

*Set out below is a summary of the principal provisions of the Articles of Association which were approved at the shareholder's general meeting of the Company held on 14<sup>th</sup> October, 2004 and amended at the shareholder's general meeting of the Company held on 29<sup>th</sup> October, 2005. A copy of the Articles of Association, together with an uncertified English translation, is available for inspection as mentioned in paragraph (a) headed "Documents Available for Inspection" in Appendix IX to this prospectus.*

**(A) Board of Directors, Directors, Supervisors and other officers**

***(i) Power to allot and issue Shares***

***There is no provision in the Articles of Association empowering the Directors to allot and issue Shares.***

To increase the capital of the Company, the board of Directors (the "Board") is responsible for formulating proposals for approval at a shareholders' general meeting by way of special resolution. Any such increase must be conducted in accordance with the procedures stipulated by the relevant laws and administrative regulations.

***(ii) Power to dispose of the assets of the Company or any subsidiary***

The Board is accountable to the shareholders at general meeting.

The Board shall not, without the prior approval of shareholders in a general meeting, dispose or agree to dispose of, any fixed assets of the Company where the aggregate of (i) the expected amount or value of the consideration for the proposed disposition, and (ii) the aggregated value of the consideration received for disposition of any fixed assets of the Company that has been completed in a period of four (4) months immediately preceding the proposed disposition, exceeds 33% of the value of the Company's fixed assets as shown in the last balance sheet tabled before the shareholders in a general meeting.

The validity of a disposition by the Company shall not be affected by the breach of the above paragraph.

For the purposes of this Articles of Association, a disposition includes an act involving the transfer of an interest in assets but does not include the provision of fixed assets by way of security.

***(iii) Emoluments and Compensation or payments for loss of office***

The Company shall, with the prior approval of shareholders in a general meeting, enter into a contract in writing with each of the Directors or Supervisors wherein his or her emoluments are stipulated. The aforesaid emoluments include:

- (1) emoluments in respect of his or her service as a Director, Supervisor or senior management of the Company;
- (2) emoluments in respect of his service as a Director, Supervisor or senior management of any subsidiary of the Company;
- (3) emoluments in respect of the provision of other services in connection with the management of the affairs of the Company and any of its subsidiaries; and

- (4) payment by way of compensation for loss of office, or as consideration for or in connection with his retirement from office.

Except under the contract entered into in accordance with the foregoing, no proceedings may be brought by a Director or Supervisor against the Company for any benefit due to him in respect of the above matters.

The contracts concerning the emoluments between the Company and its Directors or Supervisors should provide that, in the event of a takeover of the Company, the Directors and Supervisors shall, subject to the prior approval of the shareholders in general meeting, have the right to receive compensation or other payment in respect of his loss of office or retirement. A “takeover of the Company” referred to in this paragraph means either:

- (1) an offer made by any person to all shareholders; or
- (2) an offer made by any person with a view to the offeror becoming a “controlling shareholder” within the meaning set out in the Articles of Association (see paragraph (Q) below).

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

***(iv) Loans to Directors, Supervisors and other officers***

The Company shall not directly or indirectly make a loan to, or provide any security in connection with the making of a loan to, a Director, Supervisor, manager or other senior management of the Company or of the Company’s holding company or any of their respective associates. However, the following transactions are not subject to such prohibition:

- (1) the making by the Company of a loan or a guarantee of a loan to a company which is a subsidiary of the Company;
- (2) the making by the Company of a loan or a guarantee in connection with the making of a loan or any other funds to any of its Directors, Supervisors, manager and other senior management to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of a service contract approved by the shareholders in general meeting; and
- (3) The Company may make a loan or provide a guarantee in connection with the making of a loan to any of the relevant Directors, Supervisors, manager and other senior management or their respective associates in the ordinary course of its business on normal commercial terms, provided that the ordinary course of business of the Company includes the lending of money or the giving of guarantees.

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

Any guarantee provided by the Company in breach of the above provisions shall be unenforceable against the Company, unless:

- (1) at the time the loan was made to an associate of any of the Directors, Supervisors, manager and other senior management of the Company or of the Company's holding company, the lender was not aware the relevant circumstances; or
- (2) the security provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser in good faith.

For these purposes:

- (a) a guarantee includes an undertaking or property provided to secure the performance of obligations by the obligor; and
- (b) the definition of an associate as referred to in paragraph (A)(x) below applies, mutatis mutandis, to this provision.

***(v) Financial assistance for the acquisition of shares in the Company or any subsidiary***

Subject to the exceptions set out in the Articles of Association, the Company or its subsidiaries shall not, by any means and at any time, provide any type of financial assistance (as defined below) to a person who is acquiring or is proposing to acquire Shares in the Company. The said acquiror of shares of the Company includes a person who directly or indirectly incurs any obligations (as defined below) due to the acquisition of such shares.

The Company or its subsidiaries shall not, by any means and at any time, provide financial assistance to the said acquiror as referred to in the preceding paragraph for the purpose of reducing or discharging the obligations assumed by that person.

The following activities shall not be deemed to be prohibited activities:

- (1) the provision of financial assistance by the Company where the financial assistance is given in good faith in the interest of the Company, and the principal purpose in giving the financial assistance is not for the acquisition of Shares, or the giving of the financial assistance is an incidental part of some larger purpose of the Company;
- (2) the lawful distribution of the Company's assets by way of dividend;
- (3) the allotment of bonus shares as dividends;
- (4) the reduction of registered capital, the repurchase of Shares or a reorganization of the share capital structure of the Company effected in accordance with the Articles of Association;
- (5) the lending of money by the Company within its scope of business and in the ordinary course of its business, provided that the net assets of the Company are not thereby reduced or that, to the extent that the net assets are thereby reduced, the financial assistance is provided out of distributable profits of the Company;
- (6) the provision of money by the Company for contributions to employee share schemes, provided that the net assets of the Company are not thereby reduced or that, to the extent that the net assets are thereby reduced, the financial assistance is provided out of distributable profits of the Company.

For the purposes of the foregoing provisions:

- (a) “financial assistance” includes, (without limitation), the following meanings:
- (1) gift;
  - (2) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), or compensation or indemnity (other than compensation or indemnity in respect of the Company’s own default) or release or waiver of any rights;
  - (3) provision of loan or any other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, or a change in the parties to, or the novation of, or the assignment of rights arising under, such loan or agreement; or
  - (4) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.
- (b) “assumption of obligation” includes the assumption of obligations by way of contract or the making of an arrangement (whether enforceable or not, and whether such obligation is to be borne solely by such person or jointly with another), or by any other means which results in a change in his financial position.

***(vi) Disclosure of interests in contracts with the Company or any of its subsidiaries***

Where a Director, Supervisor, manager or other senior management of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement wherein the Company is an interested party, (other than his or her contract of service with the Company), he shall declare the nature and extent of his interests to the Board at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal therefor is otherwise subject to the approval of the Board.

Unless the interested Director, Supervisor, manager or other senior management discloses his or her interests in accordance with the Articles of Association and the contract, transaction or arrangement in question is approved by the Board at a meeting in which the interested Director is not counted in the quorum and refrains from voting, a contract, transaction or arrangement in which that Director, Supervisor, manager or other senior management is materially interested is voidable at the instance of the Company except as against a bona fide party thereto acting without notice of the breach of duty by the interested Director, Supervisor, manager or other senior management concerned.

For these purposes, a Director, Supervisor, manager or other senior management of the Company is deemed to be interested in a contract, transaction or arrangement in which an associate of him is interested.

Where a Director, Supervisor, manager, or other senior management of the Company gives to the Board a general notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, such notice shall be deemed for the purposes of this paragraph (vi) to be a sufficient declaration of his interests, so far as the contents stated in such notice are concerned,

provided that such general notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company.

***(vii) Remuneration***

The remuneration of Directors must be approved by shareholders in general meeting, as referred to under “Emoluments, Compensation or payments for loss of office” in paragraph (iii) above.

***(viii) Retirement, appointment and removal***

The terms of office of the Chairman and the other Board members shall be 3 years. A Director may serve consecutive terms if re-elected.

Directors shall be elected and removed by the shareholders in general meeting. A Director is not required to hold shares of the Company.

The Board shall consist of 13 Directors (more than half of which shall be external Directors). Directors mean both internal and external Directors. External Directors are those Directors who do not occupy any other position in the Company. Amongst the external Directors, there should be at least 3 independent non-executive Directors. Independent non-executive Directors are those Directors who are independent from the shareholders and do not occupy any other position in the Company. The Board shall have one chairman. The chairman shall be elected and removed by more than half of the Directors.

A person may not serve as a Director, Supervisor, manager and any other senior management of the Company if any of the following circumstances applies:

- (1) he or she does not have, or has limited, legal capacity;
- (2) he has been found guilty of corruption, bribery, infringement of property, misappropriation of property or other crimes which disrupt the social economic order and has been sentenced; or he has been deprived of his political rights and has been sentenced, in each case where less than five (5) years have elapsed since the sentence was fully served;
- (3) he is a former director, factory manager or manager of a company or enterprise which has been liquidated as a result of mismanagement and he was held personally liable for the liquidation of such company or enterprise, and less than three (3) years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;
- (4) he is a former legal representative of a company or enterprise which had its business license revoked due to a violation of law and who was held personally liable, and less than three (3) years has elapsed since the date of the revocation of the business license;
- (5) he has a relatively large amount of personal debts due and outstanding;
- (6) he is under investigation by judicial or procuratorial organization for the violation of the criminal law which investigation or prosecution is not yet concluded;
- (7) he is not eligible for enterprise leadership according to laws and administrative regulations;
- (8) it is a non-natural person; or

- (9) he has been convicted for the contravention of provisions of relevant securities regulations by a relevant government authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, and less than five (5) years has elapsed since the date of the conviction.

The validity of an act of a Director, Supervisor, manager or other senior management on behalf of the Company is not, as against a bona fide third party, affected by any irregularity in his office, election or any defect in his qualification.

***(ix) Borrowing powers***

On condition of compliance with applicable laws and regulations of the PRC, the Company has the power to raise and borrow money, such power includes, without limitation, the issue of the debentures, the charging or mortgaging of the Company's assets. The Company also has power to provide guarantees for third parties, but the Company shall not impair or abrogate the power of any class of shareholders when exercising such power. The Articles of Association do not contain any specific provision in respect of the manner in which borrowing powers may be exercised by the Directors nor do they contain any specific provision in respect of the manner in which such powers may be varied, other than: (a) provisions which give the Directors the power to formulate proposals for the issuance of debentures by the Company; and (b) provisions which provide that the issuance of debentures must be approved by the shareholders in a general meeting by way of a special resolution.

***(x) Duties***

In addition to obligations imposed by laws, administrative regulations or the listing rules of the relevant stock exchanges on which the Shares are listed, each of the Company's Directors, Supervisors, manager and other senior management owes a duty to each shareholder in the exercise of the following functions and powers of the Company entrusted to him:

- (1) not to cause the Company to exceed the scope of the business stipulated in its business license;
- (2) to act honestly in the best interest of the Company;
- (3) not to expropriate the Company's property in any way, including (without limitation) any opportunities which are beneficial to the Company;
- (4) not to deprive shareholders of their individual interests, including (without limitation) rights to distribution and voting rights, save pursuant to a restructuring of the Company submitted to shareholders for approval in accordance with the Articles of Association.

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

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

- (1) to act honestly in the best interests of the Company;
- (2) to exercise powers within the scope of his powers and duties and not to exceed those powers and duties;
- (3) to exercise the discretion vested in him personally and not to allow himself to act under the control of another and, unless and to the extent permitted by laws, administrative regulations or with the informed consent of shareholders given in general meeting, 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 the Articles of Association or with the informed consent of shareholders given in general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) without the informed consent of shareholders given in general meeting, not to use the Company's property for his own benefit;
- (7) not to abuse his position to accept bribes or other illegal income or expropriate the Company's property by any means, including (without limitation) opportunities which are beneficial to the Company;
- (8) without the informed consent of shareholders given in general meeting, not to accept commissions in connection with the Company's transactions;
- (9) to abide by the Articles of Association, faithfully execute his official duties and protect the Company's interest, and not to exploit his position and power in the Company to advance his own private interests;
- (10) not to compete with the Company in any form unless with the informed consent of shareholders given in general meeting;
- (11) not to misappropriate the Company's funds or lend such funds to others, not to open accounts in his own name or other names for the deposit of the Company's assets and not to provide a guarantee for debts of a shareholder of the Company or other individual(s) with the Company's assets; and
- (12) unless otherwise permitted by informed shareholders in general meeting, to keep in confidence information acquired by him in the course of and during his term of office and not to use the information other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental authorities is permitted if:
  - (i) disclosure is made under compulsion of law;
  - (ii) the interests of the public require such disclosure; or
  - (iii) the interests of the relevant Director, Supervisor, manager or other senior management require such disclosure.

Each Director, Supervisor, manager or other senior management of the Company shall not cause the following persons or institutions (“associates”) to do what he is prohibited from doing:

- (1) the spouse or minor child of that Director, Supervisor, manager or other senior management;
- (2) a person acting in the capacity of a trustee of that Director, Supervisor, manager or other senior management or any person referred to in the preceding paragraph;
- (3) a person acting in the capacity of a partner of that Director, Supervisor, manager or other senior management or any person referred to in paragraphs (1) and (2) above;
- (4) a company in which that Director, Supervisor, manager or other senior management, alone or jointly with one or more persons referred to in paragraphs (1), (2) and (3) above and other Directors, Supervisors, manager and other senior management have a de facto controlling interest; and
- (5) the Directors, Supervisors, manager and other senior management of the controlled company referred to in the preceding paragraph.

The fiduciary duties of the Directors, Supervisors, manager and other senior management of the Company do not necessarily cease with the termination of their terms of office. The duty of confidence in relation to trade secrets of the Company survives the termination of their terms of office. Other duties may continue for such period as fairness may require depending on the time lapse between the termination and the act concerned and the circumstances under which the relationships between them and the Company are terminated.

In addition to any rights and remedies provided by the laws and administrative regulations, where a Director, Supervisor, manager or other senior management 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, manager or other senior management 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, manager or other senior management or with a third party (where such third party knows or should know that there is such a breach of duties by such Director, Supervisor, manager or other senior management);
- (3) demand an account of the profits made by the Director, Supervisor, manager or other senior management in breach of his duties;
- (4) recover any monies received by the Director, Supervisor, manager or other senior management which should have been received, earned or may be earned by the Company, including (without limitation) commissions; and
- (5) demand payment of the interest earned or which may have been earned by the Director, Supervisor, manager or other senior management on the monies that should have been paid to the Company.

Subject to Article 53, a Director, Supervisor, manager or other senior management of the Company may be relieved of liability for specific breaches of his duties by the informed consent of shareholders given at a general meeting.



**(B) Alterations to constitutional documents**

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

Amendments to the Articles of Association involving the contents of the Mandatory Provisions shall become effective upon approvals by the companies approving department authorized by the State Council and by CSRC. If there is any change relating to the registered particulars of the Company, application shall be made for registration of the changes in accordance with law.

**(C) Variation of rights of existing shares or different classes of shares**

Rights conferred on any class of shareholders in the capacity of shareholders (“class rights”) may not be varied or abrogated unless approved by a special resolution of the shareholders in general meeting and by holders of shares of that class at a separate meeting conducted in accordance with Articles 89 and 93.

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

- (1) any increase or decrease of the number of shares of such class, or increase or decrease of the number of shares of class having voting or equity rights or privileges equal or superior to these of the shares of such class;
- (2) any exchange of all or part of the shares of such class into shares to another class or to exchange or create a right of exchange all or part of the shares of another class into the shares of such class;
- (3) any cancellation or reduction of rights to accrued dividends or rights to cumulative dividends attached to such class of shares;
- (4) any cancellation or reduction of preferential rights attached to such class of shares to receive dividends or to a distribution of assets in the event that the Company is liquidated;
- (5) any increase, cancellation or reduction of conversion rights, options, voting rights, rights of transfer or preemption rights, or rights to acquire securities of the Company attached to such class of shares;
- (6) any cancellation or reduction of rights to receive payment payable by the Company in particular currencies attached to such class of shares;
- (7) the creation of a new class of shares with voting or equity rights or privileges equal or superior to those shares of such class;
- (8) any restriction of or any increase in restriction on the transfer of ownership attached to such class of shares;
- (9) the issue of subscription rights or conversion rights for such class of shares or of another class;
- (10) any increase in the rights or privileges of shares of another class;
- (11) any restructuring of the Company where the proposed restructuring will result in different classes of shareholders bearing a disproportionate burden of obligation in such restructuring; and
- (12) any variation or abrogation of section 9 of the Articles of Association.

Shareholders of the affected class, whether or not otherwise having the right to vote at shareholders' general meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning paragraphs (2) to (8), (11) and (12) above, but interested shareholder(s) (as defined below) shall not be entitled to vote at class meetings.

Resolutions of a class of shareholders shall be passed by votes representing more than two-thirds of the voting rights of shareholders of that class present at the relevant meeting who are entitled to vote at class meetings, in accordance of article 89.

Written notice of a class meeting shall be given forty-five (45) days (including the date of the meeting) before the date of the class meeting to notify all of the shareholders in the share register of the class of the matters to be considered, the date and the place of the class meeting. A shareholder who intends to attend the class meeting shall deliver his written reply concerning attendance at the class meeting to the Company twenty (20) days before the date of the class meeting.

If the number of shares carrying voting rights at the meeting represented by the shareholders who intend to attend the class meeting reaches more than one half of the voting shares at the class meeting, the Company may hold the class meeting; if not, the Company shall within five (5) days notify the shareholders of the class again, by public announcement, of the matters to be considered, the date and the place for the class meeting. The Company may then hold the class meeting after such publication of such announcement.

Notice of class meetings need only be served on shareholders entitled to vote thereat.

Meetings of any class of shareholders shall be conducted in a manner as similar as possible to that of general meetings of shareholders. The provisions of the Articles of Association relating to the manner of conducting any shareholders' general meeting shall apply to any meeting of a class of shareholders.

Holders of domestic-invested shares and foreign-invested shares are deemed to be shareholders of different classes.

The special procedures for voting at a meeting of a class of shareholders shall not apply in the following circumstances:

- (1) where the Company issues, upon the approval by a special resolution of its shareholders in general meeting, either separately or concurrently once every 12 months, not more than 20% of each of its existing issued domestic-invested shares and overseas-listed foreign-invested shares; or
- (2) where the Company's plan to issue domestic-invested shares and overseas-listed foreign-invested shares at the time of its establishment is carried out within fifteen (15) months from the date of approval of the securities regulatory authority of the State Council.

For the purposes of the class rights provisions of the Articles of Association, the meaning of "interested shareholder(s)" is:

- (1) in the case of a repurchase of Shares by way of general offer to all shareholders in accordance with Article 30 or by way of public dealing on a stock exchange, a "controlling shareholder" within the meaning of Article 54 of the Articles of Association;

- (2) in the case of a repurchase of Shares by an off-market contract, a holder of the Shares to which the proposed contract relates; and
- (3) in the case of a restructuring of the Company, a shareholder within a class who bears less than a proportionate burden imposed on that class under the proposed restructuring or who has an interest in the proposed restructuring different from the interest of shareholders of that class.

**(D) Resolutions — majority required**

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

To adopt an ordinary resolution, votes representing more than one half of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favor of the resolution for it to be passed.

To adopt a special resolution, votes representing more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favor of the resolution for it to be passed.

Shareholders (including proxies) attending a meeting shall vote clearly in favor of or against any resolution. The Company, in counting the votes, shall not take into account any undecided or forfeited votes.

**(E) Voting rights (generally, on a poll and right to demand a poll)**

The ordinary shareholders of the Company have the right to attend or appoint a proxy to attend shareholders' general meetings and to vote thereat. A shareholder (including proxy) when voting at a shareholders' general meeting may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote.

At any general meeting of shareholders a resolution shall be decided on a show of hands unless a poll is (before or after any vote by show of hands) demanded:

- (1) by the chairman of the meeting;
- (2) by at least 2 shareholders present in person or by proxy who are entitled to vote; or
- (3) by one or more shareholders present in person or by proxy and representing 10% or more of all shares carrying the right to vote at the meeting singly or in aggregate.

Unless a poll be so demanded, a declaration by the chairman that a resolution has been passed on a show of hands and a record of such in the minutes of the meeting shall be conclusive evidence of the fact that such resolution has been passed. There is no need to provide evidence on the number or proportion of the votes in favor of or against such resolution. The demand for a poll may be withdrawn by the person who makes such demand.

A poll demanded on the election of the chairman of the meeting, or on a question of adjournment of the meeting, shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs, and any business other than that upon which

a poll has been demanded may be proceeded with, pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded. On a poll taken at a meeting, a shareholder (including proxy) entitled to two or more votes need not cast all his votes in the same way.

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall have a casting vote.

**(F) Requirements for annual general meetings**

The Board shall convene an annual shareholders' meeting once each year and within six (6) months from the end of the preceding fiscal year.

**(G) Accounts and audit**

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

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

The Company's financial reports shall be made available for shareholders' inspection at the Company twenty (20) days before the date of every shareholders' annual general meeting. Each shareholder shall be entitled to obtain a copy of the financial reports.

A printed copy of the financial reports or financial summary statements shall, at least 21 days before the date of the annual general meeting, be delivered or sent by prepaid post by the Company to every holder of H Shares at his address as shown on the register of members.

The financial reports of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards, or that of the overseas place where the Company's shares are listed. If there is any material difference between the financial reports prepared respectively in accordance with the two accounting standards, such difference shall be stated and explained in the appended notes to the financial reports. When the Company is to distribute its after-tax profits, the lower of the two after-tax profits shown in the financial reports shall be adopted.

Any interim results or financial information published or disclosed by the Company must be prepared and presented in accordance with PRC accounting standards and regulations, and also in accordance with either International Accounting Standards or that of the overseas place where the Company's shares are listed.

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

**(H) Notice of meetings and business to be conducted thereat**

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

The Company shall not, without the prior approval of shareholders in general meeting, enter into any contract with any person other than a Director, Supervisor, manager or other senior management whereby the management and administration of the whole or any substantial part of the business of the Company is to be handed over to such person.

Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. Shareholders' general meeting shall be convened by the Board.

Under any of the following circumstances, the Board shall convene an extraordinary general meeting within two (2) months:

- (1) when the number of Directors is less than the number of Directors required by the PRC Company Law or two-thirds of the number of Directors specified in the Articles of Association;
- (2) when the unrecovered losses of the Company amount to one-third of the total amount of its share capital;
- (3) when shareholder(s) holding 10% or more of the Company's overseas listed issued shares which carry voting rights request(s) in writing for the convening of an extraordinary general meeting;
- (4) when deemed necessary by the Board or as requested by the supervisory committee; or
- (5) when two or more independent Directors request for the convening of an extraordinary general meeting.

When the Company convenes a shareholders' general meeting, written notice of the meeting shall be given forty-five (45) days (including the date of the meeting) before the date of the meeting to notify all of the shareholders in the register of members of the matters to be considered and the date and the place of the meeting. A shareholder who intends to attend the meeting shall deliver his written reply concerning the attendance of the meeting of the Company twenty (20) days before the date of the meeting.

When the Company convenes a shareholders' annual general meeting, shareholders holding 5% or more of the total voting shares of the Company shall have the right to propose new motions in writing, and the Company shall place matters in the proposed motions within the scope of functions and powers of the shareholders' general meeting on the agenda.

A shareholders' extraordinary general meeting shall not decide on those matters which are not stated in the notice of meeting.

The Company shall, based on the written replies received twenty (20) days (excluding the date of the meeting) before the date of the shareholders' general meeting from the shareholders, calculate the number of voting shares represented by shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting reaches one half or more of the Company's total voting shares, the Company may hold the meeting. If not, then the

Company shall within five (5) days notify the shareholders again by public announcement of the matters to be considered, the place and the date for the meeting. The Company may then hold the meeting after such publication of such announcement.

A notice of meeting of shareholders shall comply with the following requirements:

- (1) be in writing;
- (2) specify the place, the day and the time of the meeting;
- (3) state the matters to be discussed at the meeting;
- (4) provide such information and explanation as are necessary for the shareholders to exercise an informed decision on the proposals before them. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to repurchase shares, to reorganize the share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the agreement, if any, and the cause and effect of such proposal must be properly explained;
- (5) contain a disclosure of the nature and extent, if any, of the material interests of any Director, Supervisor, manager or other senior management in the proposed transaction and the effect of the proposed transaction on them in their capacity as shareholders in so far as it is different from the effect on the interests of the shareholders of the same class;
- (6) contain the full text of any special resolutions proposed to be moved at the meeting;
- (7) contain a clear 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 be a shareholder; and
- (8) specify the time and place for lodging proxy forms for the relevant meeting.

Notice of shareholders' general meeting shall be served on the shareholders (whether or not entitled to vote at the meeting), by hand or by prepaid post to their addresses as shown in the register of members. For the holders of Domestic Shares, notice of the meetings may be issued by way of public announcement.

The public announcement shall be published in one or several newspaper designated by the securities governing authority of the State Council within forty-five (45) days to fifty (50) days (excluding the date of meeting) before the date of the meeting. After the publication of such announcement, the holders of Domestic Shares shall be deemed to have received the notice of the relevant shareholders' general meeting. The unintentional omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

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

- (1) work reports of the Board and the supervisory committee;
- (2) plans formulated by the Board for the distribution of profits and for making up losses;

- (3) appointment and removal of the members of the Board and members of the supervisory committee, their remuneration and method of payment;
- (4) annual preliminary and final budgets, balance sheets and profit and loss accounts and other financial reports of the Company; and
- (5) matters other than those required by the laws and administrative regulations or by the Articles of Association to be adopted by a special resolution.

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

- (1) the increase or reduction of share capital and the issue of shares of any class, warrants and other similar securities;
  - (2) the issue of debentures of the Company;
  - (3) the division, merger, dissolution and liquidation as well as significant acquisition or disposal of the Company;
  - (4) amendments to the Articles of Association;
- ; and
- (5) any other matters resolved by the shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and should be adopted by a special resolution.

#### **(I) Transfer of shares**

All the fully paid-up H Shares may be freely transferred in accordance with the Articles of Association. However, the Board may refuse to recognize any instrument of transfer without giving any reason, unless:

- (1) the prescribed fee or any higher fee as agreed by the Stock Exchange has been paid to the Company for registration of any transfer or any other document which is related to or will affect ownership of or change of ownership of the H Shares;
- (2) the instrument of transfer only involves H Shares;
- (3) the stamp duty chargeable on the instrument of transfer has been paid;
- (4) the relevant share certificate and, upon the reasonable request of the Board, any evidence in relation to the right of the transferor to transfer the H Shares has been submitted;
- (5) if it is intended to transfer the shares to joint owners, then the maximum number of joint owners shall not exceed 4; and
- (6) the Company does not have any lien on the relevant H Shares.

The alteration and rectification of any part of the register of members shall be carried out in accordance with the laws of the place where the register is maintained.

No change in the register of members as a result of the transfer of shares may be made within thirty (30) days before the date of a shareholders' general meeting or within five (5) days before the record date for the Company's distribution of dividends.

**(J) Power of the Company to purchase its own shares**

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

The Company may, with approval according to the procedures provided in the Articles of Association and subject to the approval of the relevant governing authority of the State, repurchase its issued shares under the following circumstances:

- (1) cancellation of shares for the reduction of its capital;
- (2) merging with another company that holds shares in the Company; and
- (3) other circumstances permitted by laws and administrative regulation.

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

- (1) making a pro rata general offer of repurchase to all of its shareholders;
- (2) repurchase shares through public dealing on a stock exchange; or
- (3) repurchase by an off-market agreement.

Where the Company repurchases its shares by an off-market agreement, the prior approval of shareholders shall be obtained in accordance with the Articles of Association. The Company may rescind, vary or waive its rights under a contract so entered into by the Company with the prior approval of shareholders obtained in the same manner.

A contract to repurchase shares includes (without limitation) an agreement to become obliged to repurchase or an acquisition of the right to repurchase shares of the Company. The Company may not assign any contract for the repurchase of its shares or any rights contained in such contracts.

Shares repurchased in accordance with law by the Company shall be cancelled within the period prescribed by laws and administrative regulations, and the Company shall apply to the original companies registration authority for registration of the change of its registered capital. The amount of the Company's registered capital shall be reduced by the aggregate par value of those cancelled shares.

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

- (1) where the Company repurchases shares of the Company at par value, payment shall be made out of book surplus distributable profits of the Company or out of proceeds of a fresh issue of shares made for that purpose;
- (2) where the Company repurchases shares of the Company at a premium to its par value, payment up to the par value shall be made out of the book surplus distributable profits of the Company or out of the proceeds of a fresh issue of shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:
  - (i) if the shares being repurchased were issued at par value, payment shall be made out of the book surplus distributable profits of the Company; or



- (ii) if the shares being repurchased were issued at a premium to its par value, payment shall be made out of the book surplus distributable profits of the Company or out of the proceeds of a fresh issue of shares made for that purpose, provided that the amount paid out of the proceeds of the fresh issue shall not exceed the aggregate of premiums received by the Company on the issue of the shares being repurchased nor the current amount of the Company's share premium account or capital reserve fund account (including the premiums on the fresh issue);
- (3) payment by the Company for the following purposes shall be made out of the Company's distributable profits:
  - (i) acquisition of rights to repurchase shares of the Company;
  - (ii) variation of any contract to repurchase shares of the Company; and
  - (iii) release of any of the Company's obligation under any contract to repurchase shares of the Company; and
- (4) after the Company's registered capital has been reduced by the total par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value portion of the shares repurchased shall be transferred to the Company's share premium account or capital reserve fund account.

**(K) Power for any subsidiary of the Company to own shares in the Company**

There are no provisions in the Articles of Association preventing ownership of shares in the Company by a subsidiary.

**(L) Dividends and other method of profit distribution**

The Company may distribute dividends in the following manner:

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

No dividends shall be paid by the Company before the Company has made up its accrued losses and has made allocations to the statutory common reserve fund and statutory common welfare fund.

Dividends or other payments declared by the Company to be payable to holders of Domestic shares shall be declared, calculated, and paid in Renminbi. Dividends or other payments payable to holders of H Shares shall be declared and calculated in Renminbi, and paid in Hong Kong dollars.

The Company shall appoint receiving agents on behalf of the H Shares to receive on behalf of such shareholders dividends declared and all other monies owing by the Company in respect of their H Shares. The receiving agents appointed on behalf of holders of the H Shares shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

**(M) Proxies**

Any shareholder entitled to attend and vote at a meeting of the Company shall be entitled to appoint 1 or more other persons (whether a shareholder or not) as his proxy to attend and vote on his behalf, and a proxy so appointed shall:

- (1) have the same right as the shareholder to speak at the meeting;
- (2) have authority to demand or join in demanding a poll; and
- (3) have the right to vote by hand or on a poll, but a proxy of a shareholder who has appointed more than 1 proxy may only vote on a poll.

The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing, or if the appointer is a legal entity either under seal or under the hand of a director or attorney duly authorized. The instrument appointing a voting proxy and, if such instrument is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or other authority also, shall be deposited at the residence of the Company or at such other place as is specified for that purpose in the notice convening the meeting, not less than twenty-four (24) hours before the time for holding the meeting at which the proxy proposes to vote or the time appointed for the passing of the resolution. Such instrument appointing a proxy shall indicate the issuance date.

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

Any form issued to a shareholder by the Directors for use by him for appointing a proxy to attend and vote at meeting of the Company shall be such as to enable the shareholder, according to his intention, to instruct the proxy to vote in favor of or against each resolution dealing with business to be transacted at the meeting. Such a form shall contain a statement that in the absence of instructions by the shareholder the proxy may vote as he thinks fit.

A vote given in accordance with the terms of a proxy shall be valid notwithstanding the death or loss of capacity of the appointor or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that no notice in writing of such matters as aforesaid shall have been received by the Company at its residence before the commencement of the relevant meeting.

**(N) Calls on shares and forfeiture of shares**

There are no provisions in the Articles of Association relating to the making of calls on shares or for the forfeiture of shares.

**(O) Rights of shareholders (including inspection of registers)**

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

- (1) the right to receive dividends and other distributions in proportion to the number of shares held;
- (2) the right to attend or appoint a proxy to attend shareholders' general meetings and to vote thereat;
- (3) the right to supervise and manage the Company's business operations, and the rights to present proposals or to raise enquiries;
- (4) the right to transfer shares in accordance with laws, administrative regulations and provisions of the Articles of Association;
- (5) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:
  - (i) the right to obtain a copy of the Articles of Association, subject to payment of the cost;
  - (ii) the right to inspect and copy, subject to payment of a reasonable charge:
    - (a) all parts of the register of members;
    - (b) personal particulars of each of the Company's Directors, Supervisors, manager, and other senior management as follows:
      - (aa) present and former names and alias;
      - (bb) principal address (residence);
      - (cc) nationality;
      - (dd) primary and all other part-time occupations and duties; and
      - (ee) identification documents and the numbers;
    - (c) reports on the state of the Company's share capital;
    - (d) reports showing the number, aggregate par value, quantity, maximum and minimum price paid in respect of shares of each class repurchased by the Company since the end of the last fiscal year and the aggregate amount incurred by the Company for this purpose; and
    - (e) minutes of shareholders' general meetings;
- (6) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company on a pro rata basis in accordance with the number of shares held; and
- (7) other rights conferred by laws, administrative regulations and the Articles of Association.

**(P) Quorum for meetings and separate class meetings**

Shareholders who intend to attend a shareholders' general meeting shall deposit at the Company written replies confirming their intention to attend at least 20 days prior to the date of the meeting. The Company shall, according to the written replies received 20 days prior to the general

meeting, calculate the number of shares carrying rights to vote represented by the shareholders proposing to attend the meeting. If the total number of shares (for both Domestic Shares and H Shares) carrying rights to vote represented by shareholders proposing to attend the meeting is more than half of the total number of shares in the Company which carry rights to vote, the Company may proceed to hold the shareholders' general meeting; if that number is not reached, the Company shall within 5 days notify the shareholders again of the matters proposed to be discussed at the meeting, the date and venue of the meeting by way of public announcement. After such public announcement is made, the Company may proceed to hold the shareholders' general meeting. The above procedure applies, mutatis mutandis, to shareholders of each class of shares in respect of separate class meetings.

**(Q) Rights of the minorities in relation to fraud or oppression**

In addition to obligations imposed by laws, administrative regulations or required by the stock exchange on which shares of the Company are listed, a controlling shareholder shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of the all or part of the shareholders of the Company:

- (1) to absolve the responsibility of a Director or Supervisor to act honestly in the best interests of the Company;
- (2) to approve the expropriation by a Director or Supervisor (for his own benefit or for the benefit of another person), in any way, of the Company's assets, including (without limitation) opportunities beneficial to the Company; or
- (3) to approve the expropriation by a Director or Supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (without limitation) rights to distributions and voting rights save pursuant to a restructuring proposal submitted to shareholders for approval in accordance with the Articles of Association.

For these purposes, a "controlling shareholder" means a person who satisfies any one of the following conditions:

- (1) he alone, or acting in concert with others, has the power to elect more than half of the Board;
- (2) he alone, or acting in concert with others, has the power to exercise or to control the exercise of 30% or more of the voting rights in the Company;
- (3) he alone, or acting in concert with others, holds 30% or more of the shares in issue of the Company; or
- (4) he alone, or acting in concert with others, has de facto control the Company in any other way.

See also "Variation of rights of existing shares or classes of shares" above.

**(R) Procedures on liquidation**

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

- (1) a resolution for dissolution is passed by shareholders at a general meeting;
- (2) dissolution is necessary due to a merger or division of the Company;
- (3) the Company is legally declared insolvent due to its failure to repay debts as they become due; or
- (4) the Company is ordered to close down because of its violation of laws and administrative regulations.

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

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

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

**(S) Other provisions material to the Company or its shareholders*****(i) General provisions***

The Company is a joint stock limited company in perpetual existence.

The Articles of Association shall have become effective upon the special resolution passed in the shareholders' general meeting of the Company and the approval of the company examination and approval department authorized by the State Council. From the date of the Articles of Association becoming effective, the Articles of Association constitute a legally binding document regulating the Company's organization and activities, and the rights and obligations between the Company and each shareholder and among the shareholders inter se.

The Company may invest in other limited liability companies or joint stock limited companies. The Company's liabilities to an investee company shall be limited to the amount of its capital contribution to such investee company.

Upon approval of the companies approving department authorized by the State Council, the Company may, according to its need of operation and management, operate as a holding company.

The Company may, based on its requirements for operation and development and in accordance with the relevant provisions of the Articles of Association, approve an increase of capital.

The Company may increase its capital in the following ways:

- (1) offering new shares for subscription to unspecified investors;
- (2) placing new shares to its existing shareholders;
- (3) issuing bonus shares to its existing shareholders; and
- (4) any other way permitted by law and administrative regulations.

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

Unless otherwise provided by law or administrative regulations, H Shares in the Company are freely transferable and are not subject to any lien. Upon approval of the State Council or its authorized regulatory departments, and with the consent of the Stock Exchange, the Domestic Shares in the Company may be converted into H Shares.

When the Company reduces its registered capital, it must draw up a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days of the date of the Company's resolution for reduction of the registered capital and shall publish an announcement in a newspaper at least three (3) times within thirty (30) days of the date of such resolution. A creditor has the right within thirty (30) days of receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within ninety (90) days of the date of the first public announcement, to demand the Company to repay its debts or provide a corresponding guarantee for such debt. The Company's registered capital after reduction shall not be less than the statutory minimum amount.

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

- (1) to comply with the Articles of Association;
- (2) to pay subscription monies according to the number of shares subscribed and the method of subscription; and
- (3) other obligations imposed by laws, administrative regulations and the Articles of Association.

Shareholders are not liable to make any further contribution to the share capital other than as agreed by the subscriber of the relevant shares on subscription.

***(ii) Secretary of the Board***

The secretary of the Board shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the Board. Such secretary shall each be responsible for the Company's business in China and Hong Kong respectively, but either one has the power to exercise all rights of the Company's secretary alone. The primary responsibilities of the secretary responsible for business in China includes:

- (1) to ensure the constitutional and corporate documents and records of the Company are complete;

- (2) to ensure the preparations and submissions of all reports or documents required by the relevant authority are in compliance with the relevant laws and regulations and requirements of the relevant authority;
- (3) to ensure the register of members is kept and maintained properly; and
- (4) to ensure that those who is entitled to receive any records or documents of the Company can obtain such records or documents on time.

The primary responsibilities of the secretary responsible for business in Hong Kong includes:

- (1) according to direction of the Board and the Listing Rules of Hong Kong, to prepare and submit relevant information and documents to the Stock Exchange;
- (2) to prepare various documents for shareholders' general meeting as well as board meetings; and
- (3) to submit documents relating to the Company to the Companies Registry of Hong Kong.

***(iii) Supervisory committee***

The Company shall have a supervisory committee. The Directors, manager, deputy managers and financial controller shall not act concurrently as Supervisors. The supervisory committee shall comprise of not less than 8 Supervisors. The external Supervisors (i.e., those Supervisors who do not hold offices in the Company) shall represent more than 50% of the members of supervisory committee, of which at least two (2) Supervisors shall be independent Supervisors (refer to those Supervisors who are independent of the Company and do not hold offices in the Company, the same below). One of the members of the supervisory committee shall act as the chairman. The term of office of Supervisors shall be three (3) years, renewable upon re-election and re-appointment. The election or removal of the chairman of the supervisory committee shall be determined by two-thirds or more of the members of the supervisory committee. The chairman of the supervisory committee shall co-ordinate the exercise of the functions and powers of the supervisory committee. The term of office of the chairman shall be 3 years, renewable upon re-election and re-appointment.

The supervisory committee shall comprise representative of shareholders who shall be elected or removed by the shareholders in general meeting, independent Supervisors and representative of employees of the Company who shall be elected or removed democratically by the employees. The supervisory committee may, in accordance with the requirements, establish its offices responsible for daily affairs of the supervisory committee.

The supervisory committee shall be accountable to the shareholders and exercise the following powers in accordance with law:

- (1) to review the Company's financial position;
- (2) to supervise the Directors, manager and other senior management to ensure that they do not act in contravention of any laws, administrative regulations and the Articles of Association;
- (3) to demand rectification from a Director, the manager or any other senior management when the acts of such persons are harmful to the Company's interests;

- (4) to verify the financial information such as the financial reports, business reports and profit distribution plans to be submitted by the Board to the shareholders' general meetings and, should any queries arise, to authorise, in the name of the Company, a re-examination by the certified public accountants and practising auditors of the Company;
- (5) to propose to convene a shareholders' extraordinary general meeting;
- (6) to represent the Company in negotiation with or bringing an action against a Director; and
- (7) to exercise other powers specified in the Articles of Association.

Members of the supervisory committee shall be present at meetings of the Board.

***(iv) Manager of the Company***

The Company shall have one (1) manager, who shall be appointed or dismissed by the Board. The Company shall have a number of deputy managers and 1 financial controller who shall assist the manager in his work. The deputy manager and the financial controller shall be nominated by the manager, and shall be appointed or dismissed by the Board. The directors can concurrently be the Company's manager or deputy manager.

The manager shall be accountable to the Board and exercise the following duties and powers:

- (1) to be in charge of the Company's production, operation and management and to co-ordinate the implementation of the resolutions of the Board;
- (2) to organize the implementation of the Company's annual business plan and investment plan;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to draft plans for the establishment of the branch entities of the Company;
- (5) to draft the Company's basic management system;
- (6) to formulate basic rules and regulations for the Company;
- (7) to propose the appointment or dismissal of the Company's deputy manager(s) and the financial controller;
- (8) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board;

and

- (9) to exercise other powers conferred by the Articles of Association and the Board.

The manager may attend meetings of the Board. However, the manager has no voting rights at board meetings unless he is also a Director.

The manager, deputy managers and financial controller, in performing their duties and powers, shall act honestly and diligently and in accordance with laws, administrative regulations and the Articles of Association.



*(v) Board*

The Board is accountable to the shareholders' general meeting and shall exercise the following duties and powers:

- (1) to be responsible for convening shareholders' general meetings and to report on its work to the shareholders in general meeting;
- (2) to implement the resolutions passed by the shareholders in general meetings;
- (3) to determine the Company's business plans and investment plans;
- (4) to formulate the Company's annual budgets and final accounts;
- (5) to formulate the Company's profit distribution plan and plan for recovery of losses;
- (6) to formulate proposals on the Company's financial policies and proposals for the increase or reduction of the Company's registered capital and the issuance of corporate debentures;
- (7) to draw up plans for the substantial acquisition or disposal of assets by the Company and the merger, division or dissolution of the Company;
- (8) to determine the establishment of the Company's internal management structure;
- (9) to appoint or remove the manager and based on the recommendations of the manager, to appoint or remove the deputy manager(s) and the financial controller of the Company, and to decide on their remuneration;
- (10) to formulate proposals for the amendment to the Articles of Association;
- (11) to formulate the Company's basic management system;
- (12) to formulate proposals for the liquidation or application for bankruptcy of the Company; and
- (13) to determine any other important or administrative matters of the Company authorized by the shareholders in general meeting and to exercise any other powers conferred by the shareholders in general meetings and the Articles of Association of the Company, except for the matters specifically to be determined by the shareholders' general meeting in accordance with the Articles of Association.
- (14) to determine matters related to the provision of securities by the Company, within the authority given in shareholders' general meeting; and
- (15) to exercise powers given in shareholders' general meeting and by the Articles of Association.

Except the Board's resolutions in respect of the matters specified in the above paragraphs (6), (7), (10) (12) and (13), which shall be passed by two-thirds or more of the Directors, the Board resolutions in respect of all other matters may be passed by more than one half of the Directors.

Meetings of the Board shall be held at least twice every year and convened by the chairman of the Board. Notice of the meeting shall be served on all of the Directors ten (10) days before the date of the meeting (excluding the date of meeting). In case of any urgent matters, upon request of the chairman or more than one-third of the members of the Board, an extraordinary meeting of the Board may be held and shall not subject to the ten-day notice requirement. However, for matters which shall

be passed by two-thirds of the Directors, the ten-day notice requirement is required and cannot be waived.

Meetings of the Board shall be held only if more than half of the Directors are present. Each Director shall have 1 vote. Where the number of votes cast for and against a resolution are equal, the chairman of the Board shall have a casting vote. If one-fourth of the Directors or two (2) external Directors consider the information required for the matters to be resolved is not sufficient or not clear, they may adjourn the Board meeting or the discussions of such matter at the Board meeting by making a joint request to this effect.

Where a Director is materially interested in any resolution proposed at a Board meeting, such Director shall not have a right to vote and shall not be counted in the quorum of the relevant meeting.

***(vi) Accountants***

***(1) Appointment of accountants***

The Company shall appoint an independent firm of certified public accountants which is qualified under the relevant regulations of the State to audit the Company's annual financial statements and review the Company's other financial reports. The first certified public accountant firm of the Company may be appointed by the inaugural meeting of the Company before the first annual general meeting and the certified public accountant firm so appointed shall hold office until the conclusion of the first annual general meeting. If the inaugural meeting fails to exercise its powers under the preceding paragraph, those powers shall be exercised by the Board.

The certified public accountant firm appointed by the Company shall hold office from the conclusion of the annual general meeting of shareholders at which the appointment is made until the conclusion of the next annual meeting of shareholders.

Before the convening of the shareholders' general meeting, the Board may fill any casual vacancy in the office of the accountant firm, but while any such vacancy continues, the surviving or continuing firm, if any, may act.

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

The remuneration of an accountant firm or the manner in which such firm is to be remunerated shall be determined by the shareholders in general meeting. The remuneration of a certified public accounting firm appointed by the Board shall be determined by the Board.

***(2) Change and removal of accountant firm***

The Company's appointment of, removal of and non-reappointment of a certified public accountant firm shall be resolved by shareholders in general meeting. The resolution of the shareholders' general meeting shall be filed with the securities governing authority of the State Council.

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

1. A copy of the proposal shall be sent to the firm proposed to be appointed or proposing to leave its post or the firm which has left its post (leaving includes leaving by removal, resignation and retirement) before notice of meeting is given to the shareholders;
2. If the firm leaving its post makes representations in writing and requests the Company to notify such representations to the shareholders, the Company shall (unless the representations are received too late):
  - (i) in any notice of the resolution given to shareholders, state the fact of the representations having been made; and
  - (ii) attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in the Articles of Association;
3. If the firm's representations are not sent in accordance with the preceding paragraph, the relevant firm may (in addition to its right to be heard) require that the representations be read out at the shareholders' general meeting;
4. A certified public accountant firm which is leaving its post shall be entitled to attend:
  - (i) the shareholders' general meeting at which its term of office would otherwise have expired;
  - (ii) any shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal; and
  - (iii) any shareholders' general meeting convened on its resignation;

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

### *(3) Resignation of accountant firm*

Where the certified public accounting firm resigns its post, it shall make clear to the shareholders' general meeting whether there has been any impropriety on the part of the Company.

Any certified public accountant firm may resign its office by depositing at the Company's registered address a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the following:

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

Where a notice is deposited under the preceding paragraph, the Company shall within fourteen (14) days send a copy of the notice to the relevant governing authority. If the notice contains a statement under subparagraph (2) of the preceding paragraph, a copy of such statement shall be placed at the Company's registered office for shareholders' inspection. The Company shall also send a copy of such statement by prepaid post to every holder of H Shares at the address registered in the register of members.

Where the certified public accountant firm's notice of resignation contains a statement of any circumstances which should be brought to the notice of the shareholders or creditors of the Company, the certified public accountant firm may require the Board to convene a shareholders' extraordinary general meeting for the purpose of giving an explanation of the circumstances connected with its resignation.

***(vii) Dispute resolution***

Whenever any disputes or claims arise between holders of the overseas-listed foreign-invested shares and the Company, holders of the overseas-listed foreign-invested shares and the Company's Directors, Supervisors, manager or other senior management, or holders of the overseas-listed foreign-invested shares and holders of domestic-invested shares, based on the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or any other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration.

A claimant may elect arbitration at either the China International Economic and Trade Arbitration Commission in accordance with its rules or the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant.

If the claimant elects arbitration at Hong Kong International Arbitration Centre, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.

In the event that any disputes are to be resolved by way of arbitration, the laws of the PRC shall apply, save as otherwise provided in laws and administrative regulations.

Where a dispute or claim of rights is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall abide by the arbitration provided that such person is the Company or the Company's shareholder, Director, Supervisor, manager or other senior management. Disputes in relation to the identification of shareholders and disputes in relation to the share register need not be referred to arbitration.

The award of an arbitration body shall be final and conclusive and binding on all parties.