

Set out below is a summary of the principal provisions of our Articles of Association which were approved at our Shareholders' meeting on September 26, 2002. A copy of our Articles of Association, together with an English translation, is available for inspection as mentioned in the paragraph headed "Documents Delivered and Available for Inspection" in Appendix VIII.

DIVIDENDS

Dividends distributions with respect to H Shares may be proposed to our Shareholders by the Board of Directors and may be paid following approval by the Shareholders at a general meeting of the Shareholders. The Articles of Association allow for distributions of dividends in cash or shares.

The Articles of Association require that cash dividends in respect of H Shares be declared in Renminbi and paid by us in Hong Kong dollars. Unless otherwise resolved by Shareholders' general meeting, we may distribute dividends more than once a year, provided that the amount of interim dividends distributed shall not exceed 50% of the distributable income as stated in our interim profits statement. In accordance with the Articles of Association, our net income for the purpose of income distribution will be deemed to be the least of the amounts determined in accordance with (i) PRC accounting standards and regulations, and (ii) the accounting standards of the countries in which our Shares are listed.

Dividends may only be distributed, however, after allowance has been made for

- making up losses, if any, for prior years;
- a 10% allocation to the statutory common reserve;
- a 5-10% allocation to the statutory public welfare fund; and
- allocations to a discretionary common reserve if approved by the Shareholders.

We will appoint receiving agents to receive, on behalf of the holders of H Shares, dividends declared and all other moneys we owe in respect of our H Shares. The receiving agent appointed will be a company which is registered as a trust company under the Trustee Ordinance of Hong Kong.

If our company records no profit for the year, we may not normally distribute dividends for the year.

Dividend payment may be subject to PRC withholding tax. See Appendix IV "Taxation—Taxation of our Shareholders—Tax on Dividends" to this Prospectus.

VOTING RIGHTS AND MEETING OF SHAREHOLDERS

Shareholders' General Meetings. Our Shareholders may exercise the following powers in a Shareholders' general meeting:

- determine our business policies and investment plans;
- elect or remove our Directors and Supervisors and fix the remuneration of our Directors and Supervisors;
- consider and approve the reports of our Board of Directors and our supervisory committee;

- consider and approve our annual financial budget and accounting plans;
- consider and approve our profit distribution plan and plans for recovery of losses;
- approve an increase or reduction in our share capital;
- approve an issue of bonds;
- approve a merger, division, dissolution or liquidation: and
- approve amendments to our Articles of Association.

Shareholders' general meetings can be annual general meetings or extraordinary general meetings. Shareholders' general meetings will be convened by the Board of Directors. The Board of Directors will convene an annual Shareholders' general meeting within six months of the end of each financial year. The Shareholders' general meeting is our company's principal authority.

We may not delegate, in whole or in part, the management and administration of any of our business to any person other than a Director, Supervisor, manager or other senior officer of our company without the prior approval of Shareholders in a general meeting.

The Board of Directors is required to convene an extraordinary Shareholders' general meeting within two months if any one of the following circumstances occurs:

- where the number of Directors is less than two-thirds of the number stipulated in the PRC Company Law or our Articles of Association;
- where our accrued losses amount to one-third of our total share capital;
- where Shareholders holding 10% or more of our issued voting Shares request in writing to convene an extraordinary general meeting;
- where the Board of Directors considers it necessary or where the supervisory committee proposes to convene such a meeting; or
- two or more independent Directors proposed to convene such a meeting.

Where our company convenes a Shareholders' general meeting (when we have more than one Shareholder), we will, at least 45 days before the meeting, notify in writing all Shareholders whose names appear in the share register the date, venue and agenda of the meeting. Any Shareholder intending to attend the Shareholders' general meeting must give us a written reply stating his or her intention to attend the meeting at least 20 days prior to the date of the meeting.

Our company may convene a Shareholders' general meeting where the number of voting Shares represented by those Shareholders from whom we have received, twenty days before the meeting, notices of intention to attend the meeting reaches one half or more of our voting Shares; or, if not, where we have between fifteen and twenty days before the meeting publicly announced the particulars of the meeting.

Where our company convenes an annual Shareholders' general meeting, Shareholders holding at least 5% of the our total voting Shares may submit new motions in writing to us. We will include in the agenda of the meeting all items in the motion that fall within the scope of the annual Shareholders' general meeting.

An extraordinary Shareholders' general meeting will not decide matters that are not specified in the notice.

Based on the written replies received by us 20 days before a Shareholders' general meeting, we will calculate the number of voting Shares represented by Shareholders who have indicated their intention to attend the meeting. Where the number of voting Shares represented by those Shareholders reaches half of our total number of voting Shares, we may convene the Shareholders' general meeting. Otherwise, we will, within five days, make a public announcement of the date, venue and agenda of the meeting. After making the announcement, the Shareholders' general meeting may be convened.

Notice of Shareholders' general meetings will be served on each Shareholder by personal delivery or prepaid airmail to the Shareholder's address as shown in the share register. For the benefit of holders of Domestic Shares, notice of Shareholders' general meetings will be publicly announced in one or more newspapers specified by the Chinese securities regulatory authorities within 45 to 50 days prior to the meeting. Such public announcement will be deemed a receipt by each holder of Domestic Shares of notice of the relevant meeting. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice will not invalidate the meeting or the resolutions adopted at such meeting.

The following matters are to be resolved by ordinary resolutions of the Shareholders' general meeting, which must be passed by 50% or more of the votes entitled to be cast at the Shareholders' general meeting:

- work reports of the Board of Directors and the supervisory committee;
- profit distribution proposals and loss recovery proposals formulated by the Board of Directors;
- appointment and removal of members of the Board of Directors and the supervisory committee, their remuneration and methods of payment;
- our annual financial budget, final accounts, balance sheet, profit and loss account and other financial statements; and
- other matters not required by laws, administrative regulations or the Articles of Association to be adopted through special resolution.

The following matters are to be resolved by special resolutions of the Shareholders' general meeting, which must be passed by two-thirds or more of the votes entitled to be cast at the Shareholders' general meeting:

- increase or decrease in our share capital and the issuance of any class of Shares, warrants and other similar securities;
- issuance of company debentures;
- division, merger, dissolution and liquidation of our company;
- amendment of our Articles of Association; and

- other matters which, according to an ordinary resolution of the Shareholders' general meeting, may have significant impact on us and require adoption through a special resolution.

Shareholders have the right to attend Shareholders' general meetings and exercise their voting rights, in person or by proxy, in relation to the amount of voting Shares they represent. Each share carries the right to one vote.

At any Shareholders' general meeting, a resolution will be decided by a show of hands unless a poll is demanded: (i) by the chairman of the meeting; (ii) by at least two Shareholders who possess the right to vote (present in person or by proxy); or (iii) by one or more Shareholders (present in person or by proxy) representing at least 10% of all Shares having the right to vote at the meeting.

Unless a poll is demanded, a declaration by the chairman of the meeting that a resolution has been carried on a show of hands and an entry to that effect in the minutes of the meeting will be conclusive evidence of the fact that the resolution has been carried, without proof of the number or proportion of the votes recorded in favor of or against such resolution. A demand for a poll may be withdrawn. A poll demanded on the election of the chairman of the meeting, or on a question of adjourning the meeting, will be taken immediately. A poll demanded on any other question will be taken at such time as the chairman of the meeting directs. Once the poll has been taken, any remaining business other than that on which the poll has been demanded may proceed. The result of the poll will be deemed to be the resolution of the meeting at which the poll was demanded. On a poll taken at a meeting, Shareholder entitled to two or more votes need not cast all his or her votes in the same way.

In the case of a tie, 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 will be entitled to one additional vote.

In the event of a variation or abrogation of the rights of a particular class of Shareholders, we must hold a special class meeting. Holders of our Domestic Shares and holders of our H shares are deemed to be different classes of Shareholders. A class meeting may be held if the number of Shares entitled to vote at the meeting represented by the Shareholders intending to attend the meeting is more than half of the total number of Shares of that class. Resolution at class meetings may be passed only by more than two-thirds of the voting rights represented at the meeting.

We may convene a class meeting where the number of voting Shares represented by those Shareholders from whom we have received, twenty days before the meeting, notices of intention to attend the meeting reaches one half or more of the total number of voting Shares of that class; or, if not, where we have between fifteen and twenty days before the meeting publicly announced the particulars of the meeting.

Inspection of Register of Members. The ordinary Shareholders of our company shall enjoy the right to inspect and copy, subject to payment of a reasonable charge:

- all parts of the register of Shareholders;
- personal particulars of each of our company's Directors, Supervisors, managers and other senior administrative officers as follows:
 - (i) present name and alias and any former name and alias;
 - (ii) principal address (residence);

- (iii) nationality;
 - (iv) financial statement;
 - (v) primary and all other part-time occupations; and
 - (vi) identification document and its number.
- report on the state of our Share capital;
 - reports showing the number, aggregate par value, quantity, maximum and minimum price paid in respect of each class of Shares repurchased by our company since the end of the last accounting year and the aggregate amount incurred by us for this purpose; and
 - minutes of Shareholders' general meetings.

RIGHTS OF THE MINORITY SHAREHOLDERS 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 our 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 Shareholders generally or of some part of our Shareholders:

- (1) to relieve a Director or Supervisor of his duty to act honestly in the best interests of our company;
- (2) to approve the expropriation by a Director or Supervisor (for his own benefit or for the benefit of another person), in any guise, of our assets, including (without limitation) opportunities beneficial to our 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 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 of Directors;
- (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 our company;
- (3) he alone, or acting in concert with others, holds 30% or more of the issued and outstanding Shares of our company; or
- (4) he alone, or acting in concert with others, in any other manner controls our company in fact.

BOARD OF DIRECTORS

Our Board of Directors is composed of seven Directors (including three independent Directors) elected by our Shareholders at Shareholders' general meetings. Because the Shareholders do not have cumulative voting rights, holders of a majority of our Shares are able to elect all of the Directors. Directors are elected to a term of three years and may serve consecutive terms upon re-election. Directors need not be Shareholders.

In addition to obligations imposed by law or required by any stock exchange on which our Shares are listed, each Director, Supervisor and senior administrative officer owes a duty to each Shareholder, in the exercise of the powers of our company entrusted to him,

- not to cause our company to exceed the scope of business stipulated in our business license;
- to act honestly in the best interests of our company;
- not to expropriate our property, including, without limitation, any advantageous opportunities; and
- not to expropriate the Shareholders' individual rights, including, without limitation, rights to distributions and voting rights, except pursuant to a restructuring of our company approved by the Shareholders in accordance with the Articles of Association.

Each Director, officer and Supervisor owes a duty to the Shareholders, in the exercise of his or her powers and discharge of his or her duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Furthermore, each Director, officer and Supervisor owes a duty to the Shareholders to not place himself or herself in a position where his or her duty to us and his or her personal interest may conflict, or to indirectly engage in any prohibited activity through any person the Articles of Association deem to be related or connected to him or her.

Despite the fiduciary duties of directors, officers and supervisors, shareholders of PRC joint stock limited liability companies have seldom sought enforcement of their rights under the articles of association and other constitutive documents, the PRC Company Law or other Chinese regulatory provisions applicable to such companies. Therefore, there can be no assurance that the Chinese laws and related regulations with respect to the protection of minority shareholders are as protective in all circumstances as corresponding laws in other jurisdictions.

The Board of Directors is accountable to the Shareholders' general meeting and has the power to:

- (i) convene the Shareholders' general meeting and to report its work at such meeting;
- (ii) implement the resolutions of the Shareholders' general meeting;
- (iii) decide on our business plans and investment plans;
- (iv) formulate our annual budgets and accounts;
- (v) formulate our profit distribution plan and plan for recovery of losses;
- (vi) formulate plans for increases or decreases in our registered capital and the issue of corporate debentures;
- (vii) formulate plans for the merger, division or dissolution of our company;
- (viii) decide on the establishment of our internal management structure;
- (ix) appoint or dismiss our manager, and at the recommendation of the manager, appoint or dismiss our deputy manager and financial controller and fix their remuneration;

- (x) examine and approve our basic management control system;
- (xi) formulate proposals for any amendments to our Articles of Association; and
- (xii) exercise any other powers conferred by the Shareholders' general meetings.

Board of Directors resolutions relating to items (vi), (vii) and (xi) in the immediately preceding paragraph will be passed by more than two-thirds of the Directors present at a meeting of the Board of Directors. Board of Directors resolutions in respect of all other matters may be passed by more than one-half of the Directors present at a meeting of the Board of Directors.

Meetings of the Board of Directors will be held at least twice every year and convened by the chairman of the Board of Directors. Notice of the meeting will be served on all of the Directors at least 10 days before the date of the meeting. In case of any urgent matters upon request by the chairman or the manager or the supervisory committee or more than one-third of the Directors or at least two independent Directors, an extraordinary meeting of the Board of Directors may be held.

Meetings of the Board of Directors will be held only if more than half of the Directors are present. Each Director will have one vote. Where the number of votes cast for and against a resolution are equal, the chairman of the Board of Directors will have one additional vote.

A Director may attend a board meeting personally or may appoint another Director to attend on his behalf. All board resolutions must be passed by the affirmative votes of more than half of the Directors. All resolutions passed at a board meeting must be recorded in the minutes of the relevant meeting and the minutes must be signed by the Directors who attended the meeting, our company secretary and the person who recorded the minutes. If a board resolution contravenes any applicable laws or regulations or our Articles of Association and results in substantial damages to us as a company, the Directors who participated in passing the resolution (except those who voted against the resolution and whose dissenting vote was recorded in the relevant minutes) are personally liable to us.

The chairman of the Board of Directors is elected by a vote of our Board of Directors and must be approved by more than half of the Directors. The chairman is our legal representative and may exercise the following powers:

- presides over Shareholders' general meetings and convenes and presides over meetings of the Board of Directors;
- examines the implementation of resolutions of the Board of Directors; and
- signs the Share certificates and bonds issued by us.

Where a Director is interested in any resolution proposed at a board meeting, such Director will not be present and will not have a right to vote. Such Director will not be counted in the quorum of the relevant meeting.

The Remuneration of the Directors must be approved by the Shareholders in a general meeting. Under our Articles of Association, we may not directly or indirectly provide a loan or loan security for any Director, Supervisor, manager, deputy manager, other senior management staff, those of our parent company, or connected persons of such persons, except in the following circumstances:

- we may provide a loan or loan security for one of our subsidiaries;

- we may provide a loan or loan security or other funds to a Director, Supervisor, manager, deputy manager or other senior management staff under an employment contract approved at a Shareholders' general meeting, so as to enable him to pay the expenses incurred for the sake of our company or for the performance of his corporate duties; and
- we may provide a loan or loan security to a relevant Director, Supervisor, manager, deputy manager or other senior management staff, or to a connected person of such persons, on normal commercial terms, if the ordinary business scope of our company includes the lending of money or the provision of loan security.

On the condition of compliance with applicable laws and regulations of the PRC and with our Articles of Association, our Directors have the power to exercise our company's right of financing and borrowing.

Power to dispose of the assets of our company or any subsidiary. The Board of Directors is accountable to the Shareholders' general meeting.

The Board of Directors shall not, without the prior approval of Shareholders in a general meeting, dispose or agree to dispose of, any fixed assets of our company where the aggregate of the amount or value of the consideration, for the proposed disposition, and the amount or value of the consideration for any such disposition of any fixed assets of our company that has been completed in the period of four months immediately preceding the proposed disposition, exceeds 33% of the value of our fixed assets as shown in the last balance sheet placed before the Shareholders in general meeting.

SUPERVISORY COMMITTEE

Our company is required to have a supervisory committee. The Directors, manager, deputy managers and financial controller may not act concurrently as Supervisors. The supervisory committee is composed of three Supervisors who have three-year renewable terms.

The supervisory committee has one chairman, who is elected or removed with the consent of two-thirds or more of the members of the supervisory committee. The term of office of the chairman is three years, renewable upon re-election. The supervisory committee is comprised of two representatives of Shareholders, who are elected and may be removed by the Shareholders at Shareholders' general meetings, and one representative of staff and workers, who is elected and may be removed democratically by our staff and workers.

The supervisory committee is accountable to the Shareholders' general meeting and has the authority to:

- examine our financial situation;
- supervise the Directors, manager, deputy managers and other senior administrative officers to ensure their compliance with the Articles of Association and applicable laws and regulations;
- demand rectification from a Director, the manager or any other senior administrative officer when the acts of such persons are harmful to our interests;
- check the financial information and plans for distribution of profits to be submitted by the Board of Directors to the Shareholders' general meetings, and authorize a re-examination of such information or plan by our certified public accountants and practicing auditors should any queries arise;
- propose to convene an extraordinary Shareholders' general meeting;

- represent us in negotiation with or bringing an action against a Director; and
- carry out other functions and exercise other powers specified in the Articles of Association.

Members of the supervisory committee will be present at meetings of the Board of Directors.

The affirmation votes of two-thirds of our Supervisors is required to pass resolutions of the supervisory committee.

The circumstances under which a person is disqualified from acting as a Director under the PRC Company Law and the Mandatory Provisions also apply to a Supervisor.

MANAGERS AND OFFICERS

We have a manager who is appointed, and may be removed, by the Board of Directors. Our manager is presentable to the Board of Directors and may exercise the following powers:

- supervise our production, business and administration and implement resolutions of our Board of Directors;
- organize the implementation of our business and investment plans;
- formulate plans for the establishment of our internal management structure;
- formulate our basic administration system;
- formulate our internal rules;
- recommend the appointment and dismissal of deputy managers and the financial controller and appoint or dismiss other administration officers (other than those required to be appointed or dismissed by our Board of Directors);
- attend board meetings; and
- other powers conferred by our Board of Directors or our Articles of Association.

FINANCIAL ASSISTANCE FOR THE ACQUISITION OF SHARES IN OUR COMPANY OR ANY SUBSIDIARY

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

- the provision of financial assistance by our company where the financial assistance is given in good faith in the interest of our 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 our company;
- the lawful distribution of our assets by way of dividend;

- the allotment of bonus Shares as dividends;
- a reduction of registered capital, a repurchase of Shares or a reorganization of our Share capital structure effected in accordance with our Articles of Association;
- the lending of money by our company within our scope of business and in the ordinary course of its business, where the lending of money is part of the scope of business of our company (provided that our net assets are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits);
- the provision of money by our company for contributions to staff and workers' Share schemes (provided that our net assets are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits).

For these purposes:

- “financial assistance” includes (without limitation) the following meanings:
 - (i) gift;
 - (ii) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), or compensation (other than compensation in respect of our company's own default) or release or waiver of any rights;
 - (iii) provision of loan or any other agreement under which the obligations of our 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
 - (iv) any other form of financial assistance given by our company when our company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.
- “incurring an obligation” includes the incurring of obligations by the changing of the obligor's financial position by way of contract or the making of an arrangement (whether enforceable or not, and whether made on its own account or with any other persons), or by any other means.

TRANSFER OF SHARES

All the fully paid-up H Shares can be freely transferred in accordance with our Articles of Association.

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

No changes in the Shareholders' register due to the transfer of Shares may be made within thirty days before the date of a Shareholders' general meeting or within five days before the record date for our distribution of dividends.

LIQUIDATION RIGHTS

Our company will be dissolved and liquidated according to law if:

- the Shareholders' general meeting resolves by special resolution to dissolve our company;
- dissolution is necessary as a result of a merger or division of our company;
- our company is declared bankrupt according to law because we are unable to pay our debts when they fall due; or
- our company is lawfully ordered to close down because of violation of laws or regulations.

Where our company is to be dissolved pursuant to a special resolution of the Shareholders' general meeting, we will establish a liquidation committee within 15 days of such special resolution. Where our company is to be dissolved due to bankruptcy, the proper court will form a liquidation committee consisting of Shareholder representatives, relevant authorities and relevant professionals. Where our company is to be dissolved due to violations of laws or regulations, the relevant regulatory authority will form a liquidation committee consisting of Shareholder representatives, relevant authorities and relevant professionals.

Where the Board of Directors proposes to liquidate our company (otherwise than because of a declaration of bankruptcy), the Board of Directors will, in the notice convening a Shareholders' general meeting to consider such proposal, include a statement to the effect that, after a comprehensive review of our affairs, the Board of Directors believes that our company could pay our debts in full within 12 months from the commencement of the liquidation. Upon the passing of a special resolution for the liquidation of our company, all functions and powers of the Directors will cease. The liquidation committee will: (i) take instructions from the Shareholders in general meeting; (ii) report at least once a year to the Shareholders in general meeting of the committee's receipts and payments, the business our company and the progress of liquidation; and (iii) make a final report to the Shareholders in general meeting upon completion of the liquidation.

LIABILITY OF SHAREHOLDERS

The liability of holders of our Shares for our losses or liabilities is limited to their capital contributions in our company.

DURATION

Our company is organized as a company limited by shares of indefinite duration.

INCREASE IN SHARE CAPITAL AND PREEMPTIVE RIGHTS

Prior to authorizing, allotting, issuing or granting Shares, securities convertible into Shares or options, warrants or similar rights to subscribe for any Shares or such convertible securities of our company, our company must obtain approval by special resolution of holders of Domestic Shares and H Shares at separate Shareholder class meetings.

No such approval is required if, but only to the extent that: (a) our company issues Domestic Shares and H Shares, either separately or concurrently, in numbers not exceeding 20% of the total number of Domestic Shares and H Shares then in issue, respectively, in any 12 month period, as approved by a special resolution of the Shareholders; or (b) our company is able to issue further Domestic Shares or H Shares within 15 months pursuant to a share issue plan that was adopted when our company was established.

New issues of Shares must also be approved by the relevant Chinese authorities.

REDUCTION OF SHARE CAPITAL AND PURCHASE BY OUR COMPANY OF OUR SHARES

Subject to special resolutions passed by holders of Domestic Shares and H Shares at separate class meetings conducted in accordance with our Articles of Association and approval by the PRC securities regulatory authorities, our company may repurchase Shares which we had issued in the market: (i) to cancel Shares and reduce our registered capital; (ii) to merge with another company which holds our Shares; or (iii) under other circumstances permitted by laws and regulations.

Subject to approval by the PRC securities regulatory authorities, we may repurchase our previously issued Shares: (i) through a general offer; (ii) on a stock exchange; or (iii) by an off-market contract outside a stock exchange.

We may repurchase our Shares by an off-market contract outside a stock exchange, subject to prior approval of Shareholders in general meeting obtained in accordance with the Articles of Association. We, however, may rescind or vary such contract or waive any of its rights under such contract 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 and an agreement to acquire the right to repurchase Shares of our company. We will not assign a contract to repurchase our own Shares or any rights provided under such contract.

Shares repurchased by our company will be cancelled and the amount of our registered capital will be reduced by the par value of those Shares. To the extent that Shares are repurchased out of an amount deducted from the distributable profits of our company, the amount of our registered capital so reduced will be transferred to our capital common reserve account.

Where our company repurchases its Shares, the total par value of the Shares repurchased will be deducted from our distributable profits or out of the proceeds of a fresh issue of Shares made for purposes of the repurchase, unless our company is in the process of liquidation. In the event that we repurchased our Shares at a premium, then the payment of the portion in excess of the total par value of the repurchased Shares will be effected as follows: (a) if the repurchased Shares were issued at par value, payment will be made out of our distributable profits; and (b) if the repurchased Shares were issued at a premium, payment will be made out of our distributable profits or out of proceeds of a fresh issue of Shares made for purposes of the repurchase, provided that the amount paid out of the proceeds of the fresh issue may not exceed the lesser of the aggregate of premiums received by our company on the issue of the Shares repurchased or the current balance of our capital common reserve account (inclusive of the premiums from the fresh issue).

Payment by our company in consideration for: (i) the acquisition of rights to repurchase our Shares; (ii) the variation of any contract to repurchase our Shares; or (iii) the release of any of our obligations under any contract to repurchase our Shares will be made out of our distributable profits.

INDEMNIFICATION OF OUR DIRECTORS AND OFFICERS

To the fullest extent permitted by law, we will indemnify any person who was or is in a proceeding, whether civil, criminal, administrative or investigative other than a proceeding by or in our own right, by reason of the fact that the person is or was a Director or senior management staff of our company, against expenses, fines and amounts paid in settlement incurred by the person in connection with such proceeding if the person acted in good faith and in a manner the person reasonably believed to be in our best interests.