

DONGFANG ELECTRIC CORPORATION LIMITED

ARTICLES OF ASSOCIATION

DECL.JB.2008-001H

Chapter Subject

1. General Provisions
2. Objectives and Scope of Operation
3. Shares and Registered Capital
4. Reduction of Capital and Repurchase of Shares
5. Financial Assistance for Acquisition of the Shares of the Company
6. Share Certificates and Register of Shareholders
7. Rights and Obligations of Shareholders

CHAPTER 1 – GENERAL PROVISIONS

1. For the purpose of protecting the legitimate rights and interests of the Company, shareholders and creditors and regulating the organization and operation of the Company, in accordance with the “Company Law of the People’s Republic of China” (hereinafter called “the Company Law”), the “Securities Law of the People’s Republic of China” (hereinafter called “the Securities Law”) and other relevant laws and regulations, these Articles of Association (or the “Articles of Association” or “these Articles”) were formulated.
2. This Company (or the “Company”) is established as a joint stock company with limited liability under the “Standard Opinion for the Joint Stock Companies”, the “Implementation of the Addendum to the “Standard Opinion for the Joint Stock Companies” by Companies Seeking Listing in Hong Kong”, other relevant laws and regulations of the PRC.

On 28 December 1993, the Company was established by way of a promotion under the approval of the State Commission for Restructuring the Economic Systems under the document numbered Ti Gai Sheng 1993 No.214. On 28 December 1993, the Company was registered at the Sichuan Province Deyang Municipal Administration for Industries and Commerce and the business licence thereof was obtained. The business licence number is 20511548-5.

Promoter of the Company is: Dongfang Electrical Machinery Works

On 3 May 1994, the Company was reorganized as a public company with the approval of the State Commission for Restructuring the Economic Systems under the document numbered Ti Gai Sheng 1994 No.42. On the same date, the Company was re-registered at the Sichuan Province Deyang Municipal Administration for Industries and Commerce. After the re-registration, the business licence number is 20511548-5.

3. Registered name of the Company : 电气
Dongfang Electric Corporation Limited
4. Address of the Company: 18 Xixin Road, High-Tech District (Western District), Chengdu, Sichuan Province, PRC.
5. The Company is an independent enterprise legal person in the PRC, governed and protected by laws, regulations and other government provisions of the PRC.
6. Legal representative of the Company shall be the chairman of the Company’s board of directors.
7. Each shareholder of the Company shall assume liability toward the Company to the extent of the amount of shares held by him. The Company shall be liable for its debts to the extent of all of its assets.
8. The Company is a joint stock company with permanent perpetuity.
9. The Company may invest in other enterprises. However, unless it is otherwise provided for by any law, it shall not become a capital contributor that shall bear several and joint liabilities for the debts of the enterprises it invests in.
The Company shall not be the shareholder of other organizations with business purpose without limited liability.
10. According to the necessity of development in business and subject to the approval of the department authorized by the State Council, the Company may set up branches, offices, joint ventures and cooperative enterprises both in and outside the PRC and in the region of Hong Kong, Macau and Taiwan.

11. These Articles shall be effective from the date of establishment of the Company upon the effective date of these Articles, these Articles shall be a legally binding document regulating the organization and conducts of the Company and the rights and obligations sharing between the Company and each shareholder and among the shareholders. These Articles shall be binding on the Company, its shareholders, directors, members of the supervisory committee, president and other officers of the Company; all the aforesaid persons may claim rights relating to the matters of the Company in accordance with the Articles of Association.

Under these Articles, a shareholder may commence a legal proceeding against the Company and the Company may commence a legal proceeding against a shareholder; a shareholder may commence a legal proceeding against other shareholder(s) in accordance with these Articles; a shareholder may also commence a legal proceeding against the directors, supervisors, president and other officers of the Company.

The aforesaid proceedings shall include a proceeding in a court or an application to an arbitration institution for arbitration.

12. The other officers here contained in these Articles includes the President, Senior Vice President, Vice President, Chief Accountant, and board secretary of the Company

CHAPTER 2 – OBJECTIVES AND SCOPE OF OPERATION

13. The objectives of operation of the Company: to adopt advanced scientific methods of management and flexible operational policies; to make efforts in developing domestic and international markets; to develop the Company into a first-class enterprise in the world in the production of power generating facilities; and to ensure that the shareholders as a whole can receive reasonable economic returns.

14. The legally registered business scope of the Company: manufacture of general equipment(manufacture of boilers and prime movers, boilers and ancillary equipment, steam turbines and auxiliary machine equipment, hydro turbine generator and axillary machine equipment, other prime movers, pumps and similar machinery), steam-power and hydro-power generating equipment for manufacture of electrical machinery and appliance(such as manufacture of electric machinery, generators and generating units and motors),manufacture, sale and R&D of nuclear power generation equipment, wind power generation equipment, power generation equipment of renewable energy sources and spare parts; R&D, manufacture and sale of industry control and automation; R&D, manufacture and sale of environmental protection equipment(denigration, desulphurization, sewage, solid waste), energy-saving equipment and petrochemical container; R&D manufacture and sale of equipment including instruments, general machinery; manufacture and sale of industrial gas; design of power stations, development of full set of technology of equipment for power stations, and sale and service of full set of technology of equipment; scientific research, design, installment, adjustment, trial run, reformation and maintenance services of power stations and its equipment: chief contracting and sub-contracting for overseas power generating equipment, electromechanical and complete projects as well as tender for domestic international projects; export of equipment and materials necessary for the above overseas projects; deployment of staff necessary for the above overseas projects; trade of import and export; commercial service; professional technical service; scientific exchange and service popularization industry(the above business scope excludes legal projects requiring prior approvals and permits by law, regulations and decisions of the State Council).

15. The Company shall have the power to provide guarantees, to raise or borrow monies, including (but not

limited to) the issue of debentures of the Company and also have the power to charge or mortgage its business, properties and other assets, provided that this complies with the PRC laws and administrative rules.

Subject to the approval by the relevant government authorities, the Company may, when appropriate, modify its investment policies, scope and style of operations according to the local and international market trends, business development requirements in the PRC and the Company's own development capabilities and business requirements.

CHAPTER 3 – SHARES AND REGISTERED CAPITAL

16. The Company has ordinary shares at all time. Pursuant to the Company's requirement and upon the approval of the department authorized by the State Council to examine and approve companies, the Company may issue shares of other classes.

17. All of the shares issued by the Company is shares with par value of RMB1.00 per share.

18. With the approval of the securities authority of the State Council, the Company shall issue shares to both domestic and foreign investors.

The foreign investors stated above are the investors, acquiring the shares issued by the Company, in foreign countries and in the region of Hong Kong, Macau and Taiwan. The domestic investors are those acquiring the shares issued by the Company in the PRC, other than those aforesaid areas.

19. The shares issued by the Company to the domestic investors that the subscription monies have to be paid in Renminbi are called domestic-investment shares. The shares issued by the Company to the foreign investors that the subscription monies have to be paid in foreign currency are called foreign-investment shares. The foreign-investment shares listed outside the PRC are called overseas-listed foreign-investment shares.

20. The Company issued 2,003,860,000 ordinary shares in total, comprising 340,000,000 overseas listed foreign shares and 1,663,860,000 domestic shares.

21. With the approval of the department authorized by the State Council, The Company issued 146,706,300 domestic shares to the promoter after its establishment in 1993, and on 9 April 1994 the Company non-publicly issued 73,293,700 domestic shares to the promoter. With the approval of the securities authority of the State Council, the Company issued 170,000,000 overseas listed foreign shares on 30 May 1994, and issued 60,000,000 domestic shares to the public in the PRC on 4 July 1995. With the approval of the State-owned Assets Supervision and Administration Commission of the State Council, the promoter transferred all its shares of the Company to Dongfang Electric Corporation at nil consideration. Transfer of such shares was completed on 17 February 2006. With the approval of the securities governing authority of the State Council, the Company non-publicly issued 367,000,000 domestic shares to Dongfang Electric Corporation on 7 October 2007, the Company issued 65,000,000 domestic share to public on 26 December 2008, and the Company non-publicly issued 119,930,000 domestic share to eight particular objects including Dongfang Electric Corporation on 1 December 2009, the Company increased 831,930,000 domestic shares by the capital reserve fund to all A shareholders of shareholder extension on 5 July 2010 and increased 170,000,000 foreign shares by the capital reserve fund to all H shareholders on 23 July 2010.

The capital structure of the Company is as follows: the total number of shares of the Company is 2,003,860,000 ordinary shares, comprising 1,663,860,000 domestic shares, accounting for 83.03% of the

total number of shares and 340,000,000 overseas listed foreign shares, accounting for 16.97% of the total number of shares.

22. Dividends or other distributions payable on domestic-investment shares of the Company shall be calculated and paid in Renminbi. Whereas the Company makes payments of dividends or other payments to the overseas-listed foreign-investment shareholders, such payments shall be calculated and declared in Renminbi and paid in foreign currencies. The remittance of the balance of the share capital fund in foreign currencies raised by the Company and the payments of dividends and other payments in foreign currencies made by the Company to the shareholders shall be made pursuant to the provisions regarding the regulation on foreign exchange of the PRC.
23. The board of directors of the Company may carry out the respective arrangement for the issue with the approval to the proposal of issuing overseas-listed foreign-investment shares and domestic-investment shares of the Company by the securities governing authority of the State Council. The Company may issue overseas-listed foreign-investment shares or domestic-investment shares in accordance with the regulation mentioned above. The Company may implement the proposal of issuing overseas-listed foreign-investment shares or domestic-investment shares within 15 months from the day of approval of the China Securities Regulatory Commission of the State Council (hereafter called the “CSRC”).
24. The Company shall issue at one time the total number of the shares determined in the proposed issue, including overseas-listed foreign-investment or domestic-investment shares, which shall be subscribed at one time. In special case that not all the shares were subscribed and the total number of shares cannot be issued at one time, the shares may be issued for several times upon the approval by the China Securities Regulatory Commission of the State Council .
25. The registered capital of the Company is Renminbi 2,003,860,000.
26. The Company may, based on its operational and development requirements, in accordance with the relevant provisions of the laws and regulations, and subject to the resolutions passed on the shareholders’ general meeting, increase its share capital in the following ways:
 - (1) Public issues of shares;
 - (2) Non-public issues shares;
 - (3) Bonus issues of shares to the existing shareholders;
 - (4) Conversion of the surplus reserve into capital;
 - (5) Other methods pursuant to the laws and administrative regulations and approved by the CSRC.
27. In accordance with the relevant provisions of the laws and regulations, the shares of the Company may be sold, acquired, transferred, bestowed, inherited and pledged.

Any transfer of the shares of the Company must be registered with the share registrar of the Company.
28. Unless otherwise provided in the laws and administrative rules, shares of the Company shall be freely transferable and free from any lien.
29. The Company may not accept taking the shares of the Company as subject matter of a pledge.
30. The shares of the Company held by the promoters of the Company shall not be transferred within 1 year after the date of the establishment of the Company. The shares issued before the Company publicly issues shares shall not be transferred within 1 year from the day when the shares of the Company get listed and are traded in a stock exchange.

The directors, supervisors and senior managers of the Company shall declare to the Company the shares held by them and the changes thereof. During the term of office, the shares transferred by any of them each year shall not exceed 25% of the total number of shares of the Company held. The shares of the Company held by the aforesaid persons shall not be transferred within 1 year from the day when the shares of the Company get listed and are traded in a stock exchange. Within 6 months after any of the aforesaid persons is removed from his post, he shall not transfer the shares of the Company he holds.

Trading of shares of the Company by the Directors, Supervisors and Senior Management of the Company during their term of office shall be reported to the Shanghai Stock Exchange for filling in advance as required by the relevant regulations; any change in their shareholdings in the Company shall be reported to the Company

The Company shall not sell or purchase its own shares except under the aforesaid circumstances.

35. The Company may purchase its own shares in the following ways:
- (1) the centralized trading on the stock exchange;
 - (2) tender offer;
 - (3) agreement not concluded within the stock exchange;
 - (4) other methods approved by the CSRC.
36. The Company may, with the prior approval of shareholders obtained in accordance with the provisions of these Articles, repurchase its shares by an off-market agreement; but the Company may release, vary or waive its rights under such an agreement so entered into by the Company with the prior approval of shareholders obtained in the aforesaid manner.

The above mentioned agreement to repurchase shares includes but is not limited to an agreement undertaking the obligations or acquiring the rights of the shares being repurchased.

The agreement to repurchase the Company's own shares or the rights provided therein shall not be assigned by the Company.

37. Where the Company needs to purchase its own shares for any of the reasons as mentioned in items (1) to (3) of the Article 34 of these Articles, it shall be subject to a resolution to be passed at the shareholders' general meeting. After the Company purchases its own shares pursuant to the provisions of the Article 34, it shall, under the circumstance as mentioned in item (1), write them off within 10 days after the purchase; while under either circumstance as mentioned in item (2) or (4), transfer them or write them off within 6 months. The shares purchased by the Company in accordance with item (3) of the Article 34 shall not exceed 5% of the total issued shares of the Company. The fund used for the share acquisition shall be paid from the after-tax profits of the Company. The shares purchased by the Company shall be transferred to the employees within 1 year.

38. Unless the Company is in the course of liquidation, the Company shall repurchase its issued shares in accordance with the following provisions:-

- (1) where the Company repurchases its shares at par value, payment shall be reduced from the balance of distributable profits of the Company in the book and the proceeds of a fresh issue of new shares made for the purpose of repurchases of existing shares;
- (2) where the Company repurchases its shares at a premium, payment up to the par value may be reduced from the balance of distributable profits of the Company in the book and the proceeds of a fresh issue of new shares made for the purpose of repurchases of existing shares. Payment of the portion in excess of the par value shall be effected as follows:-
 - (i) if the shares being repurchased were issued at par value, it shall be reduced from the balance of distributable profits of the Company in the book;
 - (ii) if the shares being repurchased were issued at a premium, it shall be reduced from the balance of distributable profits of the Company in the book or out of the proceeds of a fresh issue of new shares made for the purpose of repurchases of existing shares, provided that the amount paid out of the proceeds of the fresh issue of new shares shall not exceed the aggregate of premiums received by the Company on the issue of the shares repurchased nor shall it exceed the current amount of the Company's shares premium account, including the amount of

premium from the fresh issue of new shares.

- (3) The payment made pursuant to the following shall be paid out of the distributable profits of the Company:
 - (i) the acquisition of rights to repurchase shares of the Company;
 - (ii) the variation of any agreement to repurchase shares of the Company;
 - (iii) the release of any of the Company's obligations under any agreement to repurchase shares of the Company;
- (4) After reducing the registered capital of the Company by the aggregate nominal value of those shares canceled according to relevant regulations, the amount which has been deducted from distributable profits and which has been used for repurchasing the nominal value of the shares shall be transferred to the capital reserve fund account of the Company.

CHAPTER 5 - FINANCIAL ASSISTANCE FOR ACQUISITION OF THE SHARES OF THE COMPANY

39. Neither the Company nor any of its subsidiaries shall at anytime or in any manner provide financial assistance to a person who acquires or intends to acquire shares of the Company. The aforesaid person acquiring the shares of the Company includes any person who undertakes, directly or indirectly, obligations as a result of the acquisition of shares of the Company.

Neither the Company nor any of its subsidiaries shall at anytime provide financial assistance to alleviate or release the obligations of the aforesaid person undertaking such obligations.

The Article is not applicable to the situation stated in Article 42 of this Chapter.

40. "Financial Assistance" mentioned in this Chapter includes (but not limited to) the followings:-

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

41. For the purpose of this Chapter, "Incurring a liability" includes changing one's financial position by making an agreement or arrangement (whether enforceable or unenforceable, and whether made on his own account or with any other person) or by any other means.

42. The following transactions are not prohibited by Article 39:-

- (1) the provision of relevant financial assistance where the financial assistance is given in good faith to the interests of the Company and the Company's principal purpose in providing that assistance is not for the purpose of any such acquisition, or the assistance provided is only a part of certain general plan of the Company;
- (2) a distribution of the Company's assets by way of dividend lawfully declared;

- (3) the allotment of bonus shares;
- (4) a reduction of registered share capital, a repurchase of shares of the Company, a reorganization of the share capital of the Company effected in compliance with these Articles;
- (5) the lending of money by the Company in the ordinary course of its business, where the lending of money is within the scope of business of the Company, only if the Company has net assets which are not thereby reduced or, to the extent that those assets are thereby reduced but the assistance is provided out of distributable profits of the Company;
- (6) the provision of money by the Company for employees' shares option scheme, only if the Company has net assets which are not thereby reduced or, to the extent that those assets are thereby reduced but the assistance is provided out of distributable profits.

CHAPTER 6 - SHARES CERTIFICATES AND REGISTER OF SHAREHOLDERS

43. Share of the Company is registered shares. Share certificates are issued in form of paper or in other forms stipulated by the securities authority of the State Council.

Share certificates of the Company shall state:

- (1) Name of the Company;
- (2) Date of incorporation of the Company;
- (3) Classification of the shares, par value and the number of shares represented;
- (4) Serial number of the share certificate;
- (5) Other items required to be stated by the stock exchange on which the shares of the Company are listed.

44. Share certificates of the Company shall be signed by the chairman. If it is required by the stock exchange on which the shares of the Company are listed that the share certificates shall be signed by the other officers, the share certificates shall also be signed by the other relevant officers. The share certificates shall become effective after the seal of the Company has been affixed or the seal in a printed form has been affixed thereof. The affixing of the Company's seal shall be authorized by the board of directors. The signatures on the share certificates of the chairman or other relevant officers of the Company may also be in a printed form.

45. The Company shall keep a register of shareholders and enter therein the following particulars:-

- (1) the names and addresses (residence), the occupations or descriptions of each shareholder;
- (2) the class and number of shares held of each shareholder;
- (3) the amount paid or payable on the shares by each shareholder;
- (4) serial numbers of the shares held by each shareholder;
- (5) the date on which each person was entered in the register as a shareholder;
- (6) the date on which any person ceased to be a shareholder.

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

46. The Company may, in accordance with any memorandum of understanding or agreement reached by the State Council securities governing authority and the securities governing authorities overseas, keep the register of the overseas-listed foreign-investment shareholders outside the PRC and appoint an overseas

agent to maintain such register. The original register of shareholders of the overseas-listed foreign-investment shares listed in Hong Kong shall be kept in Hong Kong.

The Company shall keep a copy of the register of the overseas-listed foreign-investment shareholders at the address of the Company. The agents so appointed shall ensure consistency at all time between the information contained in the original register and the copy thereof.

Should there be any inconsistency between the information contained in the original register and the copy thereof, information of the original register shall prevail.

47. The Company shall have a complete register of shareholders which shall comprise of the following parts:-

- (1) a part maintained at the Company's address in relation to shares not required to be registered in the parts of the register referred to in the paragraphs (2) and (3) below;
- (2) register of overseas-listed foreign-investment shareholders shall be kept at the place where the stock exchange on which such shares are listed situates;
- (3) the register of shareholders shall be kept in such other places as the board of directors thinks fit for the needs of listing of the shares of the Company.

48. Different parts of the register of shareholders shall not be overlapped. No transfers of any shares registered in any part of the register shall, during the continuance of that registration, be registered in any other parts of the register of shareholders.

All the fully paid overseas-listed foreign-investment shares listed in Hong Kong shall be freely transferred pursuant to these Articles. However, the board of directors may refuse to recognize any transfer instruments without assigning any reason thereof unless the same satisfies the following:

- (1) a payment of HK\$2 or a higher charge as consented by Hong Kong Stock Exchange has been made to the Company for the purpose of registration of any instrument of transfer or other documents related to or affecting the ownership of any shares;
- (2) the instrument of transfer only involves overseas-listed foreign-investment shares listed in Hong Kong;
- (3) the stamp duty on the instrument of transfer has been paid;
- (4) the respective share certificates and other supporting documents evidencing the transfer of such shares reasonably required by the board of directors have been produced;
- (5) if the shares shall be transferred to joint holders, the number of joint holders shall not exceed 4;
- (6) the Company has no lien over the relevant shares.

The alteration and correction of each part of the register of shareholders shall be effected in accordance with the laws of the place where register is kept.

49. Transfers of shares shall not be registered on the register of shareholders within 30 days prior to the convening of a shareholders' general meeting or 5 days prior to the record day for the distribution of dividends.

50. Where the Company decides to convene shareholders' general meetings, distribute dividends, liquidate or carry out other activities necessary for the ascertainment of shareholdings, the board of directors shall fix the record date for purpose of determining shareholdings and persons who are registered in the register of shareholders of the Company upon the expiry of such record date shall be shareholders of the Company.

51. Any person who has any objection to the register of shareholders and demandsto register his name on, or

delete his name from the register, may apply to the court with jurisdiction to amend the register.

52. Any person who is a registered holder of shares of the Company or who claims to be entitled to have his name to be registered in the register of shareholders in respect of the shares of the Company may, if it appears that the certificate (the "original certificate") relating to his shares is lost or has been stolen or destroyed, apply to the Company for a replacement share certificate in respect of such shares (the "relevant shares").
53. Domestic-investment shareholders, whose share certificates are lost, stolen or destroyed, may apply to a People's Court to declare such shares certificates as void in accordance with the procedure for publicizing public notice for assertion of claims provided for in the civil procedure law. After the invalidity of the shares certificates has been declared by the People's Court through the aforesaid procedure, the shareholder may apply to the Company for issue of replacement share certificates.
54. Overseas-listed foreign-investment shareholders whose share certificates are lost, stolen or destroyed, applying to the Company for replacement share certificates shall be subject to the following requirements:
 - (1) Applicants shall submit application to the Company in form prescribed by the Company accompanied by a notarial certificate or a statutory declaration. The notarial certificate or the statutory declaration shall state the grounds upon which the application is made, the circumstances under which the share certificates were lost and the supporting evidence and shall declare that no other person is entitled to have his name entered in the register of shareholders in respect of the relevant shares;
 - (2) No other person other than the applicant who has submitted demand for registration as the shareholder of the relevant shares prior to the determination of the Company to issue replacement share certificates.
 - (3) The Company shall, if it intends to issue replacement share certificates, publish a notice of such intention at least once every 30 days in a period of 90 consecutive days in such newspapers as may be designated by the board of directors for such purpose from time to time.
 - (4) Prior to the publication of the notice of intention to issue replacement share certificates, the Company shall deliver to the stock exchange on which the relevant shares are listed a copy of the notice to be published and shall receive confirmation from such stock exchange that the notice has been exhibited on their premises. The notice shall be exhibited at the stock exchange for a period of 90 days.
In the case of the application for replacement share certificates made without the consent of the registered holder of the relevant shares, the Company shall deliver such registered shareholder a copy of the notice to be published by post.
 - (5) Upon the expiration of the 90-day period for the publication and exhibition of the notice referred to in paragraph (3), (4) above, the Company may issue replacement share certificates for the relevant shares to the applicant in accordance with his application if there is no objection to the issue of replacement share certificates.
 - (6) Where the Company issues a replacement share certificate in accordance with this Article, it shall forthwith cancel the original certificate and record in the register of shareholders the cancellation of the original certificate and the issue of the replacement certificate.
 - (7) All costs incurred by the Company in respect of the cancellation of an original certificate and the

issue of a replacement share certificate shall be borne by the applicant and the Company shall be entitled to refuse to take any action until reasonable indemnity for those expenses is provided.

55. After the Company has issued a replacement share certificate in compliance with these Articles, the name of a bona fide person who has acquired the said replacement share certificate and that of the owner of the said shares who is subsequently registered as shareholder of the said shares (as a bona fide person who made such acquisition) shall not be removed from the register of shareholders.
56. The Company shall not be liable for any damages sustained by any person as a result of the cancellation of the original certificate or the issue of the replacement share certificate, unless the claimant can prove that the Company has acted deceitfully.

CHAPTER 7 - RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

57. A shareholder is a person who holds the share(s) of the Company lawfully and whose name is registered in the register of shareholders.
58. A shareholder shall have the rights and shall undertake the obligations according to the class and number of shares held by him. The shareholders holding the same class of shares shall have the same rights and shall undertake the same obligations.
59. A holder of ordinary shares of the Company shall have the following rights:
- (1) to claim dividends and other distributions in proportion to the number of shares held;
 - (2) to attend or appoint a proxy to attend shareholders' meetings and to exercise his rights to vote;
 - (3) to supervise and manage the business operation activities of the Company and to make any suggestions or inquiries in relation thereof;
 - (4) to transfer shares in accordance with the relevant laws, administrative rules and these Articles;
 - (5) to receive any relevant information in accordance with the provisions of these Articles, including:
 - (i) a copy of these Articles upon payment of the costs thereof;
 - (ii) to inspect and have a copy upon payment of reasonable charges:-
 - (I) all parts of the register of shareholders;
 - (II) personal particulars of directors, supervisors, managers and other officers of the Company including:
 - (a) present and any former forename or surname and any aliases;
 - (b) principal address (residential);
 - (c) nationality;
 - (d) occupation and all other part-time occupation and positions;
 - (e) identification documents and the number thereof.
 - (III) the Company's share capital;
 - (IV) The shares held by him and which have been transferred, granted or pledged pursuant to the provisions of the laws, administrative regulations and these Articles;
 - (V) minutes of shareholders' meeting;
 - (VI) minutes of the meetings of the board of the directors;
 - (VII) minutes of the meetings of the supervisory committee;
 - (VIII) financial reports; and

(IX) stub of debentures.

- (6) in the event of the cessation or liquidation of the Company, to share in the distribution of surplus assets of the Company pro rata the number of shares held;
- (7) A shareholder, who votes against the resolution at the shareholders' general meeting in relation to the merger and split-up of the Company, may request the Company to purchase his shares.
- (8) any other rights conferred by the laws, administrative rules and these Articles.

60. If a resolution of a shareholders' general meeting or a meeting of the board of directors is in violation of any law, administrative regulation, the shareholders are entitled to request the People's Court to invalidate it.

If the procedures for calling a shareholders' general meeting, or meeting of the board of directors, or the way of voting, is in violation of any law, administrative regulation or these Articles, or if a resolution is in violation of these Articles, the shareholders may, within 60 days from the day when the resolution is made, request the People's Court to revoke it.

61. Where any director or senior manager violates any law, administrative regulation, or these Articles during the course of performing his duties, if any loss is caused to the Company, the shareholder(s) of the Company individually or jointly holding 1% or more of the total shares of the Company for a period of 180 days or more may request in writing the supervisory committee to initiate a lawsuit in the People's Court. Where any supervisor violates any law, administrative regulation, or these Articles during the course of performing his duties, if any loss is caused to the Company, the shareholders may request in writing the board of directors to initiate a lawsuit in the People's Court.

If the supervisory committee, or the board of directors refuses to lodge a lawsuit after it receives a written request as mentioned in the preceding paragraph, or if it fails to initiate a lawsuit within 30 days after it receives the request, or if, in an emergency, the failure to lodge an action immediately will cause unrecoverable damage to the interests of the Company, the shareholder(s) as listed in the preceding paragraph may, on their own behalf and in their name, directly lodge a lawsuit in the People's Court.

If the legitimate rights and interests of the Company are impaired and any losses are caused to the Company, the shareholders as mentioned in the first paragraph may initiate a lawsuit in the People's Court according to the provisions of the preceding two paragraphs.

62. If any director or senior manager damages the shareholders' interests by violating any law, administrative regulation, or these Articles, the shareholders may lodge a lawsuit in the People's Court.

63. The holders of ordinary shares of the Company shall undertake the following obligations:-

- (1) to comply with the laws, administrative regulations and these Articles;
- (2) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) None of the shareholders may prejudice any of the interests of the Company or of other shareholders by abusing the shareholder's rights, or prejudice the interests of any creditor of the Company by abusing the independent status of legal person or the shareholder's limited liabilities.

Where any of the shareholders of the Company causes any loss to the Company or to other shareholders by abusing the shareholder's rights, he shall be liable for compensation.

Where any of the shareholders of the Company evades the repayment of its debts by abusing the independent status of legal person or the shareholder's limited liabilities, if he seriously prejudice the

interests of any creditor, he shall bear several and joint liabilities for the debts of the Company.

- (4) other obligations imposed by the laws, administrative rules and these Articles.

A shareholder shall not be liable for the payment for any subsequent increase in the share capital other than that as agreed by the subscriber of the relevant shares on subscription.

64. The shareholders, who hold 5% or more of the total shares with voting right of the Company, shall make a written report to the Company on the same day at which the shares they held are pledged.

Shareholders holding more than 5% shares of the Company, their concert parties and de facto controllers shall inform the Company of their relationships to the Company; and the Company shall report such relationships to the Shanghai Stock Exchange for filing as required.

65. Neither the controlling shareholder nor the beneficial controller of the Company may prejudice the interests of the Company by taking advantage of his connected relationship. Anyone who causes any loss to the Company as a result of violating the provisions shall be liable for the compensation.

The controlling shareholder and the beneficial controller of the Company owe a fiduciary duty to the Company and its publicly issued shares shareholders. The controlling shareholder shall strictly exercise the rights as a subscriber, and shall not impair the legitimate rights and interests of the Company and the publicly issued shares shareholders in the ways of profit distribution, asset reorganization, overseas investment, capital use and loans and guarantees, and shall not impair the interests of the Company and the publicly issued shares shareholders by using its controlling status in the Company.

In case that the Company finds its shareholder, controlling shareholder, the beneficial controller and their connected parties misappropriating the Company's assets (capital), the Company shall through judicial procedures immediately freeze their shares of the Company or the assets they owned. Should they fail to repay the misappropriation amount by cash, their shareholdings or assets shall be liquidated by way of legal procedures for repayment of the assets (capital) of the Company that they misappropriated. Directors, supervisors, and senior officers of the Company are required to duly perform their duties to safeguard the assets (capital) of listed company. In case that the Company finds directors, supervisors, and senior officers assisting in or conniving at controlling shareholder and its subsidiaries misappropriating the Company's assets (capital), the board of directors shall, according to circumstances, impose penalty against the person who is directly responsible and submit a proposal to general meeting to remove the director(s) who are grossly responsible."

66. Except for obligations imposed by the laws, administrative rules or required by the rules of the stock exchanges on which shares of the Company are listed, a controlling shareholder shall, in exercising his right as a shareholder, not exercise his voting rights in a manner prejudicial to the interests of the shareholders generally or of some part of the shareholders of the Company:-

- (1) to relieve a director or supervisor of his duty to act faithfully in the best interests of the Company;
- (2) to approve the expropriation by a director or supervisor (for his own interest or for the interest of another person), in any manner, of the Company's assets, including but not limited to an opportunity beneficial to the Company; or
- (3) to approve the expropriation by a director or supervisor (for his own interest or for the interest of another person) of the individual rights of other shareholders, including but not limited to the entitlement to distributions and voting rights but excluding reorganization of the Company submitted

to the shareholders' meeting for approval in accordance with these Articles.

67. A controlling shareholder referred in the preceding Article means a person who satisfies any one of the following conditions:-

- (1) he alone or acting in concert with others has the power to elect more than half of the directors;
- (2) he alone or acting in concert with others has the power to exercise or to control the exercise of 30 per cent. or more of the voting rights of the Company;
- (3) he alone or acting in concert with others holds 30 per cent. or more of the issued shares of the Company; or
- (4) he alone or acting in concert with others in any other manner has de facto control of the Company.

CHAPTER 8 - SHAREHOLDERS' GENERAL MEETINGS

68. The shareholders' general meeting is vested with the highest authority of the Company and may perform its functions according to the laws.

69. The shareholders' general meeting shall perform the following functions:-

- (1) to determine the directives of operations and investment proposals;
- (2) to elect and replace directors and to determine the matters relating to remuneration of the directors;
- (3) to elect and replace supervisors who are representatives of shareholders and to determine the matters relating to remuneration of supervisors;
- (4) to consider and approve the report of directors;
- (5) to consider and approve the report of the supervisory committee;
- (6) to consider and approve the Company's annual financial budgets and final accounts;
- (7) to consider and approve the plans for profit distribution and plans for losses settlement of the Company;
- (8) to resolve for the increase or reduction of the registered share capital of the Company;
- (9) to resolve for the matters relating to amalgamation, division, dissolution and liquidation of the Company;
- (10) to resolve for the issue of debentures of the Company;
- (11) to resolve for the appointment, removal or termination of services of the accountants firm;
- (12) to amend the Articles of Association;
- (13) to consider and approve the guarantees provided in the Article 71;
- (14) to consider and approve the purchases or sales of any material asset of the Company, the amount of which exceeds 30% of its latest audited total assets;
- (15) to consider and approve the change in the use of the proceeds from fund raising;
- (16) to consider and approve the share incentive plan.
- (17) to consider the motion put forward by the shareholders holding 3 per cent. or more of shares carrying voting rights;
- (18) Shareholders' general meeting may authorise or delegate the board of directors to deal with those matters that the board of directors is authorised or delegated to deal with;
- (19) to determine other matters required by the laws, administrative rules and the Articles of Association to be resolved at a shareholders' meeting.

70. The Company shall not enter into any contract with any person other than a director, supervisor, president or other officers whereby such person undertakes the management and administration of the whole or any substantial part of any business of the Company without the prior approval of shareholders at shareholders' general meeting.

71. The following external guarantees provided by the Company shall be subject to the consideration and approval at the shareholders' general meeting:

(1) Any guarantee as provided after the total amount of guarantees provided by the Company and its controlling subsidiaries reaches or exceeds 50% of the latest audited net assets;

(2) on an accumulative basis in 12 consecutive months, any guarantee provided when the aggregate amount of external guarantees provided by the Company has reached or exceeded 30% of the latest audited total asset value of the Company;

(3) A guarantee as provided to a guaranteed party whose asset-liability ratio is higher than 70%;

(4) A guarantee, the amount of which exceeds 10% of the latest audited net asset; and

(5) A guarantee as provided to the shareholder, beneficial controller or the connected party.

(6) the guarantee that exceeds 50% of the latest audited net assets of the Company and the absolute amount exceeds RMB50 million on an accumulative basis in 12 consecutive months.

External investment (including trust asset management and trust loan) meet the following standards shall be submitted to the general meetings for consideration; save as aforesaid, such investment shall be considered and determined by the Board:

(1) Total assets (book value or assessed value, whichever is higher) involved in the transactions exceed 50% of the latest audited total assets of the Company;

(2) The consideration (including liabilities and expenses) exceed 50% of the latest audited net assets of the Company and the absolute amount exceeds RMB50 million;

(3) Profit of the transaction exceeds 50% of the audited net profit of the Company of the most recent accounting year, and the absolute amount exceeds RMB5 million;

(4) The operating revenue of the most recent accounting year generated by the target (such as equity) of the transaction exceeds 50% of the audited operating revenue of the Company of the most recent accounting year, and the absolute amount exceeds RMB50 million;

(5) The net profit of the most recent accounting year generated by the target (such as equity) of the transaction exceeds 50% of the audited net profit of the Company of the most recent accounting year, and the absolute amount exceeds RMB5 million.

Should any of the aforesaid figures is negative, its absolute value shall be adopted for the purpose of calculation. In case of trust asset management, the amount shall be calculated on an accumulative basis in 12 consecutive months. Where the aggregate amount reaches the above standards, the investment shall be submitted to the general meetings for consideration. Save for trust asset management, other external investment of the same category shall be calculated on an accumulative basis in 12 consecutive months. Any accumulative amount reaches the above standards shall be submitted to the general meetings for consideration.

72. Shareholders' general meetings shall be classified as annual general meetings and extraordinary general meetings. Shareholders' general meetings shall be convened by the board of directors. Annual general

meetings shall be convened once every year and shall be held within six months after the previous financial year end.

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

- (1) the number of directors is less than the number prescribed by the Company Law or less than two-third of the number required in these Articles;
- (2) the losses of the Company which has not been made up amount to one-third of the total amount of its paid up share capital;
- (3) upon the requisition in writing of shareholders holding 10 per cent. or more of the Company's issued shares carrying the voting rights;
- (4) when the directors think necessary or the supervisory committee propose to convene;
- (5) other circumstances as specified in the laws, administrative regulations, department rules and these Articles.

73. An independent director has the right to propose the board of directors to convene an extraordinary general meeting of shareholders. In respect to the proposal of the independent director for convening an extraordinary general meeting, the board of directors shall, in accordance with the laws, administrative regulations and these Articles, give a written reply on whether to convene the extraordinary general meeting or not within 10 days upon receipt of the proposal.

If the board of directors agrees to convene an extraordinary general meeting of shareholders, it shall send out a notice of the extraordinary general meeting of shareholders within 5 days after the resolution of the board of directors has been passed. If the board of directors does not agree to convene an extraordinary general meeting of shareholders, it shall provide the reasons and make an announcement.

74. The supervisory committee has the right to propose the board of directors to convene an extraordinary general meeting of shareholders, and shall put forward the proposal to the board of directors in written form. The board of directors shall, in accordance with the laws, administrative regulations and these Articles of Association, give a written reply on whether to convene an extraordinary general meeting or not within 10 days upon receipt of the proposal.

If the board of directors agrees to convene an extraordinary general meeting, it shall send out a notice of the extraordinary general meeting of shareholders within 5 days after the resolution of the board of directors is made; if it makes any change to the original proposal in the notice, it shall obtain the consent of the supervisory committee.

If the board of directors does not agree to convene an extraordinary general meeting of shareholders or fails to give a reply within 10 days upon receipt of the proposal, it shall be regarded that the board of directors is not able or fails to perform the duty of convening an extraordinary general meeting of shareholders, and the supervisory committee may convene and preside over the extraordinary general meeting by itself.

75. The shareholders who individually or jointly hold 10% or more of the Company's issued shares has the right to propose the board of directors to convene an extraordinary general meeting of shareholders, and shall put forward the proposal to the board of directors in written form. The board of directors shall, in accordance with the laws, administrative regulations and these Articles, give a written reply on whether to convene an extraordinary general meeting or not within 10 days upon receipt of the proposal. The aforesaid amount of

the shares held by the shareholders is calculated on the date of the written proposal is put forwarded by the shareholders.

If the board of directors agrees to convene an extraordinary general meeting of shareholders, it shall send out a notice within 5 days after the resolution of the board of directors is made; if it makes any change to the original proposal in the notice, it shall obtain the consent of the relevant shareholders.

If the board of directors does not agree to convene an extraordinary general meeting or fails to give feedback within 10 days upon receipt of the proposal, the shareholders who individually or jointly hold 10% or more of the Company's issued shares shall have the right to propose the supervisory committee to convene an extraordinary general meeting of shareholders, but shall put forward the request to the supervisory committee in written form.

If the supervisory committee agrees to convene an extraordinary general meeting of shareholders, it shall send out a notice within 5 days upon receipt of the request; if it makes any change to the original proposal in the notice, it shall obtain the consent of the relevant shareholders.

If the supervisory committee fails to send out a notice of the extraordinary general meeting within the prescribed time limit, it shall be deemed that the supervisory committee will not convene or preside over the meeting, and the shareholders who individually or jointly hold 10% or more of the Company's issued shares for a consecutive 90 or more days may convene and preside over the meeting by themselves. The procedures of convening the meeting shall be same with that of convening the meeting by the board of directors, and the place of the meeting shall be at the domicile of the Company.

76. Where the supervisory committee or shareholders decide(s) to convene the extraordinary general meeting of shareholders by itself/themselves, it/they shall send out a written notice to the board of directors, and shall put on the records of the dispatched office of CSRC at the locality of the Company and the stock exchange. Before the resolution of the extraordinary general meeting of shareholders is announced, the proportion of the summoning shareholders shall be no less than 10%.

The supervisory committee or shareholders that convene the meeting shall, when circulating a notice of meeting and making an announcement on the resolution of a shareholders' general meeting, submit the relevant certification materials to the dispatched office of CSRC at the locality of the Company and the stock exchange.

77. In respect of the extraordinary general meeting of shareholders convened by the supervisory committee or shareholders on its/their own initiative, the board of directors and its secretary shall show cooperation. The board of directors shall provide the register of shareholders on the date of equity registration.

78. The necessary expenses for convening the extraordinary general meeting of shareholders by the supervisory committee or shareholders shall be borne by the Company. The expenses will be deducted from the sum owed by the Company to the directors in neglect of duty.

79. The contents of a proposal shall fall within the function exercised by the extraordinary general meeting of shareholders, shall have definite agenda and specific matters for resolution, and shall be in compliance with the laws, administrative regulations and these Articles.

80. When the Company convenes a shareholders' general meeting, the board of directors, the supervisory committee and the shareholders individually or jointly holding 3% or more shares of the Company is/are entitled to make proposals to the Company.

The shareholders who individually or jointly hold 3% or more of the shares of the Company may put forward a temporary proposal and submit it to the convener in written form within 10 days before the meeting is held. The convener shall issue a supplementary notice of the meeting and announce the contents of the temporary proposal within 2 days upon receipt of the aforesaid proposal.

Unless it is prescribed by the preceding paragraph, the convener, after sending out a notice of an extraordinary general meeting of shareholders, shall not amend the proposal as mentioned in the aforesaid notice or add any new proposal.

The extraordinary general meeting of shareholders shall not vote on or make a resolution for any proposal that is not listed in the notice of the extraordinary general meeting of shareholders or that is inconsistent with Article 79 of these Articles.

81. To convene a shareholders' general meeting, the Company shall give written notice 45 days before the date of the meeting, informing all registered shareholders of the matters proposed to be considered at the meeting and the date and place of the meeting. Shareholders who intend to attend the meeting shall return the written reply of attendance to the Company 20 days before the date of the meeting.

The aforesaid notice convening a shareholders' general meeting shall:

- (1) be in written form;
- (2) specify the place, the date and the time of the meeting;
- (3) state the business to be transacted at the meeting;
- (4) provide such information and explanation as are necessary for the shareholders to make a prudent decision on the business to be transacted which shall include but not limited to the provision of detailed terms and contract (if any) together with a detailed explanation of the causes and consequences thereof if the Company will amalgamate with other companies, repurchase its own shares, reorganize the share capital, or restructure the Company in any other way;
- (5) contain the disclosure of the nature and extent, if any, of material interests of any directors, supervisors, presidents or other officers in the transaction proposed and the effect of the proposed transaction on them in their capacity as shareholders so far as it is different from the effect on the interest of the shareholders of the same class;
- (6) contain the full text of any special resolution proposed to be passed at the meeting;
- (7) contain conspicuously a statement that a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not also be a shareholder;
- (8) specify the time and place for lodging proxy forms and written replies for attending the shareholders' meeting.

82. "Unless otherwise provided in the Articles of Association (including Article 229), the notice convening the general meeting shall be dispatched to the Shareholders (whether or not with voting rights at the general meeting) in person or by pre-paid mail to the recipients' addresses as registered on the register of members. For the holders of domestic shares, the notice of the meeting may also be given by way of public announcement.

The aforesaid publication of notice shall be made for the period from 45 to 50 days prior to the date of the meeting in one or several newspapers designated by the securities regulatory authority of the State Council. Once the notice is published, all domestic-investment shareholders shall be deemed to have received the

relevant notice of the shareholders' general meeting.

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

84 When the Company is to convene a shareholders' general meeting, shareholders holding 5 per cent or more of the shares carrying voting rights or the supervisory committee shall have the right to put forward new motions in writing to the Company. The Company shall include in the agenda of the meeting the matters which are within the scope of responsibilities of the general meeting in accordance with the following procedures:

If the motion has not been listed in the notice of the board meeting, and is within the following categories, the proposer should submit the motion to the board of directors for review and announcement 10 days before the shareholders' general meeting:-

- (1) the increase or reduction of the Company's registered capital;
- (2) issuance of debentures of the Company;
- (3) the division, amalgamation, dissolution and liquidation of the Company;
- (4) amendment to these Articles;
- (5) proposal in relation to distribution of profit and loss compensation;
- (6) the appointment and removal of members of the board of directors and supervisory committee;
- (7) change in the use of proceeds of share offer;
- (8) connected transactions which require approval at the shareholders' general meeting;
- (9) acquisition and disposal of assets which require approval at the shareholders' general meeting; and
- (10) change of accountants firm.

Any new distribution motion to be put forward by the largest major shareholder shall be submitted to the board of directors for announcement 10 days before the annual general meeting. The largest major shareholder shall not put forward the new distribution motion at the annual general meeting if such motion was not submitted to the board of directors 10 days before the then annual general meeting.

Any other motions can be submitted to the board of directors and announced by the board of directors prior to the annual general meeting or be raised at the annual general meeting.

85. The Company shall calculate, according to the written replies received 20 days before the date of the meeting, the number of shares carrying voting rights that the shareholders attending the meeting represent. The Company can convene a shareholders' general meeting if the number of shares carrying voting rights represented by shareholders intending to attend attains more than half of the total number of shares carrying voting rights. If not, the Company shall make an announcement, within 5 days, once again notifying the shareholders of the business to be transacted and the date and place of the meeting. After such an announcement has been made, the Company may convene the general meeting.

An extraordinary general meeting may not decide on matters not specified in the notice.

86. Any shareholder entitled to attend and vote at a shareholders' meeting of the Company shall be entitled to appoint one or more persons (whether such person is a shareholder or not) as his proxy to attend and vote instead of him. Such proxy so appointed according to the appointment made by the appointing shareholder may exercise the following rights:-

- (1) the same right as the shareholder to speak at the meeting;
- (2) authority to demand on his own or join in demanding for a poll;
- (3) the right to vote by hand or on a poll, but if there are more than one proxies have been appointed, such proxies may only vote on a poll.

87. The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing; if the appointer is a body corporate, the same shall be affixed with the seal of such body corporate or signed by a director or a duly authorized attorney.

88. The instrument appointing a proxy shall be deposited not less than 24 hours before the time for holding the meeting or the time designated for voting at the registered address of the Company or such other places as specified in the notice convening the meeting. If such instrument is signed by a person authorized by the appointer, the power of attorney and other instrument of authority shall be notarially certified. Such power of attorney and other instrument of authority so notarially certified together with the instrument appointing a proxy shall be deposited at the registered address of the Company or at such other places as specified in the notice convening the meeting.

When the appointer is a body corporate, its legal representative, the board of directors or other decision-making body of such appointer shall appoint the person by a resolution to be its representative to attend the shareholders' general meeting.

89. A proxy who attends a shareholders' meeting on behalf of a shareholder shall present his identification document and the instrument appointing him signed by the appointer or his attorney. The power of attorney and other instruments of authority shall specify the date of issue. A body corporate shareholder may appoint its legal representative to attend the meeting and such legal representative shall present his own identification document and a notarially certified copy of the resolution of the board of directors or other decision-making body of the appointer.

90. Any form issued to a shareholder by the board of directors of the Company for appointing a proxy shall be in such form that enables the shareholder, according to his intention, to instruct the proxy to vote in favour of or against each resolution to be transacted at the meeting. Such a form shall contain a statement that in absence of any instructions the proxy may vote as he thinks fit.

91. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or incapacity of the appointer or revocation of the appointment or revocation of the authority under which the instrument is signed, or the transfer of the shares in respect of which the proxy is given, provided that no notice in writing of the aforesaid matters is not received by the Company before the commencement of such meeting.

92. The board of directors, independent directors and shareholders who meet the relevant stipulated conditions are entitled to collect proxy from other shareholders at the shareholders' general meeting. The collection of such proxy shall be without consideration and sufficient information shall be disclosed to the proxy.

93. Resolutions of shareholders' general meetings shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution shall be passed by shareholders (including proxies) representing more than half of the votes represented by the shareholders (including proxies) present at the shareholders' general meeting.

A special resolution shall be passed by shareholders (including proxies) representing more than two-third

of the votes represented by the shareholders (including proxies) present at the shareholders' general meeting.

94. A shareholder (including proxy of the shareholder) may exercise voting rights in proportion to the number of shares carrying voting rights represented by him and one share shall have one vote (except otherwise provided in these Articles).

The Company has no voting right for the shares it holds, and such shares shall not be included in the total amount of shares with voting right of the shareholders who attend the shareholders' general meeting.

95. The shareholder interested in the connected transaction shall abstain from voting and shall not be counted towards the total number of shares carrying voting rights at the shareholders' general meeting.

Where any shareholder is, under Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

96. At any meeting of shareholders a resolution put to the vote of the meeting shall be decided on show of hands unless a poll is (before or after any vote by show of hands) demanded by:-

- (1) the chairman of the meeting; or
- (2) at least two shareholders with voting right or their proxies; or
- (3) one or more shareholders present in person or by proxy and representing not less than one-tenth of all shares (including one-tenth) carrying the voting rights at the meeting;

or as otherwise provided in these Articles.

Unless a poll is demanded, the announcement by the chairman of the meeting as to the result of the voting by show of hands and the entry to that effect in the minutes book of the proceedings of the Company shall be conclusive evidence of such result without any proof of the number or proportion of the votes recorded in favour of or against such resolution so passed.

The demand for a poll may be withdrawn by the person(s) making such demand.

97. If a poll is demanded for the election of the chairman or the adjournment of the meeting, voting by poll shall be proceeded immediately. A poll demanded for any other matters shall be proceeded at such time as the chairman of the meeting determines and the meeting may proceed on the discussion of other business. The result of the poll shall be deemed to be the resolution passed at the said meeting.

98. On a poll taken at a meeting, shareholders (including proxies of shareholders) entitled to two or more votes need not cast all the votes in favor of or against a resolution.

99. In the case of equality of votes, whether by show of hands or on a poll, the chairman of the meeting shall be entitled to have a second vote.

100. The following matters shall be passed by an ordinary resolution at a shareholders' general meeting:-

- (1) the working reports of the board of directors and the supervisory committee;
- (2) plans formulated by the board of directors for distribution of profits and for making up losses;
- (3) appointment and removal of the members of the board of directors and members of the supervisory committee, their remuneration and method of payment;
- (4) annual budgets and statements of final accounts, balance sheets and profit statement and other financial reports of the Company;

- (5) other matters not required by the laws and administrative rules or by these Articles to be passed by special resolution.
101. The following matters shall be passed by a special resolution at a shareholders' general meeting:-
- (1) increase and reduction of share capital of the Company and the issue of shares of any class, warrants and other ancillary securities;
 - (2) issue of debentures of the Company;
 - (3) the division, amalgamation, dissolution and liquidation of the Company;
 - (4) amendments to these Articles;
 - (5) purchase or sale of any material asset or providing a guarantee by the Company within one year, the amount of which exceeds 30% of its latest audited total assets;
 - (6) share incentive plan;
 - (7) other matter which will have substantial effect on the Company, if it is passed by an ordinary resolution, is required to be passed by a special resolution.
102. The Company shall use all means and channels, including the use of modern information technology to provide a voting platform via the internet, to provide convenience for the shareholders attending shareholders' general meetings.
- No undisclosed significant events shall be announced or divulged to shareholders on the general meetings.
103. Supervisory Committee, shareholders who individually or jointly hold more than 10% shares of the Company requesting convening extraordinary general meetings or class meetings shall submit one or more counterpart signed requisitions stating the object of the meeting and complete proposal to the Board. The Board shall determine and furnish a written reply stating its resolution on whether to convene the meetings within 10 days after receipt of such requisitions.
104. General Meeting shall be convened by the Board and presided over by the Chairman; If the Chairman is unable to attend the meeting for any reason, the vice chairman of the Board shall convene and take the chair of the meeting. If none of the Chairman and vice-chairman of the Board is able to attend the meeting, the meeting shall be presided over by a Director elected by more than half members of the Board; If no chairman of the meeting has been so designated, shareholders present shall choose one Director to be the chairman of the meeting; If for any reason, the shareholders shall fail to elect a chairman, then the shareholder (including proxy) present and holding the largest number of shares carrying the right to vote thereat shall be the chairman of the meeting.
105. The Chairman of the meeting shall be responsible for determining whether a resolution is passed or not and his decision shall be final and the same shall be announced at such meeting and entered into the minutes of such meeting.
106. If the chairman of the meeting has any doubt as to the result of a voting on any resolution, he may make a tally on the votes so casted. If the Chairman of the meeting does not make a tally on such votes, a shareholder who is present in person or by proxy objects to the result announced by the Chairman of the meeting and is entitled to demand for a tally on such votes immediately after the announcement of the result. In such case, the chairman of the meeting shall immediately make a tally on the votes.
107. If there is a tally on the votes at a shareholders' general meeting, the result thereof shall be entered in the

minutes of the meeting.

The minutes of a shareholders' general meeting, attendance book of the shareholders and the instruments appointing proxy shall be retained by the secretary of the board of directors at the registered address of the Company and shall not be destroyed for ten years.

108. Minutes shall be prepared for the General meeting and contents of the minutes shall contain:-

- (1) the total number of shares carrying voting rights represented at the meeting and its percentage in the total issued capital of the Company;
- (2) date and place of the meeting;
- (3) name of person who presided over the meeting and the agenda of the meeting;
- (4) main points of speech in relation to the matters to be discussed;
- (5) voting result of each motion;
- (6) the questions raised by the shareholders and the reply or content of explanation by the board of directors and the supervisory committee; and
- (7) any other business should be contained in the minutes as considered in the shareholders' general meeting or in accordance with these Articles.

Shareholders are entitled to inspect copies of the minutes of shareholders' general meetings during business hours of the Company free of charge. If a shareholder demands for a copy of such minutes, the Company shall send a copy of the same to such shareholder within seven days after receiving reasonable charges.

109. Upon approval of the "Rules of procedures of shareholders' general meeting" to be set by the Company and be approved at the shareholders' general meeting, such rules shall be included as Appendix I of the Articles.

CHAPTER 9 - SPECIAL PROCEDURES FOR VOTING OF CLASS

SHAREHOLDERS

110. The shareholders holding different classes of shares are known as class shareholders.

The class shareholders shall have the rights and shall undertake the obligations pursuant to the provisions of the laws, administrative rules and these Articles.

111. Rights conferred on any class of shareholders in the capacity of shareholders ("Class Rights") may not be varied or abrogated unless it is approved by a special resolution of shareholders in general meeting and by the class shareholders' meeting of that class so affected which shall be convened in accordance with Articles 113 to 117.

112. The following circumstances shall be deemed to be a variation or abrogation of class rights of a certain class:-

- (1) to increase or decrease the number of shares of such class, or increase or decrease the number of shares of a class having the same or more rights on voting, distributions or other privileges;
- (2) to effect an exchange of all or part of the shares of such class with another class or to effect an exchange of all or part of the shares of another class with the shares of such class or to grant the rights of such an exchange.
- (3) to cancel or reduce the vested rights to accrued dividends or rights to cumulative dividends of such

class;

- (4) to reduce or cancel the preferential rights vested with such class in claiming the dividends or the distribution of properties in liquidation of the Company;
 - (5) to increase, cancel or reduce the rights on conversion of shares, options, voting rights, transfer or pre-emptive rights or rights to acquire securities of the Company of such class;
 - (6) to cancel or reduce the rights of such class to receive any monies payable in a particular currency by the Company;
 - (7) to create a new class of shares having the same or more rights on voting, distributions or other privileges than that of such class;
 - (8) to restrict or enhance the restriction on the transfer or ownership of the shares of such class;
 - (9) to issue options or rights on conversion of shares of such class or another class of shares;
 - (10) to increase the rights or privileges of another class;
 - (11) to reorganize the Company where the proposed reorganization with result in different classes of shareholders undertaking liabilities not in a proper proportion;
 - (12) to amend or abrogate the provisions of this chapter.
113. Shares of the affected class, whether or not otherwise having the voting rights at the shareholders' general meetings, shall nevertheless have the voting right at class meetings in respect of matters concerning paragraphs (2) to (8), (11) and (12) of the preceding Article but interested shareholder(s) shall not be entitled to vote at such class meetings.

The aforesaid "interested shareholder" includes:-

- (1) in the case that the Company repurchases its own shares by a general offer to all shareholders pursuant to Article 35 or through open transactions on a stock exchange, "interested shareholder" refers to the controlling shareholder as defined in Article 67 of these Articles;
 - (2) in the case that the Company repurchases its own shares by an agreement not being made on a stock exchange pursuant to Article 35, "interested shareholder" refers to a shareholder related to such agreement;
 - (3) in the case of reorganization of the Company, "Interest Shareholder" refers to a shareholder who undertakes liabilities proportionally less than other shareholders of the same class or a shareholder who has interest different from that of other shareholders of the same class.
114. A resolution passed in a class meeting shall only be passed by more than two-third of the shares with voting rights of shareholders of that class pursuant to the preceding Article.
115. To convene a class meeting, the Company shall give written notice 45 days before such meeting, informing all registered shareholders of that class of the matters proposed to be considered at the meeting and the date and place of the meeting the shareholders who intend to attend the meeting shall return the written replies of attendance to the Company 20 days before such meeting.

The Company shall convene a class meeting if the number of shares carrying voting rights of the shareholders who intend to attend represents more than half of the total number of shares carrying voting rights. If not, the Company shall make an announcement, within 5 days, once again notifying the shareholders of the business to be transacted and the date and place of the meeting. After such an announcement has been made, the Company may convene the class meeting.

116. Notice of the class meeting shall be given to the shareholders who are entitled to vote in such meeting.

The proceedings in class meeting shall be as same as possible to that of the proceedings in a shareholders' general meeting and the articles related to the proceedings of a shareholders' general meeting provided in these Articles shall apply to the class meeting.

117. In addition to the holders of the other classes of shares, domestic-investment shareholders and overseas-listed foreign-investment shareholders shall be deemed to be different classes of shareholders.

The special procedures for voting of class shareholders do not apply to the following situations:-

- (1) where it has been approved by shareholders by a special resolution at a shareholders' general meeting that the Company can issue domestic-investment shares and overseas-listed foreign-investment shares in each 12 months independently or simultaneously not exceeding 20 per cent. of the number of issued shares in each category.
- (2) Where the plans of the Company on its establishment to issue domestic-investment shares and overseas-listed foreign-investment shares are accomplished within 15 months from the day from the date of approval obtained from the State Council Securities Commission.

CHAPTER 10 - BOARD OF DIRECTORS

118. "The Company shall have a board of directors, which shall be composed of 9 to 13 directors. The Company shall appoint independent directors in compliance with the PRC relevant laws and regulations. The board of directors may include one representative of the Company's employees. The board of directors shall have one chairman and may have 1 to 2 deputy chairmen.

119. Directors shall be elected at the shareholders' general meeting. Director candidates may be nominated by the board of directors, supervisory committee, shareholders who individually or jointly hold more than 3% of the Company's issued shares. The list of candidates shall be proposed and resolved at the shareholder's general meeting by ordinary resolution. The period for giving to the Company notice in writing of the intention to nominate a person for election as a director and that of the willingness of the candidate to be elected shall be not less than 7 days. The period for lodgment of the notices shall commence on the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting.

The Company shall disclose detail information (including the brief history and basic information) of the director candidate at the shareholders' general meeting to ensure that shareholders shall have a sufficient understanding of the director candidate before the vote is made.

Before the shareholders' general meeting is convened, the director candidate shall give an undertaking in writing to consent to the nomination, undertake the truthfulness and completeness of information disclosed and that he would diligently carry out the duties of a director after being elected.

Each term of office of a director shall be 3 years commencing from the date of appointment, reappointed upon re-election.

Directors with unexpired term of office may be removed by an ordinary resolution passed in a shareholder' general meeting (but claims made pursuant to any contract shall not be affected) provided that the provisions of the laws and administrative rules are complied with. However, shareholders' general meeting shall not remove any director before expiry of the term of his office without reason.

The representative of the employees of the board of directors shall directly serve as director after he is democratically elected at the meeting of the representatives of the employees, meeting of employees or otherwise.

The terms of independent director and the representative of the employees who serves as director are the same as that of other directors.

120. Director may tender resignation prior to the expiry of his term of office. The director who resigns shall submit a written resignation to the board of directors. The board of directors shall disclose the relevant information of resignation within two days.”

Should the resignation of directors results in the number of members of the board of directors falling below the statutory or minimum requirement, directors shall continue to perform their duties in accordance with the laws, the administrative regulations, the department rules and these Articles.

Save in the situation provided in the preceding paragraph, the resignation of the director shall take effect from the delivery of the resignation request to the board of directors.

121. The procedures of resignation of independent director shall comply with the laws, administrative regulations and department rules.

122. The appointment and removal of the chairman and deputy chairman shall be approved by more than half of all the directors.

123. Election of directors shall follow a cumulative voting system.

Directors shall be elected by more than half of the voting rights represented by shareholders present at the general meeting. If the number of directors elected by voting is more than the maximum number of directors, directors obtaining the highest number of votes with reference to the maximum number of directors so fixed shall be elected as directors.

The number of votes received by the director candidates shall be calculated by multiplying the number of votes the shareholder possesses and the number of directors that shareholder is entitled to elect. A shareholder may cast all votes for a director candidate or divide all his votes among two or more director candidates, or for all director candidates at his discretion. The director candidates with the highest number of votes shall be elected as directors.

124. A director may concurrently hold other senior positions in the Company, but the total number of directors who concurrently hold other senior positions together with the representatives of the employees who serve as director shall not exceed half of the total number of the Company’s directors.

The composition of the Board shall be in compliance with relevant requirements of laws, administrative regulations, normative documents and the regulatory provisions of the place where the Company’s shares are listed.

125. The board of directors shall be accountable to the general meeting and to perform the following duties:-

- (1) to be responsible for convening shareholders' general meetings and to prepare working report to the shareholders' general meetings;
- (2) to execute resolutions passed in the shareholders' general meetings;
- (3) to distribute and issue shares in accordance with these Articles;
- (4) to decide on the Company's business plans and investment proposals;
- (5) to prepare the Company's annual financial budgets and final accounts;

- (6) to formulate proposals for profit distribution and proposals for settlement of losses of the Company;
- (7) to formulate proposals for the increase or reduction of share capital of the Company;
- (8) to formulate proposals for the issue of debentures of the Company and the Company's financial policies;
- (9) to formulate plans for major acquisitions or disposal by the Company and for the amalgamation, division and dissolution of the Company;
- (10) to decide on the pledging, leasing or transfer of the Company's major assets;
- (11) to decide on the establishment of the Company's internal management organization;
- (12) to appoint or dismiss the President of the Company on the basis of nominations made by the President, the Senior Vice President, Vice President, Chief Accountant and other officers and to determine their remuneration;
- (13) to formulate the basic management system of the Company;
- (14) to decide on the level of wages and salary, welfare and award schemes of the Company;
- (15) to decide on other major business and administrative matters of the Company which are not required by these Articles to be resolved at the shareholders' general meetings;
- (16) to formulate proposals for amendments to these Articles;
- (17) other powers conferred by the shareholders' meeting and these Articles.

Resolutions of the board of directors shall be passed by the affirmative votes of more than half of all directors except those resolutions in respect of the above items (3), (7), (8), (9) and (16) shall be passed by the affirmative votes of more than two-third of all directors.

126. When the board of directors dispose any fixed assets of Company, if the sum of the estimated value of the fixed assets to be disposed of, and the consideration received for the fixed assets have been disposed of during the period of four months immediately preceding the proposed disposal, exceeds 33% of the value of the fixed assets as shown in the latest audited balance sheet considered at a shareholders' general meeting, the board of directors shall not dispose or agree to dispose of such fixed assets without prior approval of the shareholder's general meeting.

For the purpose of this Article, disposal of fixed assets includes an act involving transfer of interests in certain assets other than an act of providing fixed assets as security.

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

127. The Chairman shall exercise the following powers:-

- (1) to preside the shareholders' general meetings and to convene and preside meetings of the board of directors;
- (2) to inspect the implementation of the resolutions of the board of directors;
- (3) to sign securities issued by the Company, major contracts and other important documents or execute a power of attorney in order to authorize other representatives to execute such documents;
- (4) to participate in meetings of the president and other important meetings of the Company and to provide guidance on important business activities of the Company when the board of directors is not in session;
- (5) to exercise the special right to rule on and deal with affairs of the Company at times of force majeure

events such as war and natural calamities, provided that such rights shall be exercised in the interests of the Company and a report in writing thereof shall be presented in time to the board of directors and the shareholders' general meeting subsequently; and

(6) other powers conferred by these Articles and the board of directors.

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

128. The board of directors shall hold at least two meetings every year which shall be convened by the Chairman.

Extraordinary meetings of the Board shall be held in any of the following circumstances:

(1) deemed as necessary by the Chairman;

(2) proposed by the shareholders representing more than one tenth of voting rights;

(3) proposed jointly by more than one-third of the Directors;

(4) proposed by the Supervisory Committee;

(5) proposed by the President.

129. Meetings of the board of directors shall basically be held at the legal address of the Company. However, meetings of the board of directors may be held at any other places in or outside the PRC if the board of directors so resolved.

130. The expenses incurred by the directors in attending board meetings shall be borne by the Company. These expenses include transportation fees between the location of the Director and the venue of meeting, charges for accommodation and meals during the period of board meeting, rent for the venue of board meeting and local transportation fees.

131. No notice of the board meeting shall be required if the time and venue of ordinary meetings of the board of directors have been fixed by the board of directors in advance.

If the time and venue of ordinary meetings of the board of directors have not been fixed by the board of directors in advance, the chairman shall send to all the directors notice of the time and place of ordinary or provisional meeting of the board of directors by telex, telegram, facsimile, express delivery or, registered mail or delivery in person not less than 10 days and not more than 30 days before such meeting. Any director may waive his right to receive notice of directors' meeting.

The notice shall be written in Chinese and may be accompanied with an English version if necessary.

The notice shall set out the time and venue of meeting, agenda and business to be transacted.

Notice of a meeting shall be deemed to have been served to the director who has attended such meeting without protesting against, before or at the commencement of such meeting, any lack of notice.

132. The board of directors shall provide to the directors sufficient information including the background information relating to the matters to be discussed at the meeting and those relevant materials and data to facilitate directors' understanding of the Company's business development.

133. Any ordinary or provisional meetings of the board of directors may be held by conference telephone or similar communication equipment so long as all directors participating in the meeting can clearly hear and communicate with each other, all such directors shall be deemed to be present in person at the meeting.

134. The board of directors may adopt written resolutions in lieu of convening meetings of the board of directors. However, the draft of such resolutions shall be sent to every director by delivery in person, post, telex or

- facsimile. A resolution shall be a directors' resolution without the need to convene a board meeting if it has been sent to all directors, approved and signed by the requisite number of directors to pass the resolution and returned to the secretary of the board of directors by one of the aforesaid means.
135. A meeting of the board of directors shall be held only when more than half of the directors attend the meeting.
- Each director shall have one vote. The resolution of board of directors shall be passed by the affirmative votes of more than half of the directors of the board.
- If the numbers of votes cast for and against a resolution are equal, the chairman shall have right to a second vote.
136. Where any of the directors has any connected relationship with the enterprise involved in the matter to be decided at the meeting of the board of directors, he shall not vote on the relevant resolution, nor may he vote on behalf of any other director. The meeting of the board of directors shall not be held unless more than half of the unconnected directors are present at the meeting. A resolution of the board of directors shall be passed by more than half of the unconnected directors. If the number of unconnected directors in presence is less than 3 persons, the matter shall be submitted to the shareholders' general meeting of the Company for consideration and discussion.
137. The directors shall attend in person the board meetings. A director who is unable to attend a board meeting may in writing appoint another director as his proxy to attend the meeting. The instrument appointing proxy shall specify the scope of authorization in detailed terms.
- The proxy representing the appointer to attend the meeting shall have the rights of the directors within the scope of authorization. When a Director who does not attend a board meeting and who has not appointed a proxy to attend the same on his behalf, he shall be deemed to have waive his right to vote at the meeting.
138. Board meetings shall be conducted in Chinese. If necessary, a translator may be present to provide Chinese-English instantaneous translation.
139. The board of directors shall keep the resolutions in respect of business conducted at the meetings in the minutes of the meetings. Any director is entitled to submit his proposed amendments or supplement to the minutes in writing to the chairman within one week after receiving the minutes.
- The directors, secretary to the board of directors and recorder who have attended the meeting shall sign on the minutes.
- The directors shall be accountable to the resolutions of the board of directors. Where a resolution violates the laws, administrative rules or these Articles and has caused severe losses to the Company, the directors voting in favor of such resolution shall be liable for compensation to the Company. If it is proved that a certain director has expressed a dissenting opinion during voting and the incident is recorded in the minutes of the meeting, the said director shall be exempted from such liability.
140. The minutes shall be kept at the Company's legal address and a complete copy of the minutes shall promptly be sent to each director.
141. Upon the approval of the "Rules of procedures of the meetings of the board of directors" at the shareholders' general meeting, the same shall be included as Appendix II of the Articles.

CHAPTER 11 - SECRETARY OF THE BOARD OF DIRECTORS OF THE COMPANY

142. The Company shall have a secretary of the board of directors who shall be appointed by the board of directors. The secretary of the board of directors shall be an officer of the Company.

143. Secretary to the Board of the Company shall be a natural person with the requisite professional knowledge and experience, be responsible to the Company and the Board, and perform the following duties:

- (1) to be responsible for releasing the Company's information to the external, coordinating the Company's information disclosure, organising the formulation of Information Disclosure Management System of the Company, and urging the Company and relevant information disclosure obligors to comply with the regulations on information disclosure;
- (2) to be responsible for managing investor relations, and coordinating the information communication among the Company, securities regulatory authorities, investors, securities service institutions and media;
- (3) to organise the preparation of the Board meetings and general meetings, attend the general meetings, the Board meetings and the meetings of the Supervisory Committee and senior management, and be responsible for record work of the Board meetings and sign;
- (4) to be responsible for confidentiality work of information disclosure, timely report and disclose to the stock exchange in the event of divulgence of undisclosed significant information;
- (5) to keep close eyes on media reports and actively seek to prove their truthness, and to urge the Board to timely respond to the stock exchange's enquiry;
- (6) to organise trainings on laws and administrative regulations for the Company's directors, supervisors and senior management members and assist them in understanding their respective duties in information disclosure;
- (7) to inform the Company's directors, supervisors and senior management members should they in violation of laws, administrative regulations and other regulatory documents, regulations on stock exchange and articles of association, or to remind relevant persons and timely report to the CSRC and the stock exchange in the event of any or potential decision against the relevant regulations by the Company;
- (8) to be responsible for the Company's equity interest management and keep information on the shareholding of the Company's directors, supervisors, senior management members and controlling shareholder and its directors, supervisors, and senior management members, and to be responsible for disclosing changes in the shareholdings of the Company's directors, supervisors, senior management members;
- (9) other duties as prescribed by the Company Law, CSRC and the stock exchange.

144. A director or other officer of the Company may be appointed as the secretary to the board of the directors. The accountant of the accountants firm appointed by the Company shall not concurrently appointed as the secretary to the board of directors.

Where the secretary of the board of directors of the Company is also a director, if an act is required to be done by a director and the secretary separately, the person who is both the secretary and a director shall not perform the act in his dual capacity.

The secretary to the Board shall still assume the responsibilities of the secretary to the Board subsequent to dismissal or resignation and prior to performance of the obligations of reports and announcements or

completion of procedures for leaving post and handing over archives.

CHAPTER 12 - PRESIDENT OF THE COMPANY

145. The Company shall have one president, appointed or dismissed by the board of directors.

146. The president shall be accountable to the board of directors and shall perform the following duties:

- (1) to take charge of the management of the production and business operations of the Company, to organize the implementation of the resolutions of the board of directors, and to report the work to the board of directors;
- (2) to organize the implementation of the annual business plans and investments plans of the Company;
- (3) to propose development programs, annual production and operation plans, annual budget, plans for after-tax profit distributions and plans for making up losses of the Company;
- (4) to formulate plans for the establishment of the internal management organization of the Company;
- (5) to formulate the basic management system of the Company;
- (6) to formulate basic rules and regulations of the Company;
- (7) to convene and to president's meetings;
- (8) to propose to appoint or dismiss the Senior Vice President, Vice President, Chief Accountant and other officers of the Company;
- (9) to appoint, remove or transfer management personnel and workers of the Company other than those who shall be appointed or dismissed by the board of directors (unless otherwise provided in these Articles);
- (10) to determine the imposition of any awards or penalties, promotion or demotion, increase or reduction in salaries/wages or the appointment, or dismissal of staff of the Company;
- (11) to represent the Company externally in handling important business matters within the scope of authorization by the board of directors;
- (12) other duties conferred by these Articles and the board of directors.

147. The president may attend the board meetings. The general manger who is not a director shall not have voting right at the board meetings.

148. The President, Senior Vice President, Vice President and other officers shall attend the general manager's meeting convened and presided by the President. Should the President not be able to preside the meeting, the Senior Vice President or the Vice President duly appointed by the President shall convene and preside the meeting.

149. The President, Senior Vice President and other officers shall give three months prior notice of resignation to the board of directors.

150. When performing his duties, the president shall perform faithfully and diligently his obligations in accordance with the provisions of the laws, administrative rules and these Articles.

CHAPTER 13 - SUPERVISORY COMMITTEE

151. The Company shall have a supervisory committee.

152. The supervisory committee, which has currently 3 members, consists of 3-5 members. One of them shall be the chairman of the supervisory committee.

The chairman of the supervisory committee shall be elected or removed by a resolution of more than two-third (including two-third) of the supervisors.

Each term of office of supervisors shall be three years, renewable upon re-election.

153. Two-third of the members of the supervisory committee shall be representatives of shareholders and one-third shall be representatives of staff. Representatives of shareholders shall be elected or removed at the shareholders' general meeting. Representatives of staff shall be appointed and removed by democratic election of the staff.
154. The Company's directors, President and other officers shall not act concurrently as a member of the supervisory committee.
155. The supervisory committee shall convene meeting at least once six months. The chairman of the supervisory committee shall be responsible for convening the meeting. The supervisory committee may convene extraordinary meetings when such need arises. The supervisory committee shall announce the reason if its meetings cannot be held as convened.
156. The supervisory committee shall be accountable to shareholders at the general meetings and shall perform the following duties in accordance with the laws:
 - (1) to inspect the financial position of the Company;
 - (2) to oversee the acts of the directors, president and other officers of the Company who are in breach of the laws, administrative rules or these Articles when they carry out their duties of the Company;
 - (3) to demand correction from the Company's directors, president and other officers should their act infringe the benefits of the Company;
 - (4) to verify the financial statement, business operation reports and profit distribution plans and other financial information prepared by the board of directors for presentation to shareholders' general meetings; in case of queries, to appoint in the name of the Company registered accountants firm and certified auditors to assist reviewing the same;
 - (5) to propose the convening of an extraordinary general meetings, and to convene and preside over the shareholders' general meeting when the board of directors does not perform the function of convening and presiding over the shareholders' general meeting as stipulated in the Company Law.
 - (6) to represent the Company in negotiating with the directors or taking legal proceedings against the directors;
 - (7) the supervisory committee may request the senior management personnel of the company, internal auditors and external auditors to attend the supervisory committee meetings and answer questions raised in such meetings;
 - (8) to propose a proposal to the shareholders' general meeting; and
 - (9) other duties as provided in these Articles.

The members of the supervisory committee may attend the board meetings.

157. Resolutions of the supervisory committee shall be passed by more than two-third (including two-third) of its members.
158. Minutes shall be kept for supervisory committee meetings. The supervisory committee members and recorder who have attended the meeting shall sign on the minutes. The supervisory committee member shall be entitled to request recording of his remarks in such specific explanatory manner. The supervisory

committee shall keep the minutes in safe custody as an important document of the Company.

159. All reasonable costs and expenses incurred in respect of the employment of professionals such as lawyers, registered accountants firms or certified auditors as required by the supervisory committee in discharging its duties shall be borne by the Company.
160. The members of the supervisory committee shall faithfully carry out their duties in accordance with the provisions of the laws, administrative rules and these Articles.
161. Upon approval of the “Rules of procedures of the Supervisory Committee” at the shareholders’ general meeting, the same shall be included as Appendix III of the Articles.

CHAPTER 14 - THE QUALIFICATION AND OBLIGATIONS OF DIRECTORS, SUPERVISORS, PRESIDENT AND OTHER OFFICERS OF THE COMPANY

162. A person shall be disqualified from being a director, supervisor, president or other officer of the Company if any one of the following circumstances applies:
- (1) a person who is incapable of taking civil action or has restricted capability on civil action;
 - (2) a person who has been sentenced to punishment having committed the offences of corruption, bribery, trespass of property, misappropriation of property or damaging the social economic order, and have been penalized due to the above offence, where a period of less than five years has been elapsed since the date of enforcement of the penalty or persons who have committed crimes and have been deprived of their political rights due to such crimes, where a period of less than five years has been elapsed since the date of enforcement;
 - (3) a person who is a director, factory manager or manager of a company or an enterprise which is bankrupt and liquidated and who has to bear personal liability for the insolvency of that company or enterprise, and a period of three years has not yet been elapsed since the completion date of bankruptcy and liquidation of that company or enterprise;
 - (4) a person who is a legal representative of a company or enterprise, the business licence of which has been canceled on the grounds of contravention of the laws and bears personal liability therefor, and a period of three years has not yet been elapsed since the cancellation of the business licence of that company or enterprise;
 - (5) a person who has a relatively substantial amount of debts due and outstanding;
 - (6) a person who, has contravened the laws, is under investigation by the judicial authorities and the case has yet to be settled;
 - (7) a person who is not eligible for enterprise leadership according to the laws and administrative rules;
 - (8) a person who is not a natural person;
 - (9) a person who has been convicted by relevant governing authorities of having contravened the provisions of the relevant regulations of securities involving fraudulent or dishonest acts and a period of five years from the date of judgment has not yet been elapsed.
163. The validity of an act of a director, president or other officer of the Company on behalf of the Company is not, vis-à-vis a bona fide third party, affected by any irregularity in his election or appointment or any defect in his qualification.

164. In addition to obligations imposed by the laws, administrative rules or required by the rules of the stock exchanges on which shares of the Company are listed, each director, supervisor, president and other officer shall be accountable to each shareholder for the following in exercising their powers entrusted to him by the Company:

- (1) not to cause the Company to exceed the scope of the business stipulated in its business licence;
- (2) to act faithfully in the best interests of the Company;
- (3) not to deprive in any guise the Company's properties, including but not limited to any opportunities beneficial to the Company;
- (4) not to deprive the personal rights of shareholders, including but not limited to the rights of distribution and voting rights, save and except pursuant to a restructuring of the Company submitted to shareholders for approval in accordance with these Articles.

The directors, supervisors, president and other senior management members shall timely inform the Company of their connected relationship with the Company; and the Company shall report to the stock exchange for filing as required.

165. A director, supervisor, president or other officer of the Company owes a duty, in the exercise of his rights and the discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in a similar occasion.

166. A director, supervisor, president or other officer of the Company shall, in performing his duties, observe the obligations of fidelity and shall not place himself in a position where his duty and his interest may conflict. Such rules shall include but not limited to the following duty:-

- (1) to act honestly in the best interests of the Company;
- (2) to exercise his powers within the scope specified and not to exceed the scope;
- (3) to exercise the discretion vested in him personally and not to allow himself to act under the direction of other person and, unless it is permitted by the laws, administrative rules or with the consent of shareholders having knowledge of the situation at general meetings, not to delegate the exercise of his discretion;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) except in accordance with these Articles or with the consent of shareholders having knowledge of the situation at general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) without the consent of shareholders having knowledge of the situation at general meeting, not to use the Company's property for his own benefit;
- (7) not to accept any bribes or other illegal income by making use of his position; not to deprive in any guise the Company's property, including but not limited to opportunities beneficial to the Company;
- (8) without the consent of shareholders having knowledge of the situation at general meeting, not to accept commissions in connection with the Company's transactions;
- (9) to comply with the Articles of Association, to carry out the duties faithfully and to protect the interest of the Company, not to use his position and authority to procure personal benefits;
- (10) without the consent of shareholders having knowledge of the situation at general meeting, not to compete in any way with the Company;

- (11) not to misappropriate funds of the Company or to make loan to others using the funds of the Company; not to open accounts in his own name or name of other person for depositing Company assets; not to use Company's assets as security for personal loans of any shareholders of the Company or other individuals;
 - (12) without the consent of shareholders having knowledge of the situation at general meeting, not to disclose the confidential information relating to the Company acquired during tenure of his office and not to use the information other than in furtherance of the interests of the Company, however, disclosure of such information to the court or other government authorities is permitted in the following circumstances:
 - (i) disclosure is provided under the laws;
 - (ii) disclosure is required in the public interests;
 - (iii) disclosure is required in the interests of such director, supervisor, president and other officer.
167. A director, supervisor, president or other officer of the Company shall not direct the following persons or institutions ("related parties") to do such things that a director, supervisor, president or other officer is prohibited from doing:-
- (1) the spouse or non-adult children of that director, supervisor, president or other officer of the Company;
 - (2) the trustee of a director, supervisor, president or other officer of the Company or any person referred to in the above paragraph (1) of this Article; and the company (including an equity joint venture, cooperative or contractual joint venture) over which the trustee, acting in his capacity as such trustee, is directly or indirectly exercising control and those holding companies (including an equity joint venture, cooperative or contractual joint venture) controlled by such trustee or any subsidiary companies (including an equity joint venture, cooperative or contractual joint venture) controlled by such holding company.
 - (3) the partner of that director, supervisor, president or other officer of the Company or any person referred to the above paragraphs (1) and (2) of this Article;
 - (4) a company (including an equity joint venture, cooperative or contractual joint venture) in which a director, supervisor, president or other officer of the Company, alone or jointly or severally with one or more persons referred to in the above paragraphs (1), (2) and (3) of this Article or other director, supervisor, president or other officer, has a de facto controlling interest; or
 - (5) a director, supervisor, president and officers of a company referred to in the above paragraph (4) of this Article.

The "control" referred to in this Article shall mean the exercise of 30% (or such other amount as may from time to time be specified in the applicable PRC law as being the level for triggering a mandatory general offer or for otherwise establishing legal or management control over a business enterprise) or more of the voting power at general meetings, or to control the composition of a majority of the board and any other company which is its subsidiary or holding company or a fellow subsidiary of any such holding company, by a director, supervisor, president or other officer or the persons referred to in the above paragraphs (1) to (5) alone or jointly or severally with one another.

168. The fiduciary duties borne by a director, supervisor, general manage, or other officer of the Company shall

not necessarily cease upon the termination of the term of his office. The duty to keep the business secret of the Company in confidence shall continue after the termination of his term of office. Other duties shall continue for such period as fairness may determine depending on the time lapse between the termination and the act concerned and the circumstances and conditions under which the relationship with the Company terminated.

169. Save as mentioned in Articles 66, a director, supervisor, president or other officer of the Company may be relieved of liability for specific default in performing his duty by the consent of shareholders having knowledge of the situation at general meeting.

170. Where a director, supervisor, president or other officer of the Company and his related parties is/are in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, other than his contract of services, the director, supervisor, president or other officer of the Company so interested shall declare the nature and extent of his interest to the board of directors soonest possible, whether or not the contract, transaction or arrangement made or proposed is otherwise subject to the approval of the board of directors.

The interested director, supervisor, president or other officer shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his related parties has/have a material interest nor shall he be counted in the quorum present at the meeting, save for the exceptions in respect of the following matters:

- (1) the giving of any security or indemnity to the director, supervisor, president or other officer or his related parties in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or
- (2) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the director, supervisor, president or other officer or his related parties has/have himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (3) any proposal concerning any other company in which the director, supervisor, president or other officer or his related parties is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the director, supervisor, president or other officer or his related parties is/are beneficially interested in shares of that company, provided that the director, supervisor, president or other officer and any of his associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associates is derived) or of the voting rights;
- (4) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:-
 - (a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the director, supervisor, president or other officer or his related parties may benefit; or
 - (b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to director, supervisor, president or other officers, his associates and employees of the Company or any of its subsidiaries and does not provide in

respect of any director, supervisor, president or other officer, or his related parties, as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

- (5) any contract or arrangement in which the director, supervisor, president or other officer or his related parties is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

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

A director, supervisor, president and other officer of the Company is deemed to be interested in a contract, transaction or arrangement in which his related parties have interest.

171. Where a director, supervisor, president and other officer of the Company gives to the board of directors a notice in writing stating that, by reason of the facts specified in the notice, he or his related parties is/are interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, that notice shall be deemed for the purpose of the preceding Article to be a sufficient declaration of his interest, 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; provided that such notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration by the Company.
172. The Company is prohibited from paying taxes for a director, supervisor, president or other officer of the Company in any manner.
173. The Company is prohibited from, directly or indirectly, making a loan to and providing any guarantee in respect of a loan to a director, supervisor, president and other officer of the Company or that of its holding company or making a loan to or providing any guarantee in respect of a loan to his related parties.

The prohibition set out above does not apply to the following situations:

- (1) the provision of a loan or guarantee for a loan to a subsidiary of the Company;
- (2) the provision of a loan or a guarantee for a loan by the Company, under a service contract approved by shareholders at general meeting or the provision of funds by the Company to any of its directors, supervisors, presidents and other officers of the Company for settlement of expenditure incurred or to be incurred by him for the Company's sake or for the purpose of enabling him to perform his duties in the Company;
- (3) the Company may make a loan to or provide a guarantee in respect of a loan to any of its directors, supervisors, managers and others officers and his related parties in the ordinary course of the business of the Company on normal commercial terms, where the ordinary course of business of the Company includes lending of money or provision of guarantees.

174. A loan made by the Company in breach of the preceding Article shall be forthwith repaid by the recipient of the loan regardless of the terms of such loan.

175. A guarantee provided by the Company in breach of the paragraph 1 of the Article 172. shall be unenforceable against the Company unless:

- (1) the guarantee has been provided in respect of a loan to any one of the related parties of a director, supervisor, president and other officer of the Company or of the holding company of the Company and at the time the loan was advanced the lender did not know of the circumstances;
- (2) the collateral provided by the Company has been legally sold to a bona fide purchaser by the lender.

176. A guarantee as mentioned in the preceding Articles includes an undertaking made by the guarantor or provision of a property to secure the performance of obligations by the obligor.

177. In addition to any rights and remedies provided by the laws or administrative rules where a director, supervisor, president or other officer of the Company is in breach of his duties to the Company, the Company has a right to:

- (1) claim damages from the director, supervisor, president and other officer in compensation for losses sustained by the Company as a result of such breach;
- (2) rescind any contract or transaction entered into by the Company with the director, supervisor, president and other officer or that entered by the Company with a third party where such third party knew or should have known that there was such a breach of duty of such director, supervisor, president and other officer;
- (3) demand the relevant director, supervisor, president and other officers to return the proceeds received as a result of the breach of obligation;
- (4) recover for itself any monies received by the relevant director, supervisor, president and other officer which should have been received by the Company, including but not limited to commissions;
- (5) demand refund from the relevant director, supervisor, president and other officer the interest earned or which may have been earned from the amount that should be payable to the Company;
- (6) take legal proceedings for a judgment that any property acquired by the director, supervisor, president and other officer in breach of his duty shall belong to the Company.

178. The Company shall, with the prior approval of shareholders at general meeting, enter into a contract in writing with each director or supervisor in which his remuneration is stipulated. The aforesaid remuneration includes:-

- (1) remuneration in respect of his service as a director, supervisor or officer of the Company;
- (2) remuneration in respect of his service as a director, supervisor or officer of any subsidiary of the Company;
- (3) remuneration for the provision of other services in the management of the Company or the subsidiary of the Company;
- (4) compensation for loss of office or retirement of such directors or members of the supervisory committee.

Except under a contract as aforesaid, no proceedings may be brought by a director or supervisor against the Company for the benefits that should be obtained by him in respect of the matters specified above.

179. The contract of remuneration entered between the Company and the director, supervisor of the Company

shall provide that, where in connection with the takeover of the Company, a director or supervisor of the Company is entitled to the compensation or other payments for loss of office or retirement subject to the prior approval of shareholders at general meeting.

A takeover of the Company referred to in the preceding paragraph means:

- (1) a takeover offer made to all shareholders by any person;
- (2) a takeover offer made by any person to let the offeror become the controlling shareholder (such controlling shareholder has the same definition as that in Article 67 of these Articles).

If the relevant director or supervisor does not comply with this Article, any sum received by him shall belong to those persons who have sold their shares as a result of the offer made as aforesaid, and the expenses incurred in distributing the said monies proportionally shall be borne by him and shall not be deducted out of such monies.

CHAPTER 15 - FINANCIAL AND ACCOUNTING SYSTEMS AND DISTRIBUTION OF PROFITS

180. The Company shall formulate the accounting system and internal audit system of the Company in accordance with the relevant requirement of the laws, administrative rules and the PRC Accounting Standard stipulated by the authority of the State Council governing financial matters.

181. Books of account and records shall be kept in such place as the board of directors considers fit and shall at all times be open for inspection of the directors and supervisors.

182. The financial year of the Company shall coincide with the calendar year which is from 1 January to 31 December on the Gregorian calendar.

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

184. The Company shall not, except from the statutory books of accounts, have any other books of accounts.

185. The Company shall announce quarterly financial reports within 30 days after the end of the first 3 months and 9 months of every financial year. Interim financial reports shall be announced within 60 days after the end of the first 6 months of the financial year. Annual financial reports shall be announced within 120 days after the end of the financial year.

Annual financial reports shall be audited in accordance with the laws.

186. The board of directors of the Company shall produce financial report prepared by the Company in accordance with the relevant laws, administrative rules and the regulatory documents issued by provincial government and supervisory authorities at every annual general meeting.

187. The financial report of the Company shall be made available at the Company for inspection by shareholders 20 days before the annual general meeting. Each shareholder shall be entitled to obtain a copy of the financial report referred to in this Chapter.

Unless otherwise provided in the Articles of Association (including Article 229), a copy of the aforesaid report shall, not less than 21 days before the date of the annual general meeting, be sent by pre-paid mail by the Company to every holder of overseas listed foreign shares. The address of the recipient shall be the address as registered on the register of members.

188. In accordance with the Listing Rules and relevant law and regulations of PRC and Hong Kong, the financial statement of the Company shall be prepared in accordance with PRC accounting standards and regulations.

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

190. Capital reserve fund includes the following sums:

- (1) the amount of share premiums in excess of the par value received in the issue of shares; and
- (2) other incomes to be included in the capital reserve fund as provided by the regulations of the authority of the State Council governing financial matters;

191. The Company may distribute dividends by way of cash or stocks.

Cash dividend is prior to share dividend. If the Company satisfies the cash dividends conditions, it is required to make dividend distribution with cash dividends. Where the Company's share capital size and equity structure are rational and its share capital increases in line with its results growth, the Company may distribute its profit by shares. The profit distribution by shares by the Company shall be on the premise of giving reasonable cash dividends return to shareholders and maintaining proper share capital size, and give comprehensive consideration to the growth, dilution of net asset value per share and other factors.

Investors' reasonable investment return shall be respected in the Company's profit distribution, the Company shall fully listen to the opinions of the minority shareholders, protect the lawful interests of minority investors and safeguard the rights that shareholders of the Company are entitled to by laws such as return on assets. The profit distribution policies of the Company shall maintain continuity and stability in compliance with relevant laws and regulations as well as regulations of CSRC.

The management and the Board of the Company shall formulate profit distribution plan according to the Company's profitability and actual needs for its business development in consideration of its capital demand, reasonable investment returns to shareholders, the social capital cost and external financing conditions as well as the will of minority shareholders and opinions of independent directors.

After every half of an accounting year or every accounting year, according to the actual conditions and development objectives of the Company, the Board of the Company shall formulate an annual or interim cash dividend distribution proposal, which will be submitted to a general meeting for approval upon consideration and approval of the supervisory committee.

Independent directors shall issue independent opinions on whether such cash dividend proposal is proper, stable and effective in protecting the interests of the investors.

The supervisor committee shall supervise the implementation of profit distribution policies and decision-making procedures by the Board and the management.

Independent directors may solicit opinions of minority shareholders, put forth cash dividends distribution proposals and directly submitted to the Board for consideration.

In the event of any adjustments or alterations to cash dividend policies as a result of material changes in external business environment or own operating conditions, the Board shall submit a proposal to be voted on at a general meeting after independent directors have given their opinions thereon and the supervisory committee has approved such proposal.

Resolutions made by the Board on proposed adjustments to profit distribution policies shall be approved by over two thirds of all directors and independent directors. Resolutions made by the supervisory committee on proposed adjustments to profit distribution policies shall be approved by over two thirds of all supervisors. Adjustments to profit distribution policies proposed for consideration at a general meeting shall be approved by over two thirds of the shareholders present at such general meeting.

192. After payment of taxes and levies, profits of the Company shall be distributed in the following order:

- (1) making up for losses;
- (2) allocation to statutory surplus reserve;
- (3) if there are preference shares, payment of dividends in respect of preference shares;
- (4) allocation to discretionary surplus reserve in accordance with the resolution passed at the shareholders' general meeting;
- (5) payment of dividends in respect of ordinary shares.

The Company's shares held by the Company shall not be part of profit distribution

193. No dividends shall be paid before the Company has made up its losses and has made allocation to its statutory surplus reserve

194. The Company shall allocate 10% of its after-tax profits to the statutory surplus reserve. If the statutory surplus reserve accumulates to be 50% of the registered capital, no allocation to the statutory surplus reserve shall be made.

195. The discretionary surplus reserve shall be allocated separately from the profits after tax of the Company in accordance with the resolution passed at the shareholders' general meeting.

196. The surplus reserve shall only be used for:

- (1) making up losses;
- (2) expansion of production and operation of the Company;
- (3) conversion into capital.

When the Company's statutory surplus reserve is converted into capital, the remaining amount of such reserve shall not be less than 25% of the registered capital.

197. Dividends shall be distributed in proportion to shareholders' shareholding as approved by the general meeting subject to Article 192 and Article 193.

198. Cash dividend policies of the Company:

- (1) Cash dividends of the Company shall be distributed in proportion to the shares held by shareholders, except where non-pro rata distribution is provided pursuant to laws and regulations or the Articles of Association.
- (2) Where net profit attributable to shareholders of the Company for that year and the accumulated distributable profit as at the end of that year are positive, dividends can be distributed in cash;
- (3) Where the undistributed profit of the Company is positive, the profit distributed in cash for the last three years shall not be less than 30% of the average annual distributable profit realized for the last three years.
- (4) Where the Company makes a profit with sufficient capital, the Company may distribute interim

dividends. Unless the general meeting otherwise resolves, the Board shall be authorized by the general meeting to distribute interim dividends. Unless the laws and regulations otherwise require, the amount of interim dividends shall not exceed 50% of the distributable profit as mentioned in the interim profit statement.

- (5) Where the Company makes a profit for that year without a cash dividend proposal, the Company shall have sufficient reasons, specify the use of retained capital and make corresponding plans. In addition, the Company shall disclose such reasons and use plans in regular reports, with independent opinions from independent directors expressed thereon.
- (6) In the event of misappropriation of the Company's capital by a shareholder, the Company shall deduct the capital misappropriated by such shareholder from cash dividends attributable to such shareholder.
- (7) Where the cash dividend conditions are satisfied, if the Company is in a mature development stage without significant cash outlay arrangements, the minimum percentage of cash dividend in profit distribution shall be 80%; if the Company is in a mature development stage with significant cash outlay arrangements, the minimum percentage of cash dividend in profit distribution shall be 40%; and if the Company is in a growth stage with significant cash outlay arrangements, the minimum percentage of cash dividend in profit distribution shall be 20%.

After the profit distribution plan is resolved at a general meeting, the Board of the Company shall complete cash dividend distribution within two months upon the date of such general meeting.

199. When distributing dividends to the shareholders, the Company shall make such withholding tax payable on the dividend income of the shareholders in accordance with the PRC tax law.
200. The Company shall appoint receiving agents for the overseas-listed foreign-investment shareholders. The receiving agent shall receive dividends declared and all other monies in respect of overseas-listed foreign-investment shares on behalf of the overseas-listed foreign-investment shareholders.
The receiving agents appointed by the Company shall be subject to the relevant requirements provided under the laws of the place of listing or the provisions of the stock exchange.
The receiving agent appointed by the Company for the foreign-investment shareholders of the shares listed in Hong Kong shall be a trust company registered under the Trustee Ordinance of Hong Kong.

CHAPTER 16 - APPOINTMENT OF ACCOUNTANTS FIRM

201. The Company shall appoint an independent accountants firm complying with the relevant requirements of the PRC to audit the annual financial report and other financial reports of the Company.
202. The term of appointment of the accountants firm shall commence from the conclusion of the current annual general meeting of the Company until the conclusion of the next succeeding annual general meeting.
203. Accountants firm appointed by the Company shall be entitled to the following:-
 - (1) to inspect from time to time the books, records and supporting documents of the Company and shall be entitled to request the directors, president or other officers of the Company to provide the relevant information and explanations;
 - (2) to demand the Company taking all reasonable measures to obtain from its subsidiaries such

information and explanations which are necessary for the purposes of carrying out their duties as accountants firm of the Company;

- (3) to attend the shareholders' general meetings and to receive all notices of, and other communications relating to, any shareholders' general meeting which a shareholder is entitled to receive, and to speak at any shareholders' general meeting in relation to the matters involving them as the accountants firm of the Company.
204. The board of directors may, before the convening of a shareholders' general meeting, appoint an accountants firm to fill any casual vacancy. However, during the continuance of such vacancy, the surviving or continuing accountants firm which still holds such office, if any, may still act accordingly.
205. The shareholders at general meeting may by ordinary resolution to remove the accountants firm before the expiration of their term of office notwithstanding any provisions in the contract between the Company and the accountants firm, but without prejudice to their claim, if any, for damages in respect of such removal.
206. The remuneration or the means of determination of the remuneration of the accountants firm shall be decided by the shareholders at general meeting. The remuneration of the accountants firm appointed by the board of directors may be fixed by the Board.
207. The shareholders' general meetings shall determine the appointment, dismissal and termination of the service of the accountants firm and the same shall be reported to the securities authority of the State Council for records.

Where a resolution at a shareholders' general meeting is passed to appoint as the accountants firm a firm other than the incumbent accountants firm, to fill a casual vacancy in the office of accountants firm, to reappoint as the accountants firm a retiring accountants firm which was appointed by the board of directors to fill a casual vacancy, or to remove the accountants firm before the expiration of the term of officer, the following provisions shall apply:

- (1) A copy of the proposal shall be sent before notice of meeting is given to the shareholders to the firm proposed to be appointed or the accountants firm proposing to leave the office or the accountants firm which has left the officer. Leaving the office includes leaving for removal, resignation and retirement.
- (2) If the leaving accountants firm makes representation in writing and requests their notification to the shareholders, the Company shall adopt the following measures unless the representations are received too late:
 - (i) in any notice of the resolution given to the shareholders, state the fact of the representations having been made;
 - (ii) send a copy of the representations to the shareholders as the attachment to the notice by the means as required by these Articles.
- (3) If the Company does not send the representations of the accountants firm in accordance with paragraph (2) of this Article, the accountants firm may require the representations to be read out and require to speak at the shareholders' general meeting.
- (4) The leaving accountants firm shall be entitled to attend the following meetings:
 - (i) the shareholders' general meeting at which its term of office would otherwise expire;
 - (ii) the shareholders' general meeting at which it is proposed to fill the vacancy caused by its

removal;

(iii) the shareholders' general meeting convened because of its resignation.

The leaving accountants firm shall be entitled to receive all notices of, and other communications relating to, any such meeting, and to speak at any such meeting which it attends on any part of business of the meeting which concerns it as former accountants firm of the Company.

208. In the event of the dismissal or termination of the services of the accountants firm by the Company, such accountants firm shall be given notice in advance. Such accountants firm shall be entitled to present his views at the shareholders' general meeting. The accountants firm which tenders resignation shall point out any misconduct of the Company at the shareholders' general meeting.

An accountants firm may resign by depositing notice of resignation in writing at the legal address of the Company. Such notice becomes effective on the date on which it is deposited at the legal address of the Company or such later date as specified in the notice. Such notice shall contain the following:

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

Within 14 days upon receipt of the written notice mentioned in the preceding item, the Company shall deliver a copy of the said notice to the relevant competent authorities. If the notice contains a statement as stated in sub-item two of the preceding item, the Company shall place a copy of the said statement at the Company for inspection by Shareholders. Unless otherwise provided in the Articles of Association (including Article 229), the Company shall also dispatch a copy of the said statement to each holder of the overseas listed foreign shares by prepaid mail to the recipients' addresses as registered on the register of members.

Where the accountants firm's notice of resignation contains such a statement of any circumstances that should be mentioned, the accountants firm may request the board of directors to convene a shareholders' general meeting for the purpose of receiving its explanation of the circumstances connected with its resignation.

CHAPTER 17 - INSURANCE

209. The various types of insurance of the Company shall be purchased from the People's Insurance Company of China or other insurance companies registered in the PRC and allowed by the laws of the PRC to provide insurance coverage to PRC companies.

210. The types of coverage, the premium, the period and other terms of insurance shall be determined by the board of directors.

CHAPTER 18 - LABOUR MANAGEMENT

211. The Company shall formulate its labour management, personnel management, wages and welfare system and social insurance system in accordance with the provisions of the PRC laws and administrative rules.

212. In respect of all levels of management personnel, the Company shall adopt an appointment system and in respect of ordinary staff and workers, the Company shall adopt a contract system. The Company shall

have autonomy in respect of the allocation and the assignment of work of its employees and may exercise its own discretion to recruit and, in accordance with relevant laws and regulations and the terms of contracts, dismiss management personnel and staff and workers.

213. 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 economic results and to the extent permitted by the relevant administrative rules.
214. The Company shall arrange for medical insurance, retirement insurance and unemployment insurance for its management personnel and staff and workers in accordance with the relevant PRC local and central governmental administrative rules and shall implement the laws, rules and the relevant requirements in respect of labour insurance for the retired and unemployed staff and labour protection.

CHAPTER 19 - TRADE UNION ORGANIZATION

215. The staff and workers of the Company shall be entitled to establish a trade union organization and carry out trade union activities in accordance with the Trade Union Law of PRC. The activities of the trade union organization shall be carried out beyond the normal working hours unless otherwise prescribed by the board of directors.

216. In each month, the Company shall allocate 2% of the total amount of actual wages paid to the staff and workers to the trade union fund. Such fund shall be used by the trade union in accordance with the "Measures for the Management of Trade Union Funds" formulated by the China Federation of Trade Unions.

CHAPTER 20 - AMALGAMATION AND DIVISION OF THE COMPANY

217. A proposal for the amalgamation or division of the Company shall be made by the board of directors of the Company. Such proposal shall go through the relevant examination and approval procedures according to the laws after being passed in accordance with the procedures stipulated in these Articles. The shareholders who oppose the proposal for amalgamation or division may demand the Company to or those shareholders who agree to the proposal for amalgamation or division to acquire their shares at a fair price. The contents of resolution in respect of the amalgamation or division of the Company shall be treated as specific document available for the inspection of the shareholders.

In respect of holders of the overseas listed foreign shares listed in Hong Kong, unless otherwise provided in the Articles of Association (including Article 229), the aforesaid documents shall also be served by mail.

218. The amalgamation of the Company shall be carried out in forms of merger by adoption or merger by new establishment.

Upon amalgamation, the Company shall enter into an amalgamation agreement with all parties and prepare a balance sheet and a checklist of the Company's assets. The Company shall notify the creditors within 10 days from the day of passing such resolution of amalgamation and make public announcements on the newspaper within 30 days from the day of passing such resolution of amalgamation.

After the amalgamation, the debts and liabilities of all parties shall be inherited by the amalgamated company or the company newly formed.

219. Upon division, the assets of the Company shall be subsequently separated accordingly.

Upon division, the Company and all parties shall enter into a division agreement and prepare a balance sheet and a checklist of assets. The Company shall notify the creditors within 10 days from the day of passing such resolution of division and make public announcements on the newspaper within 30 days from the day of passing such resolution of division.

The debts incurred before the division of the Company shall be borne by the Company formed after the division according to the agreement committed.

220. Alteration of registered matters arising from amalgamation or division of the Company shall be applied to the company registration authority for alterations of registration according to the laws. The Company dissolved shall apply for cancellation of its registration in accordance with the laws; the company newly formed shall apply for registration in accordance with the laws.

CHAPTER 21 - DISSOLUTION AND LIQUIDATION

221. The Company shall be dissolved and liquidated in accordance with the laws, upon the occurrence of any of the following events:

- (1) it is resolved at the shareholders' general meeting to dissolve the Company;
- (2) it is necessary for the Company to be dissolved as a result of amalgamation or division;
- (3) where the Company is declared insolvent pursuant to the laws as a result of failure in repaying its debts in due course;
- (4) the Company is ordered to close in accordance with the laws due to its violation of the laws and administrative rules;
- (5) Where the Company meets any serious difficulty in its operations or management so that the interests of the shareholders will face heavy loss if it continues to exist and it cannot be solved by any other means, the shareholders who hold 10% or more of the shareholders' total voting rights of the Company may plead the People's Court to dissolve the Company.

222. Where the Company is to be dissolved pursuant to the paragraph (1) , (4) and (5) of the preceding Article, it shall establish a liquidation committee within 15 days thereof and members of the liquidation committee shall be determined by an ordinary resolution passed at the shareholders' general meeting.

If the Company is to be dissolved pursuant to the paragraph (3) of the preceding Article, the People's Court shall form a liquidation committee according to the relevant laws consisting of shareholders, persons from relevant authorities and relevant professionals to carry out the liquidation of the Company.

223. Where the board of directors determines to liquidate the Company otherwise than the case that the Company is to be liquidated for declaration of insolvency, the board of directors shall, in the notice convening the shareholders' general meeting to consider the proposal, include a statement to the effect that, after having made full inquiry into the affairs of the Company, the board of directors is of the opinion that the Company will be able to repay its debts in full within twelve months from the commencement of the liquidation.

Upon the passing of the resolution for the liquidation of the Company at the shareholders' general meeting, all duties and powers of the board of directors shall be revoked immediately.

The liquidation committee shall take instructions at the shareholders' general meeting and it shall at least once every year report to the shareholders on the receipts and payments of the committee, the business of

the Company and the progress of liquidation; and it shall present a final report at the shareholders' general meeting upon the conclusion of the liquidation.

224. The liquidation committee shall notify all creditors within ten days following its establishment and shall make at least three public announcements regarding the same within sixty days from its establishment.

Creditors shall declare their claims within thirty days following the date of service of written notification and creditors who fail to receive written notification shall declare their claims within ninety days following the date of public announcement.

The liquidation committee shall register the claims.

225. The liquidation committee has the following powers during the liquidation period:-

- (1) to dispose the assets of the Company and prepare a balance sheet and a checklist of assets;
- (2) to notify creditors by notice or by making public announcements;
- (3) to deal with and liquidate the outstanding business of the Company;
- (4) to pay all outstanding taxes;
- (5) to settle claims and the debts;
- (6) to dispose of any remaining assets of the Company following settlement of debts;
- (7) to participate in civil litigation proceedings on behalf of the Company.

226. Following the disposal of the Company's assets and preparation for the balance sheet and the checklist of the Company's assets, the Company shall formulate a proposal for liquidation and submit the same to the shareholders' general meeting or the relevant authority in charge for approval.

The assets of the Company shall be used for repayment in the following order of priority after payment of expenses of liquidation including the remuneration of the liquidation committee and consultants:

- (1) salary, social insurance premium and statutory compensation due to the employees
- (2) taxes in arrears;
- (3) banks loans, debentures of the Company and other debts.

Any assets of the Company remaining after repayment of debts pursuant to the aforesaid paragraph shall be distributed to the shareholders of the Company according to the class and proportion of shares held by them.

The Company shall not develop new business during the period of liquidation.

227. In the case of the Company is liquidated by reason of dissolution, the liquidation committee, after the disposal of the Company's assets and preparation of the balance sheet and a checklist of the Company's assets, discovers that the Company's assets are insufficient to repay its debts in full, it shall promptly submit a bankruptcy petition to the People's Court.

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

228. Following the completion of liquidation, the liquidation committee shall present a liquidation report and prepare a statement and various records of the receipts and payments during the period of liquidation for certification by a registered accountants firm in the PRC and the same shall be presented at the shareholders' general meeting or the relevant authorities for approval.

The liquidation committee shall, within 30 days after such approval from the shareholders' general meeting or the relevant authorities, submit to the company registration authority for cancellation of the registration

of the Company and arrange for public announcement of the termination of the Company.

CHAPTER 22 - NOTICES AND ANNOUNCEMENT

229. The notice, communication or other written materials of the Company can be issued in the following manner:

- (1) by hand;
- (2) by mail;
- (3) by fax or electronic mail;
- (4) by posting on the website of the Company and/or the specified website of the stock exchange on which the shares of the Company are listed to the extent as permitted under applicable laws, administrative regulations and the rules of the relevant securities regulatory body of the stock exchange on which the shares of the Company are listed;
- (5) by public announcements in newspapers and/or other specified mass media;
- (6) by any other methods as agreed between the Company and the addressee or as accepted by the addressee after the notice is received;
- (7) by any other methods as authorized by the relevant securities regulatory body of the place where the shares of the Company are listed or as stipulated by the Articles of Association.

Notwithstanding the requirements in relation to the means of sending notice, announcement, communications or other written documents set out in this Articles of Association, the Company may use the means set out in item (4) of this Article to replace the use of personal delivery or prepaid mail to holders of overseas foreign-listed shares, provided that the relevant rules of securities governing body of the place where the shares of the Company are listed is complied with. The aforesaid notice, announcement, communications or other written documents shall include any documents issued or to be issued by the Company for Shareholders' reference or action, including but not limited to annual reports (including annual financial reports), interim reports (including interim financial reports), report of the Board (including balance sheet and income statement), notice of general meetings, circular and other communication materials.

Holders of overseas foreign listed shares may by notice in writing request the Company to provide notice, data or written statement in printed form or using electronic means to obtain those corporate communications. If the holders of overseas foreign listed shares request to obtain the corporate communications of the Company in printed form, they should also state if they wish to receive the Chinese version, English version or both Chinese and English versions of the printed copies. The Company shall according to the written request send the relevant printed copies to the Shareholders' registered addresses by delivering in person or by pre-paid mail. Holders of overseas foreign listed shares may also give prior reasonable notice in writing to the Company to change their choice as to the manner of receiving the abovementioned corporate communications and as to the language version of the printed copies according to appropriate procedures.

Notices to be given by the Company to domestic-investment shareholders shall be published in one or more publications specified by the PRC securities regulatory authority. Once the notice has been published, all domestic-investment shareholders shall be deemed to have received such notice.

230. Where a notice is sent by post, service of the notice shall be deemed to have been effected by properly addressing, paying the postage and posting in envelopes containing such notice. After 5 days of posting those letters containing such notice, the shareholders are deemed to have received such notice.
231. Any notices, documents, information or written statements to be served on the Company by shareholders or directors may be served by delivery or registered mail to the legal address of the Company.
232. Service of any notice, document, information or written statement to be served on the Company by shareholders or directors may be proved by showing that such notice, document, information or written statement was delivered in the normal course of delivery within the period prescribed for services or the evidence showing that it was sent by post with payment of postage to the correct address.

CHAPTER 23 - PROCEDURES OF AMENDMENTS TO THE ARTICLES OF ASSOCIATION

233. The Company may amend these Articles in accordance with the provisions of the laws, administrative rules and these Articles.
234. The amendments to these Articles of the Company as resolved in the Shareholders' General Meeting involving the content of "Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas" ("Mandatory Provisions") shall be effected upon receiving approvals from controlling authorities; whereas such amendments involving industry and commerce registration matters shall be registered according to law to record changes made thereof.
235. The procedures for the amendments to these Articles are:
- (1) the board of directors formulates a proposal for amendments;
 - (2) the proposal for amendments shall be notified to the shareholders and a meeting of shareholders shall be convened in accordance with these Articles to vote on such proposal;
 - (3) the proposal for amendments shall be passed by a special resolution at meeting of shareholders.
236. If the amendments to these Articles involve alterations of commercial registration, the Company shall announce the altered clauses to the shareholders following such registration.
- If the amendments to these Articles involve alteration of its name, legal address, scope of operations or registered capital or other matters requiring public announcement, the Company shall make such public announcement.
237. In the case of amendments to these Articles involving a reduction of capital, the method of capital reduction shall be specified in the resolution to amend the Articles.
238. The provisions of this Chapter shall in all respects be subject to all other provisions of these Articles.

CHAPTER 24 - SETTLEMENT OF DISPUTES

239. The Company shall be subject to the following rules for settlement of disputes:
- (1) For all the disputes and claims between the overseas-listed foreign-investment shareholders and the Company, between the overseas-listed foreign-investment shareholders and the directors, supervisors, president or other officers of the Company or between the overseas-listed foreign-investment shareholders and the domestic-investment shareholders which are related to the affairs of the Company and their respective rights and obligation based on these Articles, the Company Law and

other relevant laws, administrative rules, the parties involved shall refer the disputes or claims for settlement by arbitration.

In referring the said disputes or claims to arbitration, the whole of the claims or entire disputes shall be made in such application; if the identity of all the persons having the same cause of action or all the parties whose participation are necessary for the settlement of the disputes or the claims are the Company, shareholders, supervisors, president or other officers of the Company, they shall submit themselves to such arbitration.

The disputes concerning the definition of a shareholder or the register of shareholders may be settled by methods other than arbitration.

- (2) The claimant shall refer a dispute or claim to arbitration at either the China International Economic and Trade Arbitration Committee to proceed the arbitration in accordance with its arbitration rules or at the Hong Kong International Arbitration Centre to proceed the arbitration in accordance with its securities arbitration rules at his own discretion. Once a claimant has referred a dispute or claim to arbitration, the other party shall proceed the same with the arbitration institution selected by the claimant.

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

- (3) Unless otherwise provided in the laws and administrative rules, the laws of the PRC shall be applicable to the settlement of the disputes and claims mentioned in the above paragraph (1) by arbitration.
- (4) The awards given by the arbitration institution shall be final and conclusive with binding effect on all parties.

CHAPTER 25 - BYE-LAWS

240. The Articles of Association shall be interpreted by the board of directors of the Company.

241. The following words and expressions bear the following meanings in these Articles except those which should have other meanings pursuant to the contents thereof:

"these Articles"	the Articles of Association of the Company;
"board of directors"	the board of directors of the Company;
"chairman"	the chairman of the board of directors of the Company;
"director"	director of the Company;
"legal address or address"	18 Xixin Road, High-Tech District (Western District), Chengdu, Sichuan Province, PRC;
"RMB"	Renminbi, the lawful currency of the PRC;
"secretary"	secretary of the board of directors appointed by the board of directors;
"PRC"	the People's Republic of China;
"the Hong Kong Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"accountants firm"	auditors;

"Mandatory Provisions"

The Mandatory Provisions for Articles
of Association of Companies to be Listed
Overseas of the Securities Commission of
the State Council and the State Commission
for Restructuring the Economic System
of the PRC.

242. In these articles of association, the words of "above", "within", "in" include its underlying numbers, while "less than", "under", "below", "more than" do not include its underlying number.

243. The Articles of Association shall come into effect since its publication.