

Zhejiang Tengy Environmental Technology Co., Ltd

Articles of Association

(Amended by a special resolution passed on
30 May 2025)

This is an unofficial English translation and is for reference only. In case of discrepancies, the Chinese version shall prevail over its English version.

Content

Chapter 1	General Provisions	3
Chapter 2	Objectives and Scope of Business	6
Chapter 3	Shares, Share Transfer and Registered Capital	7
Chapter 4	Reduction of Capital and Repurchase of Shares	12
Chapter 5	Financial Assistance for Acquisition of Shares	17
Chapter 6	Share Certificates and Register of Shareholders	19
Chapter 7	Shareholders' Rights and Obligations	27
Chapter 8	Shareholders' Meetings	34
Chapter 9	Board of Directors	51
Chapter 10	Secretary to the Board of Directors	67
Chapter 11	President	69
Chapter 12	The Board of Supervisor	71
Chapter 13	The Qualifications and Duties of the Directors, Supervisors, President and other Senior Officers of the Company	77
Chapter 14	Financial and Accounting Systems and Profit Distribution	88
Chapter 15	Appointment of Auditors	93
Chapter 16	Insurance	97
Chapter 17	Labour and Personnel Management Systems	98
Chapter 18	Trade Unions	98
Chapter 19	Merger and Division of the Company	99
Chapter 20	Dissolution and Liquidation	101
Chapter 21	Procedures for Amendment of the Company's Articles of Association	105
Chapter 22	Notice	106
Chapter 23	Dispute Resolution	108
Chapter 24	Supplementary	110

Zhejiang Tengy Environmental Technology Co., Ltd

Articles of Association

Chapter 1 General Provisions

Article 1 In order to safeguard the legitimate rights and interests of Zhejiang Tengy Environmental Technology Co., Ltd (“the Company”) and its shareholders and creditors, and to regulate the organization and acts of the Company, the Articles of Association are formulated in accordance with the Company Law of the People’s Republic of China (the “Company Law”), Securities Law of the People’s Republic of China (the “Securities Law”), the Interim Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises, the Guidelines for Articles of Association of Listed Companies (2023 Revision), the Administrative Measures for Independent Directors of Listed Companies, the “Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited” (the “Listing Rules”), and other relevant laws and regulations.

Article 2 The Company is a joint stock limited company established in accordance with the Company Law, the Interim Measures for the Administration of Overseas Securities Offering and Listing by Domestic Enterprises as well as other relevant laws and regulations of the People’s Republic of China (the “PRC”).

The Company is established by way of sponsorship on 28 December 2009, and registered with the Zhejiang Province Administration for Industry & Commerce, with unified social credit code: 91330000699510679C.

The sponsors of the Company are Tianjie Group Co., Ltd (天潔集團有限公司), Bianyu, Bian Jianguang, Bian Shu, He Jianmin, Bian Weisan and Chen Jiancheng.

Article 3 The Company's registered Chinese name: 浙江天潔環境科技股份有限公司. The Company's registered English name: Zhejiang Tengy Environmental Technology Co., Ltd.

Article 4 The registered address of the Company:

Yangfu Village, Paitou Town, Zhuji City, Zhejiang Province

Postal code: 311825

Telephone number: 0575-87051061

Article 5 The Chairman of the board of directors shall be the Company's legal representative. The resignation of the Chairman of the board of directors is deemed to be the simultaneous resignation of the legal representative. The Company shall determine a new legal representative within 30 days from the date of the resignation of the legal representative.

Article 6 The Company is a joint stock limited company of perpetual existence.

The Company is an independent legal entity with independent properties and rights therein, which shall enjoy civil rights and assume civil obligations in accordance with the law.

All the Company's assets shall be divided into equal shares. Each shareholder of the Company shall be liable to the Company to the extent of the shares subscribed for. The Company shall be liable for its debts to the extent of its total assets.

Article 7 The Articles of Association are approved by a special resolution of the shareholders' meeting of the Company and shall become effective on the date when the overseas listed shares(hereinafter the "H Shares"), permitted by relevant

departments of the PRC, are listed on The Stock Exchange of Hong Kong Limited (hereinafter the “Stock Exchange”). The original Articles of Association of the Company shall automatically expire upon the effective date of the Articles of Association.

From the date on which the Articles of Association come into effect, the Articles of Association shall become a legally binding document which regulates the Company’s organization and behavior, the rights and obligations between the Company and the shareholders, and among the shareholders.

Article 8 The Articles of Association are binding on the Company and its shareholders, directors, supervisors, president and other senior officers of the Company; all of whom are entitled, according to the Articles of Association, to make claims in respect of rights concerning the matters of the Company.

Subject to the relevant provisions of the Articles of Association, a shareholder may take action against the Company pursuant to the Articles of Association and vice versa. A shareholder may also take action against another shareholder, the directors, supervisors, president and other senior officers of the Company pursuant to the Articles of Association.

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

Unless otherwise specified in the context, in the previous paragraph, the “senior officers” refer to the president, vice president, chief financial officer and secretary to the board of directors.

Article 9 The Company may set up wholly-owned or controlling subsidiaries,

branches such as sub-branches such as sub-branches, representatives and offices according to its operating needs.

Upon approval of relevant governmental department, the Company may set up subsidiaries or branches such as sub-branches, representatives and offices in overseas or Hong Kong, Macao and Taiwan, according to its operating and management needs.

Article 10 The Company may invest in other enterprises provided that it shall not become an investor that shall bear joint and several liabilities for the debts of the enterprises in which it invests, unless otherwise provided by law.

Article 11 The shareholders, the board of directors and the board of supervisors of the Company may convene meetings and vote by means of electronic communication.

Article 12 The Company may issue corporate communications electronically in compliance with applicable laws and regulations.

Chapter 2 Objectives and Scope of Business

Article 13 The Company's objectives are to protect the environment and resources as the core strategy, advocate low-carbon life, develop green economy to seek long-term well-being of mankind and to create a blue sky and clear water through unremitting efforts. To continue to develop environment friendly products, and actively develop new energy sources, vigorously implement clean production for contribution of health, clean, environment friendly products and services to the community.

Article 14 The business scope of the Company shall be limited to activities approved by the approving authorities and registered with the industrial and commercial administrative authorities according to law.

The company's business scope includes: R&D, design, manufacture, installation, sales: environmental pollution control equipment, electronic control equipment and steel structure; manufacture, sales, installation: pressure vessel; import and export of environmental protection equipments and new energy equipments, import and export of technology. (the projects legally subject to the approval shall carry out business activities after the approval of the relevant departments).

The Company may change its business scope in accordance with law in line with domestic and international market demand, its own development capabilities and business needs.

Chapter 3 Shares, Share Transfer and Registered Capital

Article 15 There must, at all times, be ordinary shares of the Company. Subject to the approval of the company's approving authority authorized by the State Council, the Company may, in line with its needs, create different classes of shares.

Article 16 The equities of the Company shall be represented by shares. The shares issued by the Company shall each have a par value of Renminbi one yuan.

Renminbi referred to in the preceding paragraph shall mean the lawful currency of the People's Republic of China.

Article 17 An open, fair and just principle shall be adopted in the issuance of shares of the Company. Each share of the same class shall have equal rights.

For the same class of shares under the same issuance, the conditions of issuance and issuing price each share shall be the same. Any unit or individual that subscribes for any such share shall pay the same price for each such share.

Article 18 Subject to the approval of the competent securities authorities of the State Council, the Company may issue shares to domestic investors and foreign investors.

“Foreign investors” referred to in the preceding paragraph mean those investors who subscribe for the Company’s shares and who are located in foreign countries and in the regions of Hong Kong, Macau and Taiwan. “Domestic investors” mean those investors who subscribe for the Company’s shares and who are located within the territory of the PRC excluding the regions mentioned above.

Article 19 Shares which the Company issues to domestic investors for subscription in Renminbi shall be referred to as domestic shares. Shares which the Company issues to foreign investors for subscription in foreign currencies shall be referred to as foreign shares. Foreign shares which are listed overseas shall be referred to as the H Shares.

Domestic shareholders and H shareholders are both ordinary shareholders, and have the same rights and obligations.

The shareholders of the Company may trade its unlisted shares on an overseas stock exchange, subject to the approval of the competent securities authorities of the State Council. To list or trade the above shares on an overseas stock exchange shall also be subject to the regulatory procedures, rules and requirements of the overseas stock market. There shall be no need to convene a class meeting of shareholders for voting on the listing or trading of the above shares on an overseas stock exchange.

Article 20 As approved by the approving authorities of the Company, the total number of ordinary shares issued by the Company to all its sponsors at the time of its establishment was 100 million shares, including 70 million shares issued to Tianjie Group Co., Ltd, among which, RMB11,466,511 was invested by way of cash contribution. RMB32,696,823 was invested by way of contribution in kind and RMB25,836,666 was invested by way of land use right contribution, representing

70% of the total number of ordinary shares of the Company in issue, the investment has been paid; 13.671 million shares issued to Bian Yu, representing 13.671% of the total number of ordinary shares of the Company in issue, which was invested by way of cash contribution and the investment has been paid; 6.843 million shares issued to Bian Jianguang, representing 6.843% of the total number of ordinary shares of the Company in issue, which was invested by way of cash contribution and the investment has been paid; 3.933 million issued to Bian Shu, representing 3.933% of the total number of ordinary shares of the Company in issue, which was invested by way of cash contribution and the investment has been paid; 1.851 million shares issued to He Jianmin, representing 1.851% of the total number of ordinary shares of the Company in issue, which was invested by way of cash contribution and the investment has been paid; 1.851 million shares issued to Bian Weisan, representing 1.851% of the total number of ordinary shares of the Company in issue, which was invested by way of cash contribution and the investment has been paid; 1.851 million shares issued to Chen Jiancheng representing 1.851% of the total number of ordinary shares of the Company in issue, which was invested by way of cash contribution and the investment has been paid. The total number of the issued ordinary shares to the aforesaid sponsors accounted for 100% of the total number of the then issued ordinary shares.

Article 21 The Company may publicly offer up to no more than 40.25 million H Shares, subject to the approval of Circular (Zheng Jian Xu Ke [2013] No. 1074) of the China Securities Regulatory Commission on 1 April 2015.

The global offering of the H Shares and the exercise of over-allotment option were approved by the Stock Exchange on 18 September 2015. After the completion of the aforesaid issue of the H Shares, the structure of the share capital of the Company was as follows: the total number of shares was 135 million shares, of which, 100 million shares were held by domestic shareholders and 35 million Shares were held by H shareholders.

Article 22 The Company's board of directors may implement, through separate offerings, the proposal for the issuance of the H Shares and domestic shares upon approval by the competent securities authorities of the State Council.

The Company may implement its proposal to issue the H Shares and domestic shares pursuant to the preceding paragraph within fifteen months from the date of approval by the competent securities authorities of the State Council.

Article 23 Where the total number of shares stated in the proposal for the issuance of shares includes the H Shares and domestic shares, such shares shall be fully subscribed for at their respective offerings. If the shares cannot be fully subscribed for at their respective offerings due to special circumstances, the shares may, subject to the approval of the competent securities authorities of the State Council, be issued in separate tranches.

Article 24 The Company has registered capital of RMB135 million.

Article 25 The Company may, based on its operating and development needs, authorize the increase of its capital pursuant to the Articles of Association.

The Company may increase its capital through the following means:

- (1) offering new shares to non-specially-designated investors for subscription;
- (2) issuing new shares to its existing shareholders;
- (3) allotting bonus shares to its existing shareholders;
- (4) converting capital reserve into share capital; or
- (5) any other means permitted by laws and administrative regulations and any other means approved by the competent securities authorities of the State Council.

After the Company's increase of share capital by means of the issuance of new shares has been approved in accordance with the provisions of the Articles of Association,

the issuance thereof shall be carried out in accordance with the procedures set out in the relevant laws and administrative regulations of the PRC.

Article 26 Unless otherwise stipulated in the relevant laws or administrative regulations or by the Stock Exchange, shares of the Company may be freely transferred and shall be free from all liens.

Article 27 The Company does not accept its own shares as the subject matter of a pledge.

Article 28 Shares of the Company held by the sponsors shall not be transferable within one year commencing from the date of establishment of the Company. Shares of the Company that are already in issue prior to its public offering shall be transferred in accordance with the laws and regulations and the provisions of the Listing Rules.

The directors, supervisors and senior management officers of the Company shall report to the Company the number of shares of the Company held by them and the subsequent changes in their shareholdings, and the number of shares which may be transferred every year during their terms of office shall not exceed 25% of the total number of the Company's shares held by them respectively; and shares of the Company held by them shall not be transferable within one year commencing from the date on which the shares of the Company are listed and traded on a stock exchange. Such personnel shall not transfer the Company's shares held by them within six months after they have terminated their employment with the Company.

Article 29 Any gains from the sale of shares of the Company by any Company's director, supervisor, senior officer or shareholders holding 5% or more of the shares in the Company within six months after purchasing such shares, or thereafter any gains from repurchasing such shares in the Company within six months after the sale thereof, shall be vested in by the Company. The Board of the Company shall forfeit such gains

from the abovementioned parties. However, if a securities company purchases remaining unsold shares after underwriting, thereby holding more than 5% of the shares, the sale of these shares shall not be subject to the said 6 month restriction.

If the Board of the Company fails to comply with the provision set forth in the preceding paragraph, a shareholder shall have the right to require the Board to affect the same within thirty (30) days. If the Board fails to do so within the said time limit, a shareholder shall have the right to initiate proceedings in a court directly in his own name in the interests of the Company.

If the Board of the Company fails to comply with the provision set forth in the first paragraph of this Article, the responsible Director(s) shall be jointly and severally liable therefor in accordance with the law.

Chapter 4 Reduction of Capital and Repurchase of Shares

Article 30 In accordance with the provisions of the Articles of Association, the Company may reduce its registered capital. The reduction of the registered capital shall be in compliance with the Company Law, and the procedures provided in the Articles of Association.

Article 31 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 days of the date of the resolution for reduction of registered capital and shall publish an announcement in a newspaper or National Enterprise Credit Information Publicity System within thirty days of the date of such resolution. A creditor shall have the right within thirty days of receipt of the notice from the Company or, in the case of a creditor who does not receive such notice, within forty-five days of the date of the announcement, to require the Company to

repay its debts or to provide a corresponding guarantee.

The Company's registered capital after the capital reduction shall not be less than the minimum amount prescribed by law.

The Company shall complete the procedures for registration changes in the original industrial and commercial administrative authorities and make announcement after the reduction of registered capital.

Article 32 The Company may, in accordance with the requirements of laws, administrative regulations, department rules, listing rules of the stock exchange where the shares of the Company are listed and the Articles of Association and subject to the approval of the relevant competent authorities of the PRC, repurchase its issued shares in compliance with legal procedures under the following circumstances:

- (1) cancelling its shares for the purpose of reducing its registered capital;
- (2) merging with another company which holds the shares of the Company;
- (3) using the shares repurchased for the employee shareholding scheme or equity incentive; acquiring the shares of shareholders who vote against any resolution adopted at the shareholders' meeting on the merger or demerger of the Company and request the Company to acquire their shares;
- (4) using the shares repurchased for conversion of the convertible corporate bonds issued by the listed company into stocks;
- (5) when it is necessary for the listed company to preserve its value and shareholders' interest.

Other than the above-mentioned circumstances, the Company shall not purchase or sale its shares.

Article 33 The Company may, upon the approval of the relevant competent authorities of the PRC, repurchase its shares in one of the following ways:

- (1) making a pro rata general offer of repurchase to all its shareholders;

- (2) repurchasing shares through public trading on a stock exchange;
- (3) repurchasing by an off-market agreement; or
- (4) other ways as permitted by laws and regulations and approved by the relevant regulatory authorities.

Article 34 The Company shall obtain prior approval of the shareholders at a shareholders' meeting in accordance with the provisions of the Articles of Association before it repurchases its shares by means of an off-market agreement. The Company may, by obtaining prior approval of the shareholders at a shareholders' meeting in the same manner, discharge or vary a contract which has been entered into in the aforesaid manner, or waive its rights thereunder.

A contract for repurchase of shares referred to in the preceding paragraph includes (but is not limited to) an agreement to consent to assuming the obligation to repurchase shares or an agreement to acquire the right to repurchase shares.

The Company shall not assign a contract for repurchase of its shares or any right stipulated therein.

So far as the Company's right to repurchase redeemable shares is concerned, if the redeemable shares are not repurchased through the market or by tender, the prices shall not exceed a maximum price; and if the repurchase is made by tender, such tender shall be made available to all shareholders alike.

Article 35 The purchase of its shares by the Company due to reasons set out in subparagraphs (1) and (2) of Article 30 of the Articles of Association shall require a resolution of the general meeting; the purchase of its shares by the Company due to reasons set out in subparagraphs (3), (5) and (6) of Article 30 of the Articles of Association may be resolved at a board meeting with the presence of more than two

thirds of the directors in accordance with the requirements of the Articles of Association or the authorization of the shareholders' meeting.

Shares of the Company purchased by the Company under Article 30 of the Articles of Association shall be cancelled within ten days from the date of purchase for circumstances under subparagraph (1); for circumstances under subparagraphs (2) and (4), the shares shall be transferred or cancelled within six months; for circumstances under subparagraphs (3), (5) and (6), the total number of shares held by the Company shall not exceed 10% of its total issued shares, and such shares shall be transferred or cancelled within three years.

The purchase of its shares by the Company could be conducted through the open centralized trading or by other method as permitted under laws and regulations and by China Securities Regulatory Commission. The purchase of its shares by the Company due to reasons set out in subparagraphs (3), (5) and (6) of Article 30 of the Articles of Association shall be conducted through the open centralized trading.

If the Company cancels the shares as a result of purchase of those shares, it shall apply to the original company registration authorities for registration of the changed registered capital. The aggregate par value of the cancelled shares shall be deducted from the Company's registered capital.

Article 36 Unless the Company is in the course of liquidation, it shall comply with the following provisions in the repurchase of its issued shares:

(1) where the Company repurchases shares at par value, payment shall be made out of the book balance of the distributable profits of the Company or out of the proceeds from a new issue of shares made for the purpose of repurchasing old shares;

(2) where the Company repurchases shares at a premium to its par value, payment up to the par value may be made out of the book balance of the distributable profits of the Company or out of the proceeds from a new issue of shares made for the purpose of repurchasing old shares. Payment of the portion in excess of the par value shall be effected as follows:

(i) if the shares being repurchased were issued at par value, payment shall be made out of the book balance of the distributable profits of the Company;

(ii) if the shares being repurchased were issued at a premium to its par value, payment shall be made out of the book balance of the distributable profits of the Company or out of the proceeds from a new issue of shares made for the purpose of repurchasing old shares, provided that the amount paid out of the proceeds from the new issue shall not exceed the aggregate amount of premiums received on the issue of the shares repurchased, nor shall it exceed the amount of the Company's premium account (or capital reserve account) (including the premiums from the new issue) at the time of the repurchase;

(3) the Company shall make the following payments out of the Company's distributable profits:

(i) payment for the acquisition of the right to repurchase its own shares;

(ii) payment for variation of any contract for the repurchase of its shares;

(iii) payment for the release of its obligations under any contract for the repurchase of shares.

(4) After the aggregate par value of the cancelled shares has been deducted from the Company's registered capital in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value of shares which have been repurchased shall be transferred to the Company's premium account (or capital reserve account).

Chapter 5 Financial Assistance for Acquisition of Shares

Article 37 The Company or its subsidiaries shall not, at any time and by any means, provide a person who acquires or intends to acquire the shares of the Company with any financial assistance. The said person who purchases shares of the Company shall include a person who directly or indirectly assumes obligations due to the acquisition of the shares of the Company.

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

This provision shall not apply to the circumstances as stated in Article 37 of this Chapter.

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

- (1) gift;
- (2) guarantee (including the assumption of liability by the guarantor or the provision of property by the guarantor to secure the performance of obligations by the obligor), compensation (other than compensation caused by the Company's own default) or release or waiver of any rights;
- (3) provision of loan or entering into of any contract under which the Company has to perform obligations before any another party, and a change in that loan or in the parties to that contract, or the assignment of rights in the loan or the contract; and
- (4) any financial assistance provided by the Company by any means 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 “assumes obligations” as referred to in this Chapter includes the assumption of obligations by way of contract or by way of arrangement (irrespective of whether such contract or arrangement is enforceable or not, and irrespective of whether such obligations are to be assumed by the obligor solely or jointly with other persons), or by any other means which results in a change in the obligor’s financial position.

Article 39 The following acts shall not be taken as acts prohibited by Article 35 of this Chapter:

- (1) the provision of financial assistance by the Company in good faith for the benefit of the Company, the principal purpose of which is not for the acquisition of shares of the Company, or the financial assistance is an incidental part of an overall plan of the Company;
- (2) the lawful distribution of the Company’s property as dividends;
- (3) the distribution of dividends in the form of shares;
- (4) a reduction of registered capital, a repurchase of shares or a reorganization of the share capital structure of the Company effected in accordance with the Articles of Association;
- (5) the provision of loan 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 even if the assets are thereby reduced, the financial assistance is paid out of the distributable profits of the Company); and
- (6) the provision of money by the Company for employee stock ownership plans (provided that the net assets of the Company are not thereby reduced, or even if the assets are thereby reduced, the financial assistance is paid out of distributable profits of the Company).

Chapter 6 Share Certificates and Register of Shareholders

Article 40 Share certificates of the Company shall be in registered form.

A share certificate of the Company shall contain the following main items:

- (i) Name of the Company
- (ii) Date on which the Company was established;
- (iii) Class and par values of the shares and the number of shares represented;
- (iv) Stock code;
- (v) Other items required to be specified by the Company Law and the Special Regulations.

During the listing of the H Shares on the Stock Exchange, the Company shall ensure that the following statements are included in all title documents (including the H Shares certificates) relating to its securities listed on the Stock Exchange:

- (1) The purchaser of the shares and the Company and each of the shareholders, and the Company and each of the shareholders, agree to observe and comply with the requirements of the Company Law, and other relevant laws, administrative regulations and the Articles of Association.
- (2) The purchaser of the shares and each of the shareholders, directors, supervisors, president and other senior management officers of the Company, and the Company, acting on behalf of itself and each of the directors, supervisors, president and other senior management officers of the Company, and each of the shareholders agree that all disputes and claims arising from the Articles of Association, or disputes or claims of rights in connection with the Company's affairs incurred as a result of any rights or obligations under the Company Law or other relevant laws and administrative

regulations shall be referred to arbitration for settlement in accordance with the provisions of the Articles of Association, and that any referral to arbitration shall be taken as an authorization to an arbitration tribunal to hold a public hearing and announce its arbitration award to the public. Such award shall be final.

(3) The purchaser of the shares agrees with the Company and each of the shareholders of the Company that the shares of the Company may be freely transferable by the holder thereof.

(4) The purchaser of the shares authorizes the Company to enter into a contract on his behalf with each of the directors, president and other senior management officers, pursuant to which the directors, president and other senior management officers undertake to observe and fulfill their responsibilities to the shareholders provided in the Articles of Association.

The Company shall instruct and procure its share registrar to reject the registration of the subscription, acquisition or transfer of shares in the name of any individual holder unless and until the individual holder submits the duly signed form relating to such shares to the share registrar, and the form shall contain the above statements.

Article 41 The Company's shares may be transferred, granted, inherited and pledged in accordance with the relevant laws, administrative regulations, departmental rules and provisions of the Articles of Association. Share transfer shall be registered in the share registrar commissioned by the Company.

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 officers, the share certificates shall also be signed by such senior management officers. The share certificates shall take effect after affixing, or affixing by way of printing, of the seal of the Company. The share

certificates shall only be affixed with the Company's seal under the authorization of the Board of directors. The signatures of the chairman or other relevant senior management officers of the Company on the share certificates may also be in printed form.

Article 43 The Company shall maintain a register of shareholders for registering 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 the shares held by each shareholder;
- (4) the serial numbers of the shares held by each shareholder;
- (5) the date on which any shareholder registers as a shareholder; and
- (6) the date on which any shareholder ceases to be a shareholder.

The register of shareholders shall be sufficient evidence substantiating the shareholders' shareholding in the Company, except where there is evidence to the contrary.

Any act or transfer of the H Shares shall be recorded on the register of holders of the H shares maintained at the place of listing in accordance with the Articles of Association.

Where two or more persons are registered as joint holders of any shares, they shall be taken as joint owners of such shares, subject to the following restrictions:

- (1) the Company need not register more than four persons as joint holders of any shares;
- (2) all joint holders of any shares are jointly and severally liable for all amounts payable for the relevant shares;
- (3) if one of the joint holders dies, only the surviving joint holders shall be taken by the Company as persons having the right of ownership of the relevant shares. The board of directors shall have the right, for the purpose of making amendments to the register of shareholders, to demand the provision of a document evidencing the death of the relevant shareholder as it thinks fit; and
- (4) in case of any joint holders of shares, only the joint holder whose name appears first in the register of shareholders is entitled to receive the share certificates of the relevant shares and the Company's notices, and to attend a shareholders' meeting of the Company and exercise all voting rights of such shares thereat. Any notice served to that person shall be taken as having been served to all joint holders of the relevant shares.

Article 44 The Company may, in accordance with the understanding and agreements made between the competent securities authorities of the State Council and overseas securities regulatory authorities, maintain its original register of holders of the H Shares outside the PRC and appoint overseas agent(s) to manage such register. The original copy of the register of holders of the H Shares shall be maintained in Hong Kong.

The Company shall maintain a duplicate of the register of holders of the H Shares at its domicile. The appointed overseas agent(s) shall ensure the consistency between the original register and the duplicate register of holders of the H Shares at all times.

In case of any inconsistency between the original register and the duplicate register of holders of the H Shares, the original register shall prevail.

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

The register of shareholders shall include the following parts:

- (1) the register of shareholders maintained at the Company's domicile (other than those registers of shareholders as provided in subparagraphs (2) and (3) of this Article);
- (2) the register of holders of the H Shares of the Company maintained at the place where the overseas stock exchange on which the shares are listed is located; and
- (3) the register of shareholders maintained at such other place as the board of directors may consider necessary for the purpose of the listing of the Company's shares.

Article 46 Different parts of the register of shareholders shall not overlap with one another. No transfer of the shares registered in any part of the register shall, during the existence of that registration, be registered in any other part of the register of shareholders.

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

Article 47 All fully paid-up H Shares listed in Hong Kong shall be freely transferable pursuant to the Articles of Association. However, unless such transfer complies with the following requirements, the board of directors may refuse to recognize any instrument of transfer without having to give any reason:

- (1) a fee of HK\$2.50 per instrument of transfer or any maximum fees as stipulated by the Stock Exchange at that time has been paid to the Company for registration of the

instrument of transfer and other documents relating to or which will affect the right of ownership of the shares;

(2) the instrument of transfer only relates to the H Shares listed in Hong Kong;

(3) the stamp duty which is payable on the instrument of transfer has already been paid;

(4) the relevant share certificate(s) and any other evidence which the board of directors may reasonably require to show that the transferor has the right to transfer the shares have been provided;

(5) if it is intended that the shares be transferred to joint owners, the maximum number of joint owners shall not be more than four;

(6) the Company does not have any lien on the relevant shares.

Article 48 The transfer of the H Shares shall be effected by instruments of transfer in a normal or ordinary form or any other transfer document in writing accepted by the board of directors; the transfer document may be signed by hand without affixing the seal. If the transferor or transferee is a recognized clearing house (hereinafter “Recognized Clearing House”) or its attorney as defined by Hong Kong Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong), the transfer form may be signed by hand or printed by machine. All of the transfer documents shall be deposited at the residence of the Company or at such other place as is specified by the board of directors from time to time.

Article 49 Where laws and regulations and the relevant provisions of the securities regulatory authorities of the place where the shares of the Company are listed stipulate the period of closure of the register of shareholders prior to a shareholders’ meeting or the record date for the Company’s distribution of dividends, such provisions shall prevail.

Article 50 When the Company convenes a shareholders’ meeting, distributes

dividends, is liquidated or undertakes any other acts which requires determination of rights attaching to shares in the Company, the board of directors shall decide on a date for the registration of rights attaching to shares in the Company. The shareholders of the Company shall be such persons who appear in the register of shareholders at the close of such registration date.

Article 51 Any person aggrieved and claiming to be entitled to have his name (title) entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.

Article 52 Any person who is a registered shareholder or who requests his name be entered in the register of shareholders in respect of shares in the Company may, if his share certificate (the “original certificate”) relating to the shares is lost, apply to the Company for a replacement share certificate in respect of such shares (the “Relevant Shares”).

Application by a holder of domestic shares, who has lost his share certificate, for a replacement share certificate shall be dealt with in accordance with the Company Law.

If a holder of the H Shares loses his share certificates and applies for their replacement, this 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 the H Shares is maintained.

The issue of a replacement share certificate to a holder of H share of a company listed in Hong Kong, who has lost his share certificate, shall comply with the following requirements:

(1) The applicant shall submit an application to the Company in a prescribed form

accompanied by a notarial certificate or a statutory declaration stating the grounds upon which the application is made and the circumstances and evidence of the loss; and declaring that no other person is entitled to have his name entered in the register of shareholders in respect of the relevant shares.

(2) The Company has not received any declaration made by any person other than the applicant declaring that his name shall be entered into the register of shareholders in respect of such shares before it decides to issue a replacement share certificate to the applicant.

(3) The Company shall, if it intends to issue a replacement share certificate, publish a notice of its intention to do so at least once every thirty days within a period of ninety (90) consecutive days in such newspapers as may be prescribed by the board of directors.

(4) The Company shall, prior to publication of its intention to issue a replacement share certificate, deliver to the stock exchange on which its shares are listed, a copy of the notice to be published and may publish the notice upon receipt of confirmation from such stock exchange that the notice has been exhibited in the premises of the stock exchange. Such notice shall be displayed in the premises of the stock exchange for a period of ninety (90) days.

In the case of an application which is made without the consent of the registered holder of the Relevant Shares, the Company shall deliver by mail to such shareholder a copy of the notice to be published.

(5) If, by the expiration of the 90-day period referred to in paragraphs (3) and (4) of this Article, the Company has not have received any objections from any person in respect of the issuance of the replacement share certificate, it may issue a replacement share certificate to the applicant pursuant to his application.

(6) Where the Company issues a replacement share certificate pursuant to this Article, it shall forthwith cancel the original share certificate and document the cancellation of the original share certificate and issuance of a replacement share certificate in the register of shareholders accordingly.

(7) All expenses relating to the cancellation of an original share certificate and the issuance of a replacement share certificate shall be borne by the applicant and the Company is entitled to refuse to take any action until reasonable security is provided by the applicant therefor.

Article 53 Where the Company issues a replacement share certificate pursuant to the Articles of Association and a bona fide purchaser acquires or becomes the registered owner of such shares, his name (title) shall not be removed from the register of shareholders.

Article 54 The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original share certificate or the issuance of the replacement share certificate unless the claimant is able to prove that the Company has acted fraudulently.

Chapter 7 Shareholders' Rights and Obligations

Article 55 A shareholder of the Company is a person who lawfully holds shares in the Company and whose name (title) is entered in the register of shareholders.

A shareholder shall enjoy rights and assume obligations according to the class and amount of shares held by him; shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations. The various classes shall enjoy that same rights for any distribution by way of dividend or otherwise.

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

In case of the joint shareholders, if any of shareholders in a joint account dies, only the surviving persons of the shareholders in the joint account may be deemed as holders of relevant share of the Company, but the board of directors is entitled to require the death certificate which it considers to be proper as regard to the amendment to the register of shareholders. As regard to the shareholders in a joint account for any share, only the person whose name is at the first place on the register of shareholders has the rights to receive the stock of relevant share and notice from the Company and to attend or exercise all of the votes relating to the share. The notice which is serviced on the above-mentioned person should be deemed to be serviced on all of the shareholders in the joint account for relevant shares.

Article 56 The ordinary shareholders of the Company shall enjoy the following rights:

- (1) the right to receive dividends and other distributions in proportion to the number of shares held;
- (2) the right to attend or appoint proxies to attend shareholders' meetings and to vote thereat;
- (3) the right of supervisory management over the Company's business operations and the right to present proposals or to raise queries;
- (4) the right to transfer shares in accordance with laws, administrative regulations and provisions of the Articles of Association;
- (5) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:
 - (i) the right to obtain a copy of the Company's Articles of Association, subject to payment of costs;
 - (ii) the right to inspect and copy, subject to payment of a reasonable fee:
 - (a) the register of all shareholders;
 - (b) personal particulars of each of the Company's directors, supervisors, president and other senior officers, including:

- (aa) present and former name and alias;
- (bb) principal address (place of residence);
- (cc) nationality;
- (dd) primary and all other part-time occupations and duties;
- (ee) identification documents and the numbers thereof.
- (c) the status of the Company's share capital;
- (d) latest audited financial report, and reports of the board of directors, auditors and board of supervisors;
- (e) special resolutions at the shareholders' meeting and/ or the meeting of the board of directors of the Company;
- (f) reports showing the aggregate par value, quantity, highest and lowest 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 paid by the Company for this purpose;
- (g) minutes of shareholders' meetings;
- (h) a copy of the latest annual inspection report filed with the State Administration for Industry and Commerce of the PRC or other competent authorities for inspection.

The Company shall make available the documents mentioned in sub-section (2)(ii)(b)-(h) above and other applicable documents at its Hong Kong representative office for inspection, free of charge, by the public and the shareholders in accordance with requirements of the listing rules (of which, item (g) is only available for inspection by the Company's shareholders). The Hong Kong branch register of shareholders must be available for inspection by H shareholders free of charge, but the Company may be allowed to suspend the registration of shareholders in accordance with the laws, administrative regulations and relevant provisions of the Hong Kong Stock Exchange.

A shareholder requesting for inspection of information or access to materials referred to in the preceding Article shall produce to the Company written documents evidencing the class and number of shares that the shareholder holds. The Company shall provide such information and materials as requested by the shareholder after confirming the identity of the shareholder.

(6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of surplus assets of the Company in accordance with the number of shares held; and

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

Article 57 If the content of a resolution of a shareholders' meeting or the board of directors violates any laws or administrative regulations, a shareholder has the right to file a petition with the court to invalidate the resolution (the principles for dispute resolution of the Articles of Association shall apply to holders of foreign shares).

If the procedure for convening or the method of voting at a shareholders' meeting or a meeting of the board of directors violates any laws, regulations or the Articles of Association, or if the contents of a resolution breaches the Company's Articles of Association, a shareholder may file a petition with the court to revoke the resolution within sixty (60) days from the date on which the resolution was passed (the principles for dispute resolution of the Articles of Association shall apply to holders of foreign shares).

Article 58 If a director or any senior officer has violated any laws, regulations or the Articles of Association in the course of performing his or her duties to the Company, and thereby caused the Company to incur a loss, a shareholder or shareholders who individually or jointly hold more than one per cent of the Company's shares for more

than one hundred and eighty (180) consecutive days may request in writing the board of supervisors to initiate proceedings in the court. If the board of supervisors has violated the laws, regulations or the Articles of Association in the course of performing its duties to the Company, and thereby caused the Company to incur a loss, shareholder(s) may request in writing the board of directors to initiate proceedings in the court in respect thereof (the principles for dispute resolution of the Articles of Association shall apply to holders of foreign shares).

If the board of supervisors or the board of directors refuse to initiate proceedings after receipt of a written request from the shareholder(s) as mentioned in the preceding paragraph, or fails to initiate proceedings within thirty (30) days of the date of receipt of the request, or under urgent circumstances where failure to initiate the proceedings immediately would cause irreparable damage to the Company's interests, the shareholders mentioned in the preceding paragraph are entitled to directly initiate proceedings in the court in their own names in the interests of the Company (the principles for dispute resolution of the Articles of Association shall apply to holders of foreign shares).

If any third party infringes the lawful interests of the Company and has caused a loss to the Company, the shareholders mentioned in the first paragraph of this Article may initiate proceedings in the court according to the provisions of the two preceding paragraphs.

Article 59 If a director or any senior officer violate laws, regulations or the Articles of Association and prejudices the interests of the shareholders of the Company, the shareholders may initiate proceedings in the court in respect thereof (the principles for dispute resolution of the Articles of Association shall apply to holders of foreign shares).

Article 60 The ordinary shareholders of the Company shall assume the following obligations:

- (1) to comply with the Company's Articles of Association;
- (2) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) to be responsible to the Company up to his subscribed shares;
- (4) not to withdraw his share capital unless required by laws or regulations;
- (5) not to abuse their shareholders' rights to harm the Company's or other shareholders' interests; not to abuse the Company's independent legal person status or his limited liability as a shareholder to harm the interests of the Company's creditors.

If a shareholder abuses its shareholder rights and causes a loss to the Company or other shareholders, he shall be held liable for damages in accordance with the law.

If a shareholder abuses the Company's independent legal person status or his limited liability as a shareholder to evade and repudiate debts, thereby materially impairing the interests of the Company's creditors, he shall bear joint and several liability for the debts of the Company.

- (6) other obligations imposed by laws, administrative regulations and the Company's Articles of Association.

Shareholders shall not bear any liability for further contribution to share capital other than the conditions agreed to by the subscribers of the relevant shares on subscription.

Article 61 In addition to the obligations imposed by laws and administrative regulations or required by the listing rules of the stock exchange on which the Company's shares are listed, a controlling shareholder (as such term is defined in the following Article) shall not exercise his voting rights in respect of the following

matters in a manner prejudicial to the interests of all or part 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) of the Company's assets in any way, including (without limitation) opportunities which are 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 in a company restructuring which has been approved by the shareholders in a meeting in accordance with the Articles of Association).

The controlling shareholder or de facto controller of the company may not use his connected relationship to damage the company's interests. If this requirement is contravened, resulting in damage to the company, he should be responsible to compensate.

The controlling shareholder and de facto controller of the Company have fiduciary duty towards the Company and shareholders holding the public shares of the Company. The controlling shareholder should exercise his rights as a contributor in strict compliance with the laws. The controlling shareholder cannot make use of methods such as the distribution of profits, restructuring of assets, external investment, possession of capital, borrowing or providing guarantee, in order to damage the legal interests of the Company and shareholders of public shares. He cannot make use of his controlling position against the legal interests of the Company and shareholders of public shares.

Article 62 For the purpose of the foregoing Article, a “controlling shareholder” means a person who satisfies any one of the following conditions:

- (1) a person who, acting alone or in concert with others, has the power to elect more than half of the board of directors;
- (2) a person who, acting alone or 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) a person who, acting alone or in concert with others, holds 30 % or more of the issued and outstanding shares of the Company;
- (4) a person who, acting alone or in concert with others, has de facto control of the Company in any other way.

The “acting in concert with others” in this Article means that two or more persons reach an agreement (whether in oral or writing) to obtain voting rights of the Company to obtain or strengthen the control of the Company.

Chapter 8 Shareholders’ Meetings

Article 63 The shareholders’ meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with law.

Article 64 The shareholders’ meeting shall have the following functions and powers:

- (1) to decide on the Company’s operational policies and investment plans;
- (2) to elect and replace the directors who are not staff representatives and to decide on matters relating to the remuneration of those directors;

- (3) to elect and replace supervisors who are not staff representatives and to decide on matters relating to the remuneration of supervisors;
- (4) to examine and approve the board of directors' reports;
- (5) to examine and approve the board of supervisors' reports;
- (6) to examine and approve the Company's proposed annual financial budget and final accounts;
- (7) to examine and approve the Company's profit distribution plans and loss recovery plans;
- (8) to decide on the increase or reduction of the Company's registered capital;
- (9) to decide on matters such as merger, division, dissolution, liquidation of the Company, or changes in the form of the Company;
- (10) to decide on the issue of debentures or other securities and the listing scheme by the Company;
- (11) to decide on the appointment, dismissal or non-reappointment of the accountants of the Company;
- (12) to amend the Articles of Association;
- (13) to examine and approve the external security-related matters according to laws, regulations or the Articles of Association;
- (14) to examine the matters of purchase, sale by the Company within one year of significant assets or the guarantee amount exceeding thirty per cent (30%) of the latest audited total assets of the Company;
- (15) to examine stock incentive plans;
- (16) to examine and approve the matters proposed by shareholders who individually or collectively hold shares representing more than 1% (including 1%) voting rights of the company;
- (17) to decide on other matters which, according to laws, administrative regulations or the Articles of Association, need to be approved by shareholders' meetings.

The shareholders in a shareholders' meeting may authorize the board of directors to carry out matters on their behalf or which they may sub-delegate to the board of directors provided that such authorization does not violate the laws, regulations and mandatory listing rules of the place where the company is listed.

Article 65 The Company shall not, without the prior approval of shareholders' special resolutions in a general meeting, enter into any contract with any person (other than a director, supervisor, president or other senior officer) whereby the Company delegates such person to the management and administration of the whole or any substantial part of the Company's business.

Article 66 Shareholders' meetings are divided into annual meetings ("AGM") and extraordinary shareholders' meetings. Shareholders' meetings shall be convened by the board of directors. An AGM shall be held once every financial year and within six (6) months from the end of the preceding financial year.

The Company shall convene an extraordinary shareholders' meeting within two (2) months of the occurrence of any one of the following events:

- (1) where the number of directors is less than the number stipulated in the Company Law or two-thirds of the number specified in the Articles of Association;
- (2) where the losses of the Company which are not made up reach one-third of the total amount of its share capital;
- (3) where shareholder(s) who individually or jointly holds 10% or more of the Company's issued and outstanding voting shares request(s) in writing for the convening of an extraordinary general meeting;
- (4) whenever the board of directors deems necessary or the board of supervisors so requests; or

(5) one half or more of the independent non-executive directors call for a general meeting.

(6) other circumstances stipulated by laws, administrative regulations, departmental rules or the Articles of Association.

The numbers of shares held by the shareholder(s) in the preceding sub-section (3) shall be counted on the date of the request in writing.

Article 67 The Company shall hold a shareholders' meeting at the Company's domicile or at an appropriate place notified by the convener of the shareholders' meeting.

The shareholders' meeting shall set up a venue and be held in the form of an on-site meeting, and shall, in accordance with the provisions of the laws, administrative regulations, the CSRC or the Articles of Association of the Company, adopt safe, economic and convenient network, electronic and other means to provide convenience for the shareholders and ensure that the shareholders can listen, speak and vote at the shareholders' meeting.

Shareholders may attend the shareholders' meetings in person and exercise their voting rights, or appoint others to attend on their behalf and exercise their voting rights within the scope of authorization.

Article 68 The Company shall notify the shareholders of the time and place of the annual shareholders' meeting and the matters to be considered 21 days prior to the convening of the meeting; the extraordinary shareholders' meeting shall be notified to the shareholders 15 days prior to the convening of the meeting.

When calculates the days of notice, the date of the meeting and the date of the notes sent should not be included.

For the notice sent according to this Article, the date of sent shall be the date when the notice is served on relevant post office or disseminated by electronic means by the Company or the shares register authority engaged.

Article 69 When the Company convenes a shareholders' meeting, shareholder(s) holding more than 1% of the total shares of the Company are entitled to propose to the Company.

Shareholders who individually or collectively hold more than 1% of the shares of the Company may put forward temporary proposals and submit them in writing to the board of directors 10 days prior to the date of the shareholders' meeting. The provisional proposal shall have a clear topic and specific resolution matters. The board of directors shall notify the other shareholders of the proposal within 2 days after receiving the proposal and submit the temporary proposal to the shareholders' meeting for consideration; however, except that the temporary proposal violates the provisions of laws, administrative regulations or the Articles of Association of the Company or does not fall within the terms of reference of the shareholders' meeting. The Company shall not increase the shareholding ratio of the shareholders submitting the temporary proposal.

Other than the circumstances stipulated in the preceding paragraphs, the convener shall not modify the proposal stated in the notice of the shareholders' meeting or add new proposal. The convener of a shareholders' meeting shall make an announcement at the same time.

The shareholders' meeting may not resolve on matters not specified in the notice.

Article 70 A shareholders' extraordinary meeting shall not decide on any matter not

stated in the notice for the meeting.

Article 71 A notice of a meeting of the shareholders of the Company shall satisfy the following criteria:

- (1) be in writing;
- (2) specify the place, date and time of the meeting;
- (3) state the matters to be discussed at the meeting;
- (4) specify the registration date for the shareholders entitled to attend the meeting;
- (5) provide such information and explanation as are necessary for the shareholders to make an informed decision on the proposals put before them. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to repurchase the shares of the Company, to reorganize its share capital or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of such proposal must be properly explained;
- (6) contain a disclosure of the nature and extent of the material interests (if any) of any director, supervisor, president or other senior officer in the proposed transaction and explain the effect which the proposed transaction will have on them in their capacity as shareholders provided that it is different from the effect on other shareholders of the same class;
- (7) contain the full text of any special resolution to be proposed at the meeting;
- (8) contain a clear statement that a shareholder entitled to attend and vote at such meeting is entitled to appoint one (1) or more proxies to attend and vote at such meeting on his behalf and that a proxy need not be a shareholder;
- (9) specify the time and place for lodging proxy forms for the relevant meeting; and
- (10) specify the name and telephone number of the standing contact person of the

meeting.

Article 72 Unless otherwise provided by laws, administrative regulations, the listing rules of the stock exchange where the Company's shares are listed and the Articles of Association, a notice of shareholders' meeting shall be dispatched to shareholders (regardless of their voting rights at the general meeting) by hand or by prepaid mail. The addresses of the recipients shall be such addresses as shown in the register of shareholders. For holders of domestic shares, a notice of shareholders' meeting may also be made by way of announcement.

The announcement referred in the preceding paragraph, subject to the serving time requirements for general meetings stipulated in the Articles of Association, shall be published in one or more newspapers and journals designated by the national securities regulatory authorities. Once an announcement is made, all holders of the domestic shares are deemed to have received the relevant notice of the general meeting.

In compliance with the relevant applicable laws and regulations and the listing rules of the stock exchange where the Company's shares are listed, for holders of H Shares, an announcement shall be published on the websites of the Stock Exchange and of the Company and in one or more newspapers and journals designated by the national securities regulatory authorities. Once an announcement is made, all holders of the H shares are deemed to have received the relevant notice of the general meeting.

Article 73 The accidental omission to give notice of a meeting to, or the failure to receive the notice of a meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions adopted thereat.

Article 74 Any shareholder who is entitled to attend and vote at a shareholders'

meeting of the Company shall be entitled to appoint one (1) or more persons (whether such person is a shareholder or not) as his proxies to attend and vote on his behalf. A shareholder who is a corporation may appoint a proxy to attend and vote at any shareholders' meeting of the Company; where the corporation has appointed a proxy to attend any meeting, it shall be deemed to be present in person. Pursuant to such shareholder's proxy, the proxy of the shareholder and the representative of the corporation shall be entitled to exercise the following rights:

- (1) the shareholders' right to speak at the meeting; and
- (2) the voting rights, unless individual shareholders are otherwise excluded from voting rights on individual matters pursuant to the applicable securities listing rules or other securities laws and regulations.

Article 75 The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a legal entity, either under seal or under the hand of a director or a duly authorized attorney. The letter of authorization shall contain the number of the shares to be represented by the attorney. If several persons are authorized as the attorneys of the shareholder, the letter of authorization shall specify the number of the shares to be represented by each attorney.

Article 76 The proxy form shall be deposited at the domicile of the Company or any other place specified in the notice for convening the meeting not less than twenty-four hours prior to the convening of the meeting or twenty-four hours prior to the time appointed for voting. Where the proxy form is signed by a person authorized by the appointer, the power of attorney or other authorization instruments shall be notarized. The power of attorney or other authorization instruments so notarized, together with the proxy form, shall be deposited at the domicile of the Company or such other place

as specified in the notice for convening the meeting.

Where the appointer is a legal person, its legal representative or other persons authorized by resolution of the board of directors or other decision-making organs may attend the shareholders' meeting of the Company as a representative of the appointer.

Where such shareholder is a Recognized Clearing House (or its nominees), it may authorize one or more of its agents or corporate representatives as it thinks fit to act as its representative(s) at any creditors' meeting or any class meeting provided that, if one or more agents are so authorized, the power of attorney shall specify the number and class of shares in respect of which each such **agent** is so authorized. The person(s) so authorized may be entitled to exercise the rights on behalf of the Recognized Clearing House (or its nominees) including the right to speak and vote, as if the representative was an individual natural shareholder(s) of the Company.

The Company shall be entitled to require the proxy attending the shareholders' meeting on behalf of a shareholder to present his identification document and the proxy forms.

If a legal person shareholder appoints its representative to attend the meeting, the Company is entitled to require the representative to present his identification document or a notarially certified copy of the resolution or power of attorney authorized by the board of directors or other organs of authority of such legal person shareholder or other certified copies permitted by the Company (except for the Recognized Clearing House or its proxies).

Article 77 Any proxy form issued to a shareholder by the board of directors of the

Company for appointing a proxy of shareholder shall allow the shareholder to freely instruct the proxy to cast vote in favour of or against or abstain from voting, and to give separate instructions for each matter to be resolved at the meeting. Such proxy form shall state whether the proxy may vote as he thinks fit in the absence of instructions from the shareholder.

Article 78 Where the appointer has deceased, become incapacitated, withdrawn the appointment or the power of attorney, or where the relevant shares have been transferred prior to the voting, a vote given by the proxy in accordance with the power of attorney 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 79 When a shareholders' meeting is held, all the directors, supervisors and secretary to the board of directors should attend the meeting. The other senior officers should be present at the meeting unless there is a proper reason.

Article 80 The conductor of the meeting shall, prior to the voting, announce the number of shareholders and proxies present at the venue of the meeting and the total shares with voting rights held by them, and the number of shareholders and proxies present at the venue of meeting and the shares with voting rights held by them shall be based on those registered at the meeting.

Article 81 Resolutions of shareholders' meetings shall be classified as ordinary resolutions and special resolutions.

An ordinary resolution must be passed by votes representing more than one half of the voting rights represented by the shareholders (including proxies) present at the meeting.

A special resolution must be passed by votes representing more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting.

Article 82 Shareholders (including proxies) shall exercise their voting rights in accordance with the number of shares with voting rights represented by them, and each share shall entitle the shareholders to the right of one vote at a shareholders' meeting. A shareholder present at a shareholders' meeting (including his/her/its proxy) shall indicate his voting intention whether he would vote for or against those matters which are put to the vote. No blank votes and abstentions will be counted as valid votes for the purpose of votes counting.

The shares held by the Company shall carry no voting rights and this portion shall not be counted towards the total number of shares with voting rights held by shareholders attending the meeting.

When a connected transaction is considered at a shareholders' meeting, if required by the listing rules of the stock exchange at the place where the shares are listed, connected shareholders shall abstain from voting on such connected transaction, and the number of shares with voting rights they represent shall not be counted towards the total number of shares with voting rights.

Where any shareholder is, under the applicable laws and regulations and listing rules of the stock exchange where the Company's shares are listed, required to abstain from voting on any particular resolution or restricted to voting only in favour of (or only against) any particular resolution, any votes cast by such shareholder (or his proxies) in contravention of such requirement or restriction shall not be counted towards the

total number of shares with voting rights.

Article 83 At any shareholders' meeting, a resolution shall be decided on a show of hands unless voting by way of a poll is required under the applicable listing rules and other securities laws and regulations or demanded by the following persons before or after any vote by a show of hands:

- (1) the Chairman of the meeting;
- (2) at least two (2) shareholders present in person or by proxy entitled to vote thereat;
or
- (3) one (1) or more shareholders present in person or by proxy who represent(s), individually or in aggregate, 10% or more of all shares carrying the right to vote at the meeting.

Unless voting by way of a poll is required under the applicable listing rules and other securities laws and regulations or demanded by the persons in accordance with the foregoing provisions, the Chairman may declare that a resolution has been passed on a show of hands and the record of such in the minutes of the 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 demands the same.

Article 84 A poll demanded on the election of the 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. The results of the poll shall still be taken as a resolution adopted at that meeting.

Article 85 When voting by poll, a shareholder (including a proxy) entitled to two or more votes need not cast all his votes in the same way.

Article 86 When shareholders' meeting elects director(s), where there are two or more candidates, each of the shares held by the shareholders (including proxy) shall have voting rights equal to the number of the candidates, which may be voted for one candidate assembly or for candidates individually, provided that the allocation of the voting rights have been explained.

Article 87 In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting shall be have a casting vote.

Article 88 The following matters shall be resolved by an ordinary resolution at a shareholders' meeting:

- (1) work reports of the board of directors and the board of supervisors;
- (2) profit distribution plans and loss recovery plans formulated by the board of directors;
- (3) election or removal of members of the board of directors and shareholder representative supervisors, their remuneration and manner of payment;
- (4) annual budgets and final accounts, balance sheets and profit and loss accounts and other financial statements of the Company; and
- (5) matters other than those which are required by the laws, administrative regulations, the listing rules of the stock exchange on which the Company's Shares are listed or

the Articles of Association to be adopted by special resolution.

Article 89 The following matters shall be resolved by special resolution at a shareholders' meeting:

- (1) increase or reduction of the Company's share capital, repurchase of the Company's shares and issue of shares of any class, warrants and other similar securities;
- (2) issue of debentures of the Company;
- (3) demerger, merger, dissolution, liquidation and change of corporate form of the Company;
- (4) purchases or sales of material assets or guarantees made by the Company in excess of 30% of the total assets of the Company within a year;
- (5) amendment to the Articles of Association;
- (6) a variation of the rights attached to the Shares; and
- (7) any other matters stipulated by the laws, administrative regulations or the Articles of Association or determined by an ordinary resolution at a shareholders' meeting as having a material impact on the Company and requiring to be resolved by special resolution.

Article 90 The shareholders' meeting shall be convened by the board of directors and chaired by the chairman; if the chairman cannot or fails to perform his duties, the shareholders' meeting shall be chaired by deputy chairman; if the deputy chairman cannot or fails to perform his duties, the shareholders' meeting shall be chaired by a director co-elected by more than half of the directors. If no chairman of the meeting has been so designated, shareholders present thereat may elect one of them to be the chairman of the meeting. If for any reason the shareholders are unable to elect a Chairman, the shareholder holding the largest number of voting shares and attending

the meeting (whether in person or by proxy) shall preside over the meeting.

If the board of directors cannot or fails to perform its duty to convene the shareholders' meeting, the board of supervisor shall convene and chair the meeting promptly; if the board of supervisor cannot or fails to perform its duty to convene the shareholders' meeting for more than 90 consecutive days, the shareholders who separately or jointly hold more than 10% of the Company's voting shares may convene and chair the meeting by themselves.

Article 91 The board of supervisor shall be entitled to propose to the board of directors the convening of an extraordinary shareholders' meeting, provided that such proposal shall be made in writing. The board of directors shall, in accordance with laws, administrative regulations and the Articles of Association, furnish a written reply stating its agreement or disagreement to the convening of an extraordinary shareholders' meeting within ten (10) days upon receipt of such proposal. If the board of directors agrees to convene an extraordinary shareholders' meeting, a notice of meeting shall be issued within five (5) days after the passing of the relevant resolution by the board of directors. Any change to the original proposal made in the notice shall obtain the approval of the board of supervisor. If the board of directors does not agree to convene an extraordinary shareholders' meeting or does not furnish any reply within ten (10) days after receiving such proposal, the board of directors shall be deemed as incapable of performing or failing to perform the duty of convening a shareholders' meeting, in which case the board of supervisor may convene and preside over such meeting on an unilateral basis.

The shareholders' meeting convened by the board of supervisor shall be chaired by the chairman of the board of supervisor. When the chairman of board of supervisor is unable or fails to perform his duties, one (1) supervisor shall be elected by half or more of the supervisors to convene and preside over meetings of the board of supervisor.

Article 92 Where any shareholders request for the convention of an extraordinary shareholders' meeting, the following procedures shall be followed:

(1) On the one vote per share basis, shareholders who individually or collectively hold more than 10% of the Company's shares shall have the right to request in writing, a copy or more in the same form and content with the proposals to be discussed, the board of directors to convene an extraordinary shareholders' meeting and to include proposals in the agenda of the meeting. The board of directors shall convene the extraordinary shareholders' meeting as soon as possible after it has received the request. The numbers of shares held by the shareholder(s) shall be counted on the date of the request in writing.

(2) If the board of directors fails to give the notice to convene the meeting within thirty (30) days after it received the aforesaid written request, the shareholders who propose the requirement shall have the right to request in writing the board of supervisor to convene the extraordinary shareholders' meeting. If the board of supervisor agrees to convene an extraordinary shareholders' meeting, a notice of meeting shall be issued within five (5) days after the passing of the relevant resolution by the board of supervisor. Any change to the original proposal made in the notice shall obtain the approval of the relevant shareholders. If the board of supervisor does not issue a notice of the meeting within the time limits, the board of supervisor shall be deemed as incapable of performing or failing to convene and chair a shareholders' meeting, in which case the shareholders who individually or in aggregate hold more than ten per cent of the Company's shares within more than ninety (90) consecutive days may convene and preside over such meeting on an unilateral basis.

Any reasonable expenses incurred by the shareholders' or the board of supervisor concerned by reason of failure by the board of directors to duly convene a meeting

shall be repaid by the Company and any sum so repaid shall be set-off against sums owed by the Company to the defaulting directors.

In the shareholders' meeting, the board of directors and the board of supervisors shall answer or give explanation to the inquiries and proposals raised by shareholder(s), unless otherwise related to confidential business information which is not allowed to disclose.

Article 93 The Chairman of the meeting shall be responsible for determining whether a resolution has been passed. His decision, which shall be final and conclusive, shall be announced at the meeting and recorded in the minute book.

Article 94 If the chairman of the meeting has any doubt as to the result of a resolution which has been put to vote at a shareholders' meeting, he may have the votes counted. If the chairman of the meeting has not counted the votes, any shareholder who is present in person or by proxy and who objects to the result announced by the chairman of the meeting may, immediately after the declaration of the result, demand that the votes be counted and the chairman of the meeting shall have the votes counted immediately.

Article 95 If votes are counted at a shareholders' meeting, the result of the count shall be recorded in the minute book.

Minutes of meetings shall be kept for shareholders' meetings and the secretary to the board of directors shall be responsible for such minutes. Minutes of meetings shall be signed by the chairman of the meetings, attending directors and supervisors, the secretary to the board of directors, and the convener of the meeting or his proxy. The minutes of meetings shall be kept at the Company's place of residence together with

the shareholders' attendance lists and proxy forms for the Company's records. The above minutes, shareholders' attendance lists and proxy forms of the meetings shall be kept for at least ten years.

Article 96 Copies of the minutes of any shareholders' meeting shall, during business hours of the Company, be open for inspection by any shareholder without charge. If a shareholder requests for a copy of such minutes from the Company, the Company shall send a copy of such minutes to him within seven days after receipt of reasonable fees therefor.

Chapter 9: Board of Directors

Section 1 Directors

Article 97 The Company shall have a board of directors which shall be accountable to the shareholders' meeting. The board of directors shall consist of nine directors. The board of directors shall have one chairman, one vice chairman and three independent non-execute directors. At least one of the independent non-execute directors is an accounting professional. The Company shall establish an audit committee under the board of directors. The members of the audit committee shall be directors who do not serve as senior management of the listed company, of which a majority shall be independent non-execute directors, with accounting professionals among the independent non-execute directors serving as conveners.

Article 98 A director of the Company shall be a natural person and he/she is not required to hold any share of the Company. Directors of the Company comprise executive directors, non-executive directors and independent non-executive directors. Executive directors refer to directors who assume the operation and management

duties within the Company. Non-executive directors refer to directors who do not assume the operation and management duties within the Company and do not have independence pursuant to the law. Independent non-executive directors refer to directors who satisfy the requirements under section 2 of chapter 9 of the Articles of Association. Directors shall have the qualifications as required by laws.

Directors shall be elected or replaced at the shareholders' meeting or be removed and dismissed from their positions in accordance with Article 105 at the shareholders' meeting before the expiry of their terms, but such removal shall not affect the director's claim for damages under any contract. Each director has a term of three years. A director may be re-elected upon the expiration of his/her term. However, an independent non-executive director shall not serve more than six years consecutively.

The chairman and the vice chairman shall be elected and removed by more than one half of all of directors for a term of three years and the term is renewable upon re-election.

Article 99 The list of candidates for directors shall be submitted to the shareholders' meeting in the form of motion for approval. Directors shall report the profile and basic information of candidates for directors.

Candidates for directors other than independent executive directors shall be nominated by the board of directors, the board of supervisors or shareholders who individually or jointly hold 3% or more of the Company's voting shares and be elected at the shareholders' meeting.

Candidates for independent executive directors of the Company shall be nominated by the board of directors, the board of supervisors or shareholders who individually or jointly hold 1% or more of the Company's shares in issue and be elected at the

shareholders' meeting.

Article 100 Directors other than independent non-executive directors shall be elected in the following manner:

(1) The nominator of a candidate for director shall seek the consent of the nominee, and understand the occupation, academic qualifications, rank and detailed working experience including all part-time jobs of the nominee and provide written evidence of the same to the Company before making the nomination. The candidate shall give a written undertaking to the Company agreeing to be nominated, undertaking the truthfulness and completeness of his particulars disclosed and guaranteeing the performance of a director's duties after being elected;

(2) If the nomination of candidates for directors made before the Company's convening of a board meeting or a meeting of the board of supervisors, the written evidence relating to the nominee referred to in sub-paragraphs (1) above shall be disclosed together with the board or supervisory committee resolution or the notice of shareholders' meeting;

(3) If shareholders with nomination rights nominate in a shareholders' meeting of the Company according to law a candidate for director, a written notice stating their intention to nominate a candidate and the nominee's consent to be nominated, together with the written evidence and undertaking of the nominee referred to in sub-paragraphs (1) above shall be delivered to the Company not less than 7 days before the shareholders' meeting. The minimum length of period for giving written notice of the intention to nominate a person for election as a director and of his willingness to be elected shall be no less than 7 days, which shall commence on the date following the date of the notice of the shareholders' meeting.

Article 101 A director may resign before expiration of his term of service. For the purpose of resignation, the director shall submit a resignation report in writing to the

board of directors.

If another director has not been appointed upon the expiry of a director's term of office, or if the number of directors falls below the legal quorum due to a director's resignation during his term of office, the director whose term of office has expired or who has resigned, as the case may be, shall perform his duties as a director in accordance with the laws, administrative regulations and the provisions of the Articles of Association, until the newly elected director assumes office.

Subject to the provisions in the two preceding paragraphs, the resignation of the directors shall take effect upon receipt of the resignation letter by the board of directors.

Article 102 When a director's resignation takes effect or his term of service expires, his duty to keep the business information confidential should survive unless such information becomes public knowledge.

Article 103 In the absence of a legal authorization by the Articles of Association or by the board of directors, no director may represent the Company or the board of directors in his name. When a director acts in his name, but a third party reasonably thinks that the director is representing the Company or the board of directors, that director should declare his position and capacity in advance.

Article 104 When a director violates laws, regulations or the Articles of Association

while performing his duties, causing losses to the Company, he/she should be responsible to compensate.

Article 105 Any director, before the expiration of his term of service, shall be responsible for the damage of the Company caused by his/her absence from the Company without approval.

Subject to relevant laws and administrative regulations, the shareholders' meeting shall have power by ordinary resolution to remove any director before the expiration of his/her term of service (but without prejudice to any claim for damages under any contract).

Where a director fails to attend meetings of the board of directors and has not appointed a representative to attend the meetings on his behalf for two consecutive times, he/she shall be deemed as incapable to perform his/her duty. The board of directors shall propose the shareholders' meeting to remove the director.

Section 2 Independent Non-executive Directors

Article 106 The Company shall set up independent non-executive directors system. Independent non-executive directors refer to the directors who hold no position in the company other than the position of director, and who maintain no relations with the Company and its major shareholder that might prevent them from making objective judgment independently.

The term of office of an independent non-executive directors office shall be three years and renewable upon re-election but shall not exceed six years.

Candidates for independent executive directors of the Company shall be nominated by the board of directors, the board of supervisors or shareholders who individually or jointly hold 1% or more of the Company's shares in issue and be elected at the shareholders' meeting. The nominator shall not nominate any person who has an interest in the nominator or any other closely related person who may affect the independent performance of his or her duties as a candidate for Independent Director.

Investor protection institutions established by law may publicly request shareholders to entrust them to exercise the right to nominate independent directors on their behalf.

Article 107 An independent non-executive director shall meet the following basic requirements:

- (1) Being qualified to a director of a listed company according to the laws, administrative regulations, the listing rules of the stock exchange where the shares of the Company are listed and other applicable regulations;
- (2) Complying with the Listing Rules and other requirements of the Stock Exchange regarding the character, integrity, independence and experience of an independent non-executive director;
- (3) Having basic knowledge of the operation of a listed company, familiarity with the relevant laws, administrative regulations, rules of competent authorities;
- (4) Having 5 years or more working experience in the legal, financial or other fields, necessary in performing the duties of an independent non-executive director;
- (5) Satisfying the independence and other requirements stipulated by the laws, administrative regulations, rules of the competent authorities and the Articles of Association.

Article 108 Independent non-executive directors shall be elected in the following

manner:

(1) the nominator of a candidate for independent non-executive director shall seek the consent of the nominee, and understand the occupation, academic qualifications, rank and detailed working experience including all part-time jobs of the nominee and provide written evidence of the same to the Company before making the nomination. The candidate shall give a written undertaking to the Company agreeing to be nominated, undertaking the truthfulness and completeness of his particulars disclosed and guaranteeing the performance of a director's duties after being elected;

(2) The nominator of an independent non-executive director shall give his opinion on the qualification and independence of the nominee to act as an independent non-executive director. The nominee shall make a public announcement as to the absence of any connection between the Company and him/her which would affect his/her independent and objective judgment;

(3) If the nomination of candidates for independent non-executive directors made before the Company's convening of a board meeting or a meeting of the board of supervisors, the written evidence relating to the nominee referred to in sub-paragraphs (1) and (2) above shall be disclosed together with the board or supervisory committee resolution or the notice of shareholders' meeting;

(4) If shareholders with nomination rights nominate in a shareholders' meeting of the Company according to law a candidate for independent nonexecutive director, a written notice stating their intention to nominate a candidate and the nominee's consent to be nominated, together with the written evidence and undertaking of the nominee referred to in sub-paragraphs (1) and (2) above shall be delivered to the Company not less than 7 days before the shareholders' meeting (beginning once the Company has sent the notice of meeting).

Article 109 The independent directors shall have the following special powers other

than those stipulated in the Company Law and other relevant laws, regulations, listing rules of the stock exchange where the shares of the Company are listed and the Articles of Association:

- (1) Major connected transactions (determined according to standards issued by the competent authorities from time to time) shall be acknowledged by independent non-executive directors before they are submitted to the board of directors for discussion; before making a judgment, independent non-executive directors may appoint an intermediary institution to issue an independent financial advisory report to be used as the basis of their judgment;
- (2) To put forward the proposal to the board of directors relating to the appointment or removal of the accounting firm;
- (3) To propose to the board of directors to convene an extraordinary shareholders' meeting;
- (4) To propose to convene an interim meeting of the board of directors;
- (5) To independently engage external auditor and consulting firm;
- (6) To collect the voting rights from shareholders before the shareholders' meeting is convened;
- (7) To directly report to the shareholders' meeting and the securities regulatory authorities of the State Council and other corresponding departments;

Consent from no less than 1/2 of all the independent non-executive directors shall be obtained if an independent non-executive director desires to exercise the above-mentioned power. If the above proposals are not adopted or the above power cannot be exercised, the Company should disclose the related information.

Article 110 As regard to the regulations on independent non-executive directors, if

not provided in this section, the provisions of relevant laws, regulations, rules and listing rules of the stock exchange where the shares of the Company are listed shall apply.

Section 3 Board of Directors

Article 111 The board of directors is accountable to the shareholders' meeting and exercises the following functions and powers:

- (1) To convene shareholders' meetings and to report on its work at shareholders' meetings;
- (2) To implement the resolutions passed at shareholders' meetings;
- (3) To determine the Company's business plan and investment proposals;
- (4) To formulate the Company's annual final financial budgets and final accounts;
- (5) To formulate the Company's proposed profit distribution proposal and plan for making up for losses;
- (6) To formulate the Company's debt and financial policies and proposals for the increase or reduction of registered capital and plans for the issue of any type of securities (including, but not limited to, corporate bonds) and its listing or repurchase of the Company's shares, and decide to issue new shares in accordance with the Articles of Association of the Company or the authorization of the shareholders' meeting;
- (7) To prepare plans for the major acquisitions or disposals of the Company or merger, division, dissolution or change of corporate forms of the Company;
- (8) To decide, save for those matters that are required to be submitted to and considered at the shareholders' meeting pursuant to the relevant laws, regulation and regulatory documents, as well as other provisions under the Articles and the listing

rules of the stock exchange where the shares of the Company are listed (under which the most stringent requirements apply), on matters such as external investment, purchase or sale of assets, pledge of assets, entrusted financial management and connected transaction;

(9) To consider external guarantees of the Company which are not within the scope of consideration at the shareholders' meeting of the Company in accordance with the laws, regulations and provisions of the Articles of Association;

(10) To decide on the Company's internal management structure and the establishment or cancellation of the Company's branches and other branches

(11) To elect the Company's chairman and vice chairman;

(12) To appoint or remove the Company's president and to appoint or remove the vice presidents, financial controller, secretary to the board of directors as nominated by the president and to decide on their remuneration, incentive and punishment;

(13) To formulate proposals for any amendment of the Articles of Association;

(14) To formulate, review and supervise the Company's basic management system, policies and practices;

(15) To formulate the Company's share incentive scheme;

(16) To deal with disclosures of information on our Company;

(17) To propose to the shareholders' meetings the appointment or replacement of the auditor of the Company;

(18) To receive the work reports submitted by the Company's president, to approve the work reports of the president and to examine works of the president;

(19) To review and monitor the Company's policies and practices on its compliance with the laws and regulatory requirements;

(20) To review the Company's compliance with the Codes on Corporate Governance as set out in the Hong Kong Listing Rules and disclosures in the Corporate Governance Report;

(21) To decide on other important matters and administrative matters except for those that the laws, administrative regulations, rules of competent authorities and the Articles of Association require to be resolved at the shareholders' meeting, and to execute other important agreements;

(22) To exercise other functions and powers conferred by the laws, regulations, rules of competent authorities, listing rules of the stock exchange where the shares of the Company are listed or the Articles of Association as well as the shareholders' meeting.

Other than resolutions in respect of the matters specified in sub-paragraphs (6), (7) and (13) of this Article, which shall be passed by more than two-thirds of all the directors, the board of directors' resolutions in respect of all other matters may be passed by over half of the directors. The board of directors shall carry out its duties in accordance with the State's laws, administrative regulations, the Articles of Association and resolutions of the shareholders.

The board of directors of the company should explain to the shareholders' meeting the financial report of the Company, whenever a registered accountant presents a qualified opinion.

Upon the unanimous consent of the board of directors, one or several directors may be authorised to exercise the functions and powers of the board of directors under sub-paragraph (1) of this article provided that any matter involving substantial interest of the Company shall be decided by collective decision. The authorization of the board of directors shall be specific and concrete in contents.

Article 112 The board of directors may establish special committees such as audit committee, remuneration committee and nomination committee and other committees in accordance with the laws and regulations and the requirements under the Listing

Rules.

Article 113 Where the Company intends to invest in any other enterprises or provide guarantees for others, it shall, unless otherwise provided by the laws, regulations, the Articles of Association or listing rules of the stock exchange where the shares of the Company are listed, make a resolution through the board of directors. However, if the Company intends to provide guarantee to a shareholder or actual controller of the Company, it shall make a resolution through the shareholder's meeting.

The shareholders as mentioned in the preceding paragraph or the shareholders dominated by the actual controller as mentioned in the preceding paragraph shall not participate in voting on the matter as mentioned in the preceding paragraph. Such matter requires the affirmative votes of more than half of the other shareholders attending the meeting.

The Company shall set up strict internal control system on guaranty for others. All of the directors shall be prudent and strictly control the debt risks arising from guaranty for others.

Article 114 The board of directors shall not, without the prior approval of shareholders at a shareholders' meeting, dispose or agree to dispose of any fixed assets of the Company where the aggregate of the expected value of the proposed disposition and the total amount of all the dispositions of fixed assets of the Company that have been completed in the period of four months immediately preceding the proposed disposition, exceeds thirty-three percent of the value of the Company's fixed assets as shown in the latest balance sheet which was tabled at a shareholders' meeting.

For the purposes of this Article, "disposition" includes an act involving the transfer of

an interest in assets but does not include the usage of fixed assets for the provision of security.

The effectiveness of a disposition of fixed assets by the Company shall not be affected by any breach of the first paragraph of this Article.

Article 115 The chairman and vice chairman of the board of directors shall be director of the Company and be appointed and removed by affirmative vote of a majority of all directors. The chairman and vice chairman of the board of directors shall exercise the following functions and powers:

- (1) To preside over shareholders' meetings and to convene and preside over meetings of the board of directors;
- (2) To urge and check on the implementation of resolutions passed by the board of directors at directors' meetings;
- (3) To urge and organize to formulate the rules for the operation of the board of directors and to coordinate the operation of the board of directors;
- (4) to sign the certificates of shares, debentures and other negotiable securities issued by the Company;
- (5) To sign important documents of the board of directors and other documents which should be signed by the Company's legal representative;
- (6) To exercise the functions and powers of a legal representative;
- (7) Where there is emergency of force majeure such as serious natural disasters, to exercise the special right of disposal of the Company in accordance with the laws and for the interest of the Company, and report to the board of directors and shareholders' meeting afterwards;
- (8) To exercise other functions and powers as required by the laws, regulations or the

Articles of Association as well as conferred by the board of directors.

Where the chairman is unable to exercise the functions and powers, he may designate the vice chairman of the board of directors to exercise such functions and powers on his behalf.

Article 116 The vice chairman of the board of directors assists the chairman of the board of directors. When the chairman of the board of directors is unable or fails to perform his duties, the vice chairman of the board of directors shall perform the duties (if the Company has two or more vice chairmen, then these duties will be carried out by the vice chairman of the board of directors nominated by more than half of the directors). If the vice chairman of the board of directors is unable or fail to perform his duties, more than half of the directors will nominate a director to perform the duties.

Article 117 Meetings of the board of directors shall be held at least four times every year and shall be convened by the chairman of the board of directors. Notices and documents of meetings shall be served to all directors at least 14 days prior to the date of meeting.

The chairman of the board of directors shall convene and preside over an extraordinary meeting of the board of directors within 10 days upon receipt of the proposal in case of the occurrence of any one of the following events:

- (1) When three or more directors make a proposal;
- (2) When the board of supervisors makes a proposal;
- (3) When two or more than half of independent non-executive directors makes a proposal;

- (4) When the chairman of the board of directors deems necessary;
- (5) When the shareholders representing over 10% of voting rights make a proposal;
- (6) When the general manage makes a proposal.

Notices and documents of the extraordinary meetings of the board of directors shall be delivered in a reasonable period before the meeting is convened. Notices of meetings and extraordinary meetings of the board of directors shall be delivered by telephone, facsimile, post, hand, email or other means recognised by the relevant regulatory authorities. In the event of any urgent matter where an extraordinary meeting of the board of directors needs to be convened, the meeting notice may be sent by verbal means or telephone at any time, but the convener shall make explanations at the meeting.

Article 118 Meetings of the board of directors shall be held only if more than half of all directors are present.

Each director shall have one vote. Except for matters which require consents from more than two-thirds of directors as provided in Article 117 of the Articles of Association, a resolution of the board of directors must be passed by more than half of all directors.

Where there is an equality of votes cast both for and against a resolution, the chairman of the board of directors shall have an additional casting vote.

Article 119 The directors shall attend meetings of the board of directors in person. In the event that directors are unable to attend the meeting for some reasons, the directors may appoint in writing other directors to attend the board meetings. The proxy letter

shall specify the proxy's name, authorized matters, scope of authorization and the valid term, and shall be affixed with the signature or seal of the principal.

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

Article 120 In addition to exceptions allowed under the Listing Rules or the Stock Exchange, If a director is connected (as defined under the Listing Rules) to any third party, he/she shall not cast vote himself/herself or on behalf of other directors on any transaction between the Company and that third party; such director shall not be counted in the quorum of the relevant meeting. Where the number of the directors who can vote on this matter is less than three, such issue shall be submitted to the shareholders' meeting for voting.

If a substantial shareholder (holding 10 percent or more shares) or a director has a material conflict of interest in a matter to be considered by the board of directors, the matter should be dealt with by way of the meeting of the board of directors (rather than by written resolution). Also, the independent non-executive directors who do not have material interest in such matter should attend the meeting.

Article 121 Matters determined in a board meeting shall be recorded in minutes of meetings. Minutes of meetings shall be signed by directors attending such meetings and the recorder. Directors shall be liable for board resolutions. If a board resolution is against the law, administrative rules or the Articles of Association and resolutions of the shareholders' meetings, which causes the Company to suffer any loss, the directors who participate in voting shall assume the liability to compensate the

Company provided directors who have been proved as having expressed dissenting opinions on the resolution when voting as recorded in the minutes of meeting shall be exempted from liability.

Minutes of a meeting of the board of directors shall include the following contents:

- (1) Date and place of the meeting as well as the name of the convener,
- (2) Names of directors attending the meeting and names of the directors appointed by and on behalf of other directors (the proxy) to attend;
- (3) Agenda of the meeting;
- (4) Main points of directors' speeches;
- (5) Methods and results of voting on each resolution (the voting results should clearly contain the number of votes of consenting, objecting and abstaining).

Chapter 10: Secretary to the Board of Directors

Article 122 The Company shall have one secretary to the board of directors, being a senior management personnel, who shall be accountable to the Company and the board of directors. The board of directors may establish its secretarial department when necessary.

Article 123 The secretary to the Company's board of directors shall be a natural person who has the requisite professional knowledge and experience, and shall be nominated by the chairman of the board of the directors and appointed by the board of directors. The main duties and responsibilities of the secretary to the board of directors include:

- (1) To assist the chairman of the board of directors in dealing with routine matters of the board of directors, continuously provide, remind and ensure directors and the president, etc. be well informed of the laws, regulations, policies and requirements of both domestic and overseas regulatory organizations concerning corporate governance, and assist directors and the president in practically complying with domestic and foreign laws, regulations, the Articles of Association and other regulations when performing their duties and powers;
- (2) To be responsible for the organization and preparation of the shareholders' meeting and the board of directors, prepare the meeting minutes, ensure the meeting complies with the legal procedures, and to keep abreast of the execution of the resolutions of the board of directors;
- (3) To ensure that the Company has complete organization documents and records;
- (4) To ensure that the Company legally prepares and submits reports and documents as required by the regulatory authorities;
- (5) To ensure that the register of shareholders of the Company is properly maintained and that the persons who have the right of access to the relevant documents and records of the Company can obtain the same in a timely manner;
- (6) To be responsible for the organization and coordination of information disclosure, to ensure a timely, accurate, lawful, true and complete disclosure of information, to coordinate the relationship with the investors, and to enhance the transparency of the Company;
- (7) To participate in and organize the financing in capital market;
- (8) To deal with the relationships with the intermediary organs, regulatory authorities and the media;
- (9) To perform other duties as required by the relevant applicable laws, regulations, rules, the listing rules of the stock exchange and other provisions and the Articles or Association of the Company.

Article 124 In principle, the role of the secretary to the board of directors shall be performed by designated staff. However, the directors or other senior management personnel of the Company (excluding the president and the chief financial officer) may also act in the capacity of the secretary to the board of directors. No accountant of the accounting firm engaged by the Company may concurrently act as the secretary to the Company's board of directors. Where the office of secretary is held concurrently by a director, and an act is required to be done by a director and a secretary separately, the person who holds the office of director and secretary shall not perform the act in a dual capacity.

Article 125 The secretary to the board of directors shall discharge his/her duties diligently according to laws, administrative regulations, rules of the competent authorities and the Articles of Association.

The secretary to the board of directors shall assist the Company in complying with the relevant PRC laws and regulations of the securities regulatory authorities of the place where the Company's shares are listed.

Chapter 11: President

Article 126 The Company shall have a president who is accountable to the board of directors. The president shall be nominated by the chairman of the board of directors and appointed or removed by the board of directors.

The Company shall have several vice presidents and one chief financial officer who shall assist the president in work. The vice president and the chief financial officer shall be nominated by the president and appointed or removed by the board of directors.

The term of office of the president and other senior management officers is three years and renewable upon re-appointed.

Article 127 The president shall exercise the following functions and powers:

- (1) To be in charge of the Company's production, operation and management, and report to the board of directors;
- (2) To organize the implementation of the resolutions of the board of directors;
- (3) To organize the implementation of the Company's annual business plan, investment, financing and entrusted financial management plans;
- 4) To draft plans for the establishment of the Company's internal management structure;
- (5) To propose plans for the establishment of the Company's branches and sub-branches;
- (6) To propose the Company's basic management system;
- (7) To formulate detailed rules of the Company;
- (8) To propose the appointment or dismissal of the Company's senior management officers such as vice presidents and chief financial officer;
- (9) To appoint or dismiss management officers other than those appointed or dismissed by the board of directors, and decide on their assessments, remunerations, incentives and punishments;
- (10) To determine the wages, benefits, rewards and punishments of the Company's staff, to determine the appointment and dismissal of the Company's staff;
- (11) To propose the convening of extraordinary meetings of the board of directors;
- (12) Other functions and powers conferred by the Articles of Association and the

board of directors.

Article 128 The president of the Company shall attend meetings of the board of directors. The president who is not a director does not have any voting rights at the meetings of the board of directors.

Article 129 The president of the Company shall report to the board of directors or the board of supervisors the signing and performance of material contracts and usage of funds at the request of the board of directors and the board of supervisors. The president shall ensure the authenticity of reports.

Prior to formulating the issues relating to remuneration, welfare, safety production, labor insurance, removal (or dismissal) of employees and other issues related to the interest of the employees, the president of the Company shall consult the opinions of the labor union of the Company and the employees representatives meeting.

Article 130 In performing their functions and powers, the president and other senior management officers of the Company shall act honestly and diligently and in accordance with laws, administrative regulations and the Articles of Association. They may not alter the resolutions of a shareholders' meeting or of a board meeting nor act ultra vires.

Chapter 12 The Board of Supervisors

Article 131 The Company shall have a board of supervisors.

Article 132 The board of supervisors shall comprise three supervisors. Each supervisor shall serve a term of three years, which is renewable upon reelection. If a

supervisor is not re-elected in time upon expiry of his term of office, or if the number of supervisors falls below the quorum due to a supervisor's resignation during his term of office, the original supervisor shall perform his duties as a supervisor in accordance with the laws, administrative regulations and the provisions of the Articles of Association, until a newly elected supervisor holds office.

The board of supervisors shall have one chairman and may have vice chairman who shall be supervisors. The election or removal of the chairman of the board of supervisors shall be determined by two-thirds or more of the members of the board of supervisors.

The board of supervisors may establish an office to handle the daily affairs of the board of supervisors when necessary.

Article 133 The board of supervisors shall comprise two shareholder representatives and one employee representative. The non-employee representative supervisors shall be elected and dismissed at the Shareholders' meetings and the employee representative supervisors shall be elected and dismissed at the employee representatives meetings, employee meetings or through other forms of democratic election. Supervisors who are employee representatives of the Company shall be not less than one-third of the total number of supervisors.

The list of non-employee representative supervisors shall be submitted to the shareholders' meeting in the form of proposal for approval. The board of directors shall announce the resume and basic profile of the candidates of supervisors to the shareholders.

The non-employee representative supervisors shall be elected in the following manner:

(1) The nominator of a candidate for a supervisor shall seek the consent of the nominee, understand the occupation, academic qualification, positions and detailed working experience including all part-time positions of the nominee and provide written evidence of the same to the Company before making the nomination. The candidate shall give a written undertaking to the Company agreeing to be nominated, undertaking the truthfulness and completeness of his particulars disclosed and guaranteeing the performance of a supervisor's duties after being elected ;

(2) If the nomination of a candidate for a supervisor is made before the Company's convening of a supervisor meeting, the written evidence of the nominee referred to in sub-paragraphs (1) above shall be disclosed together with the resolution of the supervisor committee or the notice of the shareholders' meeting;

(3) If the shareholders who have the rights to nominate nominates in a shareholders' meeting of the Company a candidate for a supervisor, a written notice stating their intention to nominate a candidate for a supervisor and the nominee's consent to be nominated together with the written evidence and undertaking of the nominee referred to in sub-paragraph (1) above shall be delivered to the Company seven days before the shareholders' meeting.

Article 134 A director, the president and other senior management officers of the Company may not act concurrently as a supervisor.

Article 135 Meetings of board of supervisors shall be convened at least twice a year and at least once every six months. The chairman of the board of supervisors shall convene and preside over the meetings. The supervisors may propose to convene an extraordinary meeting of the board of supervisors. If the chairman is unable or fails to perform his duties, a supervisor jointly selected by a majority of the supervisors shall convene and preside over the meetings.

Article 136 The board of supervisors shall be accountable to the shareholders' meeting and shall exercise the following functions and powers in accordance with laws:

- (1) To examine the Company's financial affairs;
- (2) To supervise the directors and senior officers in their performance of duties and to propose the removal of directors and senior officers who have contravened any law, administrative regulations, the Articles of Association or shareholders' resolutions;
- (3) To demand any director, the president and other senior management officers of the Company who acts in a manner which is harmful to the Company's interests to rectify such behavior;
- (4) To inspect financial information such as financial reports, business reports and profit distribution plans and, in case doubt, professionals such as registered accountants and certified auditors may be hired to provide assistance in the name of the Company;
- (5) To propose to convene an extraordinary shareholders' meeting, and to convene and preside over shareholders' meetings when the Board fails to perform the duty of convening and presiding over the shareholders' meeting;
- (6) To propose resolutions at a shareholders' meeting;
- (7) To discuss with directors or senior management officers of the Company on behalf of the Company, or to institute a suit to the directors or senior management officers of the Company by laws;
- (8) To propose to convene an extraordinary meeting of the board of directors;
- (9) To elect the chairman of the board of supervisors;
- (10) To investigate into any abnormalities in operation of the Company; if necessary, to engage accounting firms, law firms and other professional institutions to assist its

work, and the expenses shall be borne by the Company;

(11) Other functions and powers provided by the Articles of Association.

Supervisors shall be present at meetings of the board of directors and may raise enquires or make advices in respect of matters to be considered at the meeting of the board of directors.

Article 137 Where there is a proper reason, a supervisor is entitled to request the chairman of the board of supervisors to convene an extraordinary meeting of the board of supervisors. The notice of each meeting of the board of supervisors shall be delivered by telephone or facsimile ten days before the meeting. The notice shall include: date and place of the meeting, term of the meeting, subjects of the meeting and the date of the notice. In the event of any urgent matter where an extraordinary meeting of the board of supervisors needs to be convened, the meeting notice may be sent by verbal means or telephone at any time, but the convener shall make explanations at the meeting.

Meetings of the board of supervisors shall be held only if two-thirds or more supervisors are present. The meetings of the board of supervisors shall vote in registration. Each of the supervisors has one voting right. The supervisors shall attend the meetings of the board of supervisors in person. If any supervisor is unable to attend the meeting, he may appoint another supervisor to attend the meeting on his/her behalf in writing. The power of attorney shall include the scope of authorization.

Resolutions of either the ordinary meetings or extraordinary meetings of board of supervisors shall be passed by the affirmative votes of more than two-thirds (inclusive) of all supervisors.

Article 138 The board of supervisors should prepare minutes of meeting. A supervisor is entitled to request the addition to the minutes of some explanatory record concerning his speech made during the meeting. Supervisors attending the meeting and the recorder should sign on the minutes. Minutes of the meeting of the board of supervisors, as a company file, must be kept for at least 10 years by the secretary to the board of directors.

Article 139 The performance of the resolution of the board of supervisors shall be recorded. For all resolutions of the board of supervisors, a supervisor shall be appointed to perform it or supervise its performance. The supervisor appointed shall record the performance of the resolution of the board of supervisors and report the result of the performance to the board of supervisors.

Article 140 The supervisors and the board of supervisors are not responsible for the liabilities of the board of directors. However, if the board of supervisors considers that a resolution of the board of directors violates any laws, regulations and the Articles of Association or damages the interest of the Company, it may make a resolution to propose the board of directors to review it again.

Article 141 All reasonable fees incurred in respect of the engagement of professionals (such as lawyers, certified accountants or practicing auditors) which are required by the board of supervisors in the exercise of its functions and powers shall be borne by the Company.

The reasonable fees for the supervisors to attend the meeting of the board of supervisors shall be borne by the Company, including inter-city travel expenses for the supervisor traveling to the place of the meeting (if different) from his place, fees for business meal and accommodation during the meeting, fees for the conference

room and local travel expenses etc.

Article 142 A supervisor shall carry out his/her supervisory duties honestly and faithfully in accordance with laws, administrative regulations and the Articles of Association.

Chapter 13 The Qualifications and Duties of the Directors, Supervisors, President and Other Senior Officers of the Company

Article 143 A person may not serve as a director, supervisor, President or any other senior management officers of the Company if any of the following circumstances applies:

- (1) A person who does not have or who has limited capacity for civil conduct;
- (2) A person who has been sentenced for corruption, bribery, infringement of property, misappropriation of property or other crimes which destroy the social economic order, where less than five (5) years have lapsed since the sentence was served, or a person who has been deprived of his political rights and not more than five years have lapsed since the sentence was served;
- (3) A person who is a former director or factory manager of a company or enterprise which has been dissolved or put into liquidation as a result of mismanagement and who was personally liable for the winding up of such company or enterprise, where less than three (3) years have elapsed since the date of completion of the insolvent liquidation of the company or enterprise;
- (4) A person who is a former legal representative of a company or enterprise the business license of which was revoked due to violation of law and who is personally liable therefor, where less than three (3) years have elapsed since the date of the

revocation of the business license;

(5) A person who has a relatively large amount of debts which have become overdue;

(6) A person who is currently under investigation by judicial organs for violation of criminal law;

(7) A person who, according to laws and administrative regulations, cannot act as a leader of an enterprise;

(8) A person other than a natural person;

(9) A person who has been convicted by the competent authority for violation of relevant securities regulations and such conviction involves a finding that such person has acted fraudulently or dishonestly, where less than five years have lapsed from the date of such conviction;

(10) Other circumstances provided by laws, administrative regulations or rules of the competent authorities and the laws and regulations of the stock exchange on which the shares of the Company are listed.

Any person who serves as an administration employee other than a director and a supervisor, in the controlling shareholder, actual controller of the Company may not serve as a senior management officer of the Company.

Article 144 The validity of an act carried out by a director, President and other senior management officers of the Company on its behalf shall, as against a bona fide third party, not be affected by any irregularity in his/her office, election or any defect in his/her qualification.

Article 145 In addition to the obligations imposed by laws, administrative regulations or the listing rules of the stock exchange on which shares of the Company are listed, each of the Company's directors, supervisors, President and other senior management

officers owes the following duties to each shareholder when exercising the functions and powers of the Company entrusted to him:

- (1) not to cause the Company to exceed the scope of business stipulated in its business license;
- (2) to act honestly and in the best interests of the Company;
- (3) not to expropriate the Company's property in any way, including, but not limited to, usurpation of opportunities which benefit the Company;
- (4) not to expropriate the individual rights of shareholders, including, but not limited to, rights to distribution and voting rights except for the restructuring of the Company which has been submitted to the shareholders for approval in accordance with the Articles of Association.

Article 146 Each of the Company's directors, supervisors, president and other senior management officers owes a duty, in the exercise of his powers and in the discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Article 147 Each of the Company's directors, supervisors, president and other senior management officers shall exercise his/her powers or perform his/her duties in accordance with the fiduciary principle; and shall not put himself/herself in a position where his/her duty and his/her interest may conflict. This principle includes, but not limited to, discharging the following obligations:

- (1) to act honestly in the best interests of the Company;
- (2) to act within the scope of his/her powers and not to exceed such powers;
- (3) to exercise the discretion vested in him/her personally and not to allow himself/herself 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 shareholders' meeting, not to delegate the exercise of his/her discretion;

(4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;

(5) unless otherwise provided for in the Articles of Association or except with the informed consent of the shareholders given in a shareholders' meeting, not to enter into any contract, transaction or arrangement with the Company;

(6) not to use the Company's property for his/her own benefit, without the informed consent of the shareholders given in a shareholders' meeting;

(7) not to exploit his/her position to accept bribes or other illegal income or expropriate the Company's property in any way, including, but not limited to, opportunities which are favorable to the Company;

(8) not to accept commissions in connection with the Company's transactions, without the informed consent of the shareholders given in a general meeting;

(9) to comply with the Company's Articles of Association, to perform his/her official duties faithfully, to protect the Company's interests and not to exploit his/her position and power in the Company to advance his/her own interests;

(10) not to compete with the Company in any way, save with the informed consent of the shareholders given in a general meeting; not to damage the Company's interests by exploiting associated relationships;

(11) not to misappropriate the Company's funds or lend such funds to any other person, not to use the Company's assets to set up deposit accounts in his/her own name or in the any other name or use such assets to guarantee the debts of a shareholder of the Company or any other personal liabilities; and

(12) not to release any confidential information which he has obtained during his/her term of office, without the informed consent of the shareholders in a general meeting;

nor shall he use such information other than for the Company's benefit, 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) public interests so warrant;
- (iii) the interests of the relevant director, supervisor, president or other senior management officer so require.

Article 148 Each director, supervisor, president and other senior management officers of the Company shall not direct the following persons or institutions ("associates") to act in a manner which he is prohibited from so acting:

- (1) the spouse or minor child of the director, supervisor, president or other senior management officers;
- (2) the trustee of the director, supervisor, president or other senior management officers or of any person described in sub-paragraph (1) above;
- (3) the partner of the director, supervisor, president or other senior management officers or any person referred to in sub-paragraphs (1) and (2) of this Article;
- (4) a company in which the director, supervisor, president or other senior management officers, whether alone or jointly with the persons referred to in subparagraphs (1), (2) and (3) of this Article or other directors, supervisors, president and other senior management officers, has de facto controlling interest; or
- (5) the directors, supervisors, president and other senior management officers of a company which is being controlled in the manner set out in subparagraph (4) above.

Article 149 The fiduciary duties of the directors, supervisors, president and other senior management officers of the Company do not necessarily cease with the

termination of their tenure. The duty of confidentiality in respect of trade secrets of the Company survives the termination of their tenure. Other duties may continue for such period as the principle of fairness may require depending on the amount of time which has lapsed between the termination and the act concerned and the circumstances and the terms under which the relationship between the relevant director, supervisor, president and the senior management officers on one hand and the Company on the other hand was terminated.

Article 150 Subject to Article 59, a director, supervisor, president and other senior management officers of the Company may be relieved from liabilities for specific breaches of his duty with the informed consent of the shareholders given at a general meeting.

Article 151 Where a director, supervisor, president or other senior management officers of the Company is in any way, directly or indirectly, materially interested in a contract, transaction, arrangement or proposed contract, transaction or arrangement with the Company (other than his contract of service with the Company), he/she shall declare the nature and extent of his/her interests to the board of directors at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal therefor is otherwise subject to the approval of the board of directors.

In addition to exceptions allowed under the Listing Rules or the Stock Exchange, a director shall not vote on any contract, transaction, arrangement or any proposal in which he or any of his associates (as defined in the applicable Listing Rules effective from time to time) has a material interest nor shall he be counted in the quorum present at the meeting.

Unless the interested director, supervisor, president or other senior management officers discloses his interests in accordance with the preceding sub-paragraph of this

Article and the contract, transaction or arrangement is approved by the board of directors at a meeting in which the interested director, supervisor, president or other senior management officers are not counted as part of the quorum and refrains from voting, a contract, transaction or arrangement in which that director, supervisor, President or other senior management officers are materially interested is voidable at the discretion of the Company except as against a bona fide party thereto who does not have notice of the breach of duty by the interested director, supervisor, president or other senior management officers.

For the purposes of this Article, a director, supervisor, president or other senior management officers of the Company are deemed to be interested in a contract, transaction or arrangement in which his associate is interested.

Article 152 Where a director, supervisor, president or other senior management officers of the Company gives to the board of directors a notice in writing stating that, by reason of the facts specified in the notice, he/she is interested in contracts, transactions or arrangements which may subsequently be made by the Company, that notice shall be deemed for the purposes of the preceding Article to be a sufficient declaration of his/her interests, so far as the content stated in such notice is concerned, provided that such 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 by the Company.

Article 153 The Company shall not pay taxes for a director, supervisor, president or other senior management officers in any manner.

Article 154 The Company shall not directly or indirectly make a loan to or provide any security for a director, supervisor, president or other senior management officers

of the Company or of the Company's holding company or any of their respective associates.

The foregoing prohibition shall not apply to the following circumstances:

- (1) The provision by the Company of a loan to or a security for its subsidiary;
- (2) The provision by the Company of a loan or a security or any other funds available to any of its directors, supervisors, president and other senior management officers to meet expenditure incurred or to be incurred by him/her for the purposes of the Company or for the purpose of enabling him/her to perform his/her duties properly, in accordance with the terms of a service contract approved by the shareholders in a general meeting; or
- (3) If the ordinary business scope of the Company includes lending of money and providing security, the Company may make a loan to or provide a security to any of the relevant directors, supervisors, president and other senior management officers or their respective associates on normal commercial terms.

Article 155 Any person who receives funds from a loan which has been made by the Company acting in breach of the preceding Article shall, irrespective of the terms of the loan, forthwith repay such funds.

Article 156 A security for the repayment of a loan which has been provided by the Company acting in breach of Article 160(1) shall not be enforceable against the Company, save in respect of the following circumstances:

- (1) The security was provided in connection with a loan which was made to an associate of any of the directors, supervisors, president and other senior management officers of the Company or of the Company's holding company and the lender of such

funds did not know of the relevant circumstances when providing the loan; or

(2) The collateral which has been provided by the Company has already been lawfully disposed of by the lender to a bona fide purchaser.

Article 157 For the purposes of the foregoing provisions of this Chapter, a “security” includes an undertaking or property provided to secure the obligor’s performance of his obligations.

Article 158 In addition to any rights and remedies provided by the laws and administrative regulations, where a director, supervisor, president and other senior management officers of the Company breaches the duties which he/she owes to the Company, the Company has a right:

(1) to demand such director, supervisor, president or other senior management officers to compensate it for losses sustained by the Company as a result of such breach;

(2) to rescind any contract or transaction which has been entered into between the Company and such director, supervisor, president or other senior management officers, or between the Company and a third party (where such third party knows or should have known that such director, supervisor, president or other senior management officers representing the Company has breached his duties owed to the Company);

(3) to demand such director, supervisor, president or other senior management officers to account for profits made as result of the breach of his/her duties;

(4) to recover any monies which should have been received by the Company and which were received by such director, supervisor, President or other senior management officers instead, including (without limitation) commissions;

(5) to demand repayment of interest earned or which may have been earned by such director, supervisor, president or other senior management officers on monies that

should have been paid to the Company.

If a director, supervisor or a senior management officer has violated the law, administrative regulations, rules of the competent authorities or the Articles of Association in performing his/her duties thereby causing losses to the Company, he/she shall be liable for compensation.

Article 159 The Company shall, with the prior approval of shareholders in a general meeting, enter into a contract in writing with a director or supervisor wherein his/her emoluments are stipulated. The aforesaid emoluments include:

- (1) emoluments in respect of his/her service as director, supervisor or senior officer of the Company;
- (2) emoluments in respect of his/her service as director, supervisor or senior officer 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 and any of its subsidiaries; and
- (4) payment by way of compensation for loss of office, or as consideration for or in connection with his/her retirement from office.

No proceedings may be brought by a director or supervisor against the Company for anything due to him in respect of the matters mentioned in this Article except pursuant to the contract mentioned above.

The Company shall enter into contracts in writing with each director, supervisor and senior officer, which include the provisions at least as follows:

- (1) The directors, supervisors and senior officers make commitment to the Company that they will comply with the Company Law, Special Regulations, the Articles of Association and other rules formulated by the Stock Exchange and agree that the Company may enjoy the remedy as provided in the Articles of Association. The contracts and their positions may not be assigned;
- (2) The directors, supervisors and senior officers make commitment to the Company that they will comply with and perform their duties to the shareholders according to the Articles of Association; and
- (3) The arbitration provisions in Article 212 of the Articles of Association.

Article 160 The contract concerning the emoluments between the Company and its directors and supervisors should provide that in the event that the Company is acquired, the Company's directors and supervisors shall, subject to the prior approval of shareholders in a general meeting, have the right to receive compensation or other payment in respect of his/her loss of office or retirement.

For the purposes of this paragraph, the acquisition of the Company includes any of the following:

- (1) an offer made by any person to all the shareholders; or
- (2) an offer made by any person with a view to making the offer or become a "controlling shareholder" within the meaning of Article 59.

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 such offer. The expenses incurred in distributing such sum on a pro rata basis amongst such persons shall be borne by the relevant director or supervisor and shall not be paid out of such sum.

Chapter 14 Financial and Accounting Systems and Profit Distribution

Article 161 The Company shall establish its financial and accounting systems in accordance with laws, administrative regulations and PRC accounting standards formulated by the finance regulatory department of the State Council.

Article 162 At the end of each fiscal year, the Company shall prepare a financial report which shall be examined and verified in a manner prescribed by law.

The Company shall adopt the Gregorian calendar year for its accounting year, i.e. from 1 January to 31 December.

The Company shall adopt RMB as its denominated currency for booking and accounting purposes, the account books shall be recorded in Chinese.

Article 163 The board of directors shall present to the shareholders at every annual shareholders' meeting the financial reports prepared by the Company as required by the relevant laws, administrative regulations and regulatory documents promulgated by the local governments and competent authorities.

Article 164 The Company's financial reports shall be made available for shareholders' inspection at the Company twenty days before the date of an annual general meeting. Each shareholder of the Company shall have the right to receive a copy of such financial reports referred to in this Chapter.

The Company shall send, in the manner stipulated by the Articles of Association or

by prepaid mail, the aforesaid report to each holder of the H Shares at least twenty-one days before an annual shareholders' meeting at the address recorded in the register of shareholders.

Article 165 The financial statements of the Company shall be prepared in accordance with both the PRC accounting standards and regulations and the international accounting standards, or those of the overseas place where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in the notes to the financial statements. In distributing its profits after tax for an accounting year, the lower of the two amounts shown in the financial statements shall be adopted.

Article 166 Any interim results or financial information published or disclosed by the Company shall be prepared and presented in accordance with the PRC accounting standards and regulations, and also in accordance with either international accounting standards or those of the overseas place where the Company's shares are listed.

Article 167 The Company shall publish its financial report twice in each accounting year, that is, to publish its interim financial report within 60 days after the end of the first six months of an accounting year, and to publish its annual financial report within 120 days after the end of an accounting year.

Article 168 The Company shall not maintain accounts separately other than those provided by law. The Company's assets shall not be deposited in an account maintained in the name of any individual.

Article 169 The Company adopts the system of internal auditing and hires

professional auditors to undertake internal auditing of the Company's operating activities and internal control. The Company's internal auditing system and duties of the auditors shall be implemented after they have been approved by the board of directors. The person in charge of audit shall be accountable to and report to the board of directors.

Article 170 The capital reserve fund shall include the following amounts:

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

Article 171 In distributing the current year's profit after tax, 10% of the profit shall be allocated to the Company's statutory reserve fund. When the aggregate amount of the statutory reserve fund has reached 50% or more of the Company's registered capital, further appropriations are not be required.

If the statutory reserve fund of the Company is insufficient to make up the losses of the previous year, the profits of the current year shall be used to make up such losses before allocating to the statutory reserve fund in accordance with the preceding paragraph.

After allocation of its profits after tax to its statutory reserve fund, the Company may allocate its profits after tax to its discretionary reserve fund upon a resolution of the shareholders' meeting.

The remaining profits after tax after the Company has made up its losses and allocated

to its reserve funds may be distributed to its shareholders in proportion to their shareholdings, unless it is stipulated in the Articles of Association that no profit distribution shall be made in proportion to shareholdings.

If a shareholders' meeting has, in violation of the preceding paragraph, distributed profits to shareholders before making up losses and allocating to the statutory reserve fund, shareholders shall return to the Company the profits distributed in violation of the provisions.

The shares held by the Company shall not be entitled to any profit distribution.

Article 172 The Company may distribute dividends in the form of (or a combination of both):

(1) cash;

(2) shares.

(3) other means permitted by laws, administrative rules, regulations of competent authorities and regulatory provisions in the place where the Company's shares are listed.

Article 173 The Company shall pay cash dividends and other payments which are payable to holders of Domestic Shares in RMB. The Company shall calculate and declare cash dividends and other payments which are payable to holders of the H Shares in RMB, and shall make such payments in foreign currencies. As for the foreign currency needed by the Company for payment of cash dividends and other payments which are payable to the holders of the H Shares, it shall be handled in accordance with any related national regulations on foreign exchange control.

Any amount paid up in advance of calls on any shares may carry interest but the holder of such shares shall not be entitled to participate in respect thereof in a subsequent dividend declaration.

In the event of distributing the dividends to shareholders of the Company, the payable taxes on the dividend incomes of the shareholders shall be withdrawn in accordance with the requirements of the Taxation Law of China and in consideration of the amount distributed.

Article 174 The Company shall appoint receiving agents for holders of the H Shares. Such receiving agents shall receive dividends which have been declared by the Company and all other amounts which the Company should pay to holders of the H Shares on such shareholders' behalf.

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

The receiving agent appointed by the Company for holders of H Shares listed on the Stock Exchange shall be a trust company registered under the Trustee Ordinance of Hong Kong.

In respect of dividends distributed to shareholders, the Company, subject to laws, administrative rules, regulations of competent authorities and the requirements of the relevant stock exchanges, has the power to forfeit unclaimed dividends but such power shall not be exercised until the expiration of relevant period.

The Company shall have the power to cease sending dividend warrants by post to a holder of the H Shares, provided that such power shall not be exercised until such dividend warrants have been so left uncashed on two consecutive occasions. However, such power may be exercised after the first occasion in which such a warrant is returned undelivered.

In case of exercising the power to issue warrants to holders, no new warrants shall be issued to replace the lost ones unless the Company firmly believes that the original warrants have been destroyed.

Where permitted by laws, the Company has the power to sell the shares of a shareholder who is untraceable under the following circumstances:

(1) during a period of twelve years, at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and

(2) upon the expiry of the period of twelve years, the Company gives notice of its intention to sell the shares by way of an advertisement published in one or more newspapers in the place where the Company's shares are listed, and notifies the stock exchange on which such shares are listed of such intention.

Chapter 15 Appointment of Auditors

Article 175 The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the PRC to audit the Company's annual financial reports and other financial reports.

The first accounting firm of the Company may be appointed at the inaugural meeting of the Company before the first annual general meeting. The accounting firm so appointed shall hold office until the conclusion of the first annual general meeting.

If the inaugural meeting does not exercise its powers under the preceding paragraph, those powers shall be exercised by the board of directors.

Article 176 The accounting firm appointed by the Company shall hold office from the conclusion of the annual shareholders' meeting at which the appointment is made until the conclusion of the next annual general meeting.

Article 177 The accounting firm appointed by the Company shall have the following rights:

- (1) the right to review the books, records and vouchers of the Company at any time; and the right to require the directors, general manager, or other senior management officers of the Company to supply relevant information and explanations;
- (2) the right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanations necessary for the accounting firm to discharge its duties; and
- (3) the right to be in attendance at shareholders' meetings and to receive all notices of, and other communications relating to, any shareholders' meeting which any shareholder is entitled to receive, and to speak at any shareholders' meeting on matters concerning its role as the Company's accounting firm.

Article 178 If there is a vacancy in the position of accounting firm of the Company, the board of directors may appoint an accounting firm to fill such vacancy before the

convening of a shareholders' meeting. However, if there is another incumbent accounting firm during the period of such vacancy, such accounting firm may continue to act.

Article 179 The shareholders' meeting may by ordinary resolution remove an accounting firm before the expiration of its term of office, irrespective of the provisions in the contract between the accounting firm and the Company. If the accounting firm has the right to claim compensation for its removal, that right shall not be affected thereby.

Article 180 The remuneration of the accounting firm appointed by the board of directors is initially proposed by the board of directors, but the compensation for the accounting firm or the method of determining such compensation is ultimately decided by the shareholders' meeting.

Article 181 The Company's appointment, removal and non-reappointment of an accounting firm shall be decided by a shareholder' meeting and filed with the competent securities authorities of the State Council.

Where a resolution at a shareholders' meeting is intended to be passed to appoint an accounting firm other than the incumbent accounting firm to fill a casual vacancy in the office of accounting firm, to reappoint an accounting firm that was appointed by the board of directors to fill a vacancy, or to remove an accounting firm before the expiration of its term of office, the following provisions shall apply:

(1) The proposal for the appointment or removal shall be sent (before notice of meeting is given to the shareholders) to the accounting firm proposed to be appointed or proposed to vacate its post, or to the accounting firm which has vacated its post in

the relevant accounting year.

Vacating a post shall include removal, resignation and retirement.

(2) If the accounting firm vacating its post makes representations in writing and requests the Company to notify its shareholders of such representations, the Company shall (unless the representations are received too late) take the following measures:

(i) in any notice of meeting held for making the resolution, state the fact that representations have been made by the vacating accounting firm; and

(ii) attach a copy of the representations to the notice and send it to the shareholders in the manner stipulated in the Articles of Association.

(3) If the Company fails to send out the accounting firm's representations in the manner set out in sub-paragraph (2) of this Article, such accounting firm may require that the representations be read out at a shareholders' meeting and may make further complaints.

(4) An accounting firm which is vacating its post shall be entitled to attend:

(i) the shareholders' meeting at which its term of office would otherwise have expired;

(ii) the shareholders' meeting at which it is proposed to fill the vacancy caused by its removal; and

(iii) the shareholders' meeting which is convened as a result of its resignation,

and to receive all notices of, and other communications relating to, any such meetings, and to speak at any such meetings on matters concerning its role as the former accounting firm of the Company.

Article 182 If the Company proposes to remove an accounting firm or not to renew the appointment thereof, it shall notify the accounting firm fifteen days in advance, and the latter shall have the right to state its opinions at a shareholders' meeting. If the accounting firm resigns, it shall explain to the shareholders' meeting whether there has been any impropriety on the part of the Company.

(1) The accounting firm may resign from its office by depositing a written notice of resignation at the legal address of the Company. The notice shall become effective on the date of such deposit or on such later date as may be stated therein. The notice shall contain the following statements:

(i) a statement to the effect that there are no circumstances connected with its resignation which it considers shall be brought to the notice of the shareholders or creditors of the Company; or

(ii) a statement of any such circumstances that shall be explained.

(2) The Company shall, within fourteen days after receipt of the notice referred to in subparagraph (1) of this Article, send a copy of the notice to the relevant competent authorities. If the notice contains a statement under sub-paragraph (1)(ii) of this Article, a copy of such statement shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statement by prepaid mail to every shareholder who is entitled to receive the Company's financial statements at the address registered in the register of shareholders.

(3) If the accounting firm's notice of resignation contains a statement under subparagraph (1)(ii) of this Article, the accounting firm may request the board of directors to convene an extraordinary shareholders' meeting to listen to the explanation on the resignation.

Chapter 16 Insurance

Article 183 The various types of insurance of the Company's insurance shall be decided at a meeting of the board of directors in accordance with the relevant insurance law in China.

Chapter 17 Labour and Personnel Management Systems

Article 184 The Company may at its discretion employ and dismiss employees based on the business development needs of the Company and in accordance with the requirements of the laws and regulations of the PRC, and the Company shall implement labor contract system.

Article 185 In compliance with the relevant laws and regulations of the State, the Company shall establish a well-performing and complete employee's management system and effectively develop and utilize human resources.

Article 186 The Company shall make endeavors to enhance the overall benefits for its employees, and continue to improve their working conditions and living conditions.

Pursuant to the relevant State regulations, the Company shall develop an employee training system based on its business development and employees' needs, to best pave the path for employees' professional development.

Article 187 The Company shall draw medical, retirement and unemployment insurance funds for the employees pursuant to the relevant laws and regulations of the State and shall establish a labor insurance system.

Chapter 18 Trade Unions

Article 188 Employees shall organize trade union in accordance with laws, conduct trade union activities and protect legitimate rights and interests of employees. The Company shall provide necessary facilities for the activities of the trade union.

Chapter 19 Merger and Division of the Company

Article 189 In the case of merger or division of the Company, the board of directors shall provide the proposal, and, upon approval in accordance with the procedures under the Articles of Association, deal with the relevant approval procedures pursuant to laws. The board of directors of the Company shall take necessary measures to protect the legitimate interests of the shareholders who object to the plan of merger or division. A shareholder who objects to the plan of merger or division shall have the right to demand the Company or the shareholders who consent to the plan of merger or division to acquire such dissenting shareholders' shareholding at a fair price. The contents of the resolution of merger or division of the Company shall constitute special documents which shall be available for inspection by the shareholders of the Company.

The aforesaid documents shall be delivered by mail or by way of the methods provided in the Articles of Association to holders of the H Shares.

Article 190 The merger of the Company may take the form of either a merger by absorption or a 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 lists of property. The Company shall notify its creditors within ten days from the date of the Company's resolution on the merger and shall publish an announcement in the newspaper recognized by the stock exchange where the shares of the Company are listed within thirty days from the date of such resolution. The creditors may, within thirty days of the receipt of the notice or within forty-five days of the issuance of the announcement if it fails to receive any notice, require the Company to repay its debt or provide corresponding guarantees.

Upon completion of the merger, the rights in relation to debtors and indebtedness of each of the merged parties shall be assumed by the company which survives the

merger or by the newly established company.

Article 191: When the payment made by the Company for a merger does not exceed ten percent of the Company's latest audited net assets and has been approved by the board of directors, a resolution by the shareholders' meeting may not be required.

Article 192 Where there is a division of the Company, its assets shall be divided up accordingly.

In the event of division of the Company, the parties to such division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days from the date of the Company's division resolution which is passed and shall publish a public notice in a newspaper recognized by the stock exchange where the shares of the Company are listed within thirty days of the date of the Company's division resolution.

Debts of the Company prior to division shall be severally and jointly assumed by the companies which exist after the division, unless that otherwise a written agreement has been reached between the Company and the creditor upon debt retirement prior to division.

Article 193 The Company shall, in accordance with law, apply for change in its registration with the company registration authority where a change in any item in its registration arises as a result of any merger or division. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with law. Where a new company is established, the Company shall apply for registration thereof in accordance with law.

Chapter 20 Dissolution and Liquidation

Article 194 In any of the following circumstances, the Company shall be dissolved and liquidated in accordance with the law:

- (1) the term of business operation expires;
- (2) a shareholders' meeting resolves to dissolve the Company;
- (3) dissolution is necessary due to a merger or division of the Company;
- (4) the Company is declared bankrupt according to the law due to its failure to settle liabilities due;
- (5) the business license is revoked, the Company is ordered to close down or is wound up according to the law;
- (6) where the Company has experienced material difficulties in operation and management, and the continuous operation thereof would lead to substantial loss to the benefits of its shareholders which cannot be resolved by other means, shareholders holding 10% or more of the total voting rights of the Company may appeal to the people's court for dissolution of the Company;
- (7) other circumstances in which the Company is required to dissolve according to the laws and regulations.

Article 195 Where the Company is dissolved under sub-paragraphs (1), (2), (5) or (6) of the preceding Article, a liquidation committee shall be set up within fifteen days thereafter and commence the liquidation proceedings, and members of the liquidation committee of the Company shall be determined by directors or at the shareholders' meetings. Where a liquidation committee is not established according to schedule, the creditor may apply to the People's Court to organize the relevant personnel to establish

a liquidation committee to proceed with liquidation.

Where the Company is dissolved under sub-paragraph (4) of the preceding Article, the people's court shall, according to the relevant laws, organize the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out the liquidation.

Article 196 Where the board of directors decides to liquidate the Company for any reason other than the Company's declaration of its own bankruptcy, the board of directors shall include a statement in its notice convening a shareholders' meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the board of directors is of the opinion that the Company will be able to pay its debts in full within twelve months from the commencement of the liquidation.

All the functions and powers of the board of directors shall cease immediately upon the passing of the resolution by the shareholders' meeting for the liquidation of the Company.

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

Article 197 The liquidation committee shall, within 10 days of its establishment, send notices to creditors and shall, within 60 days of its establishment, publish a public announcement in a newspaper. A creditor shall, within 30 days of receipt of the notice,

or for creditors who have not personally received such notice, within 45 days of the date of the public announcement, report its rights to the liquidation committee.

The creditor who declares the creditor's right shall state the relevant matter in relation to the debt, and provide evidentiary materials. The liquidation committee shall register the creditors' rights.

During the liquidation period, the liquidation committee shall not settle any debt with the creditor.

Article 198 During the liquidation period, the liquidation committee shall exercise the following functions and powers:

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

The members of the liquidation team shall be faithful to their duty and fulfill the liquidation obligation in accordance with the law. The members of the liquidation team shall not abuse their authority to accept bribery or other illegal income, nor embezzle the Company's assets. Where a member of the liquidation team causes significant loss to the Company by reason of willful default or gross negligence, he

shall bear the relevant compensation liability.

Article 199 After it has categorized the Company's assets and after it has prepared the balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to a shareholders' meeting or to the People's Court for confirmation.

After the resolution on liquidation is made by the shareholders' meeting or the Company is declared to be bankrupt according to law or ordered to be closed, nobody may dispose the assets of the company without approval of the liquidation committee.

The assets of the Company shall be paid in accordance with following order: the liquidation charges, staff salary, social insurance, legally prescribed compensation, outstanding tax and company debts, in proportion to the shares held by shareholders.

The shareholders may allocate the remaining assets of the company, after paying the expenses provided in the preceding paragraph, in accordance with the class and proportion of the shares held by the shareholders.

During the liquidation period, the company continues to exist, but it may not commence operational activities not related to the liquidation.

Article 200 If the Company is liquidated for dissolution, after the liquidation committee clears up the company assets, and prepares the balance sheets and the inventory of assets, if it discovers that the company assets is not enough to pay off the debts, it should apply to the People's Court to declare bankruptcy according to the law immediately.

After the People's Court declares the company bankrupt, the liquidation committee should transfer the liquidation to the People's Court.

Where the Company is declared bankrupt according to law, it shall carry out bankruptcy liquidation according to the legal provisions concerning bankruptcy liquidation.

Article 201 After the completion of liquidation, the liquidation committee should prepare a liquidation report, a revenue and expenditure statement and financial account books in respect of the liquidation period and, after verified thereof by an accountant registered in China, submit the same to the shareholders' meeting or the relevant authorities in charge for confirmation.

Within 30 days from the date of confirmation by the shareholders' meeting or the relevant authorities in charge, the liquidation committee shall submit the above-mentioned documents to the company registration authority to apply for cancellation of the Company's registration and issue an announcement on the Company's termination.

Chapter 21 Procedures for Amendment of the Company's Articles of Association

Article 202 The Company may amend its Articles of Association in accordance with the requirements of laws, administrative regulations and the Articles of Association.

Article 203 If an amendment of the Articles of Association involves the registered

particulars of the Company, application shall be made for change in registration in accordance with law.

Chapter 22 Notice

Article 204 Notices, communications or any other written materials of the Company may be sent out by:

- (1) hand;
- (2) post;
- (3) fax or email;
- (4) making announcements in the Company's website and the websites designated by the Stock Exchange provided that doing so will be in compliance with laws, administrative regulations and listing rules of the place of listing;
- (5) public announcements;
- (6) other means as agreed between the Company and the recipient of the notice in advance or recognized by the recipient of the notice after receiving such notice;
- (7) other manners as recognized by securities regulatory authorities at the place where the Company's shares are listed or as provided in the Articles of Association.

Whilst the Articles of Association may have otherwise provided for the delivery methods of any notice, communication or any other written material, the Company may publish its communications by the means specified in sub-paragraph (4) of this Article to replace the means of sending written documents to each holder of the H shares by hand or by prepaid mail provided that doing so will be in compliance with the relevant regulations of securities regulatory authorities in the places of listing. The said communications refer to any documents sent or to be sent by the Company to the

shareholders for reference or taking action, including, but not limited to, report of the board of directors (together with balance sheet and income statement), annual report (including annual financial reports), interim report (including interim financial reports), listing documents, meeting notice, circulars, proxy forms and reply slips, etc.

Unless otherwise provided in the Articles of Association, the notice delivered to each holder of the H shares, if delivered by public announcement, the Company shall submit an electronic version which may be published immediately to Stock Exchange through the electronic upload system to publish it on the website of Hong Kong Exchange. The announcement shall be published on the Company's website at the same time. In addition, the Company shall deliver the notice to each holder of the H shares in person or by postpaid mails according to their registered address, to facilitate that the shareholders are fully informed and have sufficient time to exercise their rights or act in accordance with the notice.

When the Company is required to send, mail, pass, deliver, issue or provide relevant documents of the Company in both English and Chinese according to the relevant requirements of the securities regulatory authorities at the place where the Company's shares are listed, if the Company has made appropriate arrangement to ensure whether its shareholders expect to receive an English copy only or a Chinese copy only, the Company may (based on the intention clearly presented by its shareholders) send an English copy or Chinese copy only to relevant shareholders within the scope permitted by applicable laws and regulations and in accordance with such applicable laws and regulations.

Article 205 Where a notice from the Company is sent out by hand, to be signed or stamped by the recipient on the return receipt of delivery, the date of the recipient's signature shall be deemed to be the delivery date. Where the notice is sent out via post,

the delivery date shall be 48 hours after such notice is delivered to the post office. Where the notice is sent out by fax or email or published on website, the delivery date shall be the date when the notice is sent out. Where the notice is sent out by public announcement, the delivery date shall be the first date of publication of such announcement provided that such announcement is published in newspapers or websites that meet relevant requirements.

Where a notice sent by the Company is made by way of an announcement, the notice shall be deemed as received by all relevant parties.

Article 206 If a notice of meeting is accidentally omitted to be sent to any person who is entitled to receive the same or that person has not received such a notice of meeting, it will not cause the meeting and any resolution made therein to be void.

Chapter 23 Dispute Resolution

Article 207 The Company shall abide by the following principles for dispute resolution:

(1) Whenever any disputes or claims arise between: holders of the H shares and the Company; holders of the H shares and the Company's directors, supervisors, president or other senior management officers; or holders of the H shares and holders of the domestic shares, in respect of any disputes or claims in relation to the affairs of the Company arising as a result of any rights or obligations arising from the Articles of Association, the Company Law or other relevant laws and administrative regulations, such disputes or claims shall be referred by the relevant parties to arbitration.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to

arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall, where such person is the Company, the Company's shareholders, directors, supervisors, the president or other senior management officers of the Company, comply with the arbitration.

Disputes in respect of the definition of shareholders and disputes in relation to the register of shareholders do not have to be resolved through arbitration.

(2) The party seeking arbitration may elect to have the dispute or claim arbitrated either by the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or by the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. Once the party seeking arbitration submits a dispute or claim to arbitration, the other party must proceed with the arbitral body selected by the party seeking the arbitration.

If the party seeking arbitration elects to arbitrate the dispute or claim at Hong Kong International Arbitration Centre, then either party may apply to have such arbitration conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.

(3) If any disputes or claims of rights are settled by way of arbitration in accordance with sub-paragraph (1) of this Article, the laws of the PRC shall apply, save as otherwise provided in the laws and administrative regulations.

(4) The award of the arbitral body is final and shall be binding on the parties thereto.

Chapter 24 Supplementary

Article 208 The expressions of “above”, “within”, “below” shall include the figures mentioned whilst the expressions of “more than”, “short of”, “without” and “less than” shall not include the figures mentioned.

Article 209 In the Articles of Association, references to “president” and “vice president” shall have the same meanings as “manager” and “deputy manager” in the Company Law.

Article 210 In the Articles of Association, references to “accounting firm(s)” shall have the same meaning as “auditor(s)”.

Article 211 The Articles of Association shall be written in Chinese. Where the versions written in other languages or other versions have different interpretations, the latest verified Chinese version registered in the company registration authority shall prevail.

If the Articles of Association are in conflict with the laws, administrative regulations, provisions of other regulatory documents or regulatory provisions in the place where the Company’s shares are listed promulgated, from time to time, such laws, administrative regulations and provisions of other regulatory documents or regulatory provisions in the place where the Company’s shares are listed shall prevail.

The Articles of Association shall be interpreted by the board of directors of the Company. Any matters unspecified in these Articles of Association shall be decided by resolutions of the shareholders’ meetings proposed by the board of directors.