

Chongqing Iron & Steel Company Limited

重慶鋼鐵股份有限公司

(a joint stock limited company incorporated in the People's Republic of China with limited liability)
(在中華人民共和國註冊成立的股份有限公司)

(Stock Code: 1053)

ARTICLES OF ASSOCIATION

Revised version as at 28 June 2023

Note: The Articles of Association is drafted in Chinese and English translation is for your reference only. In case of any inconsistencies between the Chinese and the English version, the Chinese version shall prevail.

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ARTICLES OF ASSOCIATION OF CHONGQING IRON & STEEL COMPANY LIMITED

CHAPTER 1 GENERAL PROVISIONS

Article 1 The Company is a joint stock limited company established in accordance with the “Company Law of the People’s Republic of China” (the “Company Law”), “the State Council’s Special Regulations on Overseas Offering and Listing of Shares by Joint Stock Limited Companies” (the “Special Regulations”), and other relevant legislations and administrative regulations of the PRC.

The Company is established by way of promotion under the approval given under the State Council Committee for the Restructuring of Economic Systems Document (Ti Gai Sheng Zi [1997] No. 127). It has been registered on 11 August 1997 with the Chongqing Administration Bureau of Industry and Commerce and the business license thereof has been obtained. The State Council Committee for the Restructuring of Economic Systems issued the Document Ti Gai Sheng [1997] No.132 on 15 August 1997 under which the Company was approved to list and offer shares overseas.

The name of the promoter is: Chongqing Iron & Steel Group Company Limited.

Article 2 The registered names of the Company:

In Chinese: 重慶鋼鐵股份有限公司 (abbreviation for external use: 重鋼股份公司)

In English: CHONGQING IRON & STEEL COMPANY LIMITED (abbreviation: CHONGQING IRON & STEEL)

Article 3 The Company’s residence: No. 2 Jiangnan Avenue, Jiangnan Street, Changshou Zone, Chongqing

Postal code: 401258, Telephone: 68873300, Fax: 68873189

Article 4 The Chairman of the Company shall be the legal representative of the Company.

Article 5 The Company is a joint stock company with perpetual existence. The legitimate rights and interests of the Company and its

shareholders are under the jurisdiction of and protected by the PRC laws, regulations and other relevant provisions of the Government.

Article 6

The Company's total capital is divided into shares of equal value, and the shareholders are liable to the Company to the extent of their shareholdings, while the Company is liable for its debts to the extent of all of its assets.

Article 7

These articles of association shall take effect from the date on which they are approved by the Company's Board through a special resolution. If they need to be approved by a competent authority according to provisions of PRC laws, regulations or departmental rules, they shall take effect with approval of both the Board and the competent authority.

From the date when these articles of association take effect, these articles of association shall constitute a legally binding document regulating the structure and activities of the Company and governs the rights and obligations between the Company and its shareholders and among the shareholders.

Article 8

These articles of association shall be binding on the Company and its shareholders, Directors, supervisors, President and other senior management members, all of whom are entitled to claim rights concerning the affairs of the Company in accordance with these articles of association.

These articles of association and its appendices are actionable by a shareholder against the Company, other shareholders, Directors, supervisors, President and other senior management members of the Company, vice versa, by the Company against shareholders, Directors, supervisors, and senior management members.

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

Other senior management members referred to in these articles of association refer to senior vice president, Secretary to the Board and chief financial officer of the Company.

Article 9

The Company may invest in other enterprise(s), but, shall not be jointly and severally liable to such enterprise(s) for their liabilities as their investor, unless stipulated by laws otherwise.

Article 10

In accordance with the Company Law and the “Constitution of the Communist Party of China”, the Company shall establish a committee for the Communist Party of China and a discipline inspection committee to carry out activities of the party. Party organization is an organic composition of the corporate governance structure of the Company. The Company insists on simultaneous planning of Party construction and production operations, simultaneous establishment of Party organisations and working organs, simultaneous allocation of person-in-charge of the Party organization and staff for Party affairs as well as simultaneous proceeding of work, so as to make clear the duties and manner of work of the Party organization in respect of decision-making, implementation and supervision, to allow docking between mechanisms, between systems, between regimes and between work, and to promote the Party organization to play a core political role in an organized, institutionalized and concrete way.

CHAPTER 2 BUSINESS OBJECTIVE AND SCOPE OF BUSINESS**Article 11**

The Company’s operational goal is to establish and perfect an operational mechanism adapting to the market economy and rely on progress in science and technology and scientific management and concerted efforts of all employees to sharpen its competitive edge at home and abroad, enhance its operational performance and safeguard its shareholders’ rights and interests to the maximum extent.

Article 12

The Company’s scope of business is subject to the items approved by the corporate registration authority.

The Company mainly deals in production, processing and sale of steel products, including plates, shaped materials, wires, bars, billets and belts, etc.

It concurrently deals in production and sale of coke and coal chemical products, electric power, fuel gas, tap water, pig iron, and water granulated slag, steel slag and steel scraps, etc. Freight forwarding, shipping agency, cargo combined-transportation agency, automobile transportation agency, and provision of cargo handling (groceries) and warehousing (excluding hazardous articles warehousing) in the port area.

The Company shall operate within the scope of business approved by the corporate registration authority.

The Company may alter its scope of business by making amendment to its articles of association according to legal procedures and then having such amendment registered at the corporate registration authority.

CHAPTER 3 SHARE, TRANSFER OF SHARE AND REGISTERED CAPITAL

Article 13 The Company may at any time create ordinary shares: Having regard to its requirements and upon the approvals of the State Council authorized approving authorities, the Company may create other class of shares.

Article 14 The shares issued by the Company shall have a par value of Renminbi 1 per share.

Article 15 The Company may issue shares to domestic investors and overseas investors upon the approval of the securities regulatory authority of the State Council.

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

Article 16 The shares issued by the Company to the domestic investors and subscribed in Renminbi shall be called domestic shares. The shares issued by the Company to the overseas investors and subscribed in foreign currency shall be called foreign shares. Those foreign shares listed overseas shall be called overseas listed foreign shares.

Article 17 With approval of the examination and approval authority authorized by the State Council, the Company has issued a total of 4,436,022,580 shares of the ordinary shares, including:

- (I) 650,000,000 shares of domestic shares issued to the Company's promoter Chongqing Iron & Steel (Group) Co., Ltd when the Company was founded;

- (II) 413,944,000 shares of ordinary shares issued to overseas investors after the Company was founded;
- (III) 319,183,200 shares of dividend stock issued to the Company's shareholders in consideration of the distributable profit due to the shareholders with approval of the general meeting in 2005 and special resolutions of the meetings of the H share holders and domestic share holders on 9 June 2006;
- (IV) 350,000,000 shares of Renminbi ordinary shares issued to domestic investors with approval of China Securities Regulatory Commission;
- (V) The Company issued 1,996,181,600 shares to Chongqing Iron & Steel (Group) Co., Ltd. for purchase of material assets in November 2013;
- (VI) The Company completed a non-public issuance of 706,713,780 shares to target subscribers for fundraising in December 2013.
- (VII) In November 2017, as ruled and approved by the First Intermediate People's Court of Chongqing, the Company increased 4,482,579,700 shares of Renminbi ordinary shares by way of conversion from capital reserve for the purpose of execution of the bankruptcy reorganisation plan. The foresaid increased shares shall not be distributed to the shareholders and can only be used to repay the debts of the Company and expenses incurred from the reorganisation pursuant to the provisions of the reorganisation plan; Chongqing Changshou Iron & Steel Company Limited (重慶長壽鋼鐵有限公司) conditionally accepted the 2,096,981,600 shares of domestic shares held by Chongqing Iron & Steel (Group) Co., Ltd., the promoter of the Company, according to the reorganisation plan.

The Company's shareholding structure is as follows: The Company has a total of 8,918,602,267 shares of ordinary shares. The shareholders of its overseas-listed foreign shares hold 538,127,200 shares of foreign shares, accounting for 6.03% of

the Company's total ordinary shares; and there are 8,380,475,067 shares of domestically-listed Renminbi ordinary shares, accounting for 93.97% of the Company's total ordinary shares.

Article 18 Upon the plan for the issue by the Company of overseas listed foreign shares and domestic shares being approved by the securities regulatory authority of the State Council, the Board of the Company may implement arrangement, for the respective issue thereof.

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

Article 19 Where the total number of shares to be issued by the Company as determined under the plan includes the number of overseas listed foreign shares and the number of domestic shares, the capital shall be raised by one instalment; where the capital cannot be raised by one instalment under special circumstances, it can be raised by separate instalments with the approval by the Securities Commission of the State Council.

Article 20 The registered capital of the Company shall be Renminbi 8,918,602,267.

Article 21 The Company may, based on its operation and business requirements, approve an increase in its capital in accordance with the relevant provisions of these articles of association.

The Company may increase its capital in the following manners:

- (I) Public issue of shares;
- (II) Non-public issue of shares;
- (III) By issuing bonus shares to existing shareholders;
- (IV) By transferring capital reserve to share capital;
- (V) By other methods as permitted by laws and administrative regulations as approved by China Securities Regulatory Commission.

The Company's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of these articles of association, be conducted in accordance with the procedure stipulated by relevant laws and administrative regulations in the PRC as well as the listing rules of the stock exchanges where shares of the Company are listed.

Article 22 Save as otherwise stipulated by the laws and administrative regulations, shares of the Company may be freely transferable and are not subject to any lien.

Article 23 The Company does not accept its own shares as the subject matter of pledge.

Article 24 The Company's domestic shares can be traded on the stock exchanges in China with approval of the Company's Board, general meetings and competent government departments, while its overseas-listed foreign shares can be traded on the Hong Kong Stock Exchange or other stock exchanges overseas also with approval of the Company's Board, general meetings and competent government departments.

Article 25

- (I) All transfers of the Company's foreign shares which is listed in Hong Kong shall adopt the written transfer vouchers in general or common format or in any other format accepted by the Company's Board. The transfer vouchers may be signed by hand or machine and do not need to be stamped by the Company's seal.
- (II) All the Company's foreign shares which is listed in Hong Kong and has paid all expenses concerned can be transferred freely according to these articles of association; however, unless the following conditions are satisfied, the Company's Board may refuse to recognize the transfer vouchers without showing any cause:
 - (1) The holder of such shares has paid the Company 2.5 Hong Kong dollars or a higher fee agreed to by the Hong Kong Stock Exchange at the time of the transfer being applied for so as to register any

transfer or other documents which relate to ownership of the shares concerned or may change ownership of the shares concerned;

- (2) The transfer voucher involves only the foreign shares which are listed in Hong Kong;
 - (3) The stamp tax relating to the transfer voucher has been paid;
 - (4) Relevant shares certificates and other evidence that is reasonably required by the Board to prove the transferor's right to transfer the shares have been submitted;
 - (5) If the shares is to be transferred to joint holders, the number of such joint holders shall not exceed 4; and
 - (6) The shares to be transferred is subject to no lien of any company.
- (III) No shares can be transferred to minors or other people who are mentally handicapped or has no legal qualifications to affect the transfer.

Article 26

Shares in the Company held by the promoters shall not be transferred within 1 year from the date of the Company's establishment. The shares which were issued before the public offer shall not be transferred within 1 year since the shares of the Company were listed on the stock exchange(s).

During their tenure, Directors, supervisors and the senior management members of the Company shall report to the Company their shareholdings in the Company and changes therein and shall not transfer more than 25% per year of the total number of shares held by them. The shares held by them shall not be transferred within 1 year from the date when the shares of the Company were listed and traded on the stock exchange. The aforesaid person(s) shall not transfer its shares in the Company within the half year from the retirement date. The aforesaid shall not apply to the change in shareholding due to judicial enforcement, heritage, legacy and division of properties under laws.

In any case, if a Director has access to any sensitive information of shares price, he/she shall not buy or sell the Company's shares.

On the very day when the Company announces its financial performance and during the following periods, a Director shall not buy or sell any of the Company's shares:

- (1) a period of 60 days prior to the date of announcement of the Company's annual performance or the period from the end of the relevant financial year to the date of announcement of the Company's performance in the same financial year (the shorter shall prevail); and
- (2) a period of 30 days prior to the date of announcement of the Company's quarterly or semi-annual performance or the period from the end of the quarter or half year concerned to the date of announcement of the Company's performance in the same quarter or half year (the shorter shall prevail).

The period in which a Director is prohibited from buying or selling the Company's shares shall include the period in which the Company's announcement of performance is delayed.

Article 27

In case Directors, supervisors, senior management members of the Company and shareholders holding shares of the Company up to 5% or more sell their shares or other securities with equity nature within six (6) months upon buying or buy back within six (6) months upon selling, their revenue received shall be transferred to the Company. The Board of the Company shall take back the revenue. However, securities firms buying and holding the remaining shares of 5% or more upon underwriting and other circumstances as prescribed by the securities regulatory authorities of the State Council are exempted.

Shares held by Directors, supervisors, senior management members and natural person shareholders as referred to in the preceding paragraph include shares or other securities with equity nature held by his/her spouse, parents, children and by using other person's accounts.

Should the Board not implement the aforesaid provisions, the shareholders shall have the right to demand the Board to implement within thirty (30) days. Should the Board fail to

implement within the aforementioned period, the shareholders shall have the right to file a lawsuit directly to the People's Court in their own names for the benefits of the Company.

Should the Board not implement the first paragraph, the responsible Directors shall, according to the law, be held jointly liable.

Provisions of this article are applicable to the Company's shares issued within the territory of the People's Republic of China.

Article 28 In the case of a capital increases or decreases, the Company shall have such change in its capital registered at the corporate registration authority and make an announcement for it.

CHAPTER 4 CAPITAL REDUCTION AND SHARE REPURCHASE

Article 29 According to provisions of these articles of association, the Company may reduce its registered capital.

Article 30 In the case of capital reduction, the Company shall prepare a balance statement and a schedule of property.

In the case of capital reduction, the Company shall notify its creditors within 10 days after it makes the decision to reduce its registered capital, and meanwhile, make an announcement in a newspaper within 30 days after such decision on the condition of complying with the listing rules of the stock exchange at which the Company is listed. The creditors have the right to demand debt repayment or guarantee for debt repayment from the Company within 30 days if they have received the Company's notice or within 45 days if they have failed to receive the Company's notice.

The Company's registered capital after the capital reduction shall not be less than the minimum amount legally required.

Article 31 In the following circumstances, the Company can purchase its shares according to provisions of relevant laws, administrative regulations, departmental rules and these articles of association:

- (I) to reduce its registered capital;
- (II) to merge with other companies which hold its shares;

- (III) to utilize its shares in the employee share ownership plan for share incentive;
- (IV) to repurchase the shares of a shareholder who disagrees with the merger or division decision of the general meeting;
- (V) to utilise the shares for conversion of corporate bonds which are convertible into shares issued by the Company;
- (VI) where it is necessary for the Company to safeguard the value of the Company and the interests of its shareholders.

Apart from the foregoing circumstances, the Company does not conduct any activities of buying or selling its own shares.

Article 32

With approval of competent authority, the Company may repurchase its shares in the following ways:

- (I) to make offer to all shareholders to repurchase its shares at the same percentage;
- (II) to repurchase by way of public trading at the stock exchange;
- (III) to repurchase by way of agreement off the stock exchange;
or
- (IV) to repurchase by other ways recognized by China Securities Regulatory Commission.

If the Company acquires its own shares, it shall perform the information disclosure obligation in accordance with the Securities Law of People's Republic of China.

If the Company acquires its own shares under the circumstances as described in (III), (V) and (VI) of Article 31, it shall be carried out in a public and centralized manner.

The Company shall not accept using its own shares as the subject of a pledge.

Article 33

If the Company repurchases its shares off the stock exchange by way of agreement, it shall obtain prior approval given by the general meeting according to these articles of association. With prior approval of the general meeting given in the same way, the Company may cancel or modify a contract which has been concluded in the same way as above or waive any right under such contract.

The shares repurchase contract mentioned in the preceding paragraph includes, without limitation, the agreement in which the Company agrees to perform obligations or obtain rights vested on the repurchased shares.

The Company shall not transfer the shares repurchase contract or any right thereunder.

Article 34

If the Company acquires its own shares for reasons stated in (I) and (II) of Article 31 of these articles of association, it shall obtain approval of the general meeting by way of resolution. If the Company acquires its own A shares for reasons stated in (III), (V) and (VI) of Article 31 of these articles of association, it shall obtain approval by way of resolution at the Board meeting attended by a two- third majority of the directors; if the Company acquires its own H shares for reasons stated in (III), (V) and (VI) of Article 31 of these articles of association, it shall obtain approval of the general meeting by way of resolution.

After the Company acquires its own shares according to provisions of Article 31, it shall retire the shares it acquires for the reason stated in (I) of the same article within 10 days after the acquisition, and transfer or retire the shares it acquires for the reason stated in (II) or (IV) of the same article within 6 months after the acquisition. In case of the circumstance as stated in (III), (V) and (VI) of the same article, the total shares of the Company held by the Company itself such shares shall not exceed 10% of its total shares in issue and such shares shall be transferred or retired within 3 years after the acquisition.

Article 35

Unless the Company has entered into the liquidation stage, the Company shall comply with the following provisions in repurchasing its shares outstanding:

- (I) If the Company repurchases its shares at the face value, the payment for such repurchase shall be deducted from the book balance of the Company's distributable profit, i.e. from the Company's revenue from the issues of new shares for the purpose of repurchasing old shares;
- (II) If the Company repurchases its shares above the face value, the part of the payment at the face value shall be deducted from the book balance of the Company's distributable profit, i.e. from the Company's revenue from the issues of new shares for the purpose of repurchasing old shares; meanwhile, the part of the payment above the face value shall be handled in the following ways:
 - (1) to be deducted from the book balance of the Company's distributable profit if the repurchased shares is issued at the face value;
 - (2) to be deducted from the book balance of the Company's distributable profit, i.e. from the Company's revenue from the issues of new shares for the purpose of repurchasing old shares if the repurchased shares is issued above the face value, but the amount deducted from the revenue generated by issues of new shares shall not exceed the total premium of the repurchased shares at the time of its issue; nor shall it exceed the amount (including the premium of the new shares issued) of the Company's premium account (or the Company's capital reserve account) at the time of repurchase.
- (III) The payments made by the Company for the following purposes shall be deducted from the Company's distributable profit:
 - (1) to acquire the right to repurchase its shares;

- (2) to modify the contract concerning the repurchase of its shares; and
 - (3) to cancel its obligations under the repurchase contract.
- (IV) After the total face value of the retired shares is deducted from the Company's registered capital according to relevant provisions, the amount which is equal to the total face value of the repurchased shares and deducted from the Company's distributable profit shall be credited to the Company's premium account (or capital reserve account).

CHAPTER 5 FINANCIAL ASSISTANCE FOR SHARES SUBSCRIPTION

Article 36 The Company or its subsidiaries shall not provide any financial assistance in any way and at any time for people who purchase or plans to purchase the Company's shares. The aforesaid people include those who directly or indirectly undertake obligations due to their purchasing the Company's shares.

The Company or its subsidiaries shall not provide any financial assistance in any way and at any time for the purpose of reducing or cancelling obligations of the aforesaid people.

This article is not applicable to the circumstance described in Article 38 of these articles of association.

Article 37 The financial assistance stated in this chapter includes, without limitation, the following circumstances:

- (I) Gifting;
- (II) Guarantee (including the circumstance where the guarantor takes responsibility or provide property to ensure performance of obligation on the part of the obligator), compensation (excluding that arising from the Company's fault), or cancellation or waiver of right;
- (III) Provision of loans or conclusion of contract under which the Company shall perform obligations in advance of others, changes in such loans or in parties to such contract, or transfer of rights under such loans or contract; and

- (IV) Financial assistance provided in any other way when the Company is unable to repay its debt, has not net asset or will see its net asset dramatically decrease as a result of such assistance.

The obligations stated in this chapter include those undertaken by the obligator due to conclusion of contract or making of arrangement (regardless of whether the contract or arrangement is enforceable and whether the obligations under the contract or arrangement is undertaken separately by the obligator or jointly with others) and those arising from changes in the obligator's financial status in any other way.

Article 38

The following behaviours will not be deemed to be behaviours forbidden by Article 36 of these articles of association:

- (I) to provide financial assistance bona fide for the Company's benefit, in which circumstance the financial assistance does not aim to purchase the Company's own shares or it is a collateral part of a master plan of the Company;
- (II) to distribute dividend based on its property and according to law;
- (III) to distribute shares dividend;
- (IV) to reduce registered capital, repurchase shares or adjust shareholding structure according to these articles of association;
- (V) to provide loans for the Company's normal business activities within its scope of business (but the provision of loans shall not result in reduction of the Company's net asset; even if it results in such reduction, the financial assistance shall be debited from the Company's distributable profit); and
- (VI) to provide fund for the Company's employee shares ownership plans (but the provision of loans shall not result in reduction of the Company's net asset; even if it results in such reduction, the financial assistance shall be debited from the Company's distributable profit).

CHAPTER 6 SHARE CERTIFICATE

Article 39 The Company adopts the registered shares certificate, which is a certificate issued by the Company to evidence shareholders' holding of the Company's shares. The Company may issue shares certificates in the paper form according to relevant provisions.

Apart from what the Company Law provides, the Company's shares certificate shall also contain the matters required to be contained by the stock exchange at which the Company's shares are listed for trading.

Article 40 The shares certificate shall be signed by the Company's legal representative. If the stock exchange at which the Company's shares are listed for trading requires other senior management member(s) of the Company to sign the certificate, the certificate shall be signed concurrently by other senior management member(s) so required. The certificate shall take effect after being stamped or printed with the Company's seal. Authorization of the Board is required to stamp the shares certificate with the Company's seal. The signatures of the Company's legal representative or other senior management member(s) on the shares certificate shall take the printed form. If the Company's shares is issued and traded in a paperless way, provisions of the securities regulatory authority in the place where the shares are listed shall be applicable.

CHAPTER 7 REGISTER OF SHAREHOLDERS

Article 41 The Company shall keep a register of shareholders in accordance with the certificates provided by the share registrar and enter therein the following particulars:

- (I) name, address (or residential), occupation or description of each shareholder;
- (II) class and number of shares held by each shareholder;
- (III) the amount paid or payable for the shares held by each shareholder;
- (IV) the serial number of the shares held by each shareholder;

- (V) the date on which person was entered in the register as a shareholder;
- (VI) the date on which any person ceased to be a shareholder.

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

Article 42

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

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

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

Article 43

The Company shall have a complete register of shareholders.

The complete register of shareholders shall contain the following parts:

- (I) register of shareholders other than those provided in paragraphs (II) and (III) below kept at the seat of the Company;
- (II) register of shareholders in relation to overseas listed foreign shares kept at the place of the overseas stock exchange on which those shares are listed;
- (III) register of shareholders kept in other place(s) as the Board of the Company thinks fit for the purpose of listing the shares of the Company.

Article 44 Different parts of the register of shareholders shall not overlap. No transfer of any shares registered in any part of the register of shareholders, shall during the continuance of that registration, be registered in any other part of the register of shareholders.

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

Article 45 Where laws, administrative regulations and the listing rules of the stock exchange at which the shares of the Company are listed for trading contain provisions which stipulate the period of closure of the register of shareholders prior to a shareholders' general meeting or on the reference date set by the Company for the purpose of distribution of dividends, such provisions shall prevail.

Article 46 Where the Company convenes a general meeting, distributes dividends, liquidates or carries out other activities which would require the determination of shareholdings, the Board or convener of the general meeting shall fix a date for ascertainment of the shareholding. Upon the close of such date, the shareholders who remain on the register shall be deemed as the shareholders of the Company.

Article 47 Any person who does not agree to the register of shareholders and requests to have his name registered thereon or removed therefrom may apply to the court of law having jurisdiction on the register for rectification of the register.

Article 48 Any shareholder whose name is registered in the register of shareholders or any person who requests to have his name registered in the register of shareholders has lost his share certificate (the "Original Certificate"), may apply to the Company for issuing new share certificate in respect of such shares (the "Relevant Shares").

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

Holder of overseas listed foreign shares who lost his share certificate may apply for the issue of new share certificate in

accordance with the laws, stock exchange rules and other relevant regulations of the place where the original register of shareholders in relation to overseas listed foreign shares is kept.

Application for replacement of lost share certificate made by a holder of overseas listed foreign shares of the Company listed in Hong Kong shall be subject to the following requirements:

- (I) Applicant shall submit to the Company the application in standard form prescribed by the Company together with a notarial certificate or statutory declaration. The notarial certificate or statutory declaration shall include the reason of the application made by the applicant, the circumstances under which the share certificate was lost and the supporting evidence as well as any other particulars which can give ground to the application according to the actual situation, and a declaration that no other person shall be entitled to register as a shareholder in respect of the Relevant Shares.
- (II) No declaration made by other person other than the applicant has been received by the Company for registration as a shareholder of the Relevant Shares prior to the determination of the Company to issue new certificate.
- (III) If the Company determines to issue new certificate to the applicant as replacement, it shall publish a notification for issuing new certificate for replacement purpose in the newspaper designated by the Board and the period for such notification shall be ninety (90) days and such notification shall be published at least once every thirty (30) days. The said designated newspaper shall be Chinese and English newspapers of Hong Kong.
- (IV) Prior to the publishing of the notification for issuing new certificate for replacement purpose, the Company shall submit a copy of the notification to be published to the stock exchange where its shares are listed. The notification may be published upon the reply of such stock exchange confirming that the said notification has been exhibited in such stock exchange. The period for the exhibition of the notification in such stock exchange shall be ninety (90) days.

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

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

Article 49

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

Article 50

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

CHAPTER 8 RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Article 51 A shareholder is a person who lawfully holds shares in the Company and whose name is entered in the register of shareholders.

A shareholder shall enjoy rights and assume obligations according to the class and proportion of the shares held by him or her. Shareholders holding the same class of shares shall enjoy same rights and undertake same obligations.

In respect to joint shareholders:

- (I) If one of the joint shareholders is deceased, only the surviving shareholders will be deemed by the Company as owner of the shares held by the joint shareholders, but the Board has the right to demand a certificate of death of the deceased joint shareholder it deems appropriate from the surviving joint shareholders for the purpose of modifying the Company's list of shareholders.
- (II) In respect to the joint shareholders of any shares, only the one whose name appears first on the Company's list of shareholders has the right to receive the Company's shares certificate or notice, attend the Company's meeting of shareholders or exercise the voting right vested on the shares concerned; and any notice served on the aforesaid person will be deemed to have been served on the joint shareholders of the stock concerned.
- (III) If any one of the joint shareholders issues a receipt for any dividend, bonus or capital return due to the joint shareholders, such receipt will be deemed as effective receipt issued together by the joint shareholders to the Company.

Article 52 If the Company holds general meeting, distributes dividend, goes into liquidation or conduct other activities that require identification of its shareholders, the Board or convener of the general meeting shall determine a shares rights registration date according to provisions of relevant laws and regulations and these articles of association and have the Company's shareholders

registered on the date so determined. All shareholders registered before closing of the shares rights registration date shall be shareholders who are entitled to relevant rights and interests.

Article 53

The Company's ordinary shareholders have the following rights:

- (I) to receive dividend and other forms of interest distribution in proportion to the shares they hold in the Company;
- (II) to request for the holding of, convene, chair, or participate or entrust a proxy to participate in, the general meeting according to law, and exercise the voting right;
- (III) to supervise over the Company's operation and set forth proposals or address inquiries;
- (IV) to transfer, gift or pledge the shares they hold according to provisions of laws, administrative regulations and these articles of association;
- (V) to access relevant information/materials according to provisions of these articles of association, including:
 - 1. to obtain these articles of association after paying the cost of their production; and
 - 2. to consult and reproduce the following information after paying reasonable fee:
 - [1] the list of shareholders of all classes of shares;
 - [2] personal information of the Company's Directors, supervisors, President and other senior management member(s), including:
 - (a) Name and alias used at present and in the past;
 - (b) Main address (residence);
 - (c) Country of origin;

- (d) Full time and part time profession and position;
 - (e) Identity certificate and its number;
 - [3] Counterfoils of the Company's bonds;
 - [4] Resolutions of the Board;
 - [5] Resolutions of the supervisory committee;
 - [6] Status of the Company's capital shares;
 - [7] Total face value, number of shares, and maximum and minimum prices of the shares of various classes repurchased by the Company since the preceding accounting year, as well as the report on the total payment made by the Company for such repurchase;
 - [8] Minutes of the general meeting;
- (VI) to participate in distribution of the Company's residual property in proportion to the shares they hold in the Company at the time of the Company being terminated or liquidated;
 - (VII) to require the Company to repurchase the shares they hold if they disagree with the merger or division decision made by the general meeting;
 - (VIII) to file a suit, in the event that a resolution of the general meeting or the Board violates provisions of laws or administrative regulations and thus infringes the legal rights and interests of shareholders, to demand that the general meeting or the Board ceases the illegal or infringing act, and to require the Company to file a suit for compensation;
 - (IX) other rights vested by laws, administrative regulations and these articles of associations.

Article 54

If a shareholder desires to consult or requests for the foregoing information or materials, he/she shall provide the Company with a written document that evidence the class of shares he/she holds in the Company as well as the number of shares he/she holds. After identifying the shareholder, the Company shall provide the information or materials to the satisfaction of the shareholder, and may reasonably charge the shareholder for provision of copies of the information or materials provided.

Article 55

If a resolution of the general meeting or Board violates laws or administrative regulations, the Company's shareholders have the right to file a suit to demand a court ruling that the resolution is null and void.

If the convening procedures or voting methods of the general meeting or the meeting of the Board violates laws, administrative regulations or these articles of association, or a resolution of such meetings violates these articles of association, the Company's shareholders have the right to file a suit to demand cancellation of such resolution within 60 days after the resolution is made.

Article 56

If a Director or senior management member violates provisions of laws, administrative regulations or these articles of association in performing his/her duty and results in loss on the part of the Company, a shareholder who holds more than 1% of the Company's shares separately or jointly with others for more than 180 consecutive days has the right to in written notice request the supervisory committee to file a suit against such Director or senior management member; if the supervisory committee violations provisions of laws, administrative regulations or these articles of association in performing their duty and results in loss on the part of the Company, the Company's shareholders can request the Board in writing to file a suit against the supervisory committee.

However, if an investor protection institution established in accordance with laws, administrative regulations or provisions of the securities regulatory authorities of the State Council holds the shares of the Company, and a lawsuit is filed to the People's Court in its own name for the interests of the Company, the shareholding proportion and duration shall not be subject to the above provisions.

If the supervisory committee or the Board refuses to file the suit after receiving the written request of the Company's shareholder provided in the preceding paragraph or fails to file the suit within 30 days after receiving such request, or in the case of an urgent situation where the Company may suffer an irredeemable damage if the suit is not filed forthwith, the shareholder provided in the preceding paragraph has the right to directly file the suit in his/her own name for the Company's benefit.

If other persons infringe the Company's legal rights or interests and cause loss to the Company, the shareholder provided in the first paragraph of this article can file a suit against such persons according to provisions of the two preceding paragraphs.

Article 57

If a Director or senior management member violates provisions of laws, administrative regulations or these articles of association and thus impairs interest of the Company's shareholders, the Company's shareholders can file a suit against such Director or senior management member.

Article 58

Shareholders of the Company's ordinary shares shall undertake the following obligations:

- (I) to comply with these articles of association;
- (II) to pay the share capital according to the number of shares they subscribe and the method of their subscription;
- (III) not to withdraw shares except in the circumstances permitted by laws or regulations;
- (IV) not to abuse shareholders' rights to impair the Company's or other shareholders' interest, and not to abuse the Company's legal personality or shareholders' limited liability to impair the interest of the Company's creditors;

If a shareholder abuses the shareholders' rights and results in the loss on the part of the Company or other shareholders, the shareholder shall undertake compensatory liability according to law.

If a shareholder abuses the Company's legal personality or shareholders' limited liability to evade debt and severely

impairs the interest of the Company's creditors, the shareholder shall undertake joint and several liabilities toward the Company's debt.

- (V) other obligations provided by laws, administrative regulations or these articles of association

Apart from the conditions agreed to by the subscriber at the time of subscription, a shareholder does not undertake any subsequent liability of contributing additional capital to the Company.

Article 59 If a shareholder who holds more than 5% of the Company's voting shares pledges his/her shares, the shareholder shall make a written report to the Company on the very day of the pledge being made.

Article 60 If a person obtains the Company's shares from others who is deceased or bankrupt, he/she can apply to the Company with evidence for registering himself/herself or a person he/she designates as the Company's shareholder according to relevant laws or regulations of China. The Company has the right to accept or reject such application according to relevant provisions of these articles of association. A person who is registered as a shareholder of the Company according to this article will have the right to obtain the dividend due to him/her when he/she becomes the Company's shareholder. If the Company refuses to register a person as its shareholder according to this article, it shall give the person a written notice and show causes within two months after the person applies for registration.

CHAPTER 9 OBLIGATION OF CONTROLLING SHAREHOLDERS TO OTHER SHAREHOLDERS

Article 61 The controlling shareholders of the Company and the de facto controller shall not make use of their connected relationships to impair the benefits of the Company. For any infringement that leads to damage of the Company, the parties shall be held liable for such losses.

The controlling shareholders of the Company and the de facto controller have fiduciary duties towards the Company and its public shareholders. The controlling shareholders shall exercise his rights as investors strictly in accordance with the laws. They shall not damage the lawful rights of the Company and public shareholders through profit allocation, assets restructuring,

external investment, use of capital and loan guarantee etc. They shall not jeopardise the interest of the Company and public shareholders by making use of their controlling status.

Article 62

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

- (I) to relieve a Director or supervisor of his duty to act honestly in the best interests of the Company;
- (II) to approve the expropriation by a Director or supervisor (for his own benefit or for the benefit of another), in any guise, the assets of the Company, including (but not limited to) an opportunity beneficial to the Company;
- (III) to approve the expropriation by a Director or supervisor (for his own benefit or for the benefit of another) the individual rights of other shareholders, including (but not limited to) rights to distributions and voting rights save and except restructuring of the Company submitted for approval by the shareholders in general meeting in accordance with these articles of association.

CHAPTER 10 GENERAL MEETINGS

Article 63

The Company's Directors, supervisors and senior management member(s) have the obligation to ensure that the Company's capital is not appropriated by the Company's controlling shareholder. If a Director, senior management member(s) connives at appropriation of the Company's property by the controlling shareholder or its affiliated enterprises, the Board shall mete out disciplinary punishment to the person who is directly responsible for the appropriation according to severity of the circumstance and start the removal procedures against the Director who is chiefly responsible for the appropriation. In the case that the Company's controlling shareholder appropriates the Company's property by way of, among others, appropriating the Company's capital, the Board shall forthwith apply to the People's Court in the name of the Company for judicial freeze of the Company's

property appropriated by the controlling shareholder as well as the Company's shares held by the controlling shareholder. If the controlling shareholder fails to reinstate or repay in cash the Company's property appropriated by it, according to the provisions and procedures of the law, regulations and rules, the Company has the right to repay the Company's property appropriated by the controlling shareholder by realizing the Company's shares held by the controlling shareholder.

Article 64 The general meeting is the Company's power organ and shall exercise its powers according to law.

Article 65 The general meeting shall exercise the following powers:

- (I) to decide on the Company's operation guidelines and investment plans;
- (II) to elect and replace Directors and decide on Directors' compensation;
- (III) to elect and replace supervisors, who are representatives of shareholders, and decide on supervisors' compensation;
- (IV) to deliberate and approve reports of the Board;
- (V) to deliberate and approve reports of the supervisory committee;
- (VI) to deliberate and approve the Company's annual financial budget and final account;
- (VII) to deliberate and approve the Company's profit distribution plan and loss coverage plan;
- (VIII) to make resolution on the Company's increase or reduction of registered capital;
- (IX) to make resolution on the Company's merger, division, dissolution or liquidation, etc;
- (X) to make resolution on the Company's issue of bonds;
- (XI) to make resolution on the Company's appointment, dismissal or non- reappointment of the accountant's office;

- (XII) to amend the Company's Articles of Association;
- (XIII) to deliberate proposals made by shareholders who hold 3% or more of the Company's voting shares;
- (XIV) to deliberate and approve the guarantee matters provided in Article 66 of these articles of association;
- (XV) to deliberate the current year's major purchase or sale of assets which exceeds 30% of the Company's latest audited total assets;
- (XVI) to deliberate and approve changes in the use of fund raised;
- (XVII) to deliberate and approve equity incentive plans; and
- (XVIII) other things requiring a resolution of the general meeting according to provisions of laws, administrative regulations, listing rules of the stock exchange at which the Company's shares is listed for trading, or these articles of association.

Article 66

The following external guarantees of the Company shall be deliberated and approved by the general meeting:

- (I) any guarantee provided after the total amount of external guarantees provided by the Company and its holding subsidiaries has reached or exceeded 50% of the Company's latest audited net assets;
- (II) any guarantee provided after the total amount of external guarantees provided by the Company has reached or exceeded 30% of the Company's latest audited total asset;
- (III) guarantees provided for an entity with the assets-liabilities ratio exceeding 70%;
- (IV) guarantees which are provided after the total amount of the Company's guarantees in 12 consecutive months has exceeded 50% of the Company's latest audit net assets and whose absolute amount exceeds RMB50 million;
- (V) guarantees for each of which the amount exceeds 10% of the Company's latest audited net assets; and

- (VI) guarantees provided for the Company's shareholders, de facto controllers or related parties.

The second item of the preceding paragraph shall be adopted by the general meeting through a special resolution.

Before providing external guarantee, the Company shall fully understand the financial and credit standing of the guaranteed party and make thorough analysis on impact of the guarantee on the Company's interest and on risks facing the Company as a result of the guarantee. The guaranteed party shall have sound credit standing and debt service ability.

Article 67

The "external guarantees" referred to in these articles of association mean the guarantee provided by the Company for other persons, including the guarantees provided by the Company for its holding subsidiaries. The "total amount of external guarantees provided by the Company and its holding subsidiaries" refer to the sum of the aggregate amount of external guarantees provided by the Company, including those provided for its holding subsidiaries, and the aggregate amount of external guarantees provided by the Company's holding subsidiaries. Without prior approval of the general meeting, the Company shall not conclude with other persons than its Directors, supervisors, President or other senior management member(s) contracts that entrust all or part of the Company's important business to the care of such "other persons".

Article 68

General meetings are divided into annual general meeting and extraordinary general meeting. General meetings shall be convened by the Board which will determine the time and venue of the meeting. The annual general meeting shall be convened once every year and shall be held within six months after the end of the preceding accounting year.

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

- (I) if the number of Directors is less than the number provided by the Company Law or less than two-thirds of the number required by these articles of association, namely, the number of Directors is smaller than 6; or if the number of independent Directors is less than the minimum number provided by relevant laws or regulations or less than the minimum number provided by these articles of association, namely, the number of independent Directors is smaller

than 3, the general meeting convened in the foregoing circumstances shall hold by-election for Directors or independent Directors, so that the number of Directors or independent Directors reaches the number provided by these articles of association;

- (II) where the accrued losses of the Company amount to one-third of its total share capital;
- (III) when shareholders separately or joint holding 10% or more of the Company's shares request in written;
- (IV) when deemed necessary by the Board or when requested by the supervisory committee;
- (V) when proposed by more than two independent Directors;
- (VI) her circumstances as provided in relevant laws, administrative regulations, rules from relevant authorities, listing rules of the stock exchange(s) where shares of the Company are listed or these articles of association.

The shareholdings referred to in sub-paragraph (III) above shall be calculated as at the date of written request of the shareholder.

Article 69

The general meeting shall be held at the Company's domicile or such other places as the convener advises.

The general meeting will be held in the form of on-site meeting. The Company will provide internet access to the meeting at the same time to facilitate shareholders who cannot be present at the site of the meeting. If a shareholder participates in the general meeting via the internet, he/she will be deemed to have been present at the meeting.

Article 70

If the Company is to hold an annual general meeting, it shall issue a written notice 20 working days (excluding the day on which the notice is sent) before the meeting is held, and in case the Company is to hold an extraordinary general meeting, it shall issue a written notice 10 working days or 15 days (excluding the day on which the notice is sent), whichever is the longer, before the meeting is held, so as to inform all registered shareholders of the matters to be deliberated in the meeting as well as the date and place of the meeting.

Article 71 If the Company is to hold a general meeting, a shareholder who holds 3% or more of the Company's voting shares separately or jointly with other shareholders, the Board and the supervisory committee have the right to table written proposals to the Company. The Company shall include proposals that comply with provisions of laws, administrative regulations and these articles of association and fall into the purview of power of the general meeting into the agenda of the meeting.

Except for the circumstances prescribed in the preceding provision, the convener may not change the proposal listed in the notice of the general meeting or add new proposal after the notice of the general meeting has been served.

The proposals, which have not been listed in the notice of the general meeting or that are not in line with this article, shall not be voted and resolved on at the general meeting.

Article 72 Subject to compliance with laws, administrative regulations and relevant provision under these articles of association, the contents of the proposals shall contain clear topics and concrete resolutions, which shall fall within the scopes of duties and functions of the general meeting.

Article 73 An extraordinary general meeting shall not decide on matters not specified in the notice.

Article 74 When the Company convenes the general meeting, it will appoint lawyers to give and publicly announce legal opinions on the following matters:

- (I) whether the procedures to convene and hold the meeting are compliant with laws, administrative regulations and these articles of association;
- (II) whether the qualifications of participants and convener of the meeting are valid;
- (III) whether the procedures and results of voting in the meeting are valid; and
- (IV) legal opinions on other matters required by the Company.

Article 75

Notice of general meetings shall satisfy the following requirements:

- (I) it shall be in writing;
- (II) shall specify the place, date and time of the meeting;
- (III) it shall state the matters to be discussed at the meeting;
- (IV) it shall provide such information and explanation as are necessary for the shareholders to make an informed decision on the matters to be discussed. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with other parties, to repurchase shares of the Company, to reorganize the share capital, or to restructure the Company in any way, the terms of the proposed transaction must be provided in detail together with the proposed agreement (if any), and the causes and effects must be properly explained;
- (V) it shall contain a disclosure of the nature and extent, if any, of material interests of any Director, supervisor, President or other senior management members in the matters to be discussed and the effect of the matters to be discussed on them in their capacity as shareholders in so far as it is different from the effect on the interests of the shareholders of the same class;
- (VI) it shall contain the full text of any special resolution proposed to be passed at the meeting;
- (VII) it shall contain conspicuously a statement that a shareholder entitled to attend and vote at the meeting shall be entitled to appoint one or more proxies to attend such meeting and to vote thereat instead of him and that a proxy need not be a shareholder;
- (VIII) it shall specify the time and place for lodging written replies and proxy forms for the relevant meeting;
- (IX) the name and contact number of the general contact person for meetings.

Article 76

If the general meeting is to discuss election of Directors or supervisors, the notice of the meeting shall fully disclose detailed information of the candidates, including at least the following content:

- (I) such personal information as education background, work experience, and part-time jobs, etc;
- (II) whether the candidates are related to the Company's controlling shareholder and de facto controller;
- (III) number of shares of the stock held by the candidates in the Company;
- (IV) whether the candidates have ever been punished by China Securities Regulatory Commission or other departments concerned or stock exchanges; and
- (V) other information required to be disclosed by listing rules of the stock exchange at which the Company's shares is listed for trading.

The election of Directors and supervisors shall adopt the cumulative voting system. In addition, every candidate for the Director and supervisor shall be nominated by a separate proposal.

Article 77

Upon the delivery of the notice of a general meeting, the Board shall not delay or cancel the meeting to be held, unless there is a proper reason; motions stated in the notice of general meetings shall not be cancelled. Where the general meeting is to be delayed or cancelled, the convener shall announce reasons therefore not less than two (2) working days prior to the original date of meeting.

Article 78

For holder of the overseas listed shares (H shares), the general meeting should dispatch notice of general meeting by person or by prepaid mail to shareholders (whether or not such shareholder is entitled to vote at the meeting). The mail shall be to the recipients' addresses shown on the register of members. Subject to the laws, regulations and listing rules of the listing place, the aforesaid notices may be issued or provided by the Company via website of the Company or using electronic means, instead of

the abovementioned ways in this article. For holders of domestic shares, notice of general meeting can be given by way of public announcement.

The public notice referred to in the preceding paragraph shall be published in one or more national newspapers designated by the securities regulatory authority of the State Council within the period stipulated in Article 70 of these articles of association; after the publication of such notice, the holders of domestic shares shall be deemed to have received the notice of the relevant general meetings.

Article 79

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

Article 80

All shareholders registered on the shares right registration date or their proxies have the right to attend the general meeting and to exercise their voting right according to relevant laws, regulations and these articles of association. Any shareholder who has the right to attend and vote in the general meeting can attend the meeting in person, or entrust one or more proxies (who can be non-shareholders of the Company) to attend and vote in the meeting. The proxy of a shareholder can exercise the following rights according to the entrust from the shareholder:

- (I) the same right as the shareholder to speak at the general meeting;
- (II) authority to demand or join in demanding a poll;
- (III) where more than one proxy are entrusted, voting in the meeting (whether on a show of hands or on a poll) shall be conducted by such proxies by way of poll.

If a shareholder purchases voting shares of the Company in violation of the provisions of Article 63(1) and (2) of the Securities Law, the voting rights of such shares in excess of the prescribed proportion shall not be exercised for a period of thirty-six months after the purchase and shall not be counted as part of the total number of shares with voting rights held by shareholders attending the meeting.

The Company's Board, independent Directors and shareholders holding more than one percent of the shares with voting rights or investor protection agencies established in accordance with the laws, administrative regulations or requirements of the CSRC may publicly solicit shareholders' voting rights, provided that sufficient disclosure of information such as the specific voting preference shall be made to the shareholders from whom voting rights are being solicited. No consideration or other form of de facto consideration shall be involved in the solicitation of voting rights from shareholders. The Company shall not impose any limitation related to minimum shareholdings on the solicitation of voting rights except for statutory conditions.

Pursuant to applicable laws, regulations and listing rules at the location where the Company's shares are listed, if any shareholder must abstain from voting or is restricted to vote only in favour of or against any individual resolution, then any vote cast by the said shareholder (or proxy thereof) in violation of the relevant provision or restriction shall not be counted in the voting result.

Article 81 The instrument appointing a proxy shall be in writing signed by the appointor or his attorney duly authorised in writing, or if the appointor is a corporation, either under its seal or signed by a Director or attorney duly authorised.

Article 82 The instrument appointing a proxy shall be deposited at the legal residence of the Company or such other place as is specified in the notice of meeting not less than 24 hours before the time appointed for the meeting at which the person named in the instrument proposes to vote or, 24 hours before the time appointed for taking of the poll. Where such instrument is signed by a person under a power of attorney or other authority on behalf of the appointor, that power of attorney or other authority shall be notarized. A notarially certified copy of that power of attorney or other authority together with the instrument appointing a proxy shall be deposited at the legal residence of the Company or such other place as is specified in the notice of the meeting.

In the event that the appointor is a corporation, such shareholder shall be represented at the general meeting of the Company by its legal representative or the person authorized by its Board or other governing body of such appointer.

- Article 83** The letter of authorization issued by a shareholder to entrust other persons to attend the general meeting shall contain the following content:
- (I) name of the proxy;
 - (II) whether the proxy has voting right;
 - (III) instructions on how to vote in respect to every matter on the meeting's agenda;
 - (IV) date and term of the letter of authorization; and
 - (V) signature (or seal) of the entrusting shareholder. If the entrusting shareholder is a legal person, the letter of authorization shall be affixed with its official seal.
 - (VI) the number of shares held by the principal represented by the authorized proxy.
 - (VII) If several persons are appointed as the shareholder's proxies, the power of attorney shall specify the number of shares to be represented by each proxy.
- Article 84** The letter of authorization shall indicate whether the proxy can vote at his own will in the absence of the shareholder's concrete instructions as to how to vote in the general meeting.
- Article 85** Shareholders of the Company's foreign shares listed in Hong Kong can have a clearing house recognized by the Securities and Futures Ordinance of Hong Kong authorize one or more persons as their representatives to attend and vote in the Company's general meeting or any class of shareholders according to laws, regulations and listing rules of the stock exchange at which the Company's shares are listed for trading. The letter of authorization for such representative shall indicate the number of shares and class of the shares involved and the matters to be voted. The representative so authorized does not need to show the shares right certificate; nor does the authorization document need to be notarized.
- Article 86** Any form issued to a shareholder by the Board for use by him for appointing a proxy shall be in such as to enable the shareholder, according to his intention, to instruct the proxy to vote in favour

or against each resolution dealing with matters to be resolved at the meeting. Such a form shall contain a statement that in default of such instructions, the proxy may vote as he thinks fit.

Article 87 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or loss of capacity of the principal or revocation of the proxy or power of authority or other authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no notice in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by the Company before the commencement of the meeting at which the proxy is used.

Article 88 Individual shareholders attending the general meeting in person shall submit their own identity cards or valid certificates or certifications or stock account cards which can show their capacities; Proxies shall submit personal valid identity certificates and the power of attorney when they attend the meeting.

A legal person shareholder shall appoint its legal representative or a proxy authorised by the legal representative to attend the meeting. Legal representatives shall submit personal valid identity certificates and valid proofs of their legal representative identity when they attend the meeting; Proxies shall submit their own identity cards and the power of attorney issued by the legal representative of the legal person shareholder when they attend the meeting.

Article 89 The Company shall be responsible for making the register of participants of the general meeting. The register shall indicate the name (or organization), identity number, address, number of shares or voting shares and name (or organization) of the principal of the participants, etc.

Article 90 The convener of the general meeting and the lawyer appointed by the Company will jointly check validity of the shareholders' qualifications according to the list of shareholders provided by the securities registration and settlement organizations and register the name and number of voting shares in possession of the shareholders attending the meeting in person or by proxy. Participant registration shall stop before chairman of the meeting announces the number of shareholders and proxies attending the meeting and the total number of voting shares they represent.

- Article 91** All Directors, supervisors and Secretary to the Board shall have voting right in the general meeting, while President and other senior management member(s) present at the meeting shall have no voting right.
- Article 92** The Board and the supervisory committee shall make a work report of the previous year to the Company's shareholders in the annual general meeting, so does each of the independent Director.
- Article 93** Directors, supervisors and senior management members shall make explanations for inquiries or proposals made by shareholders in the general meeting.
- Article 94** The chairman of the general meeting shall announce the number of shareholders and proxies present at the meeting and the total number of voting shares represented by them before voting. The number of shareholders and proxies present at the meeting and the total number of voting shares represented by them shall be subject to the register of participants of the meeting.
- Article 95** The general meeting shall have meeting minutes, which shall be prepared by Secretary to the Board. The meeting minutes shall record the following content:
- (I) time, place and agenda of the meeting and name of the convener;
 - (II) name of the Chairman, Directors, supervisors, President and senior management member(s) attending the meeting with or without voting right;
 - (III) number of the shareholders and proxies attending the meeting (including both domestic and foreign [if any] share holders), number of voting shares they hold, and proportion of such shares to the Company's total shares;
 - (IV) deliberation process, key opinions and voting result of each proposal;
 - (V) opinions or suggestions of shareholders and corresponding reply or explanations;
 - (VI) name of the lawyer, tellers and scrutineers; and

(VII) other contents required to be included into the meeting minutes by these articles of association.

Article 96 The convener of the general meeting shall ensure that the meeting minutes are true, accurate and complete. Directors, supervisors, Secretary to the Board, convener or his/her representative and chairman attending the general meeting shall sign the meeting minutes respectively. The meeting minutes shall be kept for no less than 10 years together with the register of participants attending the meeting, letters of authorization of proxies representing shareholders, and effective voting materials of shareholders who attend the meeting by internet or other means.

Article 97 Shareholders can consult reproductions of the meeting minutes during the Company's office hours free of charge. If a shareholder requests reproductions of the meeting minutes, the Company shall satisfy such request within 7 days after receiving reasonable fees due from the shareholder making such request.

Article 98 The convener of the general meeting shall ensure that the meeting is held continuously till final resolutions are made. If the general meeting is suspended or fails to make resolutions for such special reasons as force majeure, the convener shall take necessary measures to resume the meeting as soon as possible or close the meeting forthwith and make an announcement in a timely manner. Meanwhile, the convener shall make a report to the local representative office of China Securities Regulatory Commission, explaining reasons and disclosing relevant information and the special legal opinions given by lawyers.

Article 99 Resolutions of the general meeting shall be divided into ordinary resolutions and special resolutions.

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

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

Article 100 For the purpose of voting at the general meeting, a shareholder (including proxy) shall exercise voting rights in accordance with the number of shares carrying voting rights represented by him/her. Each share shall have one vote.

Article 101 On a poll, a shareholder (including proxy) entitled to two or more votes need not use all his votes or cast all the votes he uses in the same way.

Article 102 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 entitled to a second vote.

Article 103 The following matters shall require approval of an ordinary resolution at a general meeting:

- (I) the working reports of the Board and the supervisory committee;
- (II) profit distribution plan and plan for making up losses prepared by the Board;
- (III) the removal of the members of the Board and the supervisory committee as well as their remuneration (including but not limited to the remuneration at a time when he/she loses directorship or his/her term of office expires) and method of payment;
- (IV) annual financial budgets and statements of final accounts, balance sheets, profit statements and other financial statements of the Company;
- (V) annual report of the Company;
- (VI) any other matters except those passed by special resolutions as prescribed by the laws, administrative regulations and these articles of association.

Article 104 The following matters shall require approval of a special resolution at general meetings:

- (I) the increase in and reduction of the share capital of the Company, and the issue of any class of shares, warrants or other similar securities;

- (II) deciding on issuance of corporate bonds or other securities and their listing plan;
- (III) the demerger, spin-off, amalgamation, dissolution and liquidation of the Company;
- (IV) amendments to these articles of association;
- (V) any acquisition or disposal of major assets or the grant of guarantees by the Company within one (1) year with a value exceeding 30% of the latest audited total assets of the Company;
- (VI) the share incentive schemes;
- (VII) adjustments or changes to the profit distribution policy;
- (VIII) any other matters that are deemed to have a significant impact on the Company as passed by an ordinary resolution of the general meeting and so necessitate a special resolution for approval.

Article 105

The independent Directors shall have the right to propose the convening of extraordinary general meetings to the Board. When proposed by independent Directors to convene an extraordinary general meeting, the Board shall reply in writing within ten (10) days upon the receipt of the motion whether it agrees or not to convene the extraordinary general meeting according to the laws, administrative regulations and these articles of association.

In case the Board agrees to convene the extraordinary general meeting, it shall serve a notice of convening the extraordinary general meeting within five (5) days after the resolutions are made by the Board. In case the Board disagrees to convene the extraordinary general meeting, it shall state the reasons with an announcement.

Article 106

The supervisory committee shall have the right to propose the convening of extraordinary general meeting to the Board and shall submit such proposal in writing to the Board. The Board shall, in accordance with the regulations prescribed by the laws, administrative regulations and these articles of association, state

with its feedback in writing within ten (10) days upon receipt of the proposal whether they agree or disagree to the convening of the extraordinary general meeting.

In case the Boards agrees to convene the extraordinary general meeting, it shall publish a notice of convening the extraordinary general meeting within five (5) days upon the resolutions of the Board being made. The Board shall seek the approval of the supervisory committee for any amendment in the original proposal in the notice.

In case the Board disagrees to convene the extraordinary general meeting, or fails to give feedback within ten (10) days upon receipt of the proposal, it shall be assumed that the Board is unable to or fails to perform the duties of convening the general meeting. The supervisory committee can then convene and host the meeting.

Article 107

The shareholders holding more than 10% of the shares of the Company individually or in aggregate shall have the right to propose the convening of an extraordinary general meeting to the Board and shall submit such proposal in writing to the Board. The Board shall, in accordance with the regulations prescribed by the laws, administrative regulations and these articles of association, states with its feedback in writing within ten (10) days upon receipt of the request whether they agree or disagree to the convening of the extraordinary general meeting.

In case the Board agrees to convene the extraordinary general meeting, it shall publish a notice of convening the extraordinary general meeting within five (5) days upon the resolutions of the Board. The Board shall seek the approval of the relevant shareholders for any amendments in the original proposal in the notice.

In case the Board disagrees to convene the extraordinary general meeting, or fails to give feedback within ten (10) days upon receipt of the proposal, shareholders holding more than 10% of the shares of the Company individually or in aggregate shall have the right to propose to the supervisory committee the convening of the meeting, and shall propose the request to the supervisory committee in writing.

In case the supervisory committee agrees to convene the extraordinary general meeting, it shall publish a notice on convening the extraordinary general meeting within five (5) days

upon receiving the request. If the notice comprises changes on the original proposals, it shall obtain the consent of the shareholders concerned.

Should the supervisory committee fail to publish the notice on convening the extraordinary general meeting before the deadline, it shall be assumed that the supervisory committee will not convene and host the general meetings, and the shareholders holding 10% of the shares of the Company individually or in aggregate may convene and host the meeting after ninety (90) consecutive days.

Article 108 When the supervisory committee or shareholders have decided to convene the general meeting, they shall inform the Board in writing, and file a case to the stock exchange.

Before the announcement of the extraordinary general meeting, the convening shareholders shall have a shareholding proportion of no less than 10%.

The convening shareholders shall, before publishing the notice of the extraordinary general meeting and the announcement of the resolutions of the extraordinary general meeting, submit the certificate proof concerned to the stock exchange.

Article 109 The Board and the Secretary to the Board shall cooperate on the work for the general meeting convened by the supervisory committee or shareholders. The Board shall provide the register of shareholders on the share registration day.

Article 110 The Company shall undertake the cost of venue when the supervisory committee or shareholders convene the general meeting.

Article 111 In the event that the Board fails to convene the meeting as required above and shareholders decide to convene and hold the same as a result, all reasonable costs incurred therefrom shall be undertaken by the Company and the cost shall be deducted from the fees payable to the Directors who fail to fulfill their duties.

Article 112 The general meeting shall be presided over by Chairman, who shall serve as chair of the meeting at the same time. If the Chairman is not able or refuses to perform his/her duty, the meeting shall be presided over by a Director elected by more than half of the entire Directors.

In the case of the general meeting convened by the supervisory committee, chairman of the supervisory committee shall preside over and concurrently serve as chairman of the meeting. If the chairman is not able or refuses to perform his/her duty, the vice chairman shall take his/her place; if the vice chairman is not able or refuses to do so, a Director elected by more than half of the total supervisors shall come in to preside over the meeting.

In the case of the general meeting convened by shareholders themselves, the person elected by the conveners shall preside over and concurrently serve as chairman of the meeting.

If the chairman of the general meeting violates the rules of procedures so that the meeting can not proceed, with consent of more than half of the shareholders with voting right and present at the meeting, the meeting can elect another person to serve as chairman of the meeting so that the meeting can continue.

Article 113

The Board and other conveners of the general meeting shall take necessary measures to maintain order of the meeting. They shall take actions to stop any behaviours that interfere with the meeting or infringe shareholders' legal rights and interests at the meeting and immediately report to competent authority for investigation.

Article 114

Shareholders (including their proxies) shall exercise their voting right in proportion to the number of voting shares they hold, each of which enjoys one vote.

The shares held by the Company itself have not voting right and shall not be count into the total voting shares represented by shareholders attending the general meeting.

The Board, independent Directors and shareholders satisfying relevant conditions can solicit shareholders' vote.

Article 115

When the general meeting deliberates matters on related transactions, related shareholders shall not participate in the voting and their voting shares shall not be count into the total effective voting shares. The resolution announcement of the general meeting shall fully disclose voting results of the non-related shareholders.

Resolutions of the general meeting shall explain voting results of the non-related shareholders in great details. If the related shareholders are not able to withdraw from voting in special circumstances, they can participate in relevant voting according

to normal procedures with consent of the competent authority and on condition of complying with relevant laws, regulations and listing rules of the stock exchange at which the Company's shares are listed for trading, but the meeting resolution shall make detailed explanations for such situations. In respect to proposals from which the related shareholders expressly withdraw, other shareholders attending the general meeting shall deliberate and vote on the relevant related transactions; and the voting result shall have the same legal effect as other resolutions adopted by the meeting.

The "special circumstances" aforesaid refer to the following situations:

- (I) where shareholders attending the general meeting include the related shareholders only;
- (II) where the related shareholders' proposal to participate in voting has been submitted to the general meeting and adopted by other shareholders attending the meeting through a special resolution;
- (III) other situations where the related shareholders are not able to withdraw.

Article 116 On the precondition of ensuring that the general meeting is legitimate and valid, the Company shall facilitate shareholders' participation in the meeting by all means possible, including such modern information technology as internet-base voting platform, etc.

Article 117 Except in special circumstances, such as crises, without approval of the general meeting via a special resolution, the Company shall not conclude with other persons than its Directors, President or other senior management member(s) contracts that entrust all or part of the Company's important businesses to the care of such other persons.

Article 118 The list of candidates for Directors and supervisors shall be submitted to the general meeting in the form of proposals for voting.

In the case of electing Directors or supervisors, the general meeting may adopt the cumulative voting system according to provisions of these articles of association or resolutions of the meeting.

The “cumulative voting system” referred to in the preceding paragraph means the voting system under which each share of the stock has the same number of votes as that of the Directors or supervisors to be elected when the general meeting elects Directors or supervisors and shareholders can cast all their votes to a single candidate. The Board shall disclose to shareholders the resume and basic information of the candidates for Directors and supervisors.

Article 119 Except in the case of the cumulative voting system, the general meeting will vote on all proposals one by one. If different proposals are made for the same matter, the proposals will be voted on in the order of time at which they are made. Except in the case that the meeting is suspended or is not able to make resolutions for such special reason as force majeure, the meeting will not shelve or choose not to vote on the proposals made.

Article 120 The general meeting will not make amendment to the proposals already made in their deliberation; otherwise, the amendment will constitute a new proposal, which can not be voted on in the current meeting.

Article 121 The same vote can be cast by one means only, namely, on the spot, via the internet or in other ways. If the same vote is cast more than once, the first instance of the voting shall prevail.

Article 122 The general meeting shall vote by registered ballot.

Article 123 Before voting on a proposal, the general meeting shall elect two shareholders to participate in counting and scrutinize the votes. If a shareholder is interested in the matter deliberated, the shareholder or his/her proxy shall not participate in counting and scrutinizing the votes.

After the general meeting votes on a proposal, the lawyer, shareholders’ representatives and supervisors’ representatives shall jointly count and scrutinize the votes and announce on the spot the voting result, which shall be recorded in the meeting minutes.

The Company's shareholders or their proxies who vote by the internet or other means have the right to check the result of voting through the voting system.

Article 124

The general meeting held on the spot shall not close earlier than the meeting held via the internet or in other ways. The chairman of the meeting shall announce the result of voting on every proposal and announce whether a proposal has been adopted according to the voting result.

Before the voting result is formally announced, all parties concerned, including the listed companies, tellers, scrutineers, major shareholders and internet service providers involved in the general meeting held on the spot, via the internet or in other ways, shall keep the voting situation confidential.

Article 125

Shareholders attending the general meeting shall vote yes or no or abstain from voting on the proposals submitted for voting.

If a ballot is unmarked, marked incorrectly or illegibly, or not cast at all, the voter concerned will be deemed to have waived the right to vote, and the voting result of the shares he/she holds in the Company will be recorded as "abstain".

Article 126

If the chairman of the general meeting has queries about the voting result, he/she can demand a vote count; if the chairman does not demand a vote count, but shareholders or their proxies attending the meeting disagree with the voting result announced by the chairman, the dissenting shareholders have the right to demand a vote count immediately after announcement of the voting result; in this circumstance, the chairman shall organize a vote count forthwith.

Article 127

The resolutions of a general meeting shall be announced promptly in accordance with relevant laws, regulations and listing rules of the stock exchange on which the shares of the Company are listed and traded. The announcement shall specify the number of attending shareholders and proxies, the total number of attending shares held with voting rights and its proportion to the total shares held with voting rights in the Company, the means of resolutions, the voting results on each resolution and the details of each resolution passed as well as any other contents as required by relevant laws, regulations and listing rules of the stock exchange on which the shares of the Company are listed and traded.

Article 128 Should the resolution not be passed or the current general meeting alters the resolutions of the previous meeting, a special note shall be made in the announcement on the resolutions of the general meeting.

Article 129 The commencement date of the appointments of newly appointed Directors and supervisors shall be the date of passing the resolution on the election of the Directors and supervisors concerned at the general meeting.

Article 130 The Company shall implement the practical solutions within two (2) months upon the conclusion of the general meeting when the general meeting has passed the resolutions on the distribution of cash dividends or bonus shares or on the transfer of provident fund to share capital.

CHAPTER 11 SPECIAL PROCEDURES FOR VOTING BY HOLDERS OF CLASS SHARES

Article 131 Shareholders holding different classes of shares are referred to as holders of class shares.

A holder of class shares shall, in accordance with laws, administrative regulations and these articles of association, enjoy rights and assume obligations.

Article 132 Rights conferred on any class of shareholders in the capacity of shareholders (“class rights”) may not be varied or abrogated unless approved by a special resolution of shareholders in general meeting and by holders of shares of that class at a separate meeting conducted in accordance with Articles 135 to 138 of these rules.

Article 133 The following circumstances shall be deemed to be a variation or abrogation of the rights of holders of certain class shares:

- (I) The increase or decrease of the number of shares of such class, or the increase or decrease of the number of shares of a class having voting rights, distribution rights, or other privileges equal or superior to the shares of such class;
- (II) To convert all or part of a class of shares into another class, or to convert all or part of another class of shares into that class of shares, or to grant such conversion right;

- (III) The removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;
- (IV) The reduction or removal of a dividend preference or a liquidation preference attached to shares of such class;
- (V) To add, remove or reduce conversion privileges, options, voting rights, transfer or preemptive rights or rights to acquire securities of the Company of such class;
- (VI) To remove or reduce rights to obtain payables in specific currencies from the Company attached to shares of that class;
- (VII) To create a new class of shares having voting rights, distribution rights or other privileges equal or superior to the shares of such class;
- (VIII) To restrict the transfer or ownership of such class of shares or impose additional restrictions thereto;
- (IX) To issue rights to subscribe for, or convert into, shares of such class or another class;
- (X) To increase the rights or privileges of shares of another class;
- (XI) To conduct the proposed restructuring of the Company in such a way that may result in the holders of different classes of shares to assuming liability disproportionately;
- (XII) The variation or abrogation of the provisions of this chapter.

Article 134

Shareholders of the affected class, whether or not otherwise entitled to vote at general meetings, shall nevertheless be entitled to vote at class meetings in respect of matters concerning sub paragraphs (II) to (VIII), (XI) and (XII) of Article 133, but interested shareholder(s) shall not be entitled to vote at class meetings. The meaning of “interested shareholder(s)” as mentioned in the preceding paragraph is:

- (I) in the case of a repurchase of shares by pro rata offers to all shareholders or public dealing on a stock exchange under the Article 32 of these articles of association of

the Company, an “interested shareholder” refers to a controlling shareholder within the meaning of the Article 303 of these articles of association of the Company;

- (II) in the case of a repurchase of the company’s own share by an agreement under the Article 32 of these articles of association of the Company, “an interested shareholder” refers to the shareholder who is related to the agreement;
- (III) in the case of a restructuring of the Company, “an interested shareholder” refers to a shareholder within a class who undertakes less than a proportionate burden imposed on that class under the proposed restructuring or who has an interest in the proposed restructuring different from the interest of shareholders of that class.

Article 135 Resolutions of a class meeting shall be passed by votes representing more than two-thirds of the voting rights of shareholders of that class represented at the relevant meeting who are entitled to vote at class meetings in accordance with Article 80 and Article 134.

Article 136 The written notice of convening a class meeting shall be given, to notify shareholders whose names appear in the register of shareholders of such class shares of the matters proposed to be considered and the date and place of the meeting with reference to the notice period as stipulated in Article 70 of these articles of association.

Article 137 Notice of class meeting only required to be served on shareholders entitled to vote thereat.

The procedure of any class meeting shall be conducted as similarly as possible as any general meeting. Provisions in these articles of association which relate to any general meeting shall apply to any class meeting.

Article 138 Apart from holders of other classes of shares, holders of domestic shares and overseas listed foreign shares shall be regarded as holders of different classes of shares.

The special procedures for voting by holders of class shares shall not apply to the following circumstances:

- (I) Where the Company issues, upon the approval by a special resolution of its shareholders in general meeting, either separately or concurrently once every twelve months, not more than twenty (20) percent of each of its existing issued domestic invested shares and overseas-listed foreign-invested shares;
- (II) Where the Company's plan to issue domestic shares and overseas listed foreign shares at the time of its establishment is carried out within fifteen (15) months from the date of approval by the securities commission of the State Council.
- (III) Shares held by holders of domestic shares are transferred to overseas investors under the approval by the securities regulatory authority of the State Council, and are dealt with on overseas stock exchanges.

CHAPTER 12 THE PARTY COMMITTEE

Article 139

The establishment and term of office of the Party committee and discipline inspection committee of the Company shall be implemented in accordance with relevant documents of the Party. The organizational structure of the Party organization and its staffing shall be incorporated into the administrative organs and the establishment of the Company. The Company shall provide necessary conditions for the activities of the Party organization and include expenses of the Party organization in the Company's budget, which will be credited to the Company's management fee.

Article 140

The Party organization of the Company shall play a leadership role and carry out the works with focus on direction control, overall management and ensuring implementation. It shall ensure and supervise the implementation of the directional policies of the Party and the country throughout the Company; support the general meeting, Board and supervisory committee in exercising their power in accordance with the laws; faithfully believe in the public and the staff and support the meetings of employee representatives in performing their function; participate in the decision making process of material matters of the Company; strengthen the self-construction of the Party organization, play a leading role in the ideological and political work and the spiritual

civilization construction of the Company and lead the mass organizations such as the labour union and the Communist Youth League.

Article 141

The Party committee shall consider and make decisions for the followings:

- (I) Major measures of the Company in carrying out the directions and policies of the Party and important decisions made by the higher Party organization;
- (II) Ideological construction, organization construction, work style construction, anti-corruption construction, system construction of and other aspects of the Party of the Company;
- (III) Uphold the integration of the principle of the administration of cadres by the Party with the lawful exercise of human rights by the Board or the President. Vetting, evaluating and raising opinions on, by the higher level of the Party committee, the candidates nominated by the Board or the President, or recommendation of candidates to the Board or the President in accordance with certain procedures; vetting and raising opinions on the candidates nominated by the Board or the President; evaluating the nominees with the Board, and collectively researching and raising opinions;
- (IV) Important matters in relation to united front work and mass organization;
- (V) Important matters to be referred and reported to the higher Party organization;
- (VI) Other matters to be considered and decided by the Party committee.

Article 142

The Party committee shall participate in the decision-making process regarding the following material matters:

- (I) Important measures of the Company regarding the implementation of national laws and regulations and important decisions of the higher level;

- (II) The development strategies and mid to long term development plans of the Company;
- (III) The production and operation policies of the Company;
- (IV) Principle and directional matters in respect of the asset restructuring, asset transfer, capital operation and significant investment of the Company;
- (V) The formulation and modification of the Company's important reform proposals and important rules and regulations;
- (VI) The merger, division, change and dissolution of the Company, set up and adjustment of internal management institutions and set up and dissolution of subordinated branches;
- (VII) The assessment, remuneration, management and supervision of the Company's mid to high level operation management personnel;
- (VIII) Material matters related to the interest of our staff which are required to be submitted to the meeting of employee representatives for discussion;
- (IX) Important measures adopted by the Company regarding the political and social responsibilities of the Company such as particularly significant safe production and maintenance of stability;
- (X) Material matters required to be approved by and reported to the higher level;
- (XI) Other matters required to be researched and discussed by the Party committee.

Article 143

Major procedures for the Party committee's participation in decision-making process:

- (I) Prior consideration by the Party committee. The Party committee shall hold meetings of the Party committee to conduct discussion and research on material matters proposed to be decided by the Board and senior management, and provide advices and recommendations

in this regard. If matters proposed to be decided by the Board and senior management are not in compliance with the directional policies of the Party and national laws and regulations or may prejudice national and public interests or legitimate interests of the Company and its employees, the Party committee shall propose revocation or deferred discussion thereof. If the Party committee considers that other material matters are required to be decided by the Board and senior management, such material matters may be proposed to the Board and senior management;

- (II) Communication before the meeting. Members of the Party committee who also serve as members of the Board and senior management (especially the Chairman of the Board or the President) shall communicate with other members of the Board and senior management regarding the relevant advices and recommendations of the Party committee before submitting the proposals to the Board or President office;
- (III) Expression during the meeting. Members of the Party committee who also serve as members of the Board and senior management shall fully express the advices and recommendations of the Party Committee during the decision-making process of the Board and senior management;
- (IV) Report after the meeting. Members of the Party committee who also serve as members of the Board and senior management shall report to the Party organization in respect of the decision of the Board and senior management in a timely manner.

Article 144

Implementation of the Company's material decisions and arrangements. The Party organization of the Company shall play a leading role in complying with various rules and regulations of the Company, conduct promotion, motivation and explanation of the implementation of the Company's material decisions, organize and lead all the Party members and staff to focus their mind and action on the strategic goal of development and implementation of material decisions of the Company and facilitate the reform and development of the Company.

Article 145 The Party committee shall establish a supervision system for the implementation of the Company's material decisions and conduct regular supervision and inspection. For the Company's practices which are not in compliance with the Party's directional policies, the PRC laws and regulations and the requirements of the Party central committee and higher level committee, the Party committee shall provide rectification advices in a timely manner and report to the higher level of the Party organization regarding the failure in rectification in a timely manner.

CHAPTER 13 THE BOARD

Article 146 Directors shall be elected or replaced by the general meeting, and may be dismissed by the general meeting before their term of office expires. The term of office of Directors is three years, and they may be re-elected after the expiry of the term of office.

Directors' term of service shall start from the date of their taking office and ends when the term of the current Board expires. If the term of old Directors expires but new Directors have not yet been elected, the old Directors shall continue to perform their duties according to laws, administrative regulations, department rules and these articles of association till the newly-elected Directors take office.

Directors can serve as the Company's President or other senior management member(s) at the same time, but Directors who are concurrently President or senior management member(s) or employees' representatives shall not be more than half of the Company's total Directors.

Article 147 The Company's Directors are natural persons and do not have to hold the Company's shares.

Article 148 Directors shall comply with laws, administrative regulations, listing rules of the stock exchange at which the Company's shares are listed for trading and these articles of association. They shall assume the following duties of care for the Company:

- (I) to exercise the rights vested by the Company in a prudent, serious and conscientious manner to ensure that the Company's business conduct complies with requirements of laws, administrative regulations and various economic

policies of the government and that the Company's business activities do not exceed the scope of business permitted by the business license;

- (II) to treat all shareholders impartially;
- (III) to keep track of the Company's business operation and management;
- (IV) to sign the Company's regular reports to ensure that the Company's information disclosure is true, accurate and complete;
- (V) to provide information accurately for the supervisory committee and not to interfere in the performance of duty on the part of the supervisory committee or supervisors; and
- (VI) other duties of care provided by laws, administrative regulations, department rules, listing rules of the stock exchange at which the Company's shares are listed for trading and these articles of association.

Article 149

If a Director fails to attend the Board meetings in person for two times running and fails to entrust other Directors to take his place at the same time, or the Board meetings (both regular and ad hoc) he/she attends in person do not reach 3/4 of the total Board meetings held in a given year, or the "abstain" votes he/she casts exceed 30% of the total votes he/she casts in a given year, the Director will be deemed to be unable to perform his/her duty. Therefore, the Board shall recommend the general meeting to replace him/her.

Article 150

A Director can resign from office before his/her term expires. If a Director resigns, he/she shall submit a written resignation letter to the Board. Within 2 days after receiving a Director's resignation letter, the Board shall disclose relevant information according to relevant laws, regulations and listing rules of the stock exchange at which the Company's shares are listed for trading.

If a Director's resignation causes the number of total Directors to be lower than the minimum quorum for the Board, the Director shall continue to perform his/her duty according to provisions of laws, administrative regulations, department rules and these articles of association till his replacement takes office.

Except in the circumstance provided in the preceding paragraph, a Director's resignation shall take effect the moment the resignation letter is served to the Board.

Article 151

If a Director's resignation takes effect or a Director's term expires, the Director shall complete the entire handover procedures before leaving; and the Director's duty of loyalty to the Company and the Company's shareholders shall not be relieved ipso jure upon termination of his/her term, but shall continue to be binding upon him/her within a reasonable term provided by these articles of association.

Without provision of these articles of association or legal authorization of the Board, no Director is permitted to act in his/her own name on behalf of the Company or the Board. When a Director acts in his/her own name, while a third party reasonably takes it for granted that he/she is acting on behalf of the Company or the Board, the Director shall make a statement on his/her stance and identity in advance.

Article 152

If a Director causes a loss to the Company due to his/her violation of laws, administrative regulations, department rules or these articles of association in performing his/her duty, the Director shall undertake compensatory liability to the Company.

Article 153

The Company's provisions on independent Directors shall be subject to provisions of relevant laws, administrative regulations, department rules and listing rules of the stock exchange at which the Company's shares are listed for trading.

Article 154

The Company shall form a Board consisting of 9 members. The Board shall set 1 Chairman, and as occasion requires, 1-2 vice Chairman. At least one-third of the Board members shall be independent Directors.

Article 155

The Chairman and vice Chairman of the Board shall be elected into or removed from office by more than half of the total Directors. The Chairman's term of office is 3 years and the Chairman can be re-elected when his/her term expires.

Directors do not need to hold the Company's shares.

Directors shall be elected from candidates nominated by the previous Board or shareholders who hold 5% or more of the Company's shares issued. Notices explaining why to nominate the

candidates for Directors and indicating the candidates' willingness to accept the nomination shall be served to the Company 7 days before the general meeting is held.

Candidates for members of the first Board shall be nominated by the Company's promoters and elected by the Company's founding meeting.

Article 156

On the precondition of complying with provisions of relevant laws or administrative regulations, the general meeting has the right to remove from office a Director (including the managing Director or other executive Directors, only in the case that no impact will be exerted on claims for compensation made on the basis of any contract) whose term has not yet expired via an ordinary resolution, but the general meeting shall not remove the Director without cause.

Article 157

The Board can set up several special committees, and set up the strategy special committee, the nomination special committee and the remuneration and appraisal special committee to assist the Board to exercise its powers or provide recommendations or advisory opinions for the Board's decision making under the leadership of the Board. The special committees shall be accountable to the Board and perform their duties in accordance with these articles of association and the authorization given by the Board. The proposals of the special committee shall be submitted to the Board for consideration and decision. All members of the special committees should be Directors. In particular, independent Directors should form the majority of the members of the audit committee, the nomination committee and remuneration and appraisal committee and should be convenors of the same. The convenor of the audit committee shall be accounting professional. The Board shall be responsible for formulating the working regulations of the special committees and governing the operation of the special committees.

Article 158

The Board is accountable to the general meeting, and shall exercise the following powers:

- (I) to convene general meetings and report to the general meeting;
- (II) carry out the resolutions passed at the general meetings;

- (III) to decide on the strategic plan of the Company;
- (IV) to decide on the operational plan and investment proposal of the Company;
- (V) to formulate the Company's annual financial budget and final accounts, plans for profit distribution and recovery of losses;
- (VI) to distribute interim dividends according to Article 250 of these articles of association;
- (VII) to formulate plans for increases in or reductions of the Company's registered capital;
- (VIII) to formulate proposals for major acquisition, and purchase of shares of the Company;
- (IX) To determine the investments, acquisition and disposal of assets, pledge of assets, external guarantees, trust asset management and connected transactions of the Company within the authorisation of the general meeting;
- (X) to formulate plans for the issue of corporate bonds;
- (XI) to formulate plans for division, merger, dissolution and changes in form of the Company;
- (XII) to appoint or dismiss the Company's President and Secretary to the Board, and pursuant to the President nominations to appoint or dismiss the senior vice presidents, financial officers, general counsel and other senior management members of the Company and fix their remuneration, bonus and punishment;
- (XIII) formulate proposals for amendment to these articles of association;
- (XIV) to formulate the Company's basic management system;
- (XV) to manage the information disclosure of the Company;
- (XVI) to determine the establishment of the Company's internal management structure;

- (XVII) to propose at general meetings for the appointment or change of accountants conducting auditing for the Company;
- (XVIII) to hear the work reports and inspect the work of the President of the Company;
- (XIX) to determine other material operation and administrative matters which are not required in these articles of association subject to decisions at the general meeting;
- (XX) to determine the establishment of special committee of the Board and the appointment and removal of the relevant person-in-charge;
- (XXI) to exercise other powers conferred by the general meeting and these articles of association.

When resolving on the matters as set out in (VII), (X), (XI) and (XIII) above, approval from two third of the Directors must be obtained. Other matters are subject to approval of more than half of the Directors.

Article 159

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

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

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

Article 160 The Board shall make explanations to the general meeting for the non-standard audit opinions issued by certified accountants regarding the Company's financial reports.

Article 161 Subject to the applicable listing rules and regulations, the Board's powers for external investment, acquisition or sale of assets, pledge of assets, external guarantees, consignment financing and related transactions are as follows:

- (I) to approve external investment projects for each of which the amount does not exceed 20% of the Company's latest audited net assets;
- (II) to approve purchase or sale of assets for each of which the amount does not exceed 50% of the Company's latest audited net assets;
- (III) to approve mortgage/pledge of assets and guarantees provided for third parties for each of which the amount does not exceed 10% of the Company's latest audited net assets and the cumulative amount of which does not exceed 50% of the Company's latest audited net assets, except that the guarantees provided for related parties shall be subject to approval of the general meeting;
- (IV) to determine on shares, fund, government bond, futures, foreign exchange trade, consignment financing or hi-tech investment projects for each of which the amount does not exceed 5% of the Company's latest audited net assets; and
- (V) to determine on related transactions for each of which the amount does not exceed 5% of the Company's latest audited net assets.

Article 162 Subject to applicable listing rules and regulations, the Board shall organize experts and professionals to assess significant investment projects contemplated. In respect to matters outside the Board scope of power, they shall be first adopted by the Board by resolutions and then submitted them to the general meeting for approval.

Article 163 For those within the scope of major issues involving decision-making of the Party committee of the Company, the Board shall take advice and suggestions from the Party committee of the Company in advance.

Article 164 The Chairman shall exercise the following powers:

- (I) to chair the general meeting and convene and chair a Board meeting;
- (II) to inspect implementation of the Board's resolutions;
- (III) to sign the securities issued by the Company;
- (IV) to nominate candidates for the Company's President;
- (V) to take charge of the Board's work when the Board's meeting is not in session; and
- (VI) other powers vested by the Board.

Article 165 The vice Chairman shall assist the Chairman in work. If the Chairman is not able or refuses to perform his/her duty, the vice Chairman shall take the Chairman's place; if the vice Chairman is not able or refuses to do so, a Director elected by more than half of the total Directors shall take the Chairman's place.

Article 166 As occasion demands, the Board can authorize the Chairman to exercise part of the Board's powers when the meeting of the Board stands adjourned. The Board can determine that members of the Board serve concurrently as the Company's President or other senior management member(s) than supervisors.

Article 167 The Board shall hold at least four meetings every year. The meetings shall be convened by the Chairman. However, the Chairman may convene ad hoc meetings of the Board for urgent issues in the following circumstances:

- (I) where the Chairman deems necessary;
- (II) where shareholders representing more than 1/10 of the Company's voting shares or the supervisory committee propose; or

- (III) where more than 1/3 of the Directors jointly propose or the President proposes

In respect to the proposals mentioned in (II) or (III) of this paragraph, the Chairman shall convene and chair the meeting of the Board within 10 days after receiving the proposals.

Article 168

- (I) If the Board has provided the time and place of the regular meeting of the Board in advance, it does not need to give Directors notices when the regular meeting of the Board is to be held.

- (II) If the Board does not provide the time and place of the meeting (excluding ad hoc meetings) of the Board via resolution in advance, it shall notify the entire Directors of the time and place of the meeting of the Board to be held by fax, telegraph, telex, EMS, registered mail or couriers at least 10 days before the meeting is hold.

The Board shall give at least 3 days' notices for ad hoc meetings of Board. When the situation is urgent and an ad hoc meeting of Board needs to be convened as soon as possible, the ad hoc meeting of Board may be convened on condition of giving a 1-day notice in writing.

- (III) The notices of the meeting of the Board shall use the Chinese language, and may be enclosed with an English version when necessary. The notices shall include such information as the date and venue, agenda and topics for discussion and duration of the meeting and the date of service of the notices.

- (IV) If a Director has attended the meeting of the Board and fails to raise objections for the fact that he/she has not yet served the meeting notice before or at the time of his/her sign-in for the meeting, the Director will be deemed to have received the notice.

- (V) The regular or ad hoc meeting of the Board can be held in the form of teleconference or by other communications equipment of similar nature. When such meeting is held, so long as participating Directors can clearly hear other Directors speak and communicate with each other, they will be deemed to have attended the meeting in person.

- Article 169** The meeting of the Board can be held only when more than half of the total Directors are present. Each Director has one vote. When the number of the “yes” votes and the number of the “no” votes are equal, the Chairman has the right to cast one additional vote. A resolution can be adopted by the Board only with consent of more than half of the total Directors.
- Article 170** In principle, the meeting of the Board shall be held at the Company’s legal address, but may be held at other places at home or abroad with resolutions of the Board.
- Article 171** The expenses incurred by Directors in participating in the meeting of the Board shall be borne by the Company. Such expenses include the traveling expenses from the Directors’ place to the place of the meeting, the boarding and lodging expenses during the meeting, and the local traveling expenses, etc.
- Article 172** The meeting of the Board shall use Chinese as the working language, and may use interpreters to provide consecutive interpretation services when necessary.
- Article 173**
- (I) Directors shall attend the meeting of the Board in person. If a Director is unable to attend the meeting in person, he/she can entrust other Directors in writing to take his/her place through a letter of authorization. The letter of authorization shall provide the scope of authorization clearly.
 - (II) The entrusted Directors shall exercise the entrusting Director’s rights within the scope of authorization.
 - (III) If a Director fails to attend a meeting of the Board and fails to entrust other Directors to take his/her place at the same time, he/she will be deemed to have waived the right to vote in the meeting.
- Article 174** If a Director is related to an enterprise with which the matters to be resolved by the meeting of the Board are concerned, the Director shall not exercise his/her voting right in respect to the matters; nor shall he/she do so on behalf of other Directors. When such matters are involved, the meeting of the Board shall have presence of more than half of the non-related Directors, and the resolutions made by such meeting shall be adopted by more than half of the non-related Directors. If the number of non-related Directors present at the meeting is less than 3, the matters concerned shall be submitted to the general meeting for deliberation.

- Article 175** The meeting of the Board shall adopt the case-by-case voting rules for proposals, namely, voting shall take place immediately after the deliberation of a proposal is completed, and if the voting on a given proposal has not yet closed, the meeting shall not proceed to deliberation of the next proposal.
- Article 176** The Board shall make resolutions of the meeting of the Board into meeting minutes and have Directors attending the meeting and recorders sign the minutes respectively.
- Article 177** The resolutions adopted by the meeting of the Board and the written proposals of the Boards shall use the Chinese language. The minutes of the meeting of the Board shall be kept as the Company's archives for a period of no less than 10 years.
- Article 178** Minutes of meetings of the Board shall include the following information:
- (I) date, venue and name of the convener of the meeting;
 - (II) names of Directors attending the meeting in person and Directors (proxy) who has been appointed by other Directors to attend the meeting;
 - (III) agenda of the meeting;
 - (IV) summary of opinions expressed by the Directors; and
 - (V) the manner and result of voting of each resolution, (with the number of votes for, against and abstained recorded clearly).
- Article 179** Directors shall attend the meeting of the Board in person; if a Directors is not able to attend the meeting, he/she can entrust other Directors to take his/her place through a letter of authorization. The letter of authorization shall indicate the name of the proxy, the matters to be represented, the scope of authorization and the effective term of the authorization, and carry the signature or seal of the Director as the principal. The Director acting on half of the principal shall exercise the principal's rights within the scope of authorization. If a Director fails to attend a meeting of the Board in person and at the same time, fails to entrust other Directors to take his/her place, he/she will be deemed to have waived the right to vote in the meeting concerned.

- Article 180** Directors shall be responsible for resolutions adopted by the Board. If a resolution of the Board violates laws, administrative regulations or these articles of association and results in severe loss on the part of the Company, Directors participating in making the resolution shall undertake compensatory liability to the Company; however, a Director who is proven to disagree with the resolution in voting and whose disagreement is recorded in the meeting minute can be exempted from such liability.
- Article 181** The minute of each meeting of the Board shall be provided to all Directors for review as soon as possible.
- Article 182** The Board may substitute the on-site meeting of the Board with written resolutions, but the draft written resolutions shall be complete and all-rounded and served to each Director by courier, mail or fax. If the written resolution has been sent to all Directors and the number of those who agree with it as evidenced by their signature has reached the quorum for adoption of the resolution and the signed resolution has been submitted to the Company's secretary, the resolution will then become a resolution of the Board, and an on-site meeting of the Board is no longer necessary.
- Article 183** The Board shall make rules of procedures for the meeting of the Board to ensure that resolutions of the general meeting are put in place, its work efficiency is enhanced and its decision making is scientific. The rules shall provide for the convening and voting procedures for the meeting of the Board. They shall be incorporated into or attached to the Company's articles of association and approved by the general meeting.

CHAPTER 14 SECRETARY TO THE BOARD OF THE COMPANY

Article 184 The Company shall have a Secretary to the Board, who is a senior management member of the Company and shall be accountable to both the Company and the Board.

Article 185 The Secretary to the Board shall be a natural person with necessary professional knowledge and experience appointed by the Board. The secretary's key responsibilities are:

- (I) to assist Directors in doing the Board's routine work; provide Directors and President of the Company with, remind them of, and ensure that they understand, the regulations, policies and requirements of domestic and foreign regulatory bodies on corporate governance; assist Directors and President of the Company to observe domestic and foreign laws and regulations, these articles of association and their attachment, and other provisions concerned in performing their duties;
- (II) to arrange and prepare for documents used in the meeting of the Board and general meeting; make a record of the meetings; ensure that the meetings' decision making complies with legal procedures; and keep track of implementation of the Board's resolutions;
- (III) to organize and coordinate the Company's information disclosure to ensure that such disclosure is timely, accurate, legal, true and complete; and coordinate with investors to enhance transparency of the Company's affairs;
- (IV) to participate in organizing the Company's financing activities in the capital market;
- (V) to participate in public relations efforts with intermediary agencies, regulatory bodies and media; and
- (VI) to other duties vested by laws and regulations, these articles of association and Directors.

Article 186 The Company's Directors or senior management member(s) can concurrently serve as the Secretary to the Board, but the accountant appointed by the Company shall not concurrently serve as the secretary. When the Secretary to the Board is concurrently

a Director, if an act shall be committed by the Secretary to the Board and the Director respectively, the act shall not be committed by the person who serves as the Secretary to the Board and the Director at the same time.

The Company shall have a representative of securities affairs, who shall assist the Secretary to the Board to perform duties.

Article 187 The Company's Directors, President and various departments shall support the Secretary to the Board to perform his/her duties according to law. The Company shall provide necessary guarantee for the secretary's work in terms of organizational setup, staffing and funding, etc. All departments of the Company shall actively cooperate with the secretary in doing his/her job.

CHAPTER 15 PRESIDENT AND OTHER SENIOR MANAGEMENT MEMBERS

Article 188 The Company shall have 1 President and a couple of senior vice presidents. The President and senior vice presidents shall be appointed or dismissed by the Board. The senior vice presidents shall assist the President in work. The President, senior vice presidents, financial officer and Secretary to the Board and General Counsel are all the Company's senior management member(s).

Article 189 People who assume other positions than the Director or supervisor at the Company's controlling shareholders, de facto controllers or other enterprises controlled by the Company shall not serve as the Company's senior management member(s).

Article 190 The President's term of office is 3 years; and the President can be re-elected.

Article 191 The President of the Company shall be responsible to the Board and shall have the following powers and duties:

- (I) to be responsible for the production and management of the Company and to organize the implementation of the resolutions of the Board;
- (II) organize the implementation of the annual business plans and investment proposals of the Company;

- (III) to prepare proposals for the internal management structure of the Company;
- (IV) to prepare the management systems of the Company;
- (V) to draft the regulations of the Company;
- (VI) to employ and dismiss senior vice presidents and persons in charge of financial matters;
- (VII) to employ and dismiss management staff other than those who shall be employed and dismissed by the Board;
- (VIII) other powers conferred by these articles of association and the Board.

In exercising the above-mentioned powers, the President shall take advice from the Party committee in advance for those matters within the scope of major issues involving decision-making of the Party committee of the Company.

Article 192 The President shall formulate detailed working rules for President and submit them to the Board for approval.

Article 193 The working rules for the President include the following content:

- (I) conditions and procedures for the holding of the President's meeting and participants of such meeting;
- (II) responsibilities of, and division of work among, the President and other senior management member(s);
- (III) utilization of the Company's capital or assets, the power to sign major contracts, and the system of reporting to the Board and the supervisory committee; and
- (IV) other matters the Board deems necessary.

Article 194 The President shall be present at the meeting of the Board, but unless he/she is concurrently a Director, he/she has no voting right in the meeting.

Article 195 The President shall abide by laws, administrative regulations and these articles of association and observe the duty of good faith and the duty of care in performing his/her responsibilities.

A senior management member shall be liable for compensation if he/she has violated laws, administrative regulations, departmental rules and the Articles of Association in the course of performing his/her duties and caused damages to the Company.

Article 196 The President, senior vice president and other senior management member(s) can resign from office before their term of office expires. If the President, senior vice president and other senior management member(s) resign, they shall give the Board an advanced written notice.

CHAPTER 16 SUPERVISORY COMMITTEE

Article 197 The Company shall have a supervisory committee.

The supervisory committee shall consist of at least five (5) members, one of whom shall act as the chairman of the committee.

The term of office for the members of the committee shall be three (3) years and they shall be eligible for re-election.

The supervisory committee shall have 1 chairman, who is appointed or dismissed by 2/3 or more of the total supervisors. The supervisory committee shall hold at least 1 meeting every 6 months. Supervisors can propose to hold ad hoc meeting of supervisors.

Article 198 If a supervisor's term expires but his/her replacement has not yet been elected in a timely manner, or if a supervisor resigns before his/her term expires and causes the number of supervisors to be lower than the quorum for the supervisory committee, the supervisor shall continue to perform his/her duty according to provisions of laws, regulations and these articles of association before the newly- elected supervisor takes office.

Article 199 The chairman of the supervisory committee shall convene and chair the meeting of supervisors. If the chairman is not able or refuses to perform his/her duty, a supervisor elected by more than half of the total supervisors will take the chairman's place to convene and chair the meeting of supervisors.

- Article 200** The meeting of supervisors can be held only with more than half of the total supervisors present at the meeting. The voting in such meeting shall take place by way of registered ballot or written resolution; each supervisor shall have one vote only.
- Article 201** The supervisory committee consists of representatives of shareholders and representatives of employees. The shareholders' representatives shall be elected and removed by the general meeting, while employees' representatives shall be democratically elected and removed by the Company's employees. Moreover, the proportion of employees' representatives on the supervisory committee shall be no less than 1/3 of the total supervisors.
- Article 202** The Company's Directors, President and other senior management member(s), including but not limited to the Company's financial officer, shall not serve as the Company's supervisor concurrently.
- Article 203** The supervisory committee shall be responsible to the shareholder's general meeting and perform the following duties according to law:
- (I) to examine the Company's regular reports prepared by the Board and make written opinions;
 - (II) to inspect the Company's financial affairs;
 - (III) to supervise whether the Company's Directors, President and other senior management member(s) have violated laws, administrative regulations or these articles of association in performing their duties;
 - (IV) to require the Company's Directors, President or other senior management member(s) to straighten out their behaviours which do harm to the Company's interest;
 - (V) to put forward proposals to remove Directors or senior management member(s) who violate laws, administrative regulations, these articles of association or resolutions of the general meeting;
 - (VI) to check the financial statements, operation reports and profit distribution plans to be submitted by the Board to the

general meeting, and in the case of queries, commission certified accountants and auditors to review them in the name of the Company;

- (VII) to propose to hold ad hoc general meeting, and convene and chair the general meeting when the Board refuses to perform its duty of convening and chairing the general meeting according to the Company Law;
- (VIII) to negotiate with Directors or file suit against Directors on behalf of the Company; and
- (IX) other duties provided by these Articles of Association.

Supervisors shall be present at the meeting of the Board without voting right.

Article 204 Resolutions of the supervisory committee shall be adopted with affirmative votes of 2/3 or more of the total supervisors.

Article 205 The reasonable expenses incurred by the supervisory committee in performing its duties, e.g. appointing such professionals as lawyers, certified accountants or auditors, shall be borne by the Company.

Article 206 Supervisors shall perform their supervisory duties in an earnest manner according to provisions of laws, administrative regulations and these articles of association. If a supervisor violates provisions of laws, regulations or these articles of association in performing his/her duty and causes the Company to suffer a loss, the supervisor shall undertake compensatory liability to the Company for the loss.

Article 207 Supervisors shall not impair the Company's interest through their related party relationships. If a supervisor causes the Company to suffer a loss through his/her related party relationships, the supervisor shall undertake compensatory liability to the Company for the loss.

Article 208 Supervisors shall ensure that the information disclosed by the Company is true, accurate and complete and shall sign written confirmation of the periodic reports.

Article 209 Supervisors can be present at the meeting of the Board without voting right, and can make inquiries or proposals regarding matters to be resolved by the meeting of the Board.

Article 210 Apart from the obligations required by Chinese laws or regulations or the stock exchange at which the Company lists its shares, each supervisor shall have the responsibility to perform the following obligations in exercising the powers vested by the Company:

- (I) to act bona fide and loyally for the greatest benefit of the Company; and
- (II) to do things necessary with prudence, diligence and skill a reasonably prudent person will use in similar circumstances.

Article 211 The Board shall formulate rules of procedures to clarify the decision making and voting procedures for the meeting of supervisors and ensure work efficiency and scientificness of decision making of the supervisory committee. The decision making rules shall provide for the procedures to convene and vote in the meeting of supervisors. They shall be attached to these articles of association and approved by the general meeting.

Article 212 The supervisory committee shall record decisions on the matters deliberated in the meeting minutes. Participants of the meeting of supervisors shall sign the meeting minutes respectively.

Supervisors have the right to require that the meeting minutes make some explanatory notes for their speech made in the meeting of supervisors. The minutes of supervisors' meeting shall be kept as corporate archives for at least a period of 10 years.

Article 213 A notice of the supervisory committee meeting shall cover the following content:

- (I) date, venue and time period of the meeting to be held;
- (II) purposes and agenda;
- (III) date of notice.

CHAPTER 17 QUALIFICATIONS AND OBLIGATIONS OF THE DIRECTORS, SUPERVISORS, PRESIDENT AND OTHER SENIOR MANAGEMENT MEMBERS OF THE COMPANY

Article 214

A person shall be disqualified from being a Director, supervisor, President or other senior management members of the Company in any one of the following circumstances:

- (I) the individual has no civil capacity or restricted civil capacity;
- (II) a person of less than five (5) years has elapsed since the conviction of corruption, bribery, unauthorized appropriation of properties, embezzlement of properties or disrupting social and economic order; or a period of less than five (5) years has elapsed since being deprived of political rights for commission of offences;
- (III) a period of less than three (3) years has elapsed since the completion of the liquidation of any company or enterprise which was insolvent due to unsound business operation and management and where the person acted as a director or factory manager, manager of such company or enterprise and was personally liable for such insolvency;
- (IV) a period of not less than three (3) years has elapsed since revocation of the business license of a company or enterprise due to illegal business operations where the person was the legal representative of such company or enterprise and for which he was personally liable;
- (V) the person is personally liable for a substantial loan which was due for payment but remains unpaid;
- (VI) he person has been involved in criminal offences subject to investigation by judicial authorities and the case has yet to be settled;
- (VII) the person being prohibited from participating in the securities market and such prohibition has not been discharged;

- (VIII) the person is not eligible for acting in the leadership of a company or enterprise according to the laws or administrative regulations;
- (IX) the person is not a natural person;
- (X) other circumstances prescribed by laws, regulations or the securities regulatory authority and stock exchange in the listing place.

Should the election, appointment and engagement of Directors, supervisors, President and other senior management members contravene the stipulations set out in this article, such election, appointment or engagement shall be invalid. Where Directors, supervisors, the President and other senior management members fall into the circumstances set out in this article during their performance of duties, the Company shall remove them from office.

Article 215

The validity of an act of a Director, President or other senior management members acting on behalf of the Company against any bona fide third party shall not be affected by any irregularity in his appointment, election or any defects in his qualification.

Article 216

In addition to the obligations imposed by PRC laws and administrative regulations or required by the listing rules of the stock exchange on which the shares of the Company are listed, a Director, supervisor, President or other senior management member owes a duty to each shareholder for the following in the exercise of the powers entrusted to him:

- (I) not to cause the Company to exceed the scope of the business stipulated in its business license;
- (II) act honestly in the best interest of the Company;
- (III) not to expropriate in any guise the Company's property, including, without limitation to usurpation of opportunities advantageous to the Company; and
- (IV) not to expropriate the individual rights of shareholders including, without limitation to rights of distribution and voting rights save and except pursuant to a restructuring of

the Company submitted for approval of the shareholders in general meeting in accordance with these articles of association.

Article 217

The Company's Directors, supervisors, President and other senior management member(s) shall do all things necessary in exercising their rights and performing their obligations with the prudence, diligence and skill a reasonably prudent person will use in similar circumstances. They shall perform the following duties of care:

- (I) to exercise the rights vested by the Company with prudence, care and diligence to ensure that the Company's business conduct complies with requirements of laws, regulations and economic policies of the government and that the Company's business activities do not exceed the scope of business permitted by its business license;
- (II) to treat all shareholders impartially;
- (III) to keep track of the Company's operation and management;
- (IV) to ensure that the Company's information disclosure is true, accurate and complete within the scope of their responsibilities;
- (V) to provide information to the supervisory committee accurately and not to interfere with the supervisory committee or supervisors in their performance of duties; and
- (VI) other duties of care provided by laws, regulations and these articles of association.

Article 218

The Company's Directors, supervisors, President and other senior management member(s) shall observe the principle of good faith in performing their duties. They shall not put themselves into situations where their own interest may be in conflict with the obligations they undertake. The obligations they shall undertake under the principle of good faith include, without limitation, the following:

- (I) to act honestly in the best interests of the Company;

- (II) exercise the powers vested in him and not to exceed the scope thereof;
- (III) to exercise the discretionary power granted to him personally and not allow himself to act under the direction of another and unless and to the extent permitted by the laws and administrative regulations or informed consent of shareholders in general meeting, not to delegate the exercise of this discretion;
- (IV) to treat the shareholders of the same class equally and treat the shareholders of different classes fairly;
- (V) except in accordance with these articles of association or with the informed consent of shareholders in general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (VI) without the informed consent of shareholders in general meeting, not to use the Company's property for his own benefit;
- (VII) not to use his authority for obtaining bribes or other illegal income and not to expropriate in any guise the property of the Company including, without limitation to, not to usurp opportunities beneficial to the Company;
- (VIII) without the informed consent of the general meeting, not to accept commissions in connection with the Company's transaction;
- (IX) to observe these articles of association; to perform the duties faithfully; to protect the interests of the Company; not to use his position and authority in the Company to make his own benefit;
- (X) without the informed consent of the general meeting, not to compete in any way with the Company;
- (XI) shall not embezzle the funds of the Company or make loans to others out of the funds of the Company; shall not deposit the assets of the Company into accounts under

his name or any other name; and shall not use assets of the Company as security for debts to shareholders of the Company or other individuals;

- (XII) not to disclose confidential information of the Company acquired by him during the term of office without the informed consent of the general meeting; not to use the information other than in the interests of the Company; save and except that disclosure of such information to the court of law or other government authorities is permitted if:
 - (1) disclosure is required by the laws;
 - (2) there is a duty to the public to disclose;
 - (3) it is in the personal interests of such Director, supervisor, the President and other senior management members to require disclosure.

Any income received by Directors, supervisors, the President or other senior management members in breach of this Article shall belong to the Company. The Directors, supervisors, the President or other senior management members shall be held liable for indemnifying against any loss caused to the Company.

Article 219

A Director, supervisor, the President or other senior management member of the Company shall not cause any of the following person or association (the “associates”) to do such things as such Director, supervisor, President or other senior management member is prohibited from doing so:

- (I) the spouse or minor child of that Director, supervisor, President or other senior management member of the Company;
- (II) the trustee of that Director, supervisor, President or other senior management member of the Company or any person referred to in paragraph (I) of this Article;
- (III) the partner of that Director, supervisor, President or other senior management member of the Company or any person referred to in paragraphs (I) and (II) of this Article;

- (IV) a company in which that Director, supervisor, President or other senior management member of the Company alone or jointly with one or more of the persons referred to in paragraphs (I), (II) and (III) of this Article or other Directors, supervisors, President or other senior management member of the Company, has a de facto controlling interest;
- (V) a Director, supervisor, President or other senior management member of a company being controlled as referred to in paragraph (IV) of this Article.

Article 220 The fiduciary duty of a Director, supervisor, President or other senior management member of the Company does not necessarily cease upon the termination of his tenure of office. The obligation of confidence in relation to the trade secrets of the Company shall survive after the termination of his tenure. Other obligations may continue for such period as to be determined under the principle of fairness, depending on the time lapse between the acts concerned and the termination and the circumstances and the conditions under which the relationship with the Company terminated.

Article 221 Except as provided in Article 62 of these articles of association, Directors, supervisors, President or other senior management member of the Company may be exempted from liabilities for specific breach of duties with informed consent by the shareholders' general meeting.

Article 222 If the Company's Directors, supervisors, President and other senior management member(s) have direct or indirect conflict of interest in a contract, transaction or arrangement (excluding the contract of employment between the Company and the Directors, supervisors, President or other senior management member(s)) already made or planned to be made by the Company, they shall report the nature and level of such conflict of interest to the Board as soon as possible, regardless of whether or not matters relating to the contract, transaction or arrangement require approval of the Board in the ordinary course of business.

Unless the Company's Directors, supervisors, President or other senior management member(s) have reported their conflict of interest to the Board according to requirements of the preceding paragraph and are not counted into the quorum in the meeting of the Board and do not participate in voting on the matters in

conflict of interest with them, the Company has the right to cancel the contract, transaction or arrangement in conflict of interest with the foregoing personnel, except in the circumstances where the other side of the contract, transaction or arrangement is a bona fide party who is not aware of the breach of duty on the part of the Company's Directors, supervisors, President or other senior management member(s).

If an affiliated person of the Company's Directors, supervisors, President or other senior management member(s) has conflict of interest with a contract, transaction or arrangement of the Company, such Directors, supervisors, President and other senior management member(s) shall also be deemed to have conflict of interest with the contract, transaction or arrangement concerned.

Article 223

Where a Director, supervisor, President or senior management member of the Company gives a general notice in writing to the Board before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company, stating that, by reason of facts specified in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, that notice shall be deemed for the purpose of the Article 222 of these articles to be a sufficient declaration of interests of such Director, supervisor, President or senior management member, so far as attributable to those facts in relation to any contract, transaction or arrangement of that description which may subsequently be made by the Company.

Article 224

The Company shall not, in any manner, pay tax for or on behalf of its Director, supervisor, President or other senior management members.

Article 225

The Company shall not directly or indirectly, make a loan to or provide guarantee in connection with a loan made by any person to its Directors, supervisors, President or other senior management members of the Company or of its holding company; or make a loan to or provide guarantee in connection with any loan made by any person to the associates of such person as aforesaid.

The preceding provision shall not apply to the following:

- (I) the provision of a loan or a guarantee for a loan by the Company to a company which is subsidiary of the Company;
- (II) the provision of a loan or a guarantee for loan by the Company to any if its Directors, supervisors, President or other senior management members under a service contract as approved by shareholders in general meeting or the provision of funds by the Company to him to meet expenditure incurred or to be incurred by him for the purpose of the Company or for the purpose of enabling him properly to perform his duties;
- (III) where the ordinary course of business of the Company includes the lending of money and the giving of guarantees, the Company may make a loan to or provide a guarantee in connection with a loan by another person to any of its Directors, supervisors, President or other senior management members and his associates on normal commercial terms.

Article 226 A loan made by the Company in breach of the preceding provisions, shall be forthwith repayable by the recipient regardless of the terms of the loan.

Article 227 A loan guarantee provided by the Company in breach of these articles of association shall be unenforceable against the Company, except under the following circumstances:

- (I) a loan was made by a person to a person connected with Director, supervisor, President or other senior management members of the Company or of its holdings company, and at the time the loan was advanced the lender did not know of the relevant circumstances;
- (II) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

Article 228 The guarantee referred to in the preceding article shall include an undertaking by the guarantor or property provided to secure the performance of obligations by the obligor.

Article 229

Where a Director, supervisor, President and other senior management member of the Company is in breach of his obligations to the Company, the Company shall have a right to take the following measures in addition to the various rights and remedies provided by the laws and administrative regulations:

- (I) to request such Director, supervisor, President and other senior management member to pay damages for the losses sustained by the Company as a natural consequence of his breach of duties;
- (II) to rescind any contract or transaction entered into by the Company with such Director, supervisor, President or other senior management member and any contract or transaction entered into by the Company with a third party (where such third party knew or should have known that such Director, supervisor, President or other senior management member representing the Company is in breach of the obligations to the Company);
- (III) to request such Director, supervisor, President or other senior management member to return the proceeds received as a consequence of the breach of the obligations;
- (IV) recover from such Director, supervisor, President and other senior management member any monies which should otherwise have been received by the Company, including, without limitation to the commissions;
- (V) to request such Director, supervisor, President and other senior management member to return such interests accrued or may be accrued from the monies which should otherwise have been paid to the Company;
- (VI) to execute legal procedures judging that the assets of such Director, supervisor, the President or other senior management members earned through his breach of duty should be belong to the Company.

Article 230

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

- (I) the emoluments in respect of his service as a Director, supervisor or other senior management member of the Company;
- (II) the emoluments in respect of his service as a Director, supervisor or other senior management member of a subsidiary of the Company;
- (III) the emoluments for provision of other services in connection with the management of the affairs of the Company and its subsidiaries;
- (IV) payment by way of compensation for loss of office or as consideration for or in connection with his retirement.

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

Article 231

There shall be a provision in a contract made between the Company and a Director or supervisor in respect of their remuneration that the Director or the supervisor shall, with the prior approval of the shareholders in the general meeting, be entitled to payment by way of compensation for loss of office or other amounts as consideration for his retirement from office in connection with the takeover of the Company.

A takeover of the Company referred above shall mean any of the following:

- (I) takeover offer made to all shareholders by any person;
- (II) a takeover offer made by any person with a view to the offer of becoming the controlling shareholder. The definition of “controlling shareholder” shall be the same as the one defined in Article 303 of these articles of association.

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

CHAPTER 18 FINANCIAL AND ACCOUNTING SYSTEM AND INTERNAL AUDIT SYSTEM

Article 232 The Company shall formulate the financial and accounting system of the Company in accordance with the PRC laws, administrative regulations and the provisions in the PRC accounting standards prepared by the authority governing financial matters under the State Council.

Article 233 The Company shall submit its annual financial statements to China Securities Regulatory Commission and the stock exchange within 4 months after the closing date of each accounting year; it shall also submit its semi-annual financial statements to the representative office of China Securities Regulatory Commission and the stock exchange within 2 months after the closing date of the first 6 months in each accounting year.

The foregoing financial statements shall be prepared according to provisions of relevant laws, administrative regulations, department rules and listing rules of the stock exchange at which the Company's shares are listed for trading.

Article 234 The financial year of the Company shall adopt the Gregorian calendar year system, which commences from 1st January and ends on 31st December of the Gregorian calendar.

Article 235 The Company shall adopt Renminbi as its accounts keeping unit. All accounts shall be written in Chinese.

Article 236 At each annual general meeting, the Board of the Company shall submit to shareholders the financial reports prepared by the Company as required by the relevant laws, administrative regulations and mandatory documents promulgated by the local government and other governing authorities.

Article 237 The Company's financial statements shall be available at the Company for reference of shareholders 20 days before the general meeting is held. Each shareholder of the Company has the right to access the financial statements aforesaid.

The Company shall at least serve a copy of the Board report, together with the balance sheet (including all documents required to be enclosed by law) and the income statement or the income and expenditure statement (including the foregoing financial statements), to each of the shareholders of the overseas-listed foreign shares by postage paid mail to the address registered in the Company's list of shareholders 21 days before the general meeting is held at the latest.

Article 238 The financial statements of the Company shall be prepared in accordance with the PRC accounting standards and regulations.

Article 239 The interim results and financial information to be published or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations.

Article 240 The Company shall publish its financial reports twice in each financial year. The interim report shall be within sixty (60) days after the end of the first six (6) months of the financial year and the annual report shall be published within one hundred and twenty (120) days after the end of the financial year.

Article 241 The Company's interim and annual financial statements shall be filed and publicly announced according to provisions of relevant securities laws and regulations of China and the stock exchange at which the Company's shares are listed for trading.

Article 242 The Company shall not make other account books than the legally required ones. The Company's assets shall not be deposited into any account opened in the name of any individual.

CHAPTER 19 PROFIT DISTRIBUTION

Article 243 The Company's profit after all taxes are paid shall be distributed in the following order:

- (I) to cover losses;
- (II) to draw statutory surplus reserve;

- (III) to draw any reserve resolved by the general meeting; and
- (IV) to pay dividend for ordinary shares.

The amount of profit used for purposes stated in 3 and 4 of this article shall be determined by the Board according to the Company's operation performance and development needs and approved by the general meeting.

Unless otherwise provided by the general meeting, the Board can make distribution of interim dividend according to resolutions of the general meeting.

Article 244

In the event that there is insufficient statutory reserve fund to cover the loss of the Company of the previous year, the profit of the year shall be used to offset the loss before any transfer is made to the statutory reserve fund pursuant to the preceding paragraph.

Allocation to the discretionary reserve fund can be made after making allocation to the statutory reserve fund and subject to a resolution passed at the general meeting.

The remaining profit after tax subsequent to offsetting losses of the Company and allocations to the reserve funds shall be distributed to shareholders in accordance with their shareholdings, except for any non-pro rata distributions as required by these articles.

In the event that the general meeting violates the rules set out in the preceding paragraph, any profits distributed to the shareholders prior to offsetting the Company's losses and allocating to the statutory reserve fund shall be returned to the Company.

Shares held by the Company shall not be included for profit appropriation.

Article 245

The Company shall draw 10% of the after-tax profit as the statutory surplus reserve. Such drawing may stop when the Company's statutory surplus reserve reaches 50% of its registered capital.

Article 246

Other surplus reserve shall be drawn from the Company's profit according to resolutions of the general meeting.

- Article 247** The capital reserve fund shall include the following sums:
- (I) the amount of share premium arising from the issue of shares in excess of their par value;
 - (II) other income to be credited to capital reserve fund in accordance with the provisions of the authority governing the financial matters under the State Council.

- Article 248** The statutory surplus reserve shall be limited to the following uses:
- (I) to cover losses, but the capital reserve will not be used for this purpose;
 - (II) to expand the Company's production; and
 - (III) to increase the Company's registered capital.

The Company may convert the statutory surplus reserve into capital according to resolutions of the general meeting and then issue new shares to shareholders according to their original shareholding proportions. In doing so, however, the statutory surplus reserve retained shall not be less than 25% of the Company's registered capital.

- Article 249** Subject to provisions of this chapter, if the general meeting adopts resolutions to distribute annual dividend, the distribution of such annual dividend will be completed by the Board within 2 months after the general meeting is held.

- Article 250** The profit distribution policy of the Company is as follows:
- (I) The basic principles of profit distribution policy of the Company The profit distribution policy shall be continuous and stable. Profit distribution shall be in full consideration of reasonable return to investors, the interests of the Company in the long term, the sustainable development and the interests of all shareholders as a whole.

The profit distribution of the Company shall be based on the distributable profit of the Parent Company realized for that year and dividend shall be distributed to shareholders in a sequence in compliance with legal requirements and in proportion to their shareholding. The same shares shall

be entitled to the same rights and dividend. The shares of the Company held by the Company are not entitled to distribution.

The Company shall give priority to profit distribution in form of cash.

(II) Forms of distribution

The Company may distribute dividends in the forms of cash, shares or a combination of both cash and shares.

(III) Time intervals between profit distributions

Provided that the Company makes a profit for the year, and its operating cash flow and total undistributed profit are positive, the Company shall implement the profit distribution at least once a year.

The Company may distribute interim profit. The Board of the Company may propose to the Board to distribute interim dividend based on the scale of profit, cash flows situation, stage of development and capital requirements of the Company.

(IV) Conditions of profit distribution

1. Specific circumstances and proportions of cash dividend

The profit distribution in cash of the Company shall at least meet the following conditions:

- (1) where the distributable profit of the Company realized for that year (the profit after tax of the Company, after covering the losses and making allocation to the statutory revenue reserve) is positive with sufficient cash flows, and the cash dividend distribution will not affect the subsequent continuing operation of the Company;
- (2) where the auditors have issued an audit report with standardised unqualified opinions on the annual financial report of the Company;

- (3) where the Company has major investment plan or significant cash expenditure (excluding projects of raising proceeds). The above mentioned major investment plan or significant cash expenditure refers to external investment, asset acquisition or purchase of assets by the Company in the following twelve months with accumulated expenditure amounting to or exceeding 30% of the latest audited net assets of the Company.

Upon the fulfillment of the aforesaid conditions, the Company may distribute dividend in cash. The profit to be distributed in cash per annum will not be less than 10% of the distributable profit realized for that year, or that the total profit to be distributed in cash in any consecutive three years will not be less than 30% of the average annual distributable profit realized in the three years. The actual proposal in relation to the proportions of cash dividend per annum is made by the Board based on the annual profitability and the future plan of capital utilization.

2. Specific circumstances for share dividend distribution In accordance with the actual conditions such as the accumulated distributable profit and cash flows of the Company, and given adequate cash dividend and a reasonable share capital structure of the Company, the Company may distribute the profit by share dividend. The actual proposal in relation to the proportions of share dividend is made by the Board. In determining the specific amount for the share dividend distribution, the Board shall fully take into account whether the total share capital after share dividend distribution is suitable for the current operational scale and the profit growth rate of the Company, so as to ensure the profit distribution plan is in the interests of all the shareholders as a whole and in the long term.

- (V) The consideration and deliberation procedures and decision-making mechanism in respect of the profit distribution plan Prior to the publication of a periodical report, the Board of the Company shall fully consider and deliberate the profit distribution plan, pursuant to the requirements of the Articles of Association, having fully taken into account the Company's ability to operate continuously, and guaranteed the capital required for routine production, operation and business development as well as a reasonable return to investors. In considering and deliberating the profit distribution plan, the Board of the Company can communicate and interact with independent Directors and medium and minority shareholders by means of telephone, facsimile, correspondence, e-mail and the interactive platform for investor relations on the website of the Company, to fully hear the opinions and the requests expressed by independent Directors and medium and minority shareholders.

In considering the profit distribution proposal, the Board shall obtain approval from the majority of all the Directors and more than two thirds of the independent Directors to pass the resolution. Independent Directors shall express independent opinions on the profit distribution proposal.

Where the profit distribution proposal is being considered at a general meeting, it requires the consent of majority shareholders (including proxies of shareholders) carrying voting rights present at the general meeting to be approved. Where the plan of the share dividend distribution or the transfer from the general reserve to share capital is being considered at the general meeting, it requires the consent of more than two thirds of the shareholders (including proxies of shareholders) carrying voting rights present at the general meeting to be approved.

(VI) Where the Company makes a profit for that year but does not propose a cash dividend distribution plan, the Board shall give explanations for the reasons of not proposing a cash dividend distribution plan and the purpose for the retained capital, and independent Directors shall express their opinions thereon and disclose the same to the public. Where the Company makes a profit during the reporting period but does not propose a cash dividend distribution plan, the Company shall, other than holding the on-site general meeting for shareholders' voting, provide the online – voting platform to shareholders.

(VII) Adjustments to the profit distribution policy

In the event of any material changes to the external business environment or the Company's own operating conditions, the Company may adjust the profit distribution policy accordingly.

In considering and deliberating the adjustment to the profit distribution policy, the Board of the Company shall fully take into account the opinions of independent Directors and medium and minority shareholders. In considering the adjustment to the profit distribution policy, the Board shall obtain the consents from more than half of all the Directors and more than two thirds of the independent Directors to pass the resolution. Independent Directors shall express independent opinions in this regard and disclose the same to the public.

Any adjustment to the profit distribution policy should only be submitted to the general meeting for consideration after being approved by the Board, and the Company shall provide access to online-voting for shareholders to facilitate their participation in the general meeting. The Company shall, for the sake of protecting interests of shareholders, make deliberations and explanations in the proposal to be submitted to the general meeting. Where the adjustment to the profit distribution policy is being considered at the general meeting, it requires the consent of more than two thirds of the shareholders (including proxies of shareholders) carrying voting rights eligible for attending the general meeting.

- (VIII) In the event of any illegal appropriation of the Company's capital by shareholders, the Company shall deduct the cash bonus to be paid to such shareholders to make up for the capital appropriated by such shareholders.
- (IX) The dividend and other distributions shall be declared and denominated in Renminbi. The dividend and other payable distributions for domestic shares shall be paid in Renminbi, while those dividend and other payable distributions for foreign shares listed in Hong Kong shall be paid in Hong Kong dollars. The cash dividend declared in Renminbi for foreign shares listed in Hong Kong shall be paid in Hong Kong dollars, and the exchange rate of the Hong Kong dollars to Renminbi shall be the average closing prices announced by the People's Bank of China on daily basis for the week prior to the date of the Company's declaration of dividend distribution or be other exchange rate provided or permitted by other laws or regulations and chosen by the Board.

Article 251 Where the Company makes any distribution of dividends to the shareholders, the Company shall make payments on behalf of the shareholders of such tax taxable on the dividends payable to shareholders in accordance with the provisions of the PRC taxation law.

Article 252 The Company shall appoint a receiving agent for shareholders of overseas listed foreign shares. The receiving agent shall receive on behalf of such shareholder the dividends distributed to and other amounts payable by the Company in respect of the overseas listed foreign shares.

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

Article 253 The receiving agent appointed by the Company for the shareholders of overseas listed foreign shares listed in Hong Kong shall be a trust company registered under the Trustee Ordinance of Hong Kong.

Article 254 The Company shall have the right to terminate delivery of dividend vouchers by mail to certain holders of overseas listed foreign shares, but the Company may exercise such right only after two vouchers have not been cashed consecutively. However, if the first voucher failed to reach the recipient and was returned, the Company may also exercise the said right.

CHAPTER 20 INTERNAL AUDIT

Article 255 The Company shall implement its internal audit system with its own audit personnel to audit and supervise the income and expenditure and financial activities of the Company.

Article 256 The internal audit system and the duties of the audit personnel shall be implemented upon the approval of the Board. Person in charge of the audit shall report to the Board.

CHAPTER 21 APPOINTMENT OF ACCOUNTANTS FIRM

Article 257 The Company shall engage independent accountants firms which satisfy the relevant stipulations of the PRC to audit the annual financial reports and other financial reports of the Company.

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

Where the founders meeting does not discharge the duties and powers prescribed by the preceding paragraph, the Board shall discharge instead.

Article 258 The term of engagement of the accountants firms shall be one (1) year, beginning from the conclusion of the current annual general meeting of the Company until the conclusion of its next meeting. The engagement may be renewable.

Article 259 The accountants firm appointed by the Company shall have the following rights:

- (I) to inspect at any time the books and accounts, records and supporting documents of the Company and be entitled to request the Directors, President or other senior management member of the Company to provide relevant information and explanations thereof;

- (II) to request the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the performance of the duties of such accountants firm;
- (III) to attend any general meeting and to receive all notices of and other communications relating to any general meeting which any shareholder is entitled to receive, and to be heard at any general meeting on any matter which concerns it as accountants firm of the Company.

Article 260 Where the office of the accountants firm is vacated, the Board may appoint another accountants firm to fill such vacancy prior to the holding of the general meeting, but while any such vacancy continues, the surviving or continuing accountants firm or accountants firms, if any, may act.

Article 261 Notwithstanding anything in the agreement between the accountants firm and the Company, the shareholders in general meeting may by ordinary resolution remove an accountants firm before the expiration of the term of office of such accountants firm. Where the accountants firm so removed shall be entitled to claim against the Company for damages, if any, in respect of such removal, such entitlement shall not be prejudiced thereby.

Article 262 The remuneration or the determination of the remuneration of the accountants firm shall be fixed by the shareholders in the general meeting. However, in the case of the accountants firm appointed by the Board to fill the vacancy, the remuneration of the accountants firm may be fixed by the Board.

Article 263 The decisions of the Company regarding the engagement, dismissal or non-renewal of an accountants firm shall be made by the general meeting and the Company shall file the case with the securities regulatory authority of the State Council. The Board shall not engage any accountants firm unless a decision regarding such is made by the general meeting.

Where a resolution is proposed to be passed at the general meeting to appoint a firm other than an existing accounting firm to fill any vacancy in the office of the accountants firm, to reappoint an accountants firm who has been appointed by the Board to fill a vacancy or to dismiss an accountants firm before the expiry of its term of office, the following provisions shall apply:

- (I) A copy of the proposed resolution in respect of appointment or removal shall be sent before notice of meeting is given to the shareholders to the accountants firm proposed to be appointed or the accountants firm proposing to leave its post or the accountants firm who has left its post in the relevant financial year. “Leaving” includes leaving by removal, resignation and retirement.
- (II) If the accountants firm leaving its post makes representations in writing and requests their notification to the shareholders, the Company shall take the following measures (unless the representations are received too late):
 - (1) in any notice of the resolution given to shareholders, state the fact of the representations having been made;
 - (2) send a copy of the representations as appendix to the notice to every shareholder in accordance with the mode of service prescribed by these articles of association.
- (III) If the representations of the accountants firm are not sent out as required by paragraph (II) of this article, the accountants firm may require that the representations shall be read out at the general meeting and may have further rights of redress.
- (IV) An accountants firm which is leaving its post shall be entitled to attend:
 - (1) the general meeting at which its term of office would otherwise have expired;
 - (2) any general meeting at which it is proposed to fill the casual vacancy caused by its removal;
 - (3) any general meeting convened on its resignation.

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

Article 264

The Company guarantees that the accounting certificates, accounting books, financial report and other accounting information provided to the accountants firm engaged are true and complete without refusal, withholding or false information.

Article 265

In the event of any proposed dismissal or non-renewal of an accountants firm by the Company, a notice shall be served to inform the accountants firm five (5) days in advance and the accountants firm has the right to express its opinion at the shareholders' general meeting. If an accountants firm tenders its resignation, it shall make statement to the general meeting whether there are any improper happenings of the Company.

(I) An accountants firm may resign its office by depositing a writing notice in writing to that effect at the Company's legal residence. Such notice shall include one of the followings:

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

Such notice shall terminate its office on the date on which it is deposited at the Company's legal residence or such later date as may be specified in the notice.

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

- (III) Where the notice of resignation of the accountants firm contains a statement as stated in paragraph (I)(1) and (I) (2) of this article, the accountants firm may require the Board to convene an extraordinary general meeting for the purpose of hearing an explanation of the circumstances connected with his resignation.

CHAPTER 22 LABOUR MANAGEMENT AND TRADE UNION ORGANIZATION

Article 266 The Company shall formulate its labour management, personnel management, wages and welfare and social insurance systems in accordance with the laws, regulations and relevant administrative rules of the PRC.

Article 267 In respect of all levels of management personnel, the Company shall adopt appointment system and the Company shall adopt contract system in respect of ordinary staff and workers. The Company shall have autonomy in respect of the allocation and the assignment of work of its employees and may exercise its own discretion to recruit and dismiss management personnel, staff and workers in accordance with laws, regulations and the terms of contracts of the PRC.

Article 268 The Company shall have autonomy in determining the levels of wages and welfare benefits for various levels of its management personnel and staff and workers in accordance with its own cost-effectiveness within the ambit permitted by the laws, regulations and relevant administrative rules of the PRC.

Article 269 The Company shall arrange for medical insurance, retirement insurance and unemployment insurance for its management personnel and staff and workers in accordance with the laws, regulations and relevant administrative rules of the PRC and shall implement the laws, regulations and relevant administrative rules in respect of labour insurance for retired and unemployed staff and workers.

Article 270 The Company shall protect employees' legal rights and interests, strengthen labour protection and achieve production safety.

The Company shall strengthen employees' vocational education and on-the-job training by various means to enhance their quality.

Article 271 The Company's employees can establish trade union and conduct union activities to protect their legal rights and interests. The Company shall provide the trade union with necessary conditions for the conduct of union activities. The Company shall draw the trade union fund according to government provisions to finance union activities.

Article 272 When the Company make decisions on matters closely related to employees' interest, such as salary, benefits, production safety and labour protection, and labour insurance, etc, it shall hear opinions of the trade union and employees in advance and invite representatives of the trade union or employees to attend relevant meetings. When the Company makes decisions on important production or operation matters or formulates important rules or regulations, it shall also obtain opinions or proposals from the trade union and employees.

CHAPTER 23 AMALGAMATION AND DEMERGER

Article 273 The Board shall put forward proposals for amalgamation or demerger which shall be submitted to relevant approving authorities for approval in accordance with the laws after the same have been approved according to the procedures provided in these articles of association of the Company. Shareholders who oppose the proposals for amalgamation or demerger shall have the right to request the shareholders who are in favour of amalgamation or demerger to purchase their shares at a fair price. Special reports of the resolution of amalgamation or demerger shall be prepared for the inspection by the shareholders.

The said report shall be sent by post to the holders of overseas listed foreign shares listed in Hong Kong.

Article 274 The amalgamation of the Company may take the form of either amalgamation by acquiring another company or amalgamation by establishing a new company. Amalgamation through acquisition of one company by another will result in dissolution of the company being acquired, whereas amalgamation through establishing a new company by two companies or more will result in dissolution of all the companies involved.

In case of a amalgamation of the Company, various parties involved shall sign the consolidation agreement and prepare the balance sheet and the property list. The Company shall, within ten (10) days upon passing the resolution for the consolidation,

notify the creditors and publish an announcement in newspapers within thirty (30) days. Creditors may, within thirty (30) days after receipt of such notice from the Company, or within forty-five (45) days of the date of the newspapers announcement for those who do not receive such notice, to demand that the Company repay their debts to that creditor or provide a corresponding guarantee for such debts.

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

Article 275 In case of a demerger of the Company, its assets shall be divided correspondingly.

In case of a demerger by the Company, various parties involved shall sign the demerger agreement and prepare the balance sheet and the property list. The Company shall, within 10 days upon passing the resolution for the demerger, notify the creditors and publish an announcement in newspapers within 30 days.

Saved as the specific written arrangements made with the creditors regarding debt settlements before a demerger, the debts of the Company before the demerger shall be borne by the Company after the demerger jointly and severally.

Article 276 Changes in registration items arising from amalgamation or demerger shall be registered with companies registration department in accordance with the laws; in the case of dissolution, the dissolution shall be registered according to the laws; where new companies are established, the establishment shall be registered according to the laws.

CHAPTER 24 DISSOLUTION AND LIQUIDATION

Article 277 The Company shall be dissolved and liquidated upon the occurrence of any the following events:

- (I) where the general meeting resolves to dissolve the Company by way of special resolution;
- (II) where dissolution of the Company is necessary for the amalgamation or demerger;

- (III) where the Company is adjudged insolvent in accordance with the applicable laws as a result of its inability to pay its debts when due;
- (IV) The business registration is terminated, the business is forced to close or terminated;
- (V) In the event that there are serious difficulties with the operation and management of the Company and continuing the operation may seriously damage the interests of shareholders, whereas no further solution is available, the shareholders holding 10% of the total voting rights held by all shareholders of the Company may file a dissolution request with the People's Court.

Article 278

If the Company is to be dissolved according to provisions of I or V of the preceding article, it shall set up a liquidation group within 15 days, whose members shall be determined by the general meeting through ordinary resolutions.

If the Company is to be dissolved according to provisions of III of the preceding article, the People's Court shall organize a liquidation group consisting of the Company's shareholders, relevant government departments and professionals according to provisions of relevant laws to liquidate the Company.

If the Company is to be dissolved according to provisions of IV of the preceding articles, the competent authority shall organize a liquidation group consisting of the Company's shareholders, relevant government departments and professionals to liquidate the Company.

Article 279

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

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

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

Article 280

The liquidation group shall advise the Company's creditors about the Company's liquidation within 10 days after the liquidation group is established and make an announcement in a newspaper within 60 days after the liquidation group is established. The Company's creditors shall declare their creditors' rights to the liquidation group within 30 days from the date of their receiving the notice of liquidation if they are served such notice or within 45 days from the date of the announcement if they are not served the notice of liquidation.

Creditors shall declare their creditors' rights and provide evidential materials in the declaration of creditors' rights. The liquidation group shall register creditors' rights so declared.

During the period of registering the Company's creditors, the liquidation committee shall not make repayment to the creditors.

Article 281

The liquidation committee shall during the liquidation period perform the following duties:

- (I) to dispose of the Company's assets, to prepare balance sheets and an inventory of assets;
- (II) give notices or make public announcements to the creditors;
- (III) to deal with the unfinished business of the Company in relation to the liquidation;
- (IV) to settle all tax in arrear;
- (V) to repay all the claims and debts;

(VI) to deal with the remaining assets of the Company after the repayment of debts;

(VII) to represent the Company in civil proceedings.

Article 282

The liquidation group shall make a liquidation plan after straightening out the Company's property and compiling the balance sheet and property inventory, and then submit the plan to the general meeting or the People's Court for confirmation.

After the Company determines to enter into liquidation, nobody is permitted to dispose the Company's property without permission of the liquidation group. During the liquidation, the Company shall not engage in new operational activities. After the Company first pays the liquidation cost, the liquidation group shall begin to liquidate the Company in the following order;

(I) to pay the salary and labour insurance expenses due to the Company's employees in the last 3 years prior to the liquidation date;

(II) to pay taxes payable; and

(III) to repay the Company's debts.

The residual property left after the Company repays its debts according to provisions of the preceding paragraphs shall be distributed among the Company's shareholders according to the class and proportion of the shares they hold.

Article 283

The liquidation group's members shall be devoted to their duties and perform their liquidation obligations according to law.

Members of the liquidation group shall not use their position to take bribes or other illegal gains; nor shall they misappropriate the Company's property. If a member of the liquidation group causes the Company or its creditors to sustain losses intentionally or out of gross negligence, the member shall undertake compensatory liability for the losses.

Article 284

In the case of liquidation attributed to the Company's dissolution, if the liquidation group finds that the Company's property is insufficient to repay its debts after straightening out the Company's property and compiling the balance sheet and property inventory, it shall stop liquidation forthwith and file for bankruptcy at the People's Court.

After the Company is declared bankrupt by the People's Court, the liquidation group shall hand the liquidation affairs over to the People's Court.

Article 285 If the Company is declared bankrupt according to law, it shall undertake bankruptcy liquidation according to enterprises' bankruptcy laws.

Article 286 The liquidation cost, including the compensation for members and advisors of the liquidation group, shall be first paid from the Company's property before other creditors' rights are satisfied.

Article 287 Following the completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report and statement of receipts and expenditures and various financial assets records for the period of liquidation which shall, upon being audited by an accountant registered in the PRC, be submitted to the shareholders' general meeting or the People's Court for their approval.

The liquidation committee shall, within thirty (30) days upon the approval of the general meeting and relevant governing authority, submit the aforesaid documents to the company registration department, and apply for the cancellation of registration of the Company and to make public announcement in respect of the termination of the Company.

CHAPTER 25 AMENDMENTS TO THESE ARTICLES OF ASSOCIATION

Article 288 The Company may amend these articles of association pursuant to the laws, administrative regulations and the provisions of these articles of association.

Article 289 The Company shall make amendments to these articles on the occurrence of any of the following events:

- (I) The Company Law or the relevant laws or administrative regulations are amended and these articles are contradictory to the provisions under the amended laws or administrative regulations;
- (II) Any change of the Company's conditions creating inconsistency with what is stated in these articles;
- (III) The general meeting has decided to make amendments to these articles.

Article 290 In respect to amendments to these articles of association, if they involve content of the Articles of Association of Companies Seeking a Listing Outside the PRC Prerequisite Clauses, they shall take effect upon approval of the corporate examination and approval department authorized by the State Council and the Securities Commission under the State Council; if they involve corporate registration matters, they shall undergo the registration procedures according to law.

Article 291 Amendments to these articles of association are information required to be disclosed by relevant laws and regulations and shall be publicly announced according to relevant provisions.

CHAPTER 26 NOTIFICATION

Article 292 Unless otherwise provided in these articles of association, the notices, materials or written statements the Company sends to the holders of its foreign shares listed in Hong Kong shall be served to each of the foreign shares holders at the registered address of such shareholders by courier or mail. Notices sent to shareholders of the foreign shares listed in Hong Kong shall be served in Hong Kong to the maximum extent possible. On condition of violating no laws, regulations and listing rules of the place where the Company is listed, the Company may also send or provide notices, data or written statements to its shareholders by the Company's website or email, rather than in the foregoing manners.

Article 293 The Company's notices shall be sent in the following ways:

- (I) by couriers;
- (II) by mail;
- (III) by announcement;
- (IV) by fax or email;
- (V) by announcement on the website of the Company or other websites designated by the stock exchange both on condition of complying with laws, regulations and listing rules of the place where the Company's shares are listed;
- (VI) by other means agreed to by the Company and receivers of the notices or otherwise recognized by the receivers after receiving the notices; or

- (VII) by other means recognized by relevant regulatory authority in the place where the Company's shares are listed or otherwise provided by these articles of association.

The "announcement" referred to in these articles of association, unless the context otherwise requires, means to post announcement in Chinese newspapers designated by Chinese laws or regulations or the State Council's securities regulatory body in respect to the announcement made to holders of the Company's domestic shares and to the announcement required to be made within the territory of China according to relevant provisions and these articles of association, or to post announcement in Hong Kong newspapers designated by relevant listing rules of the Company's shares in respect to the announcement made to holders of the Company's foreign shares and the announcement required to be made in Hong Kong according to relevant provisions and these articles of association.

Article 294 If the Company is to hold the general meeting, the Board shall notify the Company's shareholders to have them registered by announcement.

Article 295 If the Company is to hold the meeting of the Board, it shall notify its Directors by written notice or fax. In urgent situations, if the Chairman deems it necessary, or more than 1/3 of the Directors, the supervisory committee or the President propose, to hold the meeting of the Board, the Company can hold ad hoc meeting of the Board on condition of giving Directors a 1-day notice in writing.

Article 296 If the Company is to hold the meeting of supervisors, it shall notify its supervisors by written notice or fax.

Article 297 The Company's notices will be deemed to have been served: if sent by couriers, on the date on which the recipient signs (or seals) the return receipt; if sent by mail, on the date on which the notices are delivered to the postal service; if sent by fax, email or website, on the date on which the notices are sent out; and if sent by announcement, on the date on which the announcement is first posted in a newspaper complying with relevant provisions.

Article 298 If the Company fails to serve a meeting notice to a person who is entitled to receive the notice out of negligence or a person fails to receive a meeting notice which has been duly sent to him/her, the meeting concerned and its resolutions will not be rendered invalid therefor.

Article 299 The Company designates China Securities Journal and Wenweipo and the Standard of Hong Kong as the media where the Company posts its announcement or discloses other information required.

Any notices, documents, materials or written statements served to the Company by shareholders or Directors can be sent to the Company's legal address by courier or registered mail.

Article 300 If shareholders or Directors are to prove that they have served notices, documents, materials or written statements to the Company, they shall provide evidence that the notices, documents, materials or written statements have been served to the correct address by general means, with the postage prepaid and within the prescribed term of service.

CHAPTER 27 SETTLEMENT OF DISPUTES

Article 301 (I) Whenever any disputes or claims arising from these articles of association, or any rights or obligations conferred or imposed by the Company Law and other relevant laws or administrative regulations concerning the affairs of the Company between the shareholders of overseas listed foreign shares and the Company, between the shareholders of overseas listed foreign shares and any Director, supervisor, President or other senior management member of the Company or between the shareholders of overseas listed foreign shares and shareholders of domestic shares, the parties involved shall refer such kind of disputes or claims for settlement by arbitration.

In referring the said disputes or claims to arbitration, the entire claims and disputes shall be referred; and all the persons having the same cause of action or all the parties whose participation is necessary for the settlement of the disputes or the claims, including the Company, shareholders, Directors, supervisors, President or other senior management member of the Company, shall submit to arbitration. As to the disputes on the definition of a shareholder or register of the shareholders, it may be settled by methods other than arbitration.

- (II) At the election of the claimant, the disputes or claims shall be referred to arbitration at either China International Economic and Trade Arbitration Committee in accordance with its arbitration rules, or Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant refers a disputes or claims to arbitration, the other party must submit to the arbitration body elected by the claimant. If the claimant elects to proceed with the arbitration at Hong Kong International Arbitration Centre, either party may request to proceed with the arbitration in Shenzhen in accordance with the provisions of the securities arbitration rules of Hong Kong International Arbitration Centre.
- (III) The laws of the People’s Republic of China shall be applicable to the settlement of disputes and claims by way of arbitration mentioned in paragraph (I) of this article unless the laws and administrative regulations provide otherwise.
- (IV) The award of the arbitration body is final and conclusive and is binding on all parties.

CHAPTER 28 INTERPRETATIONS AND DEFINITION OF THESE ARTICLES OF ASSOCIATION

Article 302 These articles of association are in both the Chinese and English languages; in the case of a conflict between the two versions, the Chinese version shall prevail.

Article 303 Unless the context otherwise requires, the following terms shall have the following meaning in these articles of association:

“these articles of association” means the articles of association of the Company. “controlling shareholder” means a person who satisfies one of the following conditions: (I) who can elect more than half of the Directors separately or jointly with others; (II) who can exercise, or control the exercise of, 30% or more of the Company’s voting rights separately or jointly with others; (III) who holds 30% or more of the Company’s shares outstanding separately or jointly with others; or (IV) who actually controls the Company by other means separately or jointly with others.

“de facto controller” means a person who is not a Director of the Company and yet can actually control the Company through investment, agreement or other arrangement.

“related party relationship” means the relationship between the Company’s shareholders, de facto controller, Directors, supervisors or senior management member(s) and the enterprises directly or indirectly controlled by the Company as well as other relationships which may result in transfer of the Company’s interest; however, state-holding enterprises do not have the related party relationship just because they are under common control of the state.

“Board” means the Company’s Board of Directors. “Chairman” means the chairman of the Company’s Board. “Director” means the Company’s directors.

“President” means the general manager provided in the Company Law of the People’s Republic of China and the manager provided in the Articles of Association of Companies Seeking a Listing outside the PRC Prerequisite Clauses.

“legal address” means 30, Gangtie Road, Dadukou District, Chongqing City, the People’s Republic of China.

“Renminbi” means the legal currency of China.

“Secretary to the Board” means the Board’s secretary appointed by the Board. “Hong Kong Stock Exchange” means The Stock Exchange of Hong Kong Ltd. “State” or “China” means the People’s Republic of China.

Article 304 The “accountant’s office” referred to in these articles of association shall have the same meaning as “auditor”.

Article 305 The Board can formulate detailed rules according to provisions of these articles of association. The detailed rules so formulated shall not be in conflict with these articles of association.

Article 306 These articles of association are written in the Chinese language. In the case of a discrepancy between articles of association in other languages or versions and these articles of association, the Chinese version articles of association filed most recently at the corporate registration authority shall prevail.

- Article 307** The wordings “more than”, “within” and “less than” in these articles of association shall all include the numbers themselves that follow such wording, while the wordings “not up to”, “other than”, “less than”, “over” and “more than” shall not include the numbers themselves.
- Article 308** On condition of not violating and limiting provisions of Chapter 26 and the power of general meeting, these articles of association shall be interpreted by the Company’s Board.
- Article 309** In the case of a conflict between these articles of association and the laws, administrative regulations, other regulatory documents or regulatory rules of the place where the Company is listed issued from time to time, the provisions of the then-in-effect laws, administrative regulations, other regulatory documents or regulatory rules of the place where the Company is listed shall prevail.