company shall have autonomy in determining the levels of wages and welfare benefits for various levels of its management personnel and staff and workers in accordance with its own cost-effectiveness within the ambit permitted by the relevant administrative regulations.

Article 174 The Company shall arrange for medical insurance, retirement insurance and unemployment insurance for its management personnel and staff and workers in accordance with the relevant administrative regulations of PRC government and of local government and shall implement the laws, administrative regulations and relevant requirements in respect of labour insurance and labour protection for retired and unemployed staff and workers.

Chapter 19 Trade Union Organization

Article 175 The staff and workers of the Company shall have the right to establish a trade union and engage in trade union activities in accordance with the Trade Union Law of the PRC. The activities of the trade union shall be conducted beyond the normal working hours unless otherwise prescribed by the board of directors.

The Company shall allocate 2 per cent. of the total amount of wages paid to the staff and workers to the trade union fund every month. Such funds shall be used by the trade union of the Company in accordance with the Measures for the Management of Trade Union Funds formulated by the All China Federation of Trade Unions.

Chapter 20 Amalgamation and Demerger

Article 176 The board of directors of the Company shall put forward proposals for amalgamation or demerger which shall be submitted to relevant approving authorities for approval in accordance with the laws after the same have been approved according to the procedures provided in the Articles of Association of the Company. Shareholders who oppose the proposals for amalgamation or demerger shall have the right to request the shareholders who are in favour of amalgamation or demerger to purchase their shares at a fair price.

Special reports of the resolution of amalgamation or demerger shall be prepared for the inspection by the shareholders and shall be sent to the shareholders of overseas listed foreign shares by post.

Subject to no contravention of the laws, regulations and listing rules of the places where the Company is registered and listed, the Company shall issue or otherwise make available the aforementioned documents to shareholders of overseas listed foreign shares by such other means as prescribed in Article 192 of the Articles of Association but needs not to issue or otherwise make available the same by the means as mentioned in the preceding paragraph of this Article.

Article 177 The amalgamation of the Company may take the form of either amalgamation by absorbing another company or amalgamation by establishing a new company.

Parties to the amalgamation shall execute an agreement for the amalgamation and balance sheets and assets inventories shall be prepared. The Company shall within 10 days after the passing of the resolution for amalgamation notify the creditors and shall publish the notification within 30 days at least three times in a newspaper.

Upon amalgamation, all claims and liabilities of the parties to the amalgamation shall be taken over by the company which exists after the amalgamation or by the newly established company.

Article 178 Where the Company demerge, its assets shall be apportioned in an appropriate manner.

Parties to the demerger shall execute an agreement for the demerger and balance sheets and assets inventories shall be prepared. The Company shall within 10 days after the passing of the resolution for demerger notify the creditors and shall publish the notification within 30 days at least three times in a newspaper.

Liabilities of the Company before demerger shall be borne by the companies after the demerger according to the agreement entered.

Article 179 Changes in registration items arising from amalgamation or demerger shall be registered with companies registration department in accordance with the laws; in the case of dissolution, the dissolution shall be registered according to the laws; where new companies are established, the establishment shall be registered according to the laws.

Chapter 21 Dissolution and Liquidation

Article 180 The Company shall be dissolved and liquidated upon the occurrence of any the following events:

- (1) where the shareholders' general meeting resolves to dissolve the Company;
- (2) where dissolution of the Company is necessary for the amalgamation or demerger;
- (3) where the Company is adjudged insolvent in accordance with the applicable laws as a result of its inability to pay its debts when due;
- (4) where the Company is closed in accordance with the applicable laws as a result of its breach of the laws and administrative regulations.

Article 181 If the Company is dissolved pursuant to paragraph (1) of the preceding article, it shall within 15 days thereof establish a liquidation team and the members of which shall be elected by an ordinary resolution of shareholders in general meeting. If the liquidation team is not established within the said period, creditors may petition to the People's Court for appointment of the relevant persons to form a liquidation team so as to proceed with the liquidation.

If the Company is dissolved pursuant to paragraph (3) of the preceding article, the People's Court shall form a liquidation team comprising the shareholders, relevant authorities and relevant professionals in accordance with the laws to proceed with the liquidation.

If the Company is dissolved pursuant to paragraph (4) of the preceding article, the relevant governing authority shall form a liquidation team comprising the shareholders, relevant authorities and relevant professionals in accordance with the laws to proceed with the liquidation.

Article 182 Where the board of directors decides to liquidate the Company (except for the liquidation as a result of the insolvency of the Company), it shall specify in the notice convening the shareholders' general meeting for such purpose that the board of directors has made a full inquiry into the affairs of the Company and is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of the liquidation.

Upon the passing of the resolution for liquidation by shareholders in general meeting, the duties and powers of the board of directors shall cease forthwith.

The liquidation team shall comply with the instructions of the shareholders' general meeting and shall report to it at least once every year the income and expenses of the liquidation team, the progress of the business and the liquidation of the Company. Upon the completion of liquidation it shall also give a final report to the shareholders' general meeting.

Article 183 The liquidation team shall notify the creditors within 10 days following its establishment and shall make public announcement regarding the same in a newspaper at least three times within 60 days. The Company shall make registration on all claims.

Article 184 The liquidation team shall during the liquidation period perform the following duties:

- (1) to dispose of the Company's assets, to prepare balance sheets and an inventory of assets;
- (2) to give notices or make public announcements to the creditors;
- (3) to deal with the unfinished business of the Company in relation to the liquidation;
- (4) to settle all tax in arrear;

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

Article 185 After the completion of the disposal of the assets of the Company and the preparation of the balance sheets and an inventory of assets, the liquidation team shall prepare a liquidation proposal and submit the same to the shareholders' general meeting or relevant governing authorities for their approval.

After payment of the liquidation costs, the assets of the Company shall be used to make repayments in the following order of priority: (i) accrued wages and labour insurance premiums of employees of the Company; (ii) tax in arrear; (iii) bank loans, bonds and other debts and liabilities.

Any assets remaining after repayment of debts in accordance with the provisions above shall be distributed to the shareholders of the Company in accordance with the class and proportion of shares held by them in the following order of priority:

- (1) where there are preference shares, the assets shall be distributed to holders of preference shares in accordance with the par value of preference shares; if the capital of the preference shares cannot be repaid in full, distribution shall be made in proportion to the number of preference shares held by them;
- (2) distribution to holders of ordinary shares in proportion to the number of ordinary shares held by them.

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

Article 186 If the Company is to be dissolved by liquidation, the liquidation team discovers that after the disposal of the assets of the Company and preparation of the balance sheets and assets inventory of the assets of the Company are insufficient to repay its debts in full, it shall forthwith apply to the People's Court for a declaration of insolvency.

Upon declaration of insolvency of the Company by the People's Court, the liquidation team shall hand over liquidation affairs of the Company to the People's Court.

Article 187 Following the completion of the liquidation of the Company, the liquidation team shall prepare a liquidation report and statement of receipts and expenditures and various financial records for the period of liquidation which shall, upon being audited by an accountant registered in PRC, be submitted to the shareholders' general meeting or relevant governing authority for their approval.

The liquidation team shall, within 30 days upon the approval of the shareholders' general meeting and relevant governing authority, submit the said documents to the company registration department, and apply for the cancellation of registration of the Company and to make public announcement in respect of the termination of the Company.

Chapter 22 Procedures for Amendments to the Articles of Association

Article 188 The Company may amend the Articles of Association pursuant to the laws, administrative regulations and the provisions of the Articles of Association.

Article 189 The Articles of Association may be amended in accordance with the following procedures:

- (1) the board of directors shall adopt a resolution in accordance with the Articles of Association to propose amendments to the Articles of Association by shareholders in general meeting and to formulate the proposal for amendments;

- (2) the shareholders shall be notified of the proposals for amendments and a shareholders' general meeting shall be convened to vote on the amendments;
- (3) the amendments put to the vote at a shareholders' general meeting shall be passed by way of a special resolution.

Article 190 Where the amendments to the Articles of Association involve anything set out in the Mandatory Articles, the amendments shall be effective upon the approval of the State Council authorized approving authorities and the State Council Securities Commission.

Article 191 Where the amendments to the Articles of Association involve company registration items, the registration of the changes shall be made in accordance with the laws.

Chapter 23 Notices

Article 192 Corporate communications can be issued in the following manner:

- (1) by hand;
- (2) by post;
- (3) by fax or email;
- (4) by publishing on the website of the Company and/or the designated website of HKSE in compliance with the laws, administrative regulations and relevant provisions of securities regulatory authority of the place where the shares of the Company are listed;
- (5) by public announcement on newspapers and/or other specified mass media;
- (6) by other means recognized by the securities regulatory authority of the place where the shares of the Company are listed.

“Corporate communications” shall mean any documents issued or to be issued by the Company for the information or action of holders of any of its securities, including but not limited to:

- (1) its directors' reports, annual accounts together with copies of the auditors' report and, where applicable, its summary financial reports;
- (2) its interim reports and, where applicable, summary interim reports;
- (3) notices of meeting;
- (4) listing documents;
- (5) circulars; and
- (6) proxy forms.

If the relevant provisions of the securities regulatory authority of the place where the shares of the Company are listed permit the Company to send, mail, dispatch, issue, publish or otherwise make available the Company's related documents in English or Chinese, and if the Company has made proper arrangement to ascertain whether or not its shareholder wishes to receive the English language version only or the Chinese language version only, and to the extent as permitted under and pursuant to the applicable laws and regulations, the Company may in accordance with the shareholders' stated wish or in compliance with the relevant laws,

regulations and rules send the English language version only or the Chinese language version only to the shareholder concerned.

Article 193 Where a corporate communication is delivered by post, service of the corporate communication will be effected by properly addressing, prepaying, putting the corporate communication into an envelope and posting an envelope containing the corporate communication and shall be deemed to have been effected at the expiration of 48 hours after the envelope containing the same is posted.

Where a corporate communication is delivered in person, the date when the recipient signed or stamped to acknowledge receipt of the same shall be regarded as the date of personal service.

Where a corporate communication is served by public announcement, the date on which the announcement was first published shall be regarded as the date of service of the announcement.

Where a corporate communication is issued by fax or electronic means, the date of issue shall be regarded as the date of service.

Corporate communication issued or made available via the website of the Company and/or designated website of HKSE shall be deemed to be served on the later of the following dates:

1. the date of service on which the notification of posting of the corporate communication on the website is sent to the securities holders of the Company by the means set out in the above paragraphs of this Article in accordance with the laws, regulations and listing rules of the places where the Company is registered and listed; or
2. the date on which the corporate communication is first posted on the website (if the corporate communication is posted on the website after the notification mentioned above is sent).

Chapter 24 Settlement of Disputes

Article 194 The Company shall comply with the following rules for settlement of disputes:

- (1) Whenever any disputes or claims relating to the business of the Company arising on the rights and obligations as provided in the Articles of Association, the Company Law and other relevant laws, administrative regulations between the shareholders of overseas listed foreign shares and the Company, between the shareholders of overseas listed foreign shares and any director, supervisor, manager or other officer of the Company or between the shareholders of overseas listed foreign shares and shareholders of domestic shares, the parties involved shall refer such kind of disputes or claims for settlement by arbitration.

In referring the said disputes or claims to arbitration, the entire claims and disputes shall be referred; and all the persons having the same cause of action or all the parties including the Company, shareholders, supervisors, managers or other officers of the Company, whose participation is necessary for the settlement of the disputes or the claims shall submit to arbitration.

As to the disputes on the definition of a shareholder or register of the shareholders, it may be settled by methods other than arbitration.

- (2) At the election of the claimant, the disputes or claims shall be referred to arbitration at either China International Economic and Trade Arbitration Committee in accordance with its arbitration rules, or Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. Once a claimant refers a disputes

or claims to arbitration, the other party must submit to the arbitration body elected by the claimant.

If the claimant elects to proceed with the arbitration at Hong Kong International Arbitration Centre, either party may request to proceed with the arbitration in Shenzhen in accordance with the provisions of the securities arbitration rules of Hong Kong International Arbitration Centre.

- (3) The laws of the People's Republic of China shall be applicable to the settlement of disputes and claims by way or arbitration mentioned in paragraph (1) unless the laws and administrative regulations provide otherwise.
- (4) The decision of the arbitration body shall be final and binding on the parties.

Chapter 25 Bye-laws

Article 195 Any matter not provided in the Article of Association shall be resolved by the resolution proposed by the board of directors and passed at the shareholders' general meeting.

Article 196 The Articles of Association are written in both Chinese and English. The Chinese version shall prevail.

Article 197 The Articles of Association shall be construed by the board of directors and the amendments thereto shall be made by the shareholders' general meeting.

Article 198 In the Articles of Association, the term "accountants firm" shall have the same meaning as "auditor" and the terms "manager" and "assistant manager" shall refer to the "general manager" and "assistant general manager" of the Company respectively.