



洛阳玻璃股份有限公司

LUOYANG GLASS COMPANY LIMITED

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

(Stock Code (A Share): 600876)

(Stock Code (H Share): 1108)

ARTICLES OF ASSOCIATION

(Revised version on December 2019)

These Articles have both Chinese and English versions, the English version is for reference only. Should there be any discrepancy between the two versions, the Chinese version shall always prevail.

LUOYANG GLASS COMPANY LIMITED
Articles of Association

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LUOYANG GLASS COMPANY LIMITED

ARTICLES OF ASSOCIATION

CHAPTER 1 GENERAL PROVISIONS

Article 1 Luoyang Glass Company Limited (hereinafter referred to as “Company”) is legally incorporated in accordance with the national laws, administrative regulations and Opinions on Standards for the Companies Limited by Shares formulated by the State Commission for Restructuring the Economy before the Company Law of the People’s Republic of China (“PRC”) (hereinafter referred to as “Company Law”) took effect. After the Company Law came into force, the Company is still duly existing and specified according to the Company Law and Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (hereinafter referred to as “Special Regulations”); therefore, the Company is in conformity with the company conditions stipulated in the Company Law.

The Company is incorporated by means of promotion with the approval of State Commission for Economic System Reform (國家經濟體制改革委員會)Ti Gai Sheng (1994) Circular No. 56 and registered at the Luoyang City Administration for Industry and Commerce on 6 April 1994 and duly acquired the business license.

With the approval of State Commission for Economic System Reform Ti Gai Sheng (1994) Circular No. 64, the Company was reformed into a company with public-offered shares to the general public on 19 April 1995 and registered in Luoyang Administration for Industry and Commerce. The business license number of the Company after change is 17111122.

On 28 February 1996, the Company was granted the “Certificate of Approval for Establishment of Foreign Invested Enterprise of the People’s Republic of China” by Ministry of Foreign Economic Relation and Trade of People’s Republic of China and changed and registered as “enterprise limited by shares with Hong Kong Investment” on 7 August 1996. The registration number of the business license is: Qi Gu Luo Zhong Fu Zhi. No. 000327.

The Company was transformed into and registered as “joint stock company with limited liability (listed joint venture in Taiwan, Hong Kong, Macau and the PRC)” on 22 January 2016, and its unified social credit code was 914103006148088992.

The promoter of the Company is China Luoyang Float Glass Group Company (changed its name into China Luoyang Float Glass Group Company Limited on 25 December 1996)

Article 2 Registered Name of the Company is:

Chinese: 洛陽玻璃股份有限公司

English: Luoyang Glass Company Limited

Article 3 Domicile of the Company: No. 9 Middle Tanggong Road Xigong District, Luoyang, PRC

Postal Code: 471009
Telephone: 63908573
Fax: 63908680

Article 4 The Company's legal representative is the Chairman of the board ("Board") of the Company.

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

Article 6 This Articles of Association will be effective upon approval by the general meeting of the Company by a special resolution and relevant authorities of the PRC and register with the industry and commerce administration authorities.

Article 7 From the effective date of the Articles of Association, the Articles of Association of the Company constitute a legally binding document regulating the Company's organization and activities, and the rights and obligations between the Company and each shareholder ("Shareholder") and among the Shareholders interest.

Article 8 The Articles of Association of the Company are binding on the Company and its Shareholders, directors("Directors"), supervisors, general managers and other senior management members, all of whom are entitled to claim rights regarding the Company's affairs in accordance with the Articles of Association of the Company.

"Other senior management" referred to in these Articles means the secretary to the Board and chief financial officer of the Company.

The Articles of Association are actionable by a Shareholder against the Company and vice versa, by the Company against Shareholders, by Shareholders against each other and by a Shareholder against the Directors, Supervisors, general manager and other senior management of the Company .

The actions referred to in the preceding paragraph include court proceedings and arbitration proceedings.

Article 9 The Company may invest in other limited liability companies and joint stock limited companies, to which the Company shall be liable to the extent of the amount of its capital contribution. Subject to the approval from the company's approving department authorized by the State Council, the Company may operate such companies as prescribed in Article 15 of the Company Law subject to its operational and management needs.

Article 10 Subject to the regulations of the PRC's applicable laws, the Company has the right of financing or loans, including but not limited to the issue the company's bonds, mortgaging or pledging all or partial business and properties.

CHAPTER 2 OBJECTIVES AND SCOPE OF BUSINESS

Article 11 The business objectives of the Company are to : develop the glass industry by making use of the domestic and foreign social resources and capital, pursue the scientific and technological progress, expand the domestic and international markets, regard the quality as the center, the market as the orientation and effectiveness as the purpose, carry out the advanced scientific management and apply the flexible strategy and create the world-class company so as to ensure the legal interests of the Company and all the Shareholders.

Article 12 The business scope of the Company is subject to the items approved by the Company registration authority.

The business scope of the Company includes photoelectric and solar thermal materials (e.g. information display glass and new energy glass) and their further-processed products and modules; special glass (e.g. functional glass) and its further-processed products and modules; development, production, manufacturing and installation of relevant materials, mechanical whole-set equipment and its electrical appliance and accessories; technical consultation and services in respect of information display glass, new energy glass and functional glass; sales and after-sale services of self-made products; trading of goods and raw materials and fuel relating to glass products; proprietary operation or factoring of import and export business of materials relating to glass.

Article 13 The Company may, in accordance with the domestic and international market development trend, domestic and international business demands and the Company's own development capacity and with the approval of relevant government authorities, amend its business scope or investment direction and methods.

CHAPTER 3 SHARES AND REGISTERED CAPITAL

Article 14 The Company shall have ordinary shares at all times. The ordinary shares issued by the Company shall include domestic shares and foreign-invested shares. The Company may create other class of shares if necessary, upon the approvals of the approving authorities authorized by the State Council.

Article 15 Shares issued by the Company shall be share with par value. The par value of each share shall be RMB1.

RMB referred to in the preceding paragraph is the legal currency of the PRC.

Article 16 Subject to the approval of the securities regulatory authority of the State Council, the Company may issue shares to domestic investors and foreign investors.

The foreign investors referred to in the preceding paragraph mean those investors from foreign countries and from the regions of Hong Kong, Macau and Taiwan who subscribe for the shares issued by the Company. Domestic investors mean those investors residing the territory of the PRC (other than those investors from the aforesaid regions r) who subscribe for the shares issued by the Company.

Article 17 Shares issued by the Company to domestic investors and subscribed in RMB shall be referred to as domestic shares. Shares issued by the Company to offshore investors and subscribed in foreign currency shall be referred to as foreign-invested shares. Foreign invested shares which are listed outside the PRC shall be referred to as overseas-listed foreign-invested shares. Both the holders of domestic shares and overseas-listed foreign-invested shares are the holders of ordinary shares, and shall have the same rights and obligations.

The foreign currency referred to in the preceding paragraph is a legal currency (other than RMB) of other countries or regions which is recognized by the foreign exchange administration authority of the State and can be used for payment of value of the Company's shares.

Article 18 The foreign-invested shares issued by the Company and listed in Hong Kong is referred to as H-shares. H-shares are the shares approved for listing by The Stock Exchange of Hong Kong Limited (Hong Kong Stock Exchange), with the par value in RMB and subscribed and traded in Hong Kong dollars.

Article 19 With the approval of the company examination and approval authority as authorized by State Council, the current number of issued ordinary shares of the Company is 552,396,509.

At the time of establishment, the Company issued 400,000,000 shares to the promoter; upon the public issuance of H Shares and A Shares, the Company has issued 700,000,000 ordinary shares, in which the promoter held 57.14% of the total number of ordinary shares that can be issued by the Company. After the Company has completed the reform of stock allocation and reduced the registered capital, the number of ordinary shares issued by the Company was 500,018,242, in which the promoter held 159,018,242 ordinary shares, accounting for 31.8% of the total number of ordinary shares of the Company. Upon the completion of the significant asset swap and issuance of shares by the Company for asset acquisition in cash and raising of supporting funds proceeds, the total number of ordinary shares issued by the Company was 526,766,875 in February 2016, in which the promoter held 174,018,242 ordinary shares, accounting for approximately 33.04% of the total number of ordinary shares of the Company. The promoter transferred its 69,000,000 ordinary shares in the Company to Bengbu Glass Industry Design and Research Institute* (蚌埠玻璃工業設計研究院) (now renamed as (CNBM) Bengbu Design & Research Institute for Glass Industry Co., Ltd* (中建材蚌埠玻璃工業設計研究院有限公司)) by agreement in October 2016, thereafter, the promoter held 105,018,242 ordinary shares, accounting for approximately 19.94% of the total number of ordinary shares of the Company. After the Company completed the issuance of shares for asset acquisition in April 2018, the total number of issued ordinary shares of the Company was 559,797,391, in which the promoter held 115,115,830 ordinary shares, accounting for approximately 20.56% of the total number of ordinary shares of the Company. Following the implementation and completion of the buy-backs and cancellation of the compensation shares for the 2018 performance guarantee in relation to significant asset restructuring by the Company in December 2019, the total number of issued ordinary shares of the Company was 552,396,509, in which the promoter held 112,614,918 ordinary shares, accounting for approximately 20.39% of the total number of ordinary shares of the Company.

Article 20 The equity structure of the Company: the number of overseas-listed foreign-invested shares is 250,000,000, representing approximately 45.26% of the total issued ordinary shares of the Company; the number of domestic listed shares is 302,396,509, representing approximately 54.74% of the total issued ordinary shares of the Company.

Article 21 Upon approval by the China Securities Regulatory Commission of the State Council of any proposal for issue of overseas-listed foreign-invested shares and domestic shares, the Board of the Company may make arrangements of respective issue.

The Company's proposal for the respective issue of overseas-listed foreign-invested shares and domestic shares pursuant to the preceding paragraph may be executed within fifteen (15) months from the date of approval by the China Securities Regulatory Commission of the State Council.

Article 22 Where the Company issues overseas-listed foreign-invested shares and domestic shares respectively within the total number of shares as stated in the issuance proposal, the respective shares shall be subscribed for in full at one time. If they cannot be subscribed for in full at one time under special circumstances, these shares may be issued separately subject to the approval of the securities regulatory authority of the State Council.

Article 23 The Company's registered capital is RMB552,396,509.

Article 24 The Company may, based on its business and development needs and in accordance with the relevant provisions of the Articles of Association, approve an increase of capital.

The Company may increase its capital in the following manners:

- (1) public offer of shares;
- (2) issue of new shares to existing Shareholders;
- (3) distribution of new shares to its existing Shareholders;
- (4) non-public offer of shares;
- (5) conversion of its provident fund into capital;
- (6) other methods as permitted by provisions of laws, administrative regulations, and the China Securities Regulatory Commission.

The increase of capital of the Company by issuing new shares shall, after being approved in accordance with the provisions of the Articles of Association, the issue shall be made in accordance with the procedures stipulated by the relevant laws and administrative regulations of the State.

Article 25 Unless otherwise provided by laws and administrative regulations, shares of the Company are freely transferable and are not subject to any lien.

CHAPTER 4 REDUCTION OF CAPITAL AND REPURCHASE OF SHARES

Article 26 In accordance with the provisions of the Articles of Association, the Company may reduce its registered capital.

Article 27 The Company shall prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company shall notify its creditors within ten (10) days from the date of the Company's resolution on reduction of capital and shall publish announcements in the newspaper within thirty (30) days from the date of such resolution. A creditor has the right, within thirty (30) days of receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within forty-five (45) days from the date of the announcement, to require the Company to repay its debt or provide a corresponding guarantee for such debt.

The reduction of registered capital of the Company shall be registered with the corporate registration authority according to the law.

Article 28 The Company may, upon the passing of the procedures under the Articles of Association, and subject to the approval of the relevant governing authority of the State, repurchase its issued shares under the following circumstances:

- (1) to cancel shares for the purpose of capital reduction;
- (2) to merge with another company that holds shares of the Company;
- (3) to reward the staff of the Company with shares;
- (4) to acquire shares held by Shareholders (upon their request) who vote against any resolution on the merger or division of the Company proposed in general meeting;
- (5) other circumstances as permitted by laws and administrative regulations.

The Company shall repurchase its issued shares in accordance with the provisions of Articles 29 to 32.

Article 29 The Company may, with the approval of the relevant governing authority of the State for repurchasing its shares, conduct the repurchase in one of the following manners:

- (1) to make a pro rata general offer of repurchase to all of its Shareholders;
- (2) to repurchase shares through public trading on a stock exchange;
- (3) to repurchase through an off-market agreement;
- (4) Other methods which are permitted by China Securities Regulatory Commission;

Article 30 While repurchasing the shares by a contractual agreement other than in the stock exchange, the Company shall obtain the prior approval of the general meeting as per the provisions of Articles of Association. With the prior approval of the general meeting in the same way, the Company may terminate or amend the contracts entered into in the manner set forth above, or waive any rights in the contracts. The contracts of repurchasing the shares in the preceding paragraph include (but not limited to) the contractual corporation, which agree to be liable for the obligation of repurchased shares acquire the right of repurchased shares, shall not assign the contract of repurchasing shares or any rights stipulated therein.

Article 31 After legally repurchasing the shares, the Company shall, within the time limit stipulated by the laws and administrative laws, cancel the shares and apply to the original company registration authority for changing registered capital. The total par value of the cancelled shares shall be deducted from the Company's registered capital.

Where the Company needs to purchase its own shares for any of the reasons as mentioned in Items (1) to (3) of Article 28 hereof, it shall be subject to a resolution of the general meeting. Under the circumstance as mentioned in Item (1), after the Company repurchases its own shares pursuant to the provisions of the Article 28 hereof, such shares shall be cancelled within 10 days after the day of repurchase; Under circumstance as mentioned in Item (2) or (4), the repurchased shares shall be transferred cancelled within 6 months.

The shares repurchased by the Company in accordance with Item (3) of Article 28 hereof shall not exceed 5% of the total issued shares of the Company. The fund used for the share repurchase shall be paid by the profits after tax of the Company. The shares repurchased by the Company shall be transferred to the employees within one (1) year.

Article 32 Unless the Company is in the course of liquidation, it must comply with the following provisions in respect of repurchase of its issued shares:

Where the Company repurchases its shares at par value, payment shall be made out of book balance of the distributable profits of the Company or out of proceeds of a fresh issue of shares made for that purpose; Where the Company repurchases its shares at a premium to their par value, payment up to the par value shall be made out of the book balance of distributable profits of the Company or out of the proceeds of a fresh issue of shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:

- (1) if the shares being repurchased were issued at par value, such portion shall be made out of the book balance of the distributable profits of the Company;
- (2) if the shares being repurchased were issued at a premium to its par value, such portion shall be made out of the book balance of distributable profits of the Company or out of the proceeds from the fresh issue of new shares for the purpose of repurchasing the original shares, provided that the amount paid out of the proceeds of the fresh issue shall not exceed the total premiums received by the Company on the issue of the repurchased shares nor the current amount of the Company's share premium account or capital reserve account (including the

- premiums on the fresh issue of new shares);
- (3) payment by the Company in consideration of the following shall be made out of the Company's distributable profits:
- (i) acquisition of rights to repurchase its shares;
 - (ii) variation of any contract for repurchasing its shares;
 - (iii) release of any of the Company's obligation under any contract for repurchasing its shares.
- (4) after the Company's registered share capital has been reduced by the total par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value portion of the repurchased shares shall be transferred to the Company's share premium account.

CHAPTER 5 EQUITY TRANSFER

Article 33 The shares of the Company may be legally transferred.

Article 34 The Company shall not accept its own shares as the subject matter of the pledge.

Article 35 The Directors, supervisors and senior managers of the Company shall report to the Company the numbers of the Company's shares held by them and the changes thereof, and the number of the Company's shares transferred by each of them annually during their term of office shall not exceed 25% of the total number of the Company's shares respectively held by them. The Company's shares held by the persons mentioned above shall not be transferred within six months after they leave office.

Article 36 Where the Directors, supervisors, senior managers and the Shareholders holding 5% or more of the shares of the Company sells the shares of the Company in his possession within six (6) months after they purchases them, or where they buy them back within six (6) months after they sell them, profits from such transaction shall belong to the Company and the Board shall collect the profits. However, a security company holding 5% or more of the shares as a result of underwriting the remaining shares after sale, its sale of the said shares shall not be subject to the time limit of six (6) months. Where the Board refuses to comply with the provisions of the preceding paragraph, the Shareholders have the right to ask the Board to enforce within thirty (30) days. Where the Board fails to enforce within the preceding time limit, the Shareholders have right to commence proceedings in the people's court in its own name for the Company's interests. Where the Board refuses to comply with Article 1, the responsible Directors are liable for the damages in accordance with the law.

CHAPTER 6 FINANCIAL ASSISTANCE FOR THE ACQUISITION OF SHARES OF THE COMPANY

Article 37 The Company and its subsidiaries shall not, by any other means at any time, provide any kind of financial assistance to a person who is acquiring or is proposing to acquire shares of the Company. The aforesaid acquirer of shares of the Company includes a person who directly or indirectly incurs any obligations due to the acquisition of shares of the Company. The Company and its subsidiaries shall not, by any means at any time, provide financial assistance to the said acquirer for the purpose of reducing or discharging the obligations assumed by that person. This provision does not apply to the circumstances stated in Article 39.

Article 38 The financial assistance referred to in this Chapter includes, (but not limited to), the following:

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

The expression "assumption of an obligation" referred to in this Chapter includes the assumption of obligations by way of contract or the making of an arrangement (irrespective whether such contract or arrangement is enforceable or not, or whether such obligation made on its own account or jointly with any other persons), or by any other means which results in a change of the obligor's financial position.

Article 39 The following activities shall not be deemed to be activities as prohibited in Article 37:

- (1) the provision of financial assistance by the Company where the financial assistance is given in good faith in the interest of the Company, and the principal purpose of giving the financial assistance is not for the acquisition of shares of the Company, or the giving of the financial assistance is an incidental part of a master plan of the Company;
- (2) the lawful distribution of the Company's assets as dividend;
- (3) the allotment of bonus shares as dividends;
- (4) a reduction of registered capital, a repurchase of shares or a reorganization of the

share capital structure of the Company effected in accordance with the Articles of Association of the Company;

- (5) The provision of loans by the Company within its scope of business and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company);
- (6) The contribution by the Company to employees' share schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company).

CHAPTER 7 SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS

Article 40 Share certificates of 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 Regulations and the stock exchange on which the shares of the Company are listed.

Article 41 The Company shall have a common seal specifically for securities in Hong Kong for the purpose of authenticating the issue of H share certificates.

Article 42 The share certificates shall be signed by the Chairman. Where the stock exchange on which the shares of the Company are listed requires the share certificates to be signed by other senior management members, the share certificates shall also be signed by such senior management members. The share certificates shall take effect after being affixed, or affixed by way of printing, with the seal of the Company. The share certificates shall only be affixed with the Company's seal under the authorization of the Board. The signatures of the Chairman of the Company or other relevant senior management members on the share certificates may also be in printed form.

Article 43 The Company shall keep a register of members, which shall contain the following particulars:

- (1) the name, address (residence), occupation or nature of each Shareholder;
- (2) the class and number of shares held by each Shareholder;
- (3) the amount paid-up or payable in respect of shares held by each Shareholder;

- (4) the serial numbers of the shares held by each Shareholder;
- (5) the date on which a person registers as a Shareholder;
- (6) the date on which a person ceases to be a Shareholder.

The register of Shareholders shall be the sufficient evidence for the Shareholders' shareholding in the Company, unless there is evidence to the contrary.

Article 44 The Company may, in accordance with the mutual understanding and agreements made between the securities regulatory authority of the State Council and overseas securities regulatory authorities, maintain its register of holders of overseas-listed foreign-invested shares outside PRC and appoint overseas agent(s) to manage such register. The original register of holders of overseas-listed foreign-invested shares listed in Hong Kong shall be maintained in Hong Kong.

Article 45 The Company shall maintain a complete register of members.

The register of Shareholders shall include the following:

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

Article 46 Different parts of the register of Shareholders shall not overlap with one another. All transfer of the Company's shares shall be registered at the relevant part of the register. No transfer of shares registered in any part of the register shall, during the continuance of that registration, be registered in other part of the register. All fully paid-up overseas-listed foreign-invested shares which are listed in Hong Kong are freely transferable pursuant to the Articles of Association. However, the Board may refuse to recognize any instrument of transfer without giving any reason unless such transfer fulfils the following conditions: A fee of HK\$2 or such higher fees as agreed by the Hong Kong Stock Exchange has been paid to the Company for registering the instrument of transfer of shares and other documents relating to or which may affect the ownership of such shares;

- (1) the instrument of transfer involves only the overseas-listed foreign-invested shares listed in Hong Kong;
- (2) the stamp duty payable on the instrument of transfer has been paid;
- (3) the relevant share certificates and any other evidence reasonably required by the Board showing that the transferor has the right to transfer such shares have been

provided;

(4) if the shares are to be transferred to joint holders, the number of such joint holders shall not exceed four (4);

(5) the relevant shares are not attached with lien of the Company.

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

Article 47 Transfers may not be entered in the register of members within thirty (30) days prior to the date of a general meeting or within five (5) days before the record date set by the Company for the purpose of distribution of dividends.

Article 48 When the Company intends to convene a general meeting, distribute dividends, liquidate and engage in other activities that requires the determination of shareholdings, the Board shall designate a date to be the record date. Shareholders whose names appear in the register of members at the end of the record date are Shareholders of the Company.

Article 49 Any person who objects to the register of members and requests to have his name entered in or removed from the register of members may apply to a court of competent jurisdiction for rectification of the register.

Article 50 Any Shareholder who is registered in, or any person who requests to have his name entered in, the register of Shareholders may, if his share certificates (the “original certificates”) are lost, apply to the Company for a replacement share certificate in respect of such shares (the “relevant shares”). If a holder of the domestic shares loses his share certificates and applies for their replacement, it shall be dealt with in accordance with the provisions of Article 143 of the Company Law. If a holder of overseas-listed foreign-invested shares loses his share certificates and applies for their replacements, it may be dealt with in accordance with the relevant laws, the rules of the stock exchange and other relevant regulations of the place where the original register of holders of overseas-listed foreign-invested shares is maintained.

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

- (1) The applicant shall submit an application to the Company in prescribed form accompanied by a notarized certificate or statutory declaration, containing the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificates as well as declaring that no other person shall be entitled to request to be registered as the Shareholder in respect of the relevant shares.
- (2) No declaration has been received by the Company from a person other than the applicant for having his name registered as a holder of the relevant shares before the Company came to a decision to issue the replacement certificate;

- (3) The Company shall, if it decides to issue a replacement certificate to the applicant, make an announcement of its intention to issue the replacement certificate in such newspapers designated by the Board; The announcement shall be made at least once every thirty (30) days in a period of ninety (90) days.
- (4) The Company shall have, prior to the publication of its announcement of intention to issue a replacement certificate, delivered to the stock exchange on which its shares are listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been exhibited at the premises of the stock exchange. The announcement shall be exhibited at the premises of the stock exchange for a period of ninety (90) days. In case an application to issue a replacement certificate has been made without the consent of the registered holder of the relevant shares, the Company shall send by post to such registered Shareholder a copy of the announcement to be published.

If, upon expiration of the 90-day period referred to in items (3) and (4) of this Article, the Company has not received from any person any objection to such application, the Company may issue a replacement share certificate to the applicant according to his application.

Where the Company issues a replacement certificate under this Article, it shall forthwith cancel the original certificate and enter the cancellation and issue in the register of Shareholders accordingly.

All expenses relating to the cancellation of an original certificate and the issue of a replacement share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.

Article 51 Where the Company issues a replacement certificate pursuant to the Articles of Association of the Company, the name of a bona fide purchaser who obtains the aforementioned new share certificate or a Shareholder who thereafter registers as the owner of such shares (in the case that he is a bona fide purchaser) shall not be removed from the register of members.

Article 52 The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original certificate or the issuance of the replacement certificate, unless the claimant proves that the Company had acted fraudulently.

CHAPTER 8 RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Article 53 A Shareholder of the Company is a person who lawfully holds shares of the Company and whose name is entered in the register of members.

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

Article 54 The holder of ordinary shares of the Company shall be entitled to the following rights:

- (1) the right to dividends and other distributions in proportion to the number of shares held;
- (2) the right to request, convene, preside, attend or appoint a proxy to attend general meetings and to exercise the voting right in accordance with the laws;
- (3) the right to supervise and manage the business activities of the Company and to put forward proposals and raise inquiries;
- (4) the right to transfer, give or pledge their shares in accordance with laws, administrative regulations, and the Articles of Association, transfer of overseas listed foreign invested shares shall in accordance with the listing rules of the stock exchange on which shares of the Company are listed.
- (5) the right to obtain relevant information in accordance with the provisions of the Articles of Association of the Company, including:
 - (I) the right to obtain a copy of the Articles of Association, subject to payment of the cost of such copy;
 - (II) the right to inspect and copy, subject to payment of a reasonable charge:
 - (I) all parts of the register of members;
 - (II) personal particulars of each of the Company's Directors, Supervisors, general managers and other senior management members including:
 - (a) present name and alias and any former name and alias;
 - (b) principal address (residence);
 - (c) nationality;
 - (d) primary and all other part-time occupations;
 - (e) identification document and its number.
 - (III) report on the status of the Company's share capital;
 - (IV) reports showing the aggregate par value, quantity, maximum and minimum price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount incurred by the Company for this purpose;
 - (V) minutes of general meetings.

- (6) Shareholders shall have the right to know about and the right to participate in major matters of the Company set forth in the laws, administrative regulations and Articles of Association.
- (7) The Shareholders have right to protect their interests and rights through civil litigation or other legal means in accordance with laws and administrative regulations. In the event the resolutions of general meetings or the resolutions of the Board are in breach of laws and administrative regulations, the Shareholders shall have the right to request the court to hold such resolutions null and void. In case the convening and voting procedures of the general meetings or Board are in breach of laws, administrative regulations or this Articles of Association, or the content of the resolutions are in breach of the Articles of Association, the Shareholders shall have right to request the court to revoke such resolutions within sixty (60) days as of the date of resolutions made. The Directors, supervisors and managers of the Company shall bear the liability of compensation in cases where they violate laws, administrative regulations or Articles of Association and cause damages to the Company during the performance of their duties. Shareholders who individually or jointly hold more than 1% shares of the Company for successive 180 days shall have the right to request the supervisory committee in writing to institute the legal proceedings in the people's court. Where the supervisory committee is in breach of laws, administrative regulations or this Articles of Association and cause losses to the Company during the performance of their duties, the Shareholders shall have right to ask the Board in writing to institute the legal proceedings in the people's court. Where the supervisory committee and Board, after receiving the written request of the Shareholders, refuse to institute the legal proceedings, or fail to institute the legal proceedings within 30 days after receiving the requisition, or the Company's rights and interests may be damaged beyond remedy in the case of emergency if no legal action is taken, the foregoing Shareholders shall, for the purpose of protecting the Company's rights and interests, institute the legal proceedings in the people's court in their own name. Where the others infringe the Company's legitimate rights and interests and cause losses to the Company, the foregoing Shareholders shall institute the legal proceedings in the people's court subject to the aforementioned provisions. In case the Directors and senior managers violate the laws, administrative regulations or the Articles of Association and cause damage to the interests of the Shareholders, the Shareholder may institute the legal proceedings in the people's court.
- (8) Whenever the Company terminates or liquidates, the Shareholder shall participate in the distribution of the rest properties of the Company in proportion to the shares they hold;
- (9) Other rights conferred by the laws, administrative regulations and the Articles of Association.

Article 55 The holder of ordinary shares of the Company shall be liable for the following responsibilities: abide by the laws, administrative regulations and Articles of Association;

- (1) contribute the capital according to the shares subscribed and type of capital contribution;

- (2) not to withdraw shares unless otherwise permitted under the circumstances stipulated in the laws and regulations;
- (3) not to abuse the rights of Shareholders to damage the rights and interests of the Company or other Shareholders; or abuse the independent status of the Company's legal person and the Shareholders' limited liabilities to damage the creditors' rights and interests of the Company. The Shareholders of the Company, whoever abuse the Shareholders' rights and causes losses to the Company or other Shareholders, shall be liable for compensation. Where the Shareholders abuse the independent status of the Company's legal person and the Shareholders' limited liabilities and evade the repayment of debts, severely damaging the creditors' rights and interests of the Company, he shall bear joint liabilities for the debts of the Company.
- (4) Other liabilities to be responsible for stipulated in the laws, administrative regulations and the Articles of Association.

The Shareholders, other than the conditions agreed by the share subscriber during subscription, shall not be liable for additional liability of share capital later on.

Article 56 Where the Shareholders holding more than 5% of the voting shares pledge with the shares he holds, he shall, on the date of such fact happens, report to the Company in writing.

Article 57 In addition to obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchange on which shares of the Company are listed, a controlling Shareholder shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of all or some of the Shareholders of the Company:

- (1) to relieve a Director or supervisor of his duty to act honestly in the best interests of the Company;
- (2) to approve the expropriation by a Director or supervisor (for his own benefit or for the benefit of another person), in any guise, of the Company's assets, including (without limitation) opportunities beneficial to the Company;
- (3) to approve the expropriation by a Director or supervisor (for his own benefit or for the benefit of another person) of the individual rights of other Shareholders, including (without limitation) rights to distributions and voting rights save for a company restructuring submitted to the general meeting for approval in accordance with the Articles of Association of the Company.

Article 58 The term "controlling Shareholder" referred to in the preceding article means a person who satisfies any one of the following conditions:

- (1) he alone, or acting in concert with others, has the power to elect more than half of the Board members;

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

Article 59 The controlling Shareholders and actual controllers of the Company owe a duty of good faith towards the Company and the Shareholders of the public shares. The controlling Shareholders shall strictly comply with laws and regulations while exercising their rights as investors, and shall be prevented from damaging the legal rights and interests of the Company's and Shareholders of the public shares, by means such as connected transactions, profits distribution, assets restructuring, investment abroad, collateral loan, or from taking advantage of their controlling position to damage the rights and interests of the Company and the Shareholders of the public shares.

Article 60 The controlling Shareholders shall nominate the candidates for Directors and supervisors in strict compliance with the terms and procedures provided for by laws, regulations and the Company's Articles of Association. The nominated candidates shall possess certain relevant professional knowledge and the capability to make decisions or supervise. The resolutions made by the general meetings electing personnel or the Board resolutions appointing personnel shall not be subject to any approval procedures by the controlling Shareholders. The controlling Shareholders are prohibited to appoint senior management personnel by circumventing the general meetings or the Board.

Article 61 The important decisions of a listed company shall be made through a general meeting or Board' meeting in accordance with law. The controlling Shareholders shall not directly or indirectly interfere with the Company's decisions or business activities conducted in accordance with laws; nor shall they impair the Company's or other general rights and interests.

Article 62 The personnel of a listed company shall be independent from the controlling Shareholders. The management, chief financial officers, chief sales officers and secretary to the Board of the listed company shall not take posts other than as a Director in a controlling Shareholder's entities. In the case where a member of a controlling Shareholder's senior management concurrently holds the position of Director of the listed company, such member shall ensure adequate time and energy to perform the work for the listed company.

Article 63 A listed company shall establish sound financial and accounting management systems in accordance with laws and regulations and shall conduct independent accounting. Controlling Shareholders shall respect the financial independence of the Company and shall not interfere with the financial and accounting activities of the company.

Article 64 The Board, the supervisory committee and other internal offices of a listed company shall operate independently. There shall be no subordination relationship between, on the one hand, a listed company or its internal offices and, on the other hand, the Company's Controlling Shareholders or their internal offices, and the latter shall not give plans or instructions concerning the listed company's business operation to the former, nor shall the latter interfere with the independent operation of the former in any other manner.

Article 65 A listed company's business shall be completely independent from that of its controlling Shareholders. Controlling Shareholders and their subsidiaries shall not engage in the same or similar business as that of the listed company. Controlling Shareholders shall adopt effective measures to avoid competition with the listed company in the same business.

CHAPTER 9 GENERAL MEETING

Article 66 The general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with the law.

Article 67 The general meeting may exercise the following functions and powers:

- (1) to decide on the operating policies and investment plans of the Company;
- (2) to elect and remove Directors and to decide on matter relating to the remuneration of the relevant Directors;
- (3) to elect and remove supervisors (being Shareholders' representatives), and to decide on matter relating to the remuneration of the relevant supervisors;
- (4) to consider and approve the reports of the Board;
- (5) to consider and approve the reports of the Supervisory Committee;
- (6) to consider and approve the proposed annual financial budgets and final accounts of the Company;
- (7) to consider and approve the profit distribution plans and loss recovery plans of the Company;
- (8) to adopt resolutions on any increase or reduction of registered capital of the Company;
- (9) to adopt resolutions on matters such as merger, division, dissolution, and liquidation of the Company;
- (10) to adopt resolutions on the issue of debentures of the Company;

- (11) to adopt resolutions on the appointments or dismissals of accounting firms;
- (12) to amend the Articles of Association of the Company;
- (13) to consider the temporary proposals submitted by Shareholders who individually or collectively hold more than 3% (including 3%) of the Company's voting shares;
- (14) to consider and approve the guarantees provided in Article 68;
- (15) to consider the acquisition or disposal of any major assets, the amount of which exceeds 30% of the latest audited total assets of the Company;
- (16) to consider the change of use of proceeds from capitals raised;
- (17) to consider the adoption of share incentive scheme;
- (18) to consider such other things required by laws, administrative regulations and the Articles of Association to be resolved by general meeting of Shareholders;
- (19) to authorize or delegate to the Board to attend to deal with the authorized or entrusted matters.

Article 68 Any of the Company's following guarantee activities shall be approved by the general meeting:

- (1) Any of the external guarantee provided after the total guaranteed amount of the Company and its controlling subsidiaries to the any other party reach to or exceed 50% of the latest audited net assets;
- (2) Any of the external guarantee provided after the total guaranteed amount of the Company reach to or exceed 30% of the latest audited net assets;
- (3) Providing the guarantee for the guaranteed object, whose the ratio of liabilities to assets exceeding 70%;
- (4) The amount of single guarantee exceeds 10% of the latest audited net assets;
- (5) Providing the guarantee for the Shareholders, actual controllers and it connected parties.

Article 69 Unless a prior approval is obtained at a general meeting, the Company shall not enter into any contract with any party other than the Directors, supervisors, general managers and other senior management members pursuant to which such party shall be responsible for managing the whole or any substantial part of the Company's business.

Article 70 General meetings shall be annual general meetings and extraordinary general

meetings. A general meeting shall be convened by the Board. The annual general meeting shall be held once every year within six (6) months after the end of the previous accounting year.

The Board shall convene an extraordinary general meeting within two (2) months upon the occurrence of one of the following circumstances:

- (1) the number of Directors is less than the number required by the Company Law or less than two-thirds of the number required by the Articles of Association;
- (2) the uncovered losses account for one third of the Company's total share capital;
- (3) Shareholders holding more than 10% (including 10%) of the Company's issued shares with voting rights request in writing to convene an extraordinary general meeting;
- (4) the Board considers it necessary or the Supervisory Committee proposes to convene such a meeting;
- (5) other circumstances as required by laws, administrative regulations, departmental rules or this Articles of Association.

Article 71 A notice, by announcement or in other forms as required by this Articles of Association, where necessary, shall be given to notify all the Shareholders whose names appear in the register of members of the matters proposed to be considered and the date and place of the meeting within the period of forty-five (45) to fifty (50) days prior to the date of convening the general meeting (including the date of meeting but excluding the issuance date). Shareholders who intend to attend the meeting shall serve their written replies to the Company twenty (20) days prior to the date of the meeting.

The general meeting shall have a venue and be held on-site. The Company shall also provide the internet or other conveniences to facilitate the participation of Shareholders in the general meeting. A Shareholder who participated in a general meeting in the aforesaid manners shall be deemed to have been present at the meeting. The same voting right can only be exercised by electing to vote at the scene or via internet. In the event that the same voting right has been exercised twice, the result of the first voting shall prevail.

Article 72 The Company shall employ the lawyers to issue legal opinions and make the announcements while holding the general meeting:

- (1) Whether the meeting convening and holding procedure conform to the laws, administrative regulations and the Articles of Association;
- (2) Whether the qualifications of the persons attending the meeting and convener are valid and effective;

(3) Whether the voting procedure and voting result of the meeting are valid and effective;

(4) The legal opinions on other issues as required by the Company.

Article 73 While convening the general meeting, the Shareholders alone or in aggregate holding more than 3% (including 3%) of the shares of the Company can make a temporary proposal and submit in writing to the Board ten 10 days prior to the date of the general meeting. The Board shall issue a supplementary notice of the general meeting within two 2 days upon the receipt of the proposal and submit such temporary proposal to the general meeting for consideration. Contents of the temporary proposal shall fall within the scope of authority of the general meeting, and set out specific subject and matters to be resolved

Article 74 The motion in the general meeting shall meet the following conditions:

- (1) Its content shall not contravene the laws, regulations and the Articles of Association and be in the business scope of the Company and duty scope of the general meeting;
- (2) There is definite topics and specific resolved items;
- (3) The proposal is submitted or delivered to the Board in writing.

While examining the motion, the general meeting shall not amend the motion; otherwise, the relevant amendment shall be deemed as a new motion and shall not be voted in this general meeting.

Article 75 Where the Board decides not to include the motion of the general meeting in the meeting agenda, the Board shall make the explanation and statement in the general meeting and make the announcement of the proposed content, statement of the Board and resolutions of general meeting after the general meeting is finished.

Article 76 In case the Shareholders proposing the motion disagrees with the decision that the motion is not included in the general meeting, he may require convening the extraordinary general meeting according to the provisions of the Articles of Association.

Article 77 The independent Directors have right to propose to the Board to convene the extraordinary general meeting. Whenever the independent Director requires convening the extraordinary general meeting, the Board shall, in accordance with the laws, administrative regulations and the Articles of Association, give the written feedback on whether agreeing to convene the extraordinary general meeting or not within ten 10 days after receiving such proposal.

Where the Board agrees to convene the extraordinary general meeting, the Board shall send out the notice of the general meeting within five (5) days after making the resolutions; where the Board disagrees to convene the extraordinary general meeting, the Board shall make the explanation and announcement.

Article 78 The supervisory committee have right to propose to the Board to convene the extraordinary general meeting and shall propose in writing. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, give the written feedback on whether agreeing to convene the extraordinary general meeting or not within ten (10) days after receiving such proposal.

Where the Board agrees to convene the extraordinary general meeting, the Board shall send out the notice of the general meeting within five (5) days after making the resolutions and any change of the original proposal in the notice shall be approved by the supervisory committee.

Where the Board disagreeing to convene the extraordinary general meeting, or failure to give feedback within ten (10) days after receiving the proposal shall be deemed as unable to or failure to convene the general meeting and the supervisory committee is entitled to convene and preside over a general meeting independently.

Article 79 The Shareholders individually or jointly holding more than 10% shares of the Company, have right to request the Board to convene the extraordinary general meeting and shall make the proposal to the Board in writing. The Board shall, in accordance with the laws, administrative regulations and the Articles of Association, give the written feedback on whether agreeing to convene the extraordinary general meeting or not within ten (10) days after receiving such proposal.

Where the Board agrees to convene the extraordinary general meeting, the Board shall send out the notice of the general meeting within five (5) days after making the resolutions and any change of the original proposal in the notice shall be approved by the relevant Shareholders.

Where the Board disagrees to convene the extraordinary general meeting, or fails to give feedback within ten (10) days after receiving the proposal, Shareholders individually or jointly holding more than 10% shares of the Company have right to propose to the supervisory committee to convene the extraordinary general meeting and shall make such proposal in writing.

Where the supervisory committee agrees to convene the extraordinary general meeting, the supervisory committee shall send out the notice of the general meeting within five (5) days after receiving the proposal and any change of the original proposal in the notice shall be approved by the relevant Shareholders.

Where the supervisory committee failure to send out such notice within the prescribed term shall be deemed as unable to or failure to convene the general meeting, the Shareholders individually or jointly holding more than 10% shares of the Company for more than ninety (90) consecutive days are entitled to independently convene and preside over a general meeting.

Article 80 Whenever deciding to convene the general meeting, the supervisory committee or Shareholders shall notify the Board and apply to the China Securities Regulatory Commission's agency in the place where the Company is located and the stock exchange for filing.

Prior to making the announcement of resolutions of general meeting, the Shareholders who convene the meeting shall hold no less than 10% shares of the Company. While sending out the notice of general meeting and making the announcement of resolutions of general meeting, the Shareholders who convene the meeting shall apply to the China Securities Regulatory Commission 's agency in the place where the Company is located and the stock exchange for filing.

Article 81The Board and secretary to the Board shall provide full cooperation for the general meeting convened by the supervisory committee or Shareholders and the Board shall provide the register of members as of the record date.

Article 82 Where the supervisory committee or Shareholders convenes the general meeting, all the expenses for the meeting shall be borne by the Company.

Article 83 The Company shall calculate the number of voting shares represented by shareholders who intend to attend the general meeting based upon the written reply received 20 days before the date of the meeting. If the number of voting shares represented by shareholders who intend to attend the meeting amounts to more than half of the total number of voting shares of the Company, the Company may convene a general meeting. Otherwise, the Company shall within 5 days give the shareholders further notice of the matters to be considered at the meeting as well as the date and venue of the meeting by way of a public announcement. The Company may convene a general meeting when such announcement is made. Extraordinary general meeting shall not pass any resolution that has not been specified in the notice.

Article 84 A notice of the general meeting shall meet the following requirements:

- (1) in written form;
- (2) specifying the place, date and time of the meeting;
- (3) stating the matters to be discussed at the meeting;
- (4) providing Shareholders with such information and explanation as are necessary for them to make an informed decision in respect to the matters to be discussed. This principle shall include (but not limited to) where the Company proposes to merge, repurchase its shares, restructure share capital or undergo other reorganization. The specific conditions and contracts (if any) of the proposed transactions must be provided and the reasons and effects of the same must be properly explained;
- (5) if any Director, supervisor, manager and other senior management members have material interests in the matters subject to discussion, the nature and extent of such material interests shall be disclosed, and if the effect of the proposed matters on such Director, supervisor, manager and other senior management

members in their capacity as Shareholders is different from that of other Shareholders of the same class, the differences shall also be specified;

- (6) containing full text of any special resolution to be proposed at the meeting for consideration and approval;
- (7) containing a clear statement that a Shareholder who has the right to attend and vote at the meeting shall have the right to appoint one or more proxies to attend and vote at the meeting on his behalf and that such proxies need not be a Shareholders;
- (8) stating the date and place for the service of the proxy forms for the meeting;
- (9) stating the equity registration date for determining the entitlement to attend the general meetings;
- (10) stating the name and contact number of the standing contact person for the affairs of the meeting.

Article 85 A notice of the general meeting shall be dispatched to Shareholders (regardless of their voting rights at the general meeting) by way of announcement and/or personal delivery or by pre-paid mail. The addresses of the recipients shall be such addresses as shown in the register of members.

The announcement referred to in the preceding paragraph shall be published within a period of forty-five (45) to fifty (50) days prior to the date of the general meeting g at the websites of the Company and/or stock exchanges of the listing places, and in one or more newspapers and journals designated by competent securities authorities of the State Council or by other means as permitted by the competent securities authorities of the State Council from time to time. Once announced, published or issued, all the Shareholders shall be deemed to have received the relevant notice of the general meeting.

Article 86 The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions passed thereat.

Article 87 Any Shareholder entitled to attend and vote at the general meeting shall have the right to appoint one or several persons (who may not be Shareholders) to act as his proxy to attend and vote at the meeting on his behalf. The proxy/proxies so appointed by the Shareholder shall exercise the following rights:

- (1) have the same right as the Shareholder to speak at the meeting;
- (2) have authority to demand or, jointly with others, in demanding a poll.

The proxy/proxies have the right to vote by hands or on a poll. Where more than one proxy is appointed, the proxies may only exercise the voting right on a poll.

Article 88 The Shareholders shall appoint a proxy in writing and the proxy form shall be signed by the principal or by the representative authorized in writing. Where the principal

is the legal person, the proxy form shall be affixed with the common seal or its Director or the duly authorized representative. Such proxy form shall state clearly the number of shares he represents for the principal.

Article 89 An individual Shareholder who attends a meeting in person shall produce his own identity card and proof of his shareholding. A proxy who has been appointed to attend the meeting on another's behalf shall produce his own identity card, the proxy form and proof of the shareholding.

Shareholders who are legal persons shall be represented at a meeting by their legal representative or a representative appointed by their legal representative. If the legal representative attends the meeting, he shall produce his own identity card, valid proof of his legal representative status and proof of the shareholding. A proxy shall produce his own identity card, a lawful written power of attorney issued by the legal representative of the legal person Shareholder and proof of the shareholding.

Article 90 The proxy form by which a Shareholder appoints another person to attend a general meeting shall specify the following particulars :

- (1) Name of the representative;
- (2) Whether the representative has right to vote;
- (3) Instructions on whether to vote in favour of or against or abstain on each motion included in the agenda of the general meeting;
- (4) Whether the representative has right to vote on the ex tempore motion possibly included in the agenda of the general meeting. If any, please give specific instructions on how to exercise the voting right;
- (5) Signature date and valid term of the power of attorney;
- (6) The signature (or seal) of the principal; if the principal is a legal person Shareholder, the power of attorney shall bear the seal of the legal person.

The power of attorney shall specify whether the representative may vote at his own discretion in the absence of specific instructions from the Shareholder.

Article 91 Proxy forms shall be lodged at the legal residence of the Company or other places specified in the notice of meeting twenty-four 24 hours before the relevant meeting for voting according to the proxy form, or twenty-four 24 hours before the designated time of voting. If the proxy form is signed by a person under a power of attorney on behalf of the appointer, the power of attorney or other authorization documents authorized to be signed shall be notarized. A notarized power of attorney or other authorization documents, together with the proxy form, shall be deposited at the legal residence of the Company or other places specified in the notice of meeting. Where the appointer is a legal person, its legal representative or other persons authorized by the resolutions of the Board or other decision-making organ to act as its representatives may attend the general meeting of the Company as a representative of the appointer.

Article 92 The Company is responsible for compiling the signatures of the personnel

attending the meeting. The signature list states clearly names of personnel (or unit names) attending the meeting, ID card numbers, addresses, numbers of shares held and represented and names of the appointers (or unit names).

Article 93 Any form issued to a Shareholder by the Board for use by him for appointing a proxy shall allow the Shareholder to freely instruct the proxy to cast vote in favour of or against each resolution dealing with the businesses to be transacted at the meeting. Such letter of authorization shall contain a statement that in the absence of instructions by the Shareholder, his proxy may vote as he thinks fit.

Article 94 Where the appointer has deceased, incapacitated to act, withdrawn the appointment or the power of attorney, or where the relevant shares have been transferred prior to the voting, a vote given in accordance with the letter of authorization shall remain valid provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting.

Article 95 After sending out the notice on convening the general meeting, other than the reasons of force majeure or other accidents, the Board shall not change the time of general meeting; In the event of changing the time of general meeting due to force majeure, the record date shall not be changed thereby.

Article 96 If the representative attends the general meeting on the behalf of the Shareholder, he shall produce his own identity card, and the power of attorney signed by the principal or the legal representative of the principal. The power of attorney shall specify the issuing date clearly. Where the legal person Shareholder appoints its legal representative to attend the meeting, the legal representative shall produce his own identity card and the certified true copy of the resolution of the Board and other similar authority of the legal person on appointment of the legal representative.

Article 97 General meetings may either be ordinary resolutions or special resolutions. Ordinary resolutions of the general meeting shall be adopted by more than half of the voting rights held by the Shareholders (including proxies) attending. Special resolutions of the general meeting shall be adopted by more than two-thirds of the voting rights held by the Shareholders (including proxies) attending. The Shareholders (including proxies) attending shall clearly indicate to support or oppose to each item to be voted. Abstention and abstain from voting shall not be treated as the votes while the Company calculating the voting result on such item.

Article 98 A Shareholder (including proxy) when voting at a general meeting may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote. When material issues affecting the interests of minority investors are considered at the general meeting, the votes of minority investors shall be counted separately. The result of separate vote counting shall be disclosed publicly in a timely manner. The Company shall have no voting rights for the shares that it holds, which are not counted in the total number of shares with voting rights attending the general meeting.

The Board, independent Directors and Shareholders who meet the relevant required conditions may collect voting rights from Shareholders publicly. Information such as specific voting intention shall be disclosed adequately to the Shareholders from whom such voting rights are collected in the process of collection. It is prohibited to collect voting rights from Shareholders by paying consideration or de facto consideration. The Company shall not impose minimum shareholding requirement for the collection of voting rights.

Article 99 Voting at a general meeting shall be decided by a show of hands unless a poll is (before or after any vote by show of hands) demanded by the following persons:

- (1) the chairman of the meeting;
- (2) At least two (2) Shareholders entitled to vote in person or proxies with voting rights;
- (3) one or more Shareholders (including proxy) individually or jointly holding more than 10% (including 10%) of all shares carrying right to vote at the meeting. Unless a poll is demanded, a declaration by the chairman that a resolution has been passed by a show of hands and the record of such in the minutes of meeting shall be conclusive evidence of the fact that such resolution has been passed. There is no need to provide evidence of the number or proportion of votes in favour of or against such resolution. The demand for a poll may be withdrawn by the person who makes such demand.

Article 100 A poll demanded on such matters as the election of chairman or the adjournment of the meeting shall be taken forthwith. A poll demanded on any other matters shall be taken at such time as the chairman may decide, and the meeting may proceed to discuss other matters, while the results of the poll shall still be deemed to be a resolution of that meeting.

Article 101 If a poll is taken at a meeting, a Shareholder (including proxy) entitled to two or more votes need not cast all his votes in the same way.

Article 102 In case of an equality of votes (whether on a show of hands or on a poll), the chairman shall have a second vote.

Article 103 The following matters shall be resolved by an ordinary resolution at a general meeting:

- (1) work reports of the Board and the Supervisory Committee;
- (2) plans formulated by the Board for distribution of profits and for making up losses;
- (3) the appointment and removal of members of the Board and the Supervisory Committee and their remuneration and payment methods;
- (4) the Company's annual financial budgets and final accounts, balance sheets, income statements and other financial statements;
- (5) matters other than these required by the laws and administrative regulations or by the Articles of Association of the Company to be adopted by special resolutions.

Article 104 The following matters shall be resolved by a special resolution at a general meeting:

- (1) increase or reduction of the share capital and issue of shares of any class, stock warrants or other similar securities;
- (2) issuance of corporate debentures;
- (3) the division, merger, dissolution, and liquidation of the Company;
- (4) amendments to the Articles of Association;
- (5) any other matters considered by the general meeting, by way of an ordinary resolution, shall have a significant impact on the Company and to require approval by a special resolution.
- (6) The major assets sold or acquired within one 1 year or the guaranteed amount exceeds 30% of the Company's latest audited total assets;
- (7) Share incentive scheme.

Article 105 The following items shall be resolved in the general meeting and more than half of the public Shareholders attending with the voting rights, before they shall be implemented or applied for;

- (1) Unless otherwise stipulated in the laws and regulations, the Company issues additional new shares to the public (including the issue of overseas-listed foreign-invested shares listed abroad or other warrants), issues convertible bonds and places shares to the existing Shareholders (except the Shareholders with actual controlling right promise to subscribe in cash before the meeting);
- (2) Major assets restructuring of the Company. The total purchase price of the acquired assets is or exceeds 20% of the audited net book value of the purchased assets;
- (3) The Shareholder of the Company repays the debts he owes to the Company with the Company's equity held by him;
- (4) The subsidiary that have significant impact on the Company is listed overseas;
- (5) The relevant items that have significant impact on the interest of the public Shareholders during the development of the Company.

Article 106 If it falls into the circumstances set forth above, after sending out the notice of general meeting, the Company shall give the notice of general meeting again within three 3 days after the record date.

Article 107 The Company shall, subject to the valid and effective general meeting, enlarge the proportion of public Shareholders attending the general meeting by various forms and means and the modern information technology methods such as the network voting platform etc.

Article 108 The Board, independent non-executive Directors and Shareholders meeting the relevant criteria may solicit voting right from the Company's Shareholders in the general meeting. No payments shall be made to the Shareholders for such solicitation, and

adequate information shall be provided to persons whose voting rights are being solicited.

Article 109 Where the resolutions of the general meeting and Board violate the laws and administrative regulations and infringe the legal rights and interests of the Shareholders, the Shareholders have right to institute proceedings at the people's court to request such violation and infringement to be stopped.

Article 110 Shall the Shareholders propose the convening of an extraordinary general meeting or a class meeting, the following procedures shall be followed:

Two or more Shareholders jointly holding more than 10% (including 10%) of the voting shares at a proposed meeting may request the Board to convene such extraordinary meeting or class meeting by signing and submitting one or several written requisitions with the same format and contents in which the matters for consideration at the meeting shall be set out clearly. An extraordinary meeting or a class meeting shall be convened by the Board as soon as practicable after receipt of the aforesaid written requisitions. The number of relevant voting shares aforesaid shall be calculated as on the date of deposit of such written requisition. If the Board fails to issue a notice of such meeting within thirty (30) days after receipt of the aforesaid written request, the Shareholders submitting such request may convene such meeting by themselves within four (4) months after the Board's receipt of such request in which case, the convening procedures shall, as far as practicable, follow the procedure for convening a general meeting by the Board. Reasonable expenses incurred by Shareholders in convening and holding such meeting due to the Board's failure to convene such meeting in response to the aforesaid request shall be borne by the Company. Such expenses shall be deducted from the amounts due by the Company to the defaulting Director(s).

Article 111 The general meeting shall be convened by the Board and presided over by the Chairman. Where the Chairman is unable to perform for any reason, the general meeting shall be convened and presided over by the vice chairman. Where the Chairman and vice chairman are unable to perform, the Board may appoint a Director to convene and preside over the meeting. Where the Board fails to appoint the Director, the Shareholders attending shall jointly elect one Director to be the chairman of the meeting. If for any reason, the Shareholders fail to elect the Chairman, the Shareholder (including the proxy_ attending holding the most voting rights shall be the chairman of the meeting. Where the supervisory committee convenes the general meeting, such general meeting shall be presided over by the chairman of the supervisory committee. Where the Chairman is unable to or refuses to perform his or her duties to convene a general meeting, the general meeting shall be convened and presided over by the vice chairman. Where the vice chairman is unable to or refuses to perform his or her duties to convene a general meeting, more of half of supervisors shall jointly elect one representative to preside over. Where the general meeting is convened by the Shareholders, the conveners shall recommend the representative to preside over the meeting.

Where the chairman of the meeting violates the rules of procedure and results in the general meeting cannot continue, the general meeting may, with the approval of more than half of

the Shareholders attending the general meeting, elect one person to preside over and continue the meeting.

Article 112 Unless it is related to the Company's trade secrets that could not be disclosed in the general meeting, the Board and supervisory committee shall reply or explain on the Shareholders' inquiry or recommendation.

Article 113 The general meeting shall keep the minutes. The meeting minutes shall record the following contents:

- (1) Number of shares with voting rights while attending the general meeting and proportion in the Company's total shares;
- (2) Meeting time and place;
- (3) Name of the meeting host and agenda;
- (4) Main points of each speaker of each reviewed matter;
- (5) Resolution result of each motion;
- (6) Shareholders' questioning opinions, suggestions and reply or elaboration of Board and supervisory committee;
- (7) Other content to be recorded in the meeting minutes deemed as necessary by the general meeting and stipulated in the Articles of Association.

Article 114 The chairman of the meeting is responsible to decide whether the resolutions in the general meeting are passed. The chairman's decision is the ultimate decision and should be announced during the meeting and put on record.

Article 115 In the event that the chairman of the meeting has any doubt as to the result of a resolution put forward to the vote, he may have the votes counted. In the event that the chairman of the meeting fails to have the votes counted, any Shareholder present in person or by proxy objects to the result announced by the chairman of the meeting may demand that the votes be counted immediately after the declaration of the voting result, the chairman of the meeting shall have the votes counted immediately.

Article 116 While taking a vote on the connected transactions in the general meeting, the Shareholders involved in the connected transactions shall abstain from voting and the voting rights held by the aforesaid Shareholders shall not be included in the total number of voting shares attending the meeting.

Article 117 Before voting on the motion, the general meeting shall recommend two Shareholder representatives to participate in counting and scrutinizing balloting. Where the Shareholders have the interest in the motions to be resolved, the relevant Shareholders and representatives shall not participate in counting and scrutinizing balloting.

While taking a vote on the connected transactions in the general meeting, the lawyers, Shareholder representatives and supervisor representatives shall be jointly responsible for counting and scrutinizing balloting and announcing the result on site. The voting result shall be recorded in the meeting minutes.

The Shareholders or its proxies voting via the internet shall have right to check its voting result through relevant voting system.

Article 118 In case of votes to be counted at the general meeting, the result shall be recorded in the meeting minutes. The secretary shall take notes in the general meeting. Any meeting minutes signed by the Directors attending the meeting shall be deemed valid. The resolutions adopted in the general meeting shall be made into meeting note.

Both the meeting minutes and meeting note shall be written in Chinese. The meeting minute and the signature book of the Shareholders attending and the power of attorney of the representatives shall be kept in the domicile of the Company for ten (10) years.

Article 119 The number of attendance in the general meeting, number of shares held by the Shareholders attending, power of attorney, voting result of each resolution, meeting minutes and validity of the meeting procedure could be notarized.

Article 120 Copies of the minutes of the meeting shall be available for Shareholders' inspection during business hours of the Company by any Shareholder without charge. If a Shareholder demands from the Company a copy of such minutes, the Company shall send a copy to him within seven (7) days after receipt of reasonable charges.

CHAPTER 10 SPECIAL PROCEDURES FOR VOTING BY CLASS SHAREHOLDERS

Article 121 Shareholders holding different classes of shares shall be class Shareholders.

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

Article 122 Any variation or abrogation of the rights of any class of Shareholders proposed by the Company may only come into effect upon the adoption of a special resolution at a general meeting and approval by the affected Shareholders of that class at a separate meeting held in accordance with Articles 124 to 128.

Article 123 The following circumstances shall be deemed to be a variation or abrogation of the rights of Shareholders of a certain class:

- (1) to increase or decrease the number of shares of a particular class, or increase or decrease the number of shares of another class having rights on voting, distribution or other privileges equal or superior to those of the shares of such class;
- (2) to effect an exchange of all or part of shares of such class into shares of other classes, or to effect an exchange or grant a right of exchange of all or part of the shares of other classes into shares of such class;

- (3) to remove or reduce rights to accrued dividends or cumulative dividends attached to shares of such class;
- (4) to reduce or remove the rights to a dividend preference or a liquidation preference to distribution of property attached to shares of such class;
- (5) to add, remove or reduce the rights to conversion, options, voting, transfer, preemptive rights to placement and acquire securities of the Company attached to shares of such class;
- (6) to remove or reduce rights to receive payment payable by the Company in particular currencies attached to shares of such class;
- (7) to create a new class of shares having rights on voting, distribution or other privileges equal or superior to those of the shares of such class;
- (8) to restrict the transfer or ownership of the shares of such class or increase such restrictions;
- (9) to issue subscription rights or share conversion rights for shares of such class or other classes;
- (10) to increase the rights and privileges of shares of other classes;
- (11) to restructure the Company where the proposed restructuring scheme will result in different classes of Shareholders bearing a disproportionate burden of obligations of such restructuring;
- (12) to vary or abrogate the terms provided in this chapter.

Article 124 Shareholders of the affected class, whether or not having the right to vote at the general meeting, shall nevertheless have the right to vote at class meetings on matters referred to in items (2) to (8) and (11) to (12) of Article 123, but interested Shareholders shall not be entitled to vote at class meetings.

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

- (1) In the case of a repurchase of its own shares by the Company by making offers to all Shareholders on a same pro rata basis or through public dealing on a stock exchange in accordance with Article 29 of the Articles of Association, “interested Shareholder” shall refer to the controlling Shareholders as defined in Article 58 of the Articles of Association;
- (2) In the case of a repurchase of its own shares by the Company through an off-market agreement in accordance with the provisions of Article 29 of the Articles of Association, “interested Shareholders” shall refer to the Shareholders to which the proposed agreement relates;
- (3) In the case of a restructuring of the Company, “interested Shareholder” shall refer to a Shareholder within a class who bears liabilities less than the proportional burden imposed on other Shareholders of that class or who has interests different from those held by Shareholders of the same class.

Article 125 A resolution of the class meeting shall be passed in accordance with Article 124 by Shareholders present in the meeting representing more than two-thirds of voting rights.

Article 126 Written notice of a class meeting convened by the Company shall be dispatched forty-five (45) days prior to the date of the class meeting to all Shareholders of such class whose names appear on the register of members, specifying the matters to be considered and the date and place of the meeting. Shareholders who intend to attend the meeting shall serve on the Company written replies of their intention to attend twenty (20) days prior to the date of the meeting.

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

Article 127 Notices of the class meeting only need to be served on Shareholders entitled to vote thereat.

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

Article 128 Save for Shareholders of shares of other classes, the holders of domestic shares and holders of overseas-listed foreign-invested shares are deemed to be different classes of Shareholders.

The special procedures for voting by class Shareholders shall not apply in the following circumstances:

Where the Company issues, upon approval by a special resolution at a general meeting, domestic shares and overseas-listed foreign-invested shares are to be issued once every twelve (12) months, either separately or concurrently, and the respective numbers of domestic shares and overseas-listed foreign-invested shares proposed to be issued do not exceed 20% of the respective numbers of the total issued domestic shares and overseas-listed foreign-invested shares; or the Company's plan to issue domestic shares and overseas-listed foreign-invested shares at the time of incorporation is carried out within fifteen (15) months from the date of approval by the China Securities Regulatory Commission.

CHAPTER 10 THE BOARD

Article 129 The Company shall have the Board which is composed of five (5) to nineteen (19) Directors. The specific number of Directors is subject to the Directors actually elected in the general meeting. While involving the number of Directors in the Board meeting, it shall, within the range of number of Directors in the preceding paragraph, be subject to the number of Directors elected in the latest general meeting, among which, the external Directors are more than half of the total number of Directors and the independent Directors

(refer to the Directors who hold no other post other than the Director in the Company and has no relationship with the Company and the major Shareholders that would possibly prevent from his/ her independent and objective judgment) are over one third of total number of Directors. At least one independent Director from the audit committee shall be an accounting professional (refers to the professional with senior academic title or certified public accountant qualification).

The Board has one Chairman and may have one or two vice chairman.

The Board shall appoint one or more Directors to be the executive Directors who shall be responsible for dealing with the matters authorized by the Board.

Article 130 Directors shall be elected at the general meeting and serve terms of three years. At the expiration of their terms, Directors may continue to serve as such if reelected, but independent Directors may not serve for more than six consecutive years. The election of independent Directors shall refer to Chapter 12 hereof and the other Directors may be nominated by Board, supervisory committee, and the Shareholders jointly or individually holding more than 3% (including 3%) of the issued shares of the Company. The intention relating to nominating the Director candidates and the written notice about the candidates' to nomination shall be sent to the Company seven (7) days prior to convening the general meeting.

The general meeting, subject to the relative laws and administrative regulations, may remove the Director whose term of office has not expired (the claims proposed in accordance with the contract shall not be affected thereby) by ordinary resolution; however, Directors shall not be removed from office without cause by the general meeting prior to the expiration of their term of office.

The Chairman and vice chairman may be elected and removed by a majority of the Directors and with a term of three 3 years. At the expiration of their terms, the Chairman and vice chairman may continue to serve as such if reelected,

The Directors do not have to hold the shares of the Company and a cumulative voting system shall be implemented for the election of Directors.

The Directors shall be elected by more than half of the voting rights held by Shareholders attending. Where the number of Directors elected through voting is more than the maximum number of Directors, the elected Directors shall be confirmed whoever has more votes.

While electing the Directors, shares held by the Shareholder multiplying the number of Directors who he has right to vote is the votes of each Shareholder and each Shareholder may vote to one Director with his all votes or split to vote to any one or two or more Director candidates, or arbitrarily vote to all the Director candidates. First past the post.

Article 131 The Board shall report to the general meeting and exercises the following

powers:

- (1) to convene general meetings and report its work to the general meeting;
- (2) to implement the resolutions of the general meetings;
- (3) to decide on the Company's business plans and investment plans;
- (4) to formulate the Company's plans on annual financial budgets and final accounts;
- (5) to formulate the Company's profit distribution plans and loss recovery plans;
- (6) to formulate the proposal for increase or decrease of the registered capital of the Company and issue of debentures of the Company;
- (7) to formulate proposals for merger, division and dissolution of the Company;
- (8) to determine the establishment of the Company's internal management structure;

- (9) to appoint or dismiss general managers and, based on the nomination by the general manager, to appoint or dismiss deputy general manager and chief financial controller of the Company and to determine their remunerations;
- (10) to formulate the basic management system of the Company;
- (11) to formulate proposals for amendment to the Articles of Association of the Company;
- (12) Other terms of reference conferred by the Articles of Association of the Company and by the Board.

Except for the Board resolutions in respect of the matters specified in items (6), (7) and (11) of this Article which shall be passed by more than two-thirds of the Directors, the Board resolutions in respect of all other matters may be passed by a majority of the Directors.

Article 132 (1) In cases where the expected value of fixed assets proposed for disposal by the Board, when aggregated with value of fixed assets disposed within four (4) month before the proposed disposal, exceeds 33% of the fixed assets value set out in the latest audited balance sheet considered by the general meetings, the Board shall not dispose or consent to dispose such fixed assets without prior approval by the general meeting.

The validity of transaction of the disposal of the fixed assets by the Company shall not be affected if the clause (1) of this Articles is not complied with.

The term "fixed assets disposal" referred to in this Article represents (among other things) transferring certain rights in assets, but exclude the provision of guarantees by fixed assets.

(2) The Board shall strictly control the risks of listed companies in providing guarantee to external party. Any guarantee for external party provided by the Company shall be subject to consideration of the Board or the general meeting.

The guarantee within the authority of the Board requires not only the approval of the majority of all the Directors, but also the approval of more than two-thirds of the Directors attending the Board meeting.

Any provision of guarantee by the Company to its related person, regardless of its amount, is subject to consideration of the general meeting after being considered and passed by the Board.

The Company shall, strictly abide by the relevant provisions in the Listing Rules and the Articles of Association, conscientiously perform information disclosure obligations in relation to the details of guarantee provided to external parties and faithfully provide all the details of all external guarantees provided by the Company to a certified public accountant according to regulations.

All Directors of the Company shall cautiously treat and strictly control the debt risks arisen from the provision of guarantee to any other party and shall bear several and joint liabilities in accordance with the law for the losses caused by irregular or inappropriate provision of guarantee to any other party.

Article 133 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;
- (2) to examine the implementation of the resolutions of the Board and supervise the daily operation of the management;
- (3) to sign the securities certificates issued by the Company;
- (4) other powers conferred by the Board.

Should the chairman fail to perform his/her duties, he/she may designate vice chairman to perform the duties.

Article 134 At least four (4) regular meetings of the Board shall be held every year, which shall be convened by the Chairman. Notice of the meeting shall be served on all of the Directors ten (10) days before the date of the meeting.

The chairman shall convene an extraordinary Board meeting within three (3) working days upon the occurrence of any of the following circumstances:

- (1) Whenever necessary as deemed by the chairman;
- (2) Whenever more than one third of the Directors jointly propose;
- (3) Whenever the Supervisory committee proposes;
- (4) Whenever the general manager proposes;

The Board meeting, in principle, shall be held in the place where the Company is; however, with the resolution of the Board, the Board meeting may be held in other places in the territory of PRC. The Board meeting shall be convened in Chinese and if necessary, the translators are allowed to present for providing the simultaneous interpretation.

Article 135 The Board meeting shall be notified in the following means:

- (1) No further notice is necessary if the time and place of regular meeting is fixed by the Board in advance.
- (2) Where Board has not fix in advance the time and place of the meeting, the chairman shall, at least ten (10) days in advance, send the notice to the Directors on the meeting time and place by the means of express courier service, fax, email or personal delivery. The notice shall be written in Chinese and English version may be attached if necessary, include the meeting agenda.
- (3) Where there is any urgent matter that calls for the convening of a provisional Board meeting, the chairman shall authorize the secretary to the Board (Company secretary) to give the notice of meeting through phone, email or verbal means 3 working days before the convening of the provisional meeting, provided that the chairman shall make explanations at the meeting.

Article 136 Where the Directors attend the meeting and have not object against not receiving the notice of meeting before or during the meeting, the notice shall be deemed as being delivered.

The regular or interim Board meeting may be held in the form of conference call or similar communication equipment. So long as the Directors attending could hear clearly the speeches of the other Directors and communicate with the other Directors, all the Directors attending shall be deemed as attending the meeting in person.

Article 137 The Board meeting shall be convened only with more than half of the Directors attending (including the Director representatives authorized according to Article 138 hereof). The resolutions made in the Board meeting shall be passed by more than half of the Directors. When there is equality of votes, the chairman shall have the right to cast an extra vote.

Article 138 The Board meeting shall be attended by the Directors in person. In case the Director could not attend the meeting in person with cause, he or she may entrust some other Directors in writing to attend. The power of attorney shall specify the scope of authorization.

The Directors attending the meeting on behalf of other Directors shall exercise the rights within the scope of authorization. If the Director fails to attend the Board meeting and fails to entrust some other Directors to attend on his behalf, he shall be deemed as waiving his voting right at such meeting.

If a Director fails to attend the Board meeting in person, nor entrusting the other Directors to attend on his behalf for two consecutive times, he shall be deemed as unable to perform his duties and the Board shall suggest to the general meeting to remove him.

Article 139 In case the Board has sent the proposal to all the Directors and the number of Directors having signed to approve has reached the quorum as required in Article 131, the resolution shall be passed and it is not necessary to convene a Board meeting.

Article 140 The Board meeting shall have the minutes on the matters discussed in the meeting and the Directors attending and clerk shall sign on the minutes. The meeting minutes shall, as the file of the Company, be kept by the secretary to the Board in the place of business of the Company in PRC for ten years. The Directors shall be responsible for the resolutions in the meeting. Where the resolutions of the Board violates the laws, administrative regulations or this Articles of Association, and causes severe loss to the Company, the Directors participating in such resolution shall be liable for compensation to the Company; however, if there is evidence to show that the Director has objected to such resolution recorded in the meeting minutes, such Director shall be exempted for such compensation.

Article 141 The minutes of the Board meeting shall include the following content:

- (1) Date, place and convener of the meeting;
- (2) Names of the Directors attending the meeting and the Directors (agents) entrusted to attend the Board meeting;
- (3) Meeting agenda;
- (4) Key points of the Directors' speeches;
- (5) the way of voting and result on each resolution (the voting result shall explicitly state the number of votes for, against and abstained).

Article 142 The Board may, in accordance with the actual circumstances of the Company, set up special committee.

Article 143 The Board shall set up the special fund which shall withdraw 1% of annual sales revenue and be used for remuneration and allowance of the independent non-executive Directors, administration and communication and training of the Board as well as other items as approved by the chairman.

CHAPTER 12 INDEPENDENT NON-EXECUTIVE DIRECTORS

Article 144 The Company shall set up independent non-executive Director system.

The independent non-executive Directors refer to the Directors who hold no other post other than the Director in the Company and have no relationship with the listed company and its major Shareholders that would possibly prevent them from making independent and objective judgment.

Article 145 There shall be over one third of independent Directors in total number of Directors and at least one independent Director shall be an accounting professional. The independent non-executive Directors shall perform the duties with good faith and protect the rights and interests of the Company, in particularly protect the legal rights and interests of the public Shareholders from damage.

The independent non-executive Directors shall perform the duties independently, without any influence of the Company's major Shareholders, actual controllers or the entities or individuals who has the interest with the Company and its major Shareholders and actual controllers.

Article 146 The Company's Board, supervisory committee and Shareholders jointly or individually holding more than 1% of the issued shares could nominate the independent non-executive Director candidates who shall be elected in the general meeting.

Article 147 The independent non-executive Directors serve the same term as other Directors. At the expiration of their terms, Directors may be reelected or re-appointed, for not more than six consecutive years. The independent non-executive Directors, before the expiration of their terms, shall not be removed without good cause. In case of pre-mature removal of the independent non-executive Directors , the Company shall disclose such matter as the special disclosure item.

Article 148 The independent non-executive Directors shall have the duties of good faith and due diligence toward the Company and all the Shareholders.

Where the independent non-executive Directors fail to attend the Board meeting in person for three (3) consecutive times, the Board may propose at the general meeting to remove him.

Article 149 The independent non-executive Directors shall attend the Board meeting as scheduled, understand the Company's production and operation, and actively investigate and obtain the conditions and information necessary for decision-making. The independent non-executive Directors shall submit the annual report to the Company's annual general meeting to state the performance of their duties.

Article 150 The Company shall set up independent Director working system and the

secretary to the Board shall actively provide assistance to the independent non-executive Directors for performance of their duties. The Company shall ensure that the independent non-executive Directors have the same right of access to information as that of the other Directors, timely provide the relevant materials and information to the independent non-executive Directors, regularly report the Company's operation and organize on-site inspection for the independent non-executive Directors if necessary.

Article 151 The significant connected transactions, appointment or removal of the accounting firm shall be submitted to the Board for discussion after the approval of more than half of the independent non-executive Directors. The independent non-executive Directors proposing to convene the extraordinary general meeting to the Board, proposing to convene the Board meeting and soliciting the voting rights before convening the general meeting shall be approved by more than half of the independent non-executive Directors. With the approval of all the independent non-executive Directors, the independent non-executive Directors may independently appoint an external auditing institutions and consultancy firms to audit and provide consultancy on the specific matters of the Company. The relevant expenses shall be borne by the Company.

Article 152 The independent non-executive Directors, besides the rights mentioned in the preceding paragraph, may issue the independent opinions on the following matters to the Board or general meeting:

- (1) Nomination and removal of the Directors;
- (2) Employing or dismissing the senior managers;
- (3) Remuneration of the Company's Directors and senior managers;
- (4) The existing or new loans or other fund movement of the total amount exceeding RMB3 million or 5% of the latest audited net asset value of the Company by the Company's Shareholders, actual controllers and its affiliated companies to the Company and whether the Company has taken effective measure to collect such loans;
- (5) matters that may damage the rights and interests of the minority Shareholders from the view of the independent non-executive Directors;
- (6) Other matters as stipulated in the Articles of Association.

The independent non-executive Directors may issue one of the following opinions on the foregoing items: agree; reservation and its reasons; objection and its reasons; no comment and its obstruction.

If the relevant items are to be disclosed, the Company shall make the announcement of the opinions of the independent non-executive Directors; where the independent non-executive Directors cannot reach the agreement, the Board may disclose the opinions of each

independent non-executive Directors respectively.

Article 153 The Directors may resign before the expiration of their terms. The independent non-executive Directors shall submit the written resignation letter to the Board and state any matters which is relevant to its resignation or the matters that he considers that it would be necessary to draw the attention of the Shareholders and creditors of the Company.

Where the resignation of the independent non-executive Directors results in the number of independent Directors or Directors fall below the quorum or the minimum as stipulated in the Articles of Association, the independent non-executive Directors shall continue to perform duties in accordance with the laws, administrative regulations and the Articles of Association before the next independent non-executive director takes his office. The Board shall convene the general meeting within two months to elect the independent non-executive Directors. In case the general meeting has not been convened within the prescribed time limit, the independent non-executive Directors may not perform its duties any more.

CHAPTER 13 SECRETARY TO THE BOARD OF THE COMPANY

Article 154 The Company shall have secretary to the Board of the Company, who is a senior management member of the Company.

Article 155 The secretary to the Board of the Company shall be a natural person with the requisite professional knowledge and experience, and shall be appointed by the Board. His/her primary responsibilities are:

- (1) to ensure that the Company has complete organizational documents and records;
- (2) to ensure that the Company prepares and delivers the reports and documents required by competent authorities in accordance with the laws;
- (3) to ensure that the Company's registers of Shareholders are properly maintained, and that persons entitled to access to the relevant records and documents are furnished with such records and documents without delay.

Article 156 Directors or other senior management (except the supervisor(s)) may also act as the secretary to the Board. The accountant(s) of the certified public accountants' firm appointed by the Company shall not act as the secretary to the Board. Provided that where the office of the secretary to the Board is held concurrently by a Director, and an act is required to be made by a Director and the secretary to the Board separately, the person who concurrently holds the offices of Director and secretary to the Board shall not perform the act in dual capacity.

Article 157 The secretary to the Board shall remind and assist the Company in complying with relevant laws of the PRC and rules of the stock exchanges on which the Company's

shares are listed.

CHAPTER 14 GENERAL MANAGER OF THE COMPANY

Article 158 The Company shall have one (1) general manager, who shall be appointed and dismissed by the Board. Upon authorization by the Board, the general manager shall have the full right to manage the business of the Company and deal with the internal and external matters of the Company.

Article 159 The general manager of the Company shall be accountable to the Board and exercise the following powers:

- (1) to be charge of the Company's production, operation and management, organize resources to carry out the Board's resolutions;
- (2) to organize the implementation of the Company's annual business plan and investment plan;
- (3) to formulate plans for the establishment of the Company's internal management structure;
- (4) to establish the Company's basic management system;
- (5) to formulate the basic rules and regulations of Company;
- (6) to propose the appointment or dismissal of the Company's deputy manager(s) and chief financial officer;
- (7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board;
- (8) to determine the reward and punishment, promotion and demotion, pay raise and pay cut, appointment, employment, dismissal and removal of employees of the Company;
- (9) to exercise other powers conferred by the Articles of Association of the Company and the Board.

Article 160 The general manager may establish a management committee to assist the analysis of the business policy of the Company. The management committee shall be composed of person-in-charge of the department and representatives of employees and staff. The general manager shall be the chairman of the management committee.

Article 161 The general manager who is not a Director of the Company shall have the right to attend Board meetings and receive notices of meetings and other relevant documents. The general manager who is not a Director does not have any voting rights at Board meetings.

Article 162 Where the general manager and deputy general manager performs his/her terms of reference, he/she shall not alter the resolutions of the general meetings or the Board or exceed his/her authorized power.

Article 163 The general manager and the deputy general managers shall discharge their duties honestly and diligently in accordance with the laws, administrative regulations and

the Articles of Association of the Company.

Article 164 The general manager, deputy general managers shall give three (3) months prior written notice of resignation to the Board; departmental managers shall give two (2) months prior written notice of resignation to the Board; Other managers shall give one (1) month prior written notice of resignation to the Board.

CHAPTER 15 SUPERVISORY COMMITTEE

Article 165 The Company shall establish a Supervisory Committee.

Article 166 The supervisory committee shall has six (6) supervisors, among which at least one third of supervisors are representatives of the staff and there shall be more than two independent Directors. The supervisors shall serve terms of three years. At the expiration of their terms, supervisors may be reelected or re-appointed, but supervisors may not serve for more than six (6) consecutive years. The supervisory committee has one chairman whose appointment and dismissal shall be approved by more than two thirds of the supervisors.

Article 167 The supervisory committee is composed of four (4) Shareholder representatives and two (2) staff representatives. The former is elected and dismissed by the general meeting and the latter is democratically elected and dismissed by the staff.

The independent supervisor candidates may be nominated by Board, supervisory committee, and the Shareholders jointly or individually holding more than 1% of the issued shares and the other supervisor candidates who are the Shareholders' representatives may be nominated by Board, supervisory committee, and the Shareholders jointly or individually holding more than 3% (including 3%) of the outstanding shares.

The intention relating to nominating the supervisor candidates and the written notice in which the candidates are expressly willing to accept nomination shall be sent to the Company seven (7) days prior to convening the general meeting.

The general meeting, subject to the relative laws and administrative regulations, may remove the supervisor whose term of office has not expired (the claims proposed in accordance with the contract shall not be affected thereby) through ordinary resolution; however, supervisors may not be removed from office without cause by the general meeting prior to the expiration of their term of office.

Cumulative voting system is adopted for the election of the supervisors of the Company.

The supervisors shall be elected by more than half of the Shareholders attending with voting rights. Where the number of supervisors elected through voting is more than the maximum number of supervisors, the elected supervisors shall be confirmed whoever has more votes.

While electing the supervisors, the votes that each Shareholder has is the number of shares held by the Shareholder multiplying the number of supervisor candidates. Each Shareholder may vote for one supervisors candidate with his all votes or split his/her vote to any two or more supervisor candidates, or arbitrarily divide all his/her votes for all the supervisor candidates. The supervisors candidates with more votes shall be elected.

Article 168 The Directors, general manager, deputy general manager and chief financial controller of the Company and other senior management shall not assume the position of supervisors.

Article 169 Meeting of the Supervisory Committee shall be held at least four (4) times each year, and convened by the chairman of the Supervisory Committee.

Article 170 The Supervisory Committee shall be accountable to the general meeting and exercise the following powers in accordance with the laws:

- (1) to examine the Company's financial affairs;
- (2) to supervise Directors, the managers and other senior management members when the acts of such persons, in performing their duties to the Company, are in breach of laws, administrative regulations and the Articles of Association;
- (3) to demand rectification from a Director, the managers and any other senior management members when the acts of such persons are harmful to the Company's interest;
- (4) to examine the financial information such as the financial report, business report and profit distribution plans to be submitted by the Board to the general meetings and, should any queries arise, to engage, in the name of the Company, certified public accountants and practicing auditors to conduct a re-examination;
- (5) to propose the convening of an extraordinary general meeting;
- (6) to deal with or take legal actions against Directors on behalf of the Company;
- (7) to exercise other powers specified in the Articles of Association of the Company.

Supervisors shall attend the Board meeting.

Article 171 Resolutions of the Supervisory Committee shall be passed by not less than two-thirds of its members.

Article 172 The method of discussion of the supervisory committee shall be in the form of meeting and all the discussed items shall be recorded. In special circumstances, the form of fax may be adopted; however, the process of discussion shall be recorded in minutes and signed by the supervisors attending.

Article 173 The voting procedure for the supervisory committee is by show of hands.

Article 174 There shall be the specific minutes book and clerk for the meeting. The supervisors and clerk attending shall sign on the meeting minutes. The supervisors

attending the meeting shall have right to request to record the minute's explanatory notes to their statements in the meeting and the minutes of the meeting shall be kept by the secretary to Board as the Company's files. The meeting minutes shall be kept no less than ten (10) years.

Article 175 All reasonable expenses incurred in respect of the employment of professionals such as lawyers, certified public accountants or practicing auditors as are required by the Supervisory Committee in discharging its duties shall be borne by the Company.

Article 176 A supervisor shall carry out his duties honestly and faithfully in accordance with the laws, administrative regulations and the Articles of Association of the Company.

CHAPTER 16 QUALIFICATIONS AND DUTIES OF THE DIRECTORS, SUPERVISORS, MANAGERS AND OTHER SENIOR MANAGEMENT MEMBERS OF THE COMPANY

Article 177 A person may not serve as a Director, supervisor, manager or any other senior management member of the Company if any of the following circumstances applies:

- (1) a person without capacity of civil conduct or with limited capacity of civil conduct;
- (2) a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and received punishment because of committing such offence; or who has been deprived of his political rights, in each case where less than five (5) years have elapsed since the date of the completion of implementation of such punishment or deprivation;
- (3) a person who is a former director, factory manager or manager of a company or enterprise which has entered into liquidation because of mismanagement and he is personally liable for the insolvency of such company or enterprise, where less than three (3) years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise which had its business license revoked due to a violation of the law and who incurred personal liability, where less than three (3) years has elapsed since the date of the revocation of the business license;
- (5) a person who has a relatively large amount of debts due and outstanding;
- (6) a person who is under criminal investigation by a judicial authority for violation of the criminal law where said investigation is not yet concluded;
- (7) a person who is not eligible for enterprise leadership according to laws and administrative regulations;
- (8) a non-natural person;
- (9) a person convicted of violation of provisions of relevant securities regulations by a relevant competent authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than five (5) years has elapsed since the date of the conviction;

Article 178 If a Director fails to attend the meeting in person for two (2) consecutive times, and fails to authorize any other Directors to attend on his behalf, he shall be deemed as unable to perform its duties and the Board shall propose to the general meeting to remove him. The independent non-executive Directors shall be subject to the regulations on the independent non-executive Directors hereof.

The supervisors failure to attend the meeting personally twice shall be deemed as unable to perform its duties and the general meeting and staff representative meeting may remove him.

Article 179 The Directors and supervisors may resign before the expiration of their terms and they may submit the written resignation report to the Board and supervisory committee respectively.

Article 180 Where the resignation of the Directors and supervisors results in the number of Directors or supervisors fall below the quorum or the minimum number as stipulated in the Articles of Association, the resignation of the Directors and supervisors shall become effective only after the next Directors and supervisors takes office.

The Board shall convene the extraordinary general meeting as soon as practicable to elect the new Directors and supervisors to fill up the vacancy. Before the general meeting passing the resolution on the election of the Directors and supervisors, the rights and powers of the Directors and supervisors resigning and existing Board and supervisory committee shall be limited in the reasonable manner.

Article 181 When the Directors and supervisors propose to resign or their terms expire, the duties of Directors and supervisors shall not be relieved when the resignation has not become effective or within the reasonable period after its effectiveness and after the expiration of term. Its liability for confidentiality of the Company's trade secrets remains valid after the expiration of term, until such secret becomes public. The duration of other liabilities shall be determined based on the principle of fairness and subject to the time from the event occurrence to resignation and the circumstances and conditions under which their relationship with the Company terminates.

Article 182 When the Company's Director, managers or any other senior management member acts on behalf of the Company, the validity of such acts vis-a-vis a bona fide third party shall not be affected by any irregularity or defects in his office, election or his qualification.

Article 183 In addition to obligations imposed by laws, administrative regulations or required by the stock exchanges on which the Company's shares are listed, each of the Company's Directors, supervisors, manager and other senior management members owes the following duty to each Shareholder, in the exercise of the functions and powers of the Company entrusted to him:

- (1) not to operate the Company beyond the scope of the business stipulated in its business license;
- (2) to act honestly in the best interest of the Company;
- (3) not to expropriate the Company's property by any means, including (but not limited to) usurpation of opportunities advantageous to the Company;
- (4) not to expropriate the individual rights of Shareholders, including (but not limited to) rights to distribution and voting rights, save pursuant to a restructuring of the Company submitted to Shareholders for approval in accordance with the Articles of Association of the Company.

Article 184 Each of the Company's Directors, supervisors, manager and other senior management members owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Article 185 Each of the Company's Directors, supervisors, managers and other senior management members shall exercise his powers or carry on his duties in accordance with the principle of fiduciary and shall not put himself in a position where his duty and his interest may conflict. This principle includes (without limitation) discharging the following obligations:

- (1) to act honestly in the best interests of the Company;
- (2) to exercise powers within the scope of authority and not to exceed such scope;
- (3) to exercise the discretionary power vested in him personally and not to allow himself to act under the control of another and, unless and to the extent permitted by laws, administrative regulations or with the informed consent of Shareholders given in a general meeting, not to delegate the his discretionary power to any other person;
- (4) to treat Shareholders of the same class equally and to treat Shareholders of different classes fairly;
- (5) except in accordance with the Articles of Association of the Company or with the informed consent of Shareholders given in general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) without the informed consent of Shareholders given in general meeting, not to utilize the Company's property for his own benefit by any means;
- (7) not to exploit his position to accept bribes or other illegal income or expropriate the Company's property by any means, including (without limitation) usurping opportunities advantageous to the Company;
- (8) without the informed consent of Shareholders given in general meeting, not to accept commissions in connection with the Company's transactions;
- (9) to abide by the Articles of Association of the Company, faithfully execute his duties and protect the Company's interests, and not to exploit his position and power in the Company to advance his own private interests;
- (10) not to compete with the Company in any form unless with the informed consent of Shareholders given in general meeting;
- (11) not to misappropriate the Company's funds or lend Company's fund to others;

not to open accounts in his own name or other names for the deposit of the Company's assets and not to provide a guarantee for debts of the Shareholder(s) of the Company or other individual(s) with the Company's assets;

(12) unless otherwise permitted by informed Shareholders in general meeting, to keep in confidence confidential information relating to the Company acquired by him in the course of and during his tenure and not to use such information in purposes other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental authorities is permitted if:

(i) disclosure is made under compulsion of law;

(ii) the interests of the public require disclosure;

(iii) the interests of the relevant Director, supervisor, managers and other senior management member require disclosure.

Article 186 Director, supervisor, manager or other senior management member of the Company shall not cause the following persons or institutions ("associates") to do what he is prohibited from doing:

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

Article 187 The fiduciary duties of the Directors, supervisors, managers and other senior management members of the Company do not necessarily cease with the termination of their tenure. The duty of confidence in relation to trade secrets of the Company survives the termination of their tenure. Other duties may continue for such period as fairness may require depending on the time lapse between the termination of tenure and the occurrence of the event concerned and the circumstances under which the relationships between them and the Company are terminated.

Article 188 Except for circumstances prescribed in Article 57 of the Articles of Association, a Director, supervisor, managers and other senior management member of the Company

may be relieved of liability for specific breaches of his duty by the informed consent of Shareholders given at a general meeting.

Article 189 Where a Director, supervisor, managers and other senior management of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, (other than his service contract with the Company), he shall declare the nature and extent of his interests to the Board at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal there for is otherwise subject to the approval of the Board. Unless the interested Director, supervisor, manager and other senior management member discloses his interests in accordance with the preceding paragraph of this Article and the contract, transaction or arrangement is approved by the Board at a meeting in which the interested Director, supervisor, Manager or other senior management member is not counted in the quorum and refrains from voting, a contract, transaction or arrangement in which that Director, Supervisor, manager or other senior management member is materially interested is voidable at the instance of the Company except as against a bona fide Party thereto acting without notice of the breach of duty by the interested Director, general manager or other senior management member.

A Director, supervisor, manager or other senior management member of the Company is deemed to be interested in a contract, transaction or arrangement in which an connected person (as defined in the Listing Rules) of him is interested.

Article 190 Where a Director, supervisor, manager or other senior management member of the Company gives to the Board a general notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, such notice shall be deemed for the purposes of the preceding Article to be a sufficient declaration of his interests, so far as the content stated in such notice is concerned, provided that such general notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company.

Article 191 The Company shall not in any manner pay taxes for its Directors, supervisors, managers or other senior management members.

Article 192 The Company shall not directly or indirectly make a loan to, or provide any guarantee in connection with, the making of a loan to a Director, supervisor, manager or other senior management member of the Company or of the Company's parent company or any of their respective associates.

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

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

making of a loan or any other funds to any of its Directors, supervisors, managers or other senior management members to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of a service contract approved by the Shareholders in general meeting;

- (3) The Company may make a loan or provide a guarantee in connection with the making of a loan to any of the relevant Directors, Supervisors, managers or other senior management members or their respective associates in the ordinary course of its business on normal commercial terms, provided that the ordinary course of business of the Company includes the lending of money or the giving of guarantees.

Article 193 A loan made by the Company in breach of the above provisions shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

Article 194 A loan guarantee provided by the Company in breach of the first provision of Article 192 shall be unenforceable against the Company, except the followings:

- (1) a loan was advanced to an associate of any of the Directors, supervisors, managers and other senior management members of the Company or of the Company's parent company where the lender has no knowledge of the relevant circumstances; or
- (2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

Article 195 For the purposes of the foregoing provisions of this Chapter, a guarantee includes an undertaking or property provided to secure the performance of obligations by the obligor.

Article 196 In addition to any rights and remedies provided by the laws and administrative regulations, where a Director, supervisor, general manager and other senior management members of the Company is in breach of his duties to the Company, the Company has a right to:

- (1) claim damages from the relevant Director, supervisor, manager and other senior management members in compensation for losses suffered by the Company as a result of such breach;
- (2) rescind any contract or transaction entered into by the Company with the relevant Director, supervisor, manager and other senior management members or with a third party (where such third party has or should have the knowledge that there is such a breach of duties by such Director, supervisor, manager and other senior management members);
- (3) demand the relevant Director, supervisor, manager and other senior management members to surrender the profits made by him in breach of his duties;
- (4) recover any monies received by the relevant Director, supervisor, manager and other senior management members which should have been otherwise received by

- the Company, including (without limitation) commissions; and
- (5) demand payment of the interest earned or which may have been earned by the relevant Director, supervisor, manager and other senior management members on the monies that should have been paid to the Company.

Article 197 The Company shall, with the prior approval of Shareholders in general meeting, enter into a contract in writing with a Director or supervisor wherein his emoluments are stipulated, including;

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

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

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

Article 198 The contract for emoluments entered into between the Company and its Directors or supervisors should provide that in the event of a takeover of the Company, the Company's Directors and supervisors shall, subject to the prior approval of the Shareholders in general meeting, have the right to receive compensation or other payment for loss of office or retirement. A takeover of the Company as referred to above means:

- (1) a takeover offer made by any person to all Shareholders; or
- (2) an offer made by any person with a view to the offer or becoming a "Controlling Shareholder's shall have the same meanings of "Controlling Shareholder" as stipulated in Article 54.

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

CHAPTER 17 FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDITING

Article 199 The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and PRC accounting standards formulated by the finance regulatory department of the State Council.

Article 200 At the end of each fiscal year, the Company shall prepare a financial report which shall be reviewed and certified in compliance with the laws.

Article 201 The Board shall place before the Shareholders at every annual general meeting such financial reports as are required by relevant laws, administrative regulations or directives promulgated by competent regional and central governmental authorities to be prepared by the Company.

Article 202 The Company's financial reports shall be made available for Shareholders' inspection at the Company twenty (20) days before the date of annual general meeting. Each Shareholder shall be entitled to obtain a copy of the financial reports referred to in this Chapter.

The Company shall at least deliver or send to each of holder of foreign-invested shares by prepaid mail the abovementioned reports not later than twenty-one (21) days before the convening of annual general meeting, the service address shall be the address in the register of members.

Article 203 The financial statements of the Company shall be prepared in accordance with the PRC accounting standards and regulations.

Article 204 The interim results or financial information published or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations.

Article 205 The Company shall publish quarterly reports within thirty (30) days from the end of the relevant period; publish interim reports within sixty (60) days from the end of the relevant period; publish financial reports within one hundred and twenty (120) days from the end of the relevant period.

Article 206 The Company shall not keep accounts other than those provided by law.

Article 207 The after-tax profits of the Company shall be applied in the following order:

- (1) making up of losses;
- (2) allocation to statutory reserve fund;
- (3) allocation to statutory public welfare reserve fund;
- (4) allocation to discretionary surplus reserve fund upon the resolution of the general meeting;
- (5) payment of dividends in respect of ordinary shares.

The Company shall appropriate 10% of profit after tax to its statutory surplus reserve, and shall appropriate 5% to 10% to its public welfare reserve fund. In case the Company's accumulated statutory surplus reserve is more than 50% of its registered capital, such reserve can be not further appropriated.

Article 208 Capital reserve fund includes the following items:

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

Article 209 The Company shall not proceed with profit distributions before offsetting the Company's losses and making allocation to the statutory reserve fund.

Article 210

(I) The profit distribution policy of the Company is:

1. Principles of profit distribution: The Company adopts consistent and stable profit distribution policies, aiming at bringing reasonable returns to investors while ensuring the Company's sustainable development as well as integrating the profitability and actual needs of the future development strategy of the Company, so as to establish a consistent and stable return mechanism to investors. The Board, the Supervisory Committee and the general meeting shall, in the decision-making and discussion process in respect of profit policies, fully consider the opinions of independent Directors, supervisors and public investors.

The Company's profit distribution shall not exceed the range of the accumulated distributable profits nor harm the ability of sustainable operation of the Company.

2. Forms of profit distribution: The Company may distribute the profit in the form of cash, shares, a combination of cash and shares and other forms as permitted under laws and regulations. The Company shall adopt cash distribution as the prioritised mean to distribute profit provided that the conditions for cash distribution are satisfied.
3. Principally, if the Company proposes to distribute dividends in cash, the following conditions shall be satisfied:
 - (1) the Company recorded profit for the year and accumulated distributable profit is positive after offsetting losses in the previous year and withdrawing capital reserve as required by the laws.
 - (2) the auditor issues a standard and unqualified annual audit report on the financial report of the Company for the year;

- (3) the Company had no material investment plan or material cash expense for the year.
4. If the aforesaid conditions for cash dividend distribution are satisfied, the Company shall principally distribute dividends in cash once each year. The Board of the Company could propose to distribute interim dividends in cash according to the profit and capital needs of the Company.
 5. Proportions of cash distribution: if the aforesaid conditions for cash dividend distribution are satisfied, the Company shall principally distribute dividends in cash each year according to a fixed proportion of the distributable profit for the year, and the accumulated distributed profit in cash in the latest three years shall not be less than 30% of the average annual distributable profit in the latest three years.

The Board shall take into account its industry characteristics, development stages, business model and profitability as well as whether it has any substantial capital expenditure arrangement, and shall propose a differentiated cash dividend policy in accordance with the procedures set out in the Articles of Association.

6. If the Board considers that the distribution of stock dividend will not cause an unreasonable share capital scale or shareholding structure, it could propose and implement the stock dividend distribution proposal in addition to satisfaction of the aforesaid cash distribution.
7. In the event of misappropriation of the Company's funds by Shareholder, the Company can deduct the funds misappropriated from the cash dividends to be allocated to that Shareholder as repayment of the misappropriated fund.

(II) Procedures and Mechanism for decision making on profit distribution

1. The annual profit distribution plan of the Company shall be proposed and drafted by the Board after considering the requirements of the Articles of Association, profitability and the capital need, and shall be submitted to the general meeting for approval after it is considered and approved by the Board. Independent Directors shall issue an independent opinion in relation to the profit distribution plan.
2. When the Company is drafting a specific cash dividend proposal, the Board shall carefully study and demonstrate matters such as the timing, conditions and minimum ratio, conditions for adjustment and requirements for decision-making process. Independent Directors shall provide a clear opinion.

Independent Directors can collect the views from minority shareholders and make a proposal for dividend distribution and directly submit it to the Board for consideration.

3. Before considering a specific cash dividend proposal at the general meeting, active communication and exchanges with shareholders, especially the minority shareholders, through various channels shall be encouraged by the Company in order to fully hear the views and demands of minority shareholders and address the concerns of minority shareholders promptly.

The Board, the independent Directors and Shareholders who meet certain conditions may collect voting rights from the Company's shareholders which may be cast by them at the general meeting.

4. The Supervisory Committee shall supervise the implementation of the Company's profit distribution policy by and the decision-making procedures of the Board and the management, and express its specific explanation and opinion when no profit distribution plan is proposed for a profitable year.
5. The general meeting shall vote on the profit distribution plan proposed by the Board in accordance with the law, regulations and the relevant provisions in the Articles of Association.

(III) Adjustment of profit distribution policy

The Company may adjust its profit distribution policy according to the production and operation needs. The adjusted profit distribution policy shall not violate the requirements of relevant laws, regulations, regulatory documents and the Articles of Association. The relevant resolution in relation to adjustment of profit distribution policy shall be first brought to the independent Directors and the Supervisory Committee for advice, and submit to, after consideration and approval by the Board, the general meeting for approval by more than two-thirds of the voting rights represented by the Shareholders present at the general meeting. The Company shall provide various means to facilitate the public Shareholders to attend and vote at the general meeting.

Article 211 After the profit distribution plan is approved at the Shareholders' general meeting of the Company, the Board of the Company shall complete the dividend (or share) distribution within two (2) months after the convening of the Shareholders' general meeting.

The Company shall pay the dividend once at least a year and the current dividend shall be distributed within the second quarter in the following year. While distributing the dividend,

the Company shall notify the Shareholders.

While Company pays the dividend to the holder of overseas-listed foreign-invested shares, it shall be priced in RMB and announced to be paid in foreign currency. The foreign share dividends listed in Hong Kong shall be paid Hong Kong dollars.

Article 212 Unless otherwise stipulated in the relevant laws and administrative regulations, where the dividend is paid in foreign currency, the exchange rate shall adopt the average price of the benchmark currency for RMB against each foreign currency issued by the People's Bank of China in the calendar week prior to the date of dividend announcement.

Article 213 The Board may, besides dividing the annual dividend, at its discretion, decide to distribute the interim dividend. Unless otherwise stipulated in the regulations, the interim dividend shall be no more than 50% of the distributed profits in interim income statement of the Company.

Article 214 The Company's surplus reserve shall only be used for the following purposes: recovery of losses, expansion of the corporate production and operation or increase of the Company's share capital. The Company's capital reserve shall not be used for recovery of its losses. In case the Company transfers reserves to capital upon approval by the general meeting, a rights issue shall be given to the existing Shareholders in the existing percentages or the nominal value shall be increased. However, the retained reserve shall not be less than 25% of the registered capital when the statutory surplus reserve is transferred to capital.

Article 215 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 216 The Company shall appoint receiving agents on behalf of the holders of overseas-listed foreign-invested shares to receive on behalf of such Shareholders dividends declared and all other monies owing by the Company in respect of such shares.

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

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

Article 217 The Company has internal auditing system and employ specialized auditing personnel who are responsible for internal audit and supervision on financial incomes and expenditures and operations of the Company.

Article 218 Duties of the internal auditing system and the auditing personnel shall be

approved by the Board before implementation. The head of the auditing personnel shall provide audit reports to the Board.

CHAPTER 18 APPOINTMENT OF ACCOUNTANTS' FIRM

Article 219 The Company shall appoint an independent firm of certified public accountants which is qualified under the relevant regulations of the State to audit the Company's annual financial statements and review the Company's other financial reports.

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

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

Article 220 The certified public accountants' firm appointed by the Company shall hold office from the conclusion of the annual general meeting at which the appointment is made until the conclusion of the next annual meeting of Shareholders.

Article 221 The certified public accountants' firm appointed by the Company shall have the following rights:

- (1) a right to inspect at any time the books, records or vouchers of the Company, and to require the Directors, managers and other senior management members of the Company to provide any relevant information and explanation thereof;
- (2) a right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the performance of duties of such accountants' firm;
- (3) a right to attend general meetings and to receive all notices of, and other communications relating to, any general meeting which any Shareholder is entitled to receive, and to be heard at any general meeting in relation to matters concerning its role as the accountants' firm of the Company.

Article 222 Before the convening of the general meeting, the Board may fill any casual vacancy in the office of the certified public accountants' firm, but while any such vacancy continues, the surviving or continuing firm, if any, may act.

Article 223 The Shareholders in general meeting may, by ordinary resolution, remove a certified public accountants' firm before the expiration of its office, notwithstanding the stipulations in the contract between the Company and the firm, but without prejudice to the firm's right to claim, if any, for damages in respect of such removal.

Article 224 The remuneration of a certified public accountants' firm or the manner in which such firm is to be remunerated shall be determined by the Shareholders in general

meeting. The remuneration of a certified public accountants' firm appointed by the Board shall be determined by the Board.

Article 225 The Company's appointment of, removal of and non-reappointment of a certified public accountants' firm shall be resolved by Shareholders in general meeting. The resolution of the general meeting shall be filed with the China Securities Regulatory Commission.

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

- (1) A copy of the proposal about appointment or removal shall be sent to the firm proposed to be appointed or proposing to leave its post or the firm which has left its post in the relevant fiscal year. Leaving includes leaving by removal, resignation and retirement before notice of meeting is given to the Shareholders.
- (2) If the leaving firm makes representations in writing and requests the Company to notify the Shareholders of such representations, the Company shall (unless the representations are received too late):
 - (i) in any notice given to Shareholders about a resolution to be made, state the representations that has been made by the accountants' firm which is about to leave; and
 - (ii) attach a copy of the representations to the notice and deliver it to the Shareholders in the manner stipulated in the Articles of Association.
- (3) If the firm's representations are not sent in accordance with sub-paragraph (2) above, the relevant firm may require that the representations be read out at the general meeting and may lodge further complaints.
- (4) A certified public accountants' firm which is leaving its post shall be entitled to attend:
 - (i) the general meeting relating to the expiry of its term of office;
 - (ii) the general meeting at which it is proposed to fill the vacancy caused by its removal; and
 - (iii) the general meeting convened on its resignation.

A certified public accountants' firm which is leaving its post shall be entitled to receive all notices of, and other communications relating to, any such meetings, and to speak at any such meeting in relation to matters concerning its role as the former certified public accountants' firm of the Company.

Article 226 Prior to the removal or the non-renewal of the appointment of a certified public

accountants' firm, notice of such removal or non-renewal shall be given to the certified public accountants' firm concerned and such firm shall be entitled to make representation at the general meeting. Where the certified public accountants' firm resigns from its post, it shall make clear to the general meeting whether there has been any improprieties. An accounting firm may resign its office by depositing at the Company's legal address a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall contain the following statements:

- (1) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the Shareholders or creditors of the Company; or
- (2) a statement of any matters of which an account should be given.

Where a notice is deposited under the preceding paragraph, the Company shall within fourteen (14) days send a copy of the notice to the relevant competent authority.

If the notice contains a statement referred to in subparagraph (2) above, the Company shall also send the aforesaid copies to each of the holders of overseas listed foreign invested shares by prepaid mail. The addresses of the recipients as shown in the register of Shareholders shall be taken as their correct addresses.

Where the notice of resignation of a certified public accountants' firm contains a statement of any matters of which an account should be given, the certified public accountants' firm may require the Board to convene an extraordinary general meeting for the purpose of giving an explanation of the circumstances connected with its resignation.

CHAPTER 19 INSURANCE

Article 227 The Company shall be insured in the People's Insurance Company of China or other institutions providing insurance for the company authorized by the Chinese relevant laws and regulations.

The insurance category, sum insured and duration of the insurance shall be discussed and determined by the Board with the recommendation of the general manager and in accordance with the usual practice of the similar practice in other countries and usual Chinese practice and laws.

CHAPTER 20 LABOR MANAGEMENT

Article 228 Subject to the national laws, regulations and policies, the Company may, based on its operation and management needs, employ and dismiss the employees and have full power to set up its own salary and human resources management system.

The Company shall set up labor contract system and the labor contract that entered into by and between the Company and employee shall stipulate the employee employment, removal, resignation, salary, welfare, reward, discipline, rewards and punishments, labor

insurance and labor discipline.

Article 229 The Company has right to dismiss any employee and the employees have the free right of resignation.

Article 230 The resignation or transfer of the employees who have participated in the special training of the Company shall be approved by the general manager.

Article 231 The Company shall follow the laws and regulations of the State Council and relevant labor authorities on labor protection and labor insurances for the Company's retired employees and the employees waiting for employment.

CHAPTER 21 PARTY ORGANIZATION

Article 232 In accordance with the requirements of the Constitution of the Communist Party of China, an organisation of the Communist Party of China shall be established. The Party organization shall take a leading role of guiding the direction, managing the overall situation, ensuring implementation and discussing and deciding on major issues of the Company in accordance with regulations. The Company shall establish the related working organs of the Party which shall be equipped with sufficient staff to deal with Party affairs and provided with sufficient funds to operate the Party organization.

Article 233 The Company shall establish the party committee consisting of a secretary and several other members. The chairman of the Board and the secretary to the party committee, shall, principally, be the same person. A special deputy secretary shall be designated for mainly dealing with Party development of the Company. Eligible members of the party committee may be considered and appointed as members of the Board, the supervisory committee and the management through legal procedures. Eligible members in the Board, the supervisory committee, and the management who are members of the Communist Party of China may be considered and appointed as members of the party committee in accordance with relevant requirements and procedures. Meanwhile, the discipline inspection committee shall be established as required.

Article 234 When making decisions on significant matters of the Company, the Board shall first seek advice from the party committee of the Company.

Article 235 The party committee shall perform the following duties in accordance with the Constitution of the Communist Party of China and other internal regulations of the Party:

(1) To ensure and supervise the Company's implementation of policies and guidelines of the Party and the State and implement major strategic decisions of the Communist Party of China Central Committee and the State Council, as well as important work arrangements of the party committee of the SASAC and higher level Party organizations.

(2) To uphold the integration of the principle of management of cadres by the Party with the function of the Board in the lawful selection of the operation management and with

the lawful exercise of authority of employment of personnel by the operation management. The party committee shall consider and comment on the candidates nominated by the Board or the general manager, or recommend candidates to the Board or the general manager. The party committee, together with the Board, shall evaluate the proposed candidates and put forth comments and suggestions collectively.

(3) To research and discuss the reform, development and stability of the Company, major operational and management issues and major issues concerning employee interests, and provide comments and suggestions thereon.

(4) To undertake the main responsibility in strictly administering the Party in all aspects, lead the Company's ideological and political work, united front work, spiritual civilization construction, enterprise cultural construction and the work of organisations such as Labour Union and Communist Youth League, and lead the construction of the Party conduct and of an honest and clean administration and support the fulfillment of the supervision responsibility of the discipline inspection committee.

CHAPTER 22 TRADE UNION

Article 236 The Company's employees shall have the right to conduct trade union activities.

The Company shall allocate two percent (2%) of the total amount of wages paid to its 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 23 MERGER AND DIVISION OF THE COMPANY

Article 237 In the event of the merger or division of the Company, a plan shall be proposed by the Board of the Company and shall be approved in accordance with the procedures stipulated in the Articles of Association of the Company and the relevant examining and approving formalities shall be processed as required by law. Shareholders who oppose to the plan of merger or division of the Company shall have the right to request that the Company or the Shareholders who consent to such plan purchase their shares at a fair price. A special document of the Company's resolution on the merger or division should be prepared for inspection by the Shareholders. Such documents shall be sent to the holders of overseas listed foreign invested shares by post.

Article 238 The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

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

who have not received the notice shall have the right within forty-five (45) days from the date of the notice being first published to demand the Company to settle the debt or to provide corresponding security in respect of the debt. The Company shall not be merged if its debts are not settled and no guarantees are provided accordingly.

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

Article 239 When the Company is divided, its assets shall be split up accordingly.

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

The creditors who have received the said notice shall have the right within thirty (30) days from the date of receiving the notice, and the creditors who have not received the notice shall have the right within forty-five (45) days from the date of the notice being first published to demand the Company to settle the debt or to provide corresponding security in respect of the debt. The Company shall not be divided if its debts are not settled and no guarantees are provided accordingly.

Debts incurred by the Company before its division shall be borne by the companies after the division.

Article 240 The creditors who have received the said notice shall have the right within thirty (30) days from the date of receiving the notice, and the creditors who have not received the notice shall have the right within forty-five (45) days from the date of the notice being first published to demand the Company to settle the debt or to provide corresponding security in respect of the debt. The Company shall not be merged or divided if its debts are not settled and no guarantees are provided accordingly.

Article 241 When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the company registration authority in accordance with the law. When the Company dissolves, the Company shall cancel its registration in accordance with the law. When a new company is established, its establishment shall be registered in accordance with the law.

CHAPTER 24 DISSOLUTION AND LIQUIDATION OF THE COMPANY

Article 242 The Company shall be dissolved and liquidated upon the occurrence of any of the following events:

- (1) a resolution on dissolution is passed by Shareholders at a general meeting;
- (2) dissolution is necessary due to a merger or division of the Company;
- (3) the Company is legally declared bankrupt due to its failure to repay debts due;

- (4) the Company is ordered to close down according to law because of its violation of laws and administrative regulations;
- (5) the Company has experienced serious difficulties in business operation and management, and the continuous operation would cause substantial loss to the interest of its Shareholders. In the event that this cannot be solved by other methods, Shareholders representing 10% or more of the voting rights of the total Shareholders of the Company may request the People's Court to dissolve the Company.

Article 243 In the event that the Company is dissolved pursuant to the item (1) of the preceding Article, it shall within 15 days thereof establish a liquidation committee whose members shall be elected by Shareholders at the general meeting by means of an ordinary resolution. If the liquidation committee is not established within the aforesaid period, creditors may petition to the People's Court for appointing relevant persons to form a liquidation committee so as to proceed with the liquidation.

Where the Company is dissolved pursuant to item (3) of the preceding Article, the people's court shall, according to the relevant laws, organize to form a liquidation committee comprising the Shareholders, relevant authorities and relevant professionals to carry out liquidation procedures.

Where the Company is dissolved pursuant to item (4) of the preceding Article, relevant competent authorities shall form a liquidation committee comprising the Shareholders, relevant authorities and relevant professionals to carry out liquidation procedures.

Article 244 Where the Board proposes to liquidate the Company due to causes other than where the Company has declared bankruptcy that it is insolvent, the Board shall include a statement in its notice convening a general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the Board is of the opinion that the Company will be able to pay its debts in full within twelve (12) months from the commencement of the liquidation.

Upon the establishment of the liquidation committee, all functions and powers of the Board and managers shall cease. During the liquidation, the Company shall not carry on any new business activities.

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

Article 245 The liquidation committee shall notify creditors within ten (10) days from the date of its establishment and make newspaper announcement at least three (3) times within sixty (60) days of that date. The creditors may declare their claims to the liquidation committee within thirty (30) days of the receipt of the above notice or within forty-five (45) days after the announcements are made if no such notice is received. They shall specify the items to which their rights relate and produce evidence. Claims shall be registered by the liquidation committee.

Article 246 During the liquidation period, the liquidation committee shall exercise the following functions and duties:

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

Article 247 After ascertaining the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit the same to a general meeting or relevant competent authorities for confirmation.

The assets of the Company shall be applied for the payment of liquidation costs, salaries of employees and labor insurances, outstanding taxes and bank loans and other debts of the Company respectively.

The remaining assets of the Company after repayment of its debts in accordance with the provisions above shall be distributed to the Shareholders of the Company according to the class of shares held by them and in proportion to their respective shareholdings.

During the liquidation period, the Company shall not carry out any new business activities not relating to liquidation.

Article 248 In the event of Company's liquidation owing to dissolution, if the liquidation committee, after ascertaining the Company's assets and preparing a balance sheet and an inventory of assets, discovers that the Company's assets are insufficient to repay its debts, it shall immediately apply to the people's court for a declaration of bankruptcy.

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

Article 249 Following the completion of liquidation, the liquidation committee shall present a report on liquidation and prepare a statement of the receipts and payments and the financial accounts for the period of the liquidation which shall be audited by PRC certified public accountants and then submitted to the general meeting or relevant competent authorities for confirmation.

The liquidation committee shall also within thirty (30) days after such confirmation, submit the documents referred to in the preceding paragraph to the company registration authority and apply for cancellation of registration of the Company, and announce the cessation of

the Company.

Article 250 Members of the liquidation committee shall act honestly in the discharge of their duties, perform their liquidation obligations according to laws, and may not take or accept bribes or other illegal gains by taking advantage of their positions, nor encroached upon any property of the Company.

Any member of the liquidation committee shall be liable for losses of the Company or any of its creditors arising from his intentional act or gross negligence.

CHAPTER 25 PROCEDURES FOR AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Article 251 The Company may amend the Articles of Association of the Company in accordance with the provisions of the laws, administrative regulations and the Articles of Association of the Company.

The Company shall amend the Articles of Association as a result of the following:

- (1) The provisions in the Articles of Association contravene the amended laws and regulations after amendments made to the Company Law or relevant laws and administrative regulations;
- (2) The Company's conditions have changed which is inconsistent with the items stated in the Articles of Association;
- (3) The general meeting resolved to so amend the Articles of Association.

Article 252 The Articles of Association is amended as follows with the approval of the relevant government authorities:

- (1) Change of the Company's name;
- (2) Change, enlarging or narrowing the Company's business scope;
- (3) Change the share transaction arrangement;
- (4) Increase or decrease total number of any class of shares issued by the Company;
- (5) Change of the Company's all or partial classes of share and change of the Company's all or partial shares;
- (6) Add new class of shares;
- (7) Add or cancel the convertible bonds;
- (8) Change of the par value of the shares;
- (9) Change of the provisions in the Articles of Association relating to the other items that specially resolved in the general meeting.

While decreasing the capital and amending the Articles of Association, the Company shall stipulate the method of capital decrease within the resolutions on Articles of Association amendment.

This article is binding upon by the other articles hereof.

Article 253 The Company shall amend the Articles of Associations as per the following procedures:

- (1) The Board shall propose to amend the Articles of Association and formulate the amendment plan;
- (2) The Shareholders shall be notified of the foregoing revised content following Article 255 hereof, and meeting shall be convened to pass the resolutions on the amendment to Articles of Association;
- (3) Subject to the relevant regulations hereof and Prerequisite Clauses, the amended Articles of Association that is submitted to the general meeting shall be passed the general meeting as a special resolution;

Article 254 Where the amendment to the Articles of Association involves Prerequisite Clauses, such amendment shall become effective only after the approval of the company examination and approval department and Securities Commission of the State Council granted by the State Council. Where the registered items of the Company are involved, the registration of change shall be duly dealt with.

Article 255 The Board shall, in accordance with the resolutions of the general meeting on amendment to the Articles of Association and approval of the relevant competent authorities, amend this Articles of Association.

CHAPTER 26 NOTICES

Article 256 (1) Unless otherwise stipulated herein, the notices, materials or written statement sent by the Company to the Shareholders shall be delivered to, based on the registered address of each Shareholders, the Shareholders holding registered shares by personal delivery or prepaid registered mail.

(2) Where the notice is sent by post, so long as the address is accurate and notice is delivered by prepaid registered mail, such notice is deemed as delivered and received after five working days as of the date of delivery.

(3) Notices, orders, documents, materials or written statements sent by the Shareholders and Directors to the Company shall be put or sent to the legal address of the Company by prepaid registered mail, or put or sent to the registered agent of the Company by prepaid registered mail.

(4) Notices, orders, documents, materials or written statements sent by the Shareholders and Directors to the Company shall be deemed as delivered within the specified time under normal conditions with the date of post of such notices orders, documents, materials or written statements as the proof, or that may be proved by the clearly stated address and prepaid postage certificate.

(5) The magazines publishing the announcement hereof shall be the magazines designated or required by the relevant laws, administrative regulations or rules.

Where it is necessary to publish the announcement to H share Shareholders, the relevant announcement shall be published in the magazine designated by the listing rules of the Hong Kong Stock Exchange subject to the “newspaper articles” as defined in the listing rules of Hong Kong Stock Exchange.

Where the meeting notice has not been sent to the receiver whoever has right to receive due to accidental omission or such person has not received the meeting notice, such meeting and the resolution adopted in the meeting shall remain valid.

CHAPTER 27 SETTLEMENT OF DISPUTES

Article 257 The Company is subject to the following rules on dispute settlement:

- (1) Any dispute or claim arising between the holder of overseas-listed foreign-invested shares and the Company, the holder of overseas-listed foreign-invested shares and the Company’s Directors, supervisors, managers, or other senior management members, the holder of overseas-listed foreign-invested shares and holders of domestic shares, and any dispute or claim arising from the rights and liabilities as stipulated in the relevant laws and administrative regulations relating to the Company’s affairs shall be submitted to the arbitration commission for settlement by the relevant parties. The foregoing dispute or claim submitted for arbitration shall be the whole claim or dispute. Any person involved with the same cause of action or the person that is required to participate in for the settlement of such claim or dispute, if he is the Company or the Company’s Shareholder, Director, supervisor, general manager or other senior manager, shall be subject to the arbitration. However, the dispute relating to definition of Shareholder and register of member can be not settled through arbitration.
- (2) A claimant may elect arbitration at either the China International Economic and Trade Arbitration Commission in accordance with its rules or the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant. If a claimant elects arbitration at Hong Kong International Arbitration Centre, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.
- (3) If any disputes or claims of rights prescribed in paragraph (1) above are referred to arbitration, the laws of the PRC shall apply, save as otherwise provided in laws and administrative regulations.
- (4) The award of an arbitration body shall be final and conclusive and binding on all parties.

Article 258 If any amendment to the Articles of Association involves any matters being information required to be disclosed according to laws or regulations, such amendment shall be announced according to the relevant provisions.

CHAPTER 28 BYE-LAWS

Article 259 Any matters not covered herein shall be proposed at the general meetings by the Board for consideration and approval.

Article 260 These Articles of Association are written in Chinese and English, if there are discrepancies between the Chinese and English version, the Chinese version shall prevail.

Article 261 The term “Accountant’s Firm” used in these Articles shall have the same meaning as the term “auditor” used in the Prerequisite Clauses.

Article 262 The right of interpretation of the Articles of Association shall be vested in the Board of the Company, the right of amending these Articles shall vested in the general meeting.