

1. The original version of the Articles of Association of the Company is in Chinese, and the English version of the Articles of Association is the translation from the Chinese original. Should there be any discrepancy between the Chinese and English versions of the Articles of Association, the Chinese version shall prevail.
2. The Articles of Association of the Company were adopted at the second extraordinary shareholders' general meeting on June 25, 2011. Subsequently, further amendments to the Articles of Association were also considered and approved, which shall be announced upon the listing of H Shares of the Company in Hong Kong and shall become effective from the date of trading of H Shares of the Company in Hong Kong on December 21, 2012. At the 2012 annual general meeting of the Company held on June 17, 2013, the 2013 annual general meeting of the Company held on June 26, 2014 and the 2016 annual general meeting of the Company held on June 26, 2017, the shareholders considered and approved further amendments to the Articles of Association.



中國機械設備工程股份有限公司
China Machinery Engineering Corporation*

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1829)

Articles of Association

2017

* *For identification purposes only*

Contents

Chapter 1	General Provisions	3
Chapter 2	Objectives and Scope of Business	4
Chapter 3	Share, Registered Capital and Share Transfer	5
Chapter 4	Increase, Reduction and Repurchase of Shares	7
Chapter 5	Financial Assistance for Purchase of Shares of the Company	10
Chapter 6	Share Certificates and Register of Members	11
Chapter 7	Rights and Obligations of Shareholders	17
Chapter 8	Shareholders' General Meetings	20
Chapter 9	Special Procedures for Voting by Class Shareholders	31
Chapter 10	The Board	33
Section 1	Directors	33
Section 2	The Board	34
Chapter 11	Secretary of the Board of the Company	42
Chapter 12	General Manager, Operation and Management Organs of the Company	44
Chapter 13	Supervisory Board	46
Chapter 14	Qualification and Obligations of Directors, Supervisors, General Managers and Other Senior Management Officers of the Company	48
Chapter 15	Party Organization	55
Chapter 16	Financial and Accounting System	56
Chapter 17	Profit Distribution	57
Chapter 18	Appointment of an Accounting Firm	59
Chapter 19	Notice	62
Chapter 20	Merger and Division of the Company	63
Chapter 21	Dissolution and Liquidation of the Company	64
Chapter 22	Procedures for Amendments to the Articles	66
Chapter 23	Settlement of Disputes	67
Chapter 24	Supplementary Provisions	68

Articles of Association of China Machinery Engineering Corporation

Chapter 1 General Provisions

Article 1 China Machinery Engineering Corporation (the “Company”) is a joint stock limited company established in accordance with the Company Law of the People’s Republic of China (the “PRC”) (the “Company Law”), the Securities Law of the People’s Republic of China (the “Securities Law”), the Special Regulations of the State Council of the PRC (the “State Council”) on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (the “Special Regulations”), the Mandatory Provisions for the Articles of Association of the Companies to be Listed Overseas (the “Mandatory Provisions”) and other applicable laws and administrative rules of the PRC.

Upon approval by State-owned Assets Supervision and Administration Commission of the State Council (“SASAC”), the Company was established by way of restructuring and transformation of China National Machinery & Equipment Import & Export Corporation. On January 18, 2011, the Company was registered with the State Administration for Industry and Commerce of the PRC (“SAIC”) with its Corporate Business License (Registered Number: 100000000000715).

The promoters of the Company are China National Machinery Industry Corporation (the “SINOMACH Group”) and China United Engineering Corporation (the “China United”).

Article 2 The Company’s registered Chinese name: 中國機械設備工程股份有限公司(“中國機械工程”)

The Company’s English name: China Machinery Engineering Corporation (“CMEC”)

Article 3 Domicile of the Company: No.178, Guanganmenwai Street, Xicheng District, Beijing

Postal code: 100055

Tel: 86-10-63451188

Fax: 86-10-63261865

Article 4 The legal representative of the Company shall be the chairman of the Board of Directors (the “Board”).

Article 5 The Company is a perpetually existing joint stock company with limited liability.

Article 6 The Articles of Association of China Machinery Engineering Corporation (the “Articles”) was adopted by the special resolution of shareholders’ general meeting. Upon approval by the relevant departments of the PRC, the Articles shall become effective on the date when the overseas listed foreign shares are listed on The Stock Exchange of Hong Kong Limited (the “SEHK”) and replace the Articles of Association which has been registered with SAIC.

From the date on which the Articles become effect, the Articles shall become a legally binding document which regulates the organization and conduct of the Company, the rights and obligations between the Company and the shareholders, and among the shareholders.

Without prejudice to the provisions of the Articles, the shareholder shall have the right to take legal action against the Company and other shareholders; the shareholders shall have the right to take legal action against the directors, supervisors, general manager and other senior management officers (including vice general managers, chief financial officer, chief engineer, secretary of the Board, assistants to the general manager, general counsel and other senior management officers employed by the Board when necessary (same as below)). The Company shall have the right to take legal action against the shareholders, directors, supervisors, general manager and other senior management officers.

For the purpose of the legal action referred to in the preceding paragraph, the term legal proceeding shall include the initiation of proceedings in a court or the application of arbitration to an arbitration organization.

Article 7 The Articles are binding on the Company and its shareholders, directors, supervisors, general manager and other senior management officers of the Company; all of whom are entitled, according to the Articles, to make claims in respect of rights concerning the matters of the Company.

Article 8 Unless otherwise provided by laws, the Company may invest in other enterprises provided, however, that it shall not become an investor that shall bear several and joint liabilities for the debts of the enterprises which it invests in.

Chapter 2 Objectives and Scope of Business

Article 9 The business objectives of the Company are to: make its presence in the international market, adhere to the prospects of operating practically and innovatively, continue to enhancing its competitiveness, and become a learning-oriented top notch multinational enterprise of PRC, adopting internationally advanced technologies and a people-centric approach. In addition, the Company aims to serve for the modernization of the PRC and facilitate the level of modernization of human society through its operation and business activities.

Article 10 The business scope of the Company shall be the scope which has been approved by the relevant company registration authority of the PRC.

The business scope of the Company includes:

Principal businesses: licensed business items: dispatching work force to overseas.
General business items: import and export business; contracting and undertaking overseas projects, bidding agency business services; organization of foreign economic and technological exhibitions in the PRC; foreign trade consulting and advertising services, organizing trade show services; technical consulting and services in relation to the above businesses; sales of mechanical equipments, electrical equipments, electronic equipments, instruments and apparatus, packaging materials and construction materials.

The business scope referred to in the preceding paragraph shall be the scope as audited by the relevant company registration authority.

The Company may, based on any change in domestic and international markets, business development and its own capability, adjust its scope of business and complete the relevant formalities required by the industry and commerce administration registration regime accordingly.

Chapter 3 Share, Registered Capital and Share Transfer

Article 11 The Company shall have ordinary shares at all times. The Company may create other classes of shares if necessary upon approval by the examining and approving department authorized by the State Council.

Article 12 All shares issued by the Company shall take the form of stocks with par value of indicated in RMB, which shall be RMB1 for each share.

Renminbi referred to in the preceding paragraph shall mean the lawful currency of the PRC.

Article 13 Upon approval by the securities authority of the State Council, the Company may issue shares to investors inside the PRC and to investors outside the PRC.

For the purposes of the preceding paragraph, the term “investors outside the PRC” shall refer to investors from foreign countries or from Hong Kong, Macao or Taiwan that subscribe for shares issued by the Company, and the term “investors inside the PRC” shall refer to investors inside the PRC, excluding the above-mentioned regions, that subscribe for shares issued by the Company.

Article 14 The shares issued by the Company to investors inside the PRC and to be subscribed for in Renminbi shall be referred to as “domestic shares”. Shares issued by the Company to investors outside the PRC and to be subscribed in a foreign currency shall be referred to as “foreign shares”. Foreign shares listed overseas shall be referred to as “overseas listed foreign shares”. Both holders of domestic shares and overseas listed foreign shares are all holders of ordinary shares and shall enjoy the equal rights and bear the same obligations.

Foreign currencies referred to in the preceding paragraph represent the legal currencies of other countries or regions other than Renminbi that are recognized by competent authorities of the State Administration of Foreign Exchange for the payment of share subscription to the Company.

Article 15 Overseas listed foreign shares issued by the Company and are listed in Hong Kong shall be referred to as H Shares. H Shares are shares which have been admitted for listing on the SEHK, the par value of which are denominated in Renminbi and which are subscribed for and traded in Hong Kong dollars.

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- Article 16** Upon approval by the examining and approving authorities authorized by the State Council, the total number of ordinary shares that the Company may issue is 3,300,000,000 which have been fully subscribed and held by the promoters of the Company.
- Article 17** Upon approval by the securities regulatory authority of the State Council, the Company may issue 825,700,000 overseas listed foreign shares (included 107,700,000 over-allotment shares) upon its establishment. Pursuant to the Provisional Procedures for the Reduction of State Owned Shareholdings and the Raising of Social Security Funds and the relevant regulations of the State Council, the state-owned shareholders of the Company would transfer 82,570,000 state-owned shares held by it to the National Council for Social Security Fund (the “NSSF”) when issuing overseas listed foreign shares.
- Upon the completion of the above issuance, where the over-allotment option is exercised in full, the shareholding structure of the Company shall be as follows: 3,185,255,700 shares held by the SINOMACH Group, representing approximately 77.21% of the total shares issued by the Company; 32,174,300 shares held by the China United, representing approximately 0.78% of the total shares issued by the Company; 82,570,000 shares held by the NSSF, representing approximately 2.0% of the total shares issued by the Company; and 825,700,000 shares held by the other holders of overseas listed foreign shares, representing approximately 20.01% of the total shares issued by the Company.
- Article 18** After the plan for issuing overseas listed foreign shares and domestic shares has been approved by the securities regulatory authorities of the State Council, the Board may arrange for implementation of such plan by means of separate issue.
- The Company’s plan for separate issues of overseas listed foreign shares and domestic shares in accordance with the preceding paragraph may be implemented separately within 15 months of being approved by the securities regulatory authorities of the State Council.
- Article 19** Where the total number of shares stated in the proposal for the issuance of shares includes overseas listed foreign shares and domestic shares, such shares should be fully subscribed for at their respective offerings. If the shares cannot be fully subscribed for in one tranche due to special circumstances, the shares may, subject to the approval of the securities authority of the State Council, be issued in several stages.
- Article 20** The registered capital of the Company, at the time of its establishment, was RMB3,300,000,000. Upon the listing of the Company, the registered capital shall be RMB4,125,700,000.
- Article 21** Except as otherwise provided for in the laws and administrative regulations, shares of the Company shall be freely transferrable and clear of any lien.

Chapter 4 Increase, Reduction and Repurchase of Shares

Article 22 The Company may, based on its operating and development needs and in accordance with laws, regulations and the Articles, increase its registered capital in the following ways, subject to special resolution adopted by the shareholders' general meeting:

- (1) by offering new shares to non-specially-designated investors for subscription;
- (2) by placing new shares to its existing shareholders;
- (3) by allotting bonus shares to existing shareholders;
- (4) by issuing new shares to specially-designated investors;
- (5) by capitalizing its capital reserve;
- (6) by any other methods which is permitted by competent supervisory authorities or laws and administrative regulations.

The Company's increase in capital by issuing new shares shall be handled in accordance with the procedures provided for in the relevant PRC laws and administrative regulations and after having been approved in accordance with the Articles.

Article 23 The Company may sell the shares of any untraceable shareholder and retain the proceeds, if:

- (1) during a period of 12 years dividends in respect of the shares in question have been distributed at least three times and no dividend has been claimed; and
- (2) upon expiry of the 12 years, the Company, with the approval by securities regulatory authorities of the State Council, gives notice of its intention to sell the shares by way of an advertisement published in the newspapers, and notifies the authority, the place of the overseas stock exchange where the Company's shares are listed and the relevant securities regulatory authorities of such intention.

Article 24 Pursuant to the Articles, the Company may reduce its registered capital. Such reduction shall be made in accordance with the procedures set out in the Company Law, other relevant requirements and the Articles.

Article 25 The Company must prepare a balance sheet and a property inventory when it reduces its registered capital.

The Company shall give notices to the creditors within 10 days after the date on which the resolution is passed regarding the reduction of its registered capital and shall publish an announcement in the newspaper within 30 days. The creditors are entitled to require the Company to repay the debts or provide corresponding guarantees within 30 days after the receipt of such notices or within 45 days if no such notice is received.

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

Article 26 The Company may, in accordance with the provisions set out in the laws, administrative regulations, Listing Rules of the SEHK, departmental rules and the Articles and subject to the approval of the relevant governing authorities of the PRC, buy back its own shares under the following circumstances:

- (1) cancel its shares for the purpose of reducing its registered capital;
- (2) merger with another company holding shares in the Company;
- (3) grant shares as incentive compensation to the staff of the Company;
- (4) request the Company to buy back shares held by shareholders disputing resolutions passed during shareholders' general meetings in relation to the merger or division of the Company;
- (5) other circumstances permitted by the laws and administrative regulations.

Article 27 The Company may repurchase its shares in one of the following ways with approval from relevant governing authorities of the State:

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

Article 28 The Company must obtain prior approval of the shareholders' general meeting, in the manner stipulated in the Articles, before it can repurchase shares by reason of those mentioned in Subparagraphs (1) to (3) of Article 26 of the Articles, or repurchase shares by means of an off-market agreement. The Company may, by obtaining prior approval of the shareholders' general meeting in the same manner, rescind or vary, or relinquish its rights under, an agreement which has been so entered into.

The contracts to buy back shares as referred to in the preceding paragraph includes, but not limited to, an agreement to become obliged to buy back or to acquire of the right to buy back.

The Company shall not assign a contract for the buy-back of its own shares or any of its rights thereunder.

Article 29 The price of shares which the Company has the right to buy back for redemption shall limit to a maximum price if the purchases are not made through the market or by tender. If purchases are by tender, tender shall be available to all shareholders alike. The Company shall not assign any contract in relation to repurchase its shares or any right as provided therein.

Article 30 Shares lawfully repurchased by the Company under Subparagraph (1) of Article 26 herein shall be cancelled within ten days from the date of acquisition; for those shares repurchased under Subparagraphs (2) and (4) of Article 26 shall be transferred or cancelled within six months; and the shares acquired by the Company in accordance with Subparagraph (3) of Article 26 herein shall not exceed 5% of the Company's shares in issue, and the shares acquired shall be transferred to the staff within one year.

If the Company lawfully cancels the shares repurchased, it shall register the changed registered capital with the original company registration authority and make an announcement accordingly.

The aggregate par value of the cancelled shares due to repurchase shall be deducted from the Company's registered capital.

Article 31 Unless the Company is in the course of liquidation, it shall comply with the following provisions when repurchasing its issued shares:

- (1) where the Company repurchases shares of the Company at par value price, payment shall be deducted from the book balance of distributable profits of the Company and the proceeds from the new share issue for the purpose of repurchasing the existing shares;
- (2) where the Company repurchases shares of the Company at a price higher than the par value, the portion equivalent to the par value shall be deducted from the book balance of the distributable profits of the Company and the proceeds from the new share issue for the purpose of repurchasing the existing shares; the portion beyond the par value shall be handled as follows:
 - i. if the shares repurchased are issued at par value, the payment shall be deducted from the book balance of the distributable profits of the Company;
 - ii. if the shares repurchased were issued at a price higher than the par value, payment shall be deducted from the book balance of the distributable profits of the Company and the proceeds from the new share issue for the purpose of repurchasing the existing shares; however, the amount deducted from the proceeds from the new share issue shall neither exceed the aggregate premium from the issue of the existing shares repurchased nor shall it exceed the amount (including the premiums from the new share issue) in the premium account (or capital reserve account) at the repurchase;

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- (3) Payments for the following purposes shall be made out of the Company's distributable profits:
 - i. acquisition of the right to repurchase shares of the Company;
 - ii. modification of any contract to repurchase shares of the Company;
 - iii. release of any of the Company's obligation under any contract for the repurchase of its shares;
 - (4) after the total par value of the cancelled shares is deducted from the Company's registered capital in accordance with the relevant requirements, the amount deducted from the distributable profits for the repurchase of the shares at par value shall be included in the Company's premium account (or capital reserve account).

Chapter 5 Financial Assistance for Purchase of Shares of the Company

Article 32 The Company or its subsidiaries shall not, by any means at any time, provide any kind of financial aid to a person who acquires or proposes to acquire shares of the Company. "The person" referred to in the preceding sentence shall include a person who directly or indirectly incurs any obligation due to the acquisition of shares.

The Company or its subsidiaries shall not, by any means at any time, provide any form of financial aid to the aforesaid obligor for the purpose of reducing or discharging the obligations assumed by that person.

This article does not apply to the circumstances mentioned in Article 34 of this Chapter.

Article 33 "The financial aid" referred to in this Chapter shall include, but not limited to, 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), compensation (other than compensation in respect of the Company's own default), relief or waiver of rights;
- (3) provision of loan or conclusion of agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, or a change in parties to, or the assignment of rights under, such loan or agreement; and
- (4) any other form of financial aid 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.

“Assuming an obligation” referred to in this Chapter shall include the assumption of obligations by way of contract or by way of arrangement (irrespective of whether such contract or arrangement is enforceable or not, and irrespective of whether such obligations are to be borne by the obligor solely or jointly with any other persons), or by any other means, which results in a change in the obligor’s financial position.

Article 34 The following activities shall not be deemed to be activities prohibited by Article 32 of this Chapter:

- (1) the provision of financial aid by the Company where the financial aid is given in good faith in the interest of the Company, and the principal purpose of which is not for the acquisition of shares of the Company, or the giving of the financial aid is an incidental part of a master plan of the Company;
- (2) the lawful distribution of the Company’s assets as dividends;
- (3) the distribution of dividends in the form of shares;
- (4) a reduction of registered capital, a repurchase of shares or a reorganization of the share capital structure effected in accordance with the Articles;
- (5) the provision of loans by the Company for ordinary business activities within its scope of business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial aid is provided out of distributable profits); and
- (6) the provision of money by the Company for contributions to staff and workers’ share schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits of the Company).

Chapter 6 Share Certificates and Register of Members

Article 35 Share certificates of the Company shall be in registered form.

In addition to those provided in the Company Law, a share certificate of the Company shall also contain any other items required to be specified by the stock exchange(s) on which the shares of the Company are listed.

During the listing of the Company’s H Shares on the SEHK, the Company shall at any time ensure that the following statements are included in all title documents (including H Share certificates) relating to its securities listed on the SEHK:

- (1) the purchaser of the shares and the Company and each of the shareholders, and the Company and each of the shareholders agree to observe and comply with the requirements of the Company Law and other relevant laws, administrative regulations and the Articles.

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- (2) the purchaser of the shares agrees with each of the Company's shareholders, directors, supervisors, general manager and other senior management officers of the Company, and the Company, acting on behalf of itself and each of directors, supervisors, general manager and other senior management officers of the Company, agrees with each of the shareholders that, they will refer to arbitration for settlement of all disputes and claims arising from the Articles, or disputes and claims of rights in relation to the Company's affairs arising from any rights or obligations under the Company Law or other relevant PRC laws and administrative regulations in accordance with the provisions of the Articles, and that any referral to arbitration shall be deemed as an authorization to an arbitral tribunal to hold a public hearing and announce its arbitration award to the public. Such award shall be final and binding on all the parties.
 - (3) the purchaser of the shares agrees with the Company and each of the shareholders of the Company that the shares of the Company may be freely transferable by the holder.
 - (4) the purchaser of the shares authorizes the Company to enter into a contract on his behalf with each of the directors, general manager and other senior management officers, pursuant to which the directors, general manager and other senior management officers undertake to observe and fulfill their responsibilities under the Articles to the shareholders.

The Company shall instruct and procure its share registrar not to register the subscription, purchase or transfer of any of its shares in the name of any individual holder unless and until such holder delivers to such share registrar a completed and signed form in respect of such shares bearing the aforesaid statements.

Article 36 The shares of the Company may be transferred, donated, inherited and pledged in accordance with the relevant laws, administrative regulations and the Articles. The assignment and transfer must be registered with the share registrar entrusted by the Company.

Article 37 The share certificates shall be signed by the chairman of the Board. Where the stock exchange on which the Company's shares are listed requires the share certificates to be signed by other senior management officers, the share certificates shall also be signed by such senior management officers. The share certificates shall take effect after being affixed, or affixed by way of printing, with the seal of the Company. The share certificates shall only be affixed or printed with the Company's seal under the authorization of the Board. The signatures of the chairman of the Board of the Company or other relevant senior management officers on the share certificates may also be in printed form.

Article 38 The Company shall maintain a register of members and register the following particulars:

- (1) the name, address (domicile), occupation or nature of each shareholder;
- (2) the class and number of shares held by each shareholder;

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- (3) the amount paid or payable by each shareholder for the respective shares held;
 - (4) the serial numbers of shares held by each shareholder;
 - (5) the date when each shareholder is registered as a shareholder;
 - (6) the date when each shareholder ceases to be a shareholder.

The register of members shall be the sufficient evidence of the shareholders' shareholding in the Company, unless there is evidence to the contrary.

Subject to the Articles and other applicable requirements and upon transfer of the Company's shares, the transferees of the shares will become the holders of such shares with their names being entered in the register of members.

Any event or transfer of overseas listed foreign shares shall be recorded on the register of members for holders of overseas listed foreign shares maintained at the place of listing in accordance with Article 39 herein.

Where two or more than two persons are registered as joint holders of any share, they should be deemed as joint owners of such share and subject to the following restrictions:

- (1) the Company shall not register more than 4 persons as joint holders of any share;
- (2) all joint holders of any share shall jointly and severally assume obligation for all amounts payable for relevant shares;
- (3) if one of the joint holders dies, only the surviving joint holders shall be deemed by the Company to be such persons as having the ownership of the relevant shares. The Board shall have the right, for the purpose of making amendments to the register of members, to demand a death certificate where it deems appropriate to do so; and
- (4) in case of joint holders of any shares, only the joint holder whose name appears first in the register of members is entitled to receive the share certificates of relevant shares and notices from the Company, and to attend or exercise all voting rights of such shares at a shareholders' general meeting of the Company. Any notice delivered to that person shall be deemed as having been delivered to all joint holders of the relevant shares.

Article 39

The Company may, pursuant to the mutual understanding and agreement made between the securities regulatory authorities under the State Council and overseas securities regulatory authorities, maintain its original register of members of overseas listed foreign shares overseas, and mandate overseas agent(s) to manage such register. The original copy of register of members of overseas listed foreign shares listed in Hong Kong shall be maintained in Hong Kong.

The Company shall maintain a copy of the register of members of overseas listed foreign shares in the premises of the Company. Overseas agency so mandated shall at any time ensure the consistency of the original version and the copy of the register of members of overseas listed foreign shares at all times.

If there is any inconsistency between the original copy and the copy of the register of members of overseas listed foreign shares, the original copy shall prevail.

Article 40 The Company shall maintain a complete register of members.

The register of members shall include the following parts:

- (1) the register of members maintained in the domicile of the Company other than those described in Subparagraphs (2) and (3) of this Article;
- (2) the register of members of overseas listed foreign shares maintained in the place of stock exchange where the shares are listed;
- (3) the register of members maintained in other places as the Board may consider necessary for the purpose of the listing of the Company's shares.

Article 41 Different parts of the register of members shall not overlap. No transfer of any shares registered in any part of the register shall, during the continuance of that registration, be registered in any other part of the register.

Alterations or amendments on each part of the register of members shall proceed in accordance with the laws of the place where that part of the register of members is maintained.

Article 42 All transfer of overseas listed foreign shares shall be carried out in general or common format, or any other written transfer instrument format acceptable to the Board; a written transfer document may be signed under hand without a seal. In the event that the transferor or transferee of the shares of the Company is a recognized clearing house ("Recognized Clearing House") as defined under the law of Hong Kong or its agent, a written transfer instrument may be signed in a machine-printed form.

All paid-up overseas listed foreign shares which are listed in Hong Kong are freely transferable pursuant to the Articles. However, the Board may refuse to recognize any instrument of transfer without giving any reason, unless:

- (1) a fee (for each instrument of transfer) of HK\$2.5 or any higher fee as determined by the Board has been paid to the Company to register the instrument of transfer of shares and other documents relating to or affecting the ownership of such shares, provided that it shall not exceed such highest fees as prescribed from time to time by the SEHK in the Listing Rules;

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- (2) the instrument of transfer involves only the overseas listed foreign shares listed in Hong Kong;
 - (3) the stamp duty payable on the instrument of transfer has been paid;
 - (4) the relevant share certificates and any other evidence reasonably required by the Board showing that the transferor has the right to transfer such shares have been provided;
 - (5) if the shares are to be transferred to joint holders, the number of joint holders shall not exceed 4;
 - (6) the Company does not have any lien over the relevant shares.

If the Company refuses to register any transfer of shares, it shall provide the transferor and the transferee of the shares with a notification of refusal in relation to registration of shares within two months from the application for registration.

Shares held by promoters of the Company shall not be transferred within one year after the Company's establishment.

Subject to the approval of the securities regulatory authorities of the State Council, holders of domestic shares of the Company may transfer the shares held by them to foreign investors and have the shares listed and traded overseas. The shares transferred shall comply with the regulatory procedures, provisions and requirements of the overseas securities market when listed and traded in an overseas stock exchange. The listing and trading of the transferred shares in an overseas stock exchange are not subject to the holding of a class meeting for voting.

The directors, supervisors, general manager and other senior management officers of the Company shall report to the Company the number of shares held by them in the Company and the subsequent changes in their shareholdings. The number of shares which such persons may transfer every year during their terms of office shall not exceed 25% of the total number of the Company's shares in his or her possession. Such personnel shall not transfer the Company's shares in their possession within half year after they have terminated their employment with the Company.

Article 43 Within 30 days prior to the convening of a shareholders' general meeting or within five days prior to date for the determination of the basis of dividend distribution by the Company, no change shall be made in the register of members as a result of a transfer of shares.

Article 44 Whenever the Company convenes a shareholders' general meeting, distributes dividends, liquidates and engages in other acts requiring the confirmation of shareholding, a day shall be determined by the Board as the record date for the registration of shareholdings, upon the expiry of which, those members who appear in the register of members shall be the shareholders of the Company.

Any person who has an objection to the register of members and requests to have his name entered in or removed from the register of members may apply to a court of competent jurisdiction for rectification of the register.

Article 45

Any member registered in the register of members or any person requesting for the registration of his name in the register of members may apply to the Company to reissue new share certificate for his respective shares (i.e. “Relevant Shares”) if his share certificate (i.e. “original share certificate”) is lost.

Application by a holder of domestic shares who has lost his share certificate and applies for replacement shall be dealt with in accordance with the Article 144 of the Company Law.

Application by a holder of overseas listed foreign shares who has lost his share certificate and applies for replacement shall be dealt with in accordance with the laws of the place where the original copy of the register of members of overseas listed foreign shares is maintained and the rules of the stock exchange or other relevant regulations.

In case that a holder of H Shares has lost his share certificate and applies for replacement, the issuance of a replacement share certificate shall comply with the following requirements:

- (1) Applicant shall submit his application in the standard form prescribed by the Company with the notarial certificate or statutory declaration attached. The notarial certificate or statutory declaration documents shall include the ground for application, circumstances and evidence of the loss of the share certificate, as well as a declaration that no other person may request for the registration as the holder of the Relevant Shares.
- (2) Before the Company makes the decision on the reissuance of new share certificate, no declaration of the request for the registration as members of such shares by any person other than the applicants has been received.
- (3) In case the Company decides to reissue new share certificate to the applicant, an announcement of such reissuance shall be published on the newspapers designated by the Board at least every 30 days within a period of 90 days. The newspapers designated by the Board shall be at least one Chinese and English newspaper recognized by the SEHK.
- (4) Before the Company publishes the announcement of the reissuance of a share certificate, a copy of the announcement intended to be published shall be submitted to the SEHK. Upon the receipt of response from such stock exchange that confirms that such announcement has been exhibited in the premises of the SEHK, the announcement may be published. Such announcement shall be exhibited in the premises of the SEHK for a period of 90 days.

If the application for the replacement of share certificate is made without the consent of the registered holder of the Relevant Shares, the Company shall deliver a copy of the announcement intended to be published to such shareholder by post.

- (5) Upon the expiration of 90 days period of the announcement and exhibition referred to in Subparagraphs (3) and (4) of this Article, if no objection on the replacement of the share certificate has been received by the Company, a new share certificate may be issued pursuant to the applicant's application.
- (6) When the Company issue new share certificate pursuant to this Article, the original share certificate shall be cancelled immediately, and such cancellation and replacement shall be registered in the register of members.
- (7) All costs for the cancellation of the original share certificate and the issuance of new share certificate incurred shall be borne by the applicant. Until the applicant provides any reasonable guarantee the Company shall be entitled to reject to take any action.

Article 46 After the issuance of a new share certificate by the Company pursuant to the Articles, the name of the bona fide purchaser acquiring the aforesaid new share certificate or of the person (a bona fide purchaser) subsequently registered as the owner of such shares shall not be removed from the register of members.

Article 47 The Company has no obligation to compensate for those who suffer loss from cancellation of original stock certificates or issuance of new stock certificates unless they can prove that the Company has fraudulent conduct.

Chapter 7 Rights and Obligations of Shareholders

Article 48 A shareholder of the Company is a person who lawfully holds shares in the Company and whose name is entered in the register of members.

A shareholder shall enjoy rights and assume obligations according to the class and numbers of shares held by such shareholder. Shareholders who hold shares of the same class shall have the same rights obligations.

Class shareholders shall enjoy equal rights in any dividends or other forms of distribution.

A shareholder of legal person shall appoint its legal representative or a proxy authorized by the legal representative to exercise its rights on its behalf.

The Company shall not exercise any of its rights to freeze or otherwise impair any of the rights attaching to any shares of the Company by reason only that persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

Article 49

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

- (1) the right to dividends and other types of interest distributed in proportion to the number of shares held;
- (2) the right to request, convene, chair, attend and vote in person or appoint a proxy to attend and vote on his behalf at shareholders' general meetings in proportion to the number of shares held in accordance with laws;
- (3) the right of supervisory management over the Company's business operations, and the right to present proposals or to raise enquiries;
- (4) the right to transfer, bestow or pledge shares in accordance with laws, administrative regulations and the Articles;
- (5) the right to obtain relevant information in accordance with the provisions of the Articles, including:
 - i. the right to obtain a copy of the Articles, subject to payment of the costs of such copy;
 - ii. the right to inspect and copy, subject to payment of a reasonable fee, the following:
 - (i) all parts of the register of members;
 - (ii) personal particulars of each of the Company's directors, supervisors, general manager and other senior management officers, including:
 - (a) present and former name and alias;
 - (b) principal address (place of residence);
 - (c) nationality;
 - (d) full-time position and all other part-time positions and duties;
 - (e) identification documents and the numbers thereof.
 - (iii) the state of the issued share capital of the Company;
 - (iv) the report showing the aggregate par value, quantity, maximum and minimum prices paid in respect of each class of shares repurchased by the Company since the end of the previous accounting year and the total expenses incurred by the Company for this purpose;

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- (v) minutes of shareholders' general meetings, resolutions of board meetings and resolutions of meetings of Supervisory Board;
 - (vi) corporate bond counterfoils;
 - (vii) financial reports.
- (6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of remaining assets of the Company in accordance with the number of shares held;
 - (7) the right to request the Company to purchase the shares of the shareholder who raises objection to the resolution on merger or division made at the shareholders' general meeting;
 - (8) shareholders individually or jointly holding 3% or more of the Company's shares can make a provisional motion in writing to the Board 10 days before the date of shareholders' general meeting;
 - (9) other rights conferred by laws, administrative regulations, departmental rules or the Articles.

Article 50 Holders of the ordinary shares of the Company shall have the following obligations:

- (1) to abide by the laws, administrative regulations and the Articles;
- (2) to contribute to the share capital according to the number of shares subscribed by them and the method of capital contribution;
- (3) to assume liability of the Company based on the shares held by them;
- (4) not to withdraw their fund contribution after approval and registration by the Company, except as provided in laws and regulations;
- (5) other obligations imposed by laws, administrative regulations and the Articles.

Unless otherwise specified, 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.

Article 51 In addition to obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchange where the Company's shares are listed, a controlling shareholder shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests the shareholders generally or partially:

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- (1) to relieve a director or supervisor of his duty to act honestly in the best interests of the Company;
 - (2) to approve the expropriation by a director or supervisor for his own benefit or for the benefit of another person, in any manner, of the Company's assets, including without limitation any opportunity beneficial to the Company;
 - (3) to approve the expropriation by a director or supervisor for his own benefit or for the benefit of another person of the individual rights of other shareholders, including without limitation the rights to distributions and voting rights save as any restructuring submitted to shareholders for approval in accordance with the Articles.

Article 52 For the purpose of the Articles, a “controlling shareholder” means a shareholder who satisfies any one of the following conditions:

- (1) any person acting on his own or in concert with other parties has the power to elect not less than half of the directors;
- (2) any person acting on his own or in concert with other parties has the power to exercise or control the exercise of 30% or more of the voting rights of the Company;
- (3) any person acting on his own or in concert with other parties holds 30% or more of the outstanding shares of the Company;
- (4) any person acting on his own or in concert with other parties has actual control over the Company in any other manner.

The term of “acting in concert” referred to in this Article represents an act that any of two or more persons obtains the voting right in the Company by way of their agreement thereon (whether in oral or in written form), so as to realize or reinforce their purpose of controlling the Company.

Chapter 8 Shareholders' General Meetings

Article 53 The shareholders' general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with laws.

Article 54 The shareholders' general meeting shall exercise the following functions and powers:

- (1) to decide the operating policies and investment plans of the Company;
- (2) to elect and replace directors and to decide on matters related to the remuneration of directors;
- (3) to elect and replace supervisors who are not representative of the employees of the Company and to decide on matters related to the remuneration of supervisors;

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- (4) to consider and approve the reports of the Board;
 - (5) to consider and approve the reports of the Supervisory Board;
 - (6) to consider and approve the annual financial budget and final accounts of the Company;
 - (7) to consider and approve the Company's profit distribution plan and loss recovery plan;
 - (8) to resolve on the increase or decrease in the registered capital of the Company;
 - (9) to resolve on the issue of debentures, any class of shares, any share warrants or other similar securities by the Company;
 - (10) to resolve on matters related to a merger, separation, dissolution, liquidation of the Company or an alteration of the form of the Company;
 - (11) to amend the Articles;
 - (12) to consider the motions raised by shareholders representing 3% or more of issued shares with voting rights;
 - (13) to decide on the engagement, re-appointment or dismissal of accounting firms employed by the Company;
 - (14) to resolve on the guarantees specified in Article 55 herein;
 - (15) to consider the purchase or disposal of any material asset which exceeds 30% of the Company's latest audited total assets within one year;
 - (16) to consider the share incentive scheme;
 - (17) to resolve on any other matters to be resolved thereby as required by relevant laws, administrative regulations and the Articles;
 - (18) to consider other matters as required by the listing rules of the stock exchange of the place where the Company's shares are listed.

The shareholders' general meeting may authorize or delegate the Board to transact the matters authorized or delegated by it.

Article 55 The following external acts of guarantee of the Company shall be considered and approved by the shareholders' general meetings:

- (1) any guarantee provided after the total amount of external guarantees by the Company and its controlled subsidiaries (including the sum of the total amount of the Company's external guarantees comprising the guarantees provided by the Company for its controlled subsidiaries, plus the total amount of external guarantees provided by the controlled subsidiaries of the Company) amounts to or exceeds 50% of the latest audited net assets;
- (2) any guarantee provided after the total amount of external guarantees by the Company and its controlled subsidiaries (including the sum of the total amount of the Company's external guarantees comprising the guarantees provided by the Company for its controlled subsidiaries, plus the total amount of external guarantees provided by the controlled subsidiaries of the Company) amounts to or exceeds 30% of the latest audited total assets;
- (3) any guarantee provided for a guaranteed party whose gearing ratio exceeds 70%;
- (4) any single guarantee for an amount equal to or more than 10% of the Company's audited net assets for the latest period;
- (5) any guarantee provided to the Company's shareholders and its de facto controllers as well as connected parties of the shareholders and its de facto controllers;
- (6) other external guarantees that must be considered by shareholders' general meeting of the Company according to the requirements in PRC laws, administrative rules and relevant regulations.

Article 56 The Company shall not, without prior approval of the shareholders' general meeting, enter into any contract with any person other than a director, supervisor, general manager and other senior management officers whereby the management and administration of the whole or a substantial part of the business of the Company is to be handed over to such person.

Article 57 Shareholders' general meetings are divided into annual shareholders' general meetings and extraordinary shareholders' general meetings. The Board shall convene an annual shareholders' general meeting once a year and within six months from the close of the preceding accounting year.

Extraordinary general meetings shall be convened as and when necessary. The Board shall convene an extraordinary general meeting within 2 months from the date of occurrence of any of the following events:

- (1) when the number of directors is less than the number stipulated in the Company Law or two-thirds of the number specified in the Articles;

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- (2) when the outstanding loss of the Company reaches one-third of the Company's total paid-in share capital;
 - (3) where shareholders who individually or jointly hold 10% or more of the Company's shares make a request to convene an extraordinary general meeting in writing;
 - (4) when deemed necessary by the Board or when requested by the Supervisory Board;
 - (5) when proposed by two or more of independent directors;
 - (6) any other circumstances as stipulated by laws, administrative regulations, departmental rules, the listing rules of the stock exchange of the place where the Company's shares are listed or the Articles.

In any of the circumstances referred to in subparagraphs (3) and (4) above, the matter for consideration proposed by the party requesting the holding of the extraordinary general meeting shall be included in the agenda of such meeting.

Article 58

A shareholder's request to convene an extraordinary general meeting or class meeting should be in accordance with the following procedures:

- (1) shareholders individually or jointly holding 10% or more of the shares carrying voting rights at the meeting sought to be held may sign one or more written requests of identical form and substance requesting the Board to convene an extraordinary general meeting or a class meeting and stating the topic of the meeting. The Board shall convene an extraordinary general meeting or a class meeting as soon as possible after having received the aforesaid written request. The shareholding referred to above shall be calculated as of the day on which the written request is made.
- (2) if the Board fails to issue a notice of such meeting within 30 days after having received the aforesaid written notice, the shareholders who made such request shall be entitled to convene the meeting within four months after the Board received the request. The procedures for convening such meeting shall, to the extent possible, be identical to the procedures according to which general meetings are to be convened by the Board.

Article 59

When the Company convenes an annual general meeting, shareholders holding 3% or more of the total voting shares of the Company shall be entitled to propose new resolutions to the Company in writing which should be submitted to the convener 10 days prior to the convening of the general meeting. The convener of the general meeting shall issue a supplemental notice of general meeting to other shareholders within 2 days of the receipt of such proposal and incorporate such newly proposed matters falling within the scope of duties of the general meeting into the agenda of such meeting. The new agenda shall be tabled to the general meeting for consideration.

Article 60

When the Company convenes a shareholders' general meeting, written notices of the meeting shall be given 45 days (including the meeting date) before the date of the meeting to notify all of the registered shareholders 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 to the Company 20 days before the date of the meeting.

The notice of the shareholders' general meeting shall be delivered by any means as permitted by the stock exchange of the place where the Company's shares are listed (including without limitation delivery by post, email, fax, public announcement and announcement on the websites of the Company and/or the stock exchange of the place where the Company's shares are listed) to the shareholders (whether or not such shareholders have voting rights at the shareholders' general meeting). In the case of delivery by post, the address of the recipient shall be the address specified in the register of members. For the holders of domestic shares, notice of the meeting may be issued by way of public announcement.

The public announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities governing authority of the State Council 45 to 50 days prior to the date of the meeting. Upon the publication of the announcement, all holders of domestic shares shall be deemed to have received notice of the relevant shareholders' general meeting. The Chinese and English versions of such public announcement shall be published in a Chinese newspaper and an English newspaper recognized by the SEHK on the same date.

Article 61

The Company shall, based on the written replies received 20 days before the date of the shareholders' general meeting from the shareholders, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by such shareholders amounts to one half or more of the Company's total voting shares, the Company may hold the shareholders' general meeting. Otherwise, the Company shall within 5 days notify the shareholders again by public announcement of the matters to be considered, the date and the place for the meeting. The Company then may hold the meeting after the publication of such public announcement.

An extraordinary general meeting shall not decide on matters not stated in the notice of meeting.

Article 62

Notice of a shareholders' general meeting shall:

- (1) be in writing;
- (2) specify the time, place and date of the meeting;
- (3) set out the matters and proposals to be considered at the meeting;

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- (4) provide such information and explanations as are necessary for the shareholders to exercise an informed decision on the proposals before them, the principle of which includes without limitation 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, specify the conditions and contracts of the proposed transaction in detail (if any) and a proper and thorough explanation of the cause and consequence of such proposal;
 - (5) disclose the nature and extent of the material conflict of interest, between any, of any director, supervisor, general manager and other senior management officer in the matters proposed; and the effect of the proposed matters on them in their capacity as shareholders in so far as it is different from the effect on other shareholders of the same class;
 - (6) contain the full text of any special resolution proposed to be passed at the meeting;
 - (7) contain conspicuously a statement that a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote on behalf of him and that proxy need not be a shareholder;
 - (8) specify the time and place for lodging proxy forms for the relevant meeting;
 - (9) set the registration date of shareholding for shareholders who are eligible for attending the shareholders' general meeting;
 - (10) state the name and telephone number of the main contact person of the meeting.

Article 63

Where, due to accidental omission, a notice of meeting is not given to a person who is entitled to receive such notice or where such person has not received the notice, the meeting or any resolution adopted at the meeting shall not be invalidated as a result.

Article 64

Any shareholder entitled to attend and vote at a shareholders' general meeting of the Company shall be entitled to appoint one 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 shareholders to speak at the meeting;
- (2) have authority to demand or join in demanding a poll;
- (3) have the right to vote by hand or on a poll, but when more than one proxy has been appointed, the proxies only have the right to vote on a poll.

Article 65 The instrument appointing a proxy must be made in writing and signed by the appointer or his agent so authorized in writing. As for an appointer who is a legal person, the instrument shall additionally be sealed by the stamp of the legal person or signed by its director or attorney duly authorized.

Article 66 The proxy letter shall be deposited at the residence of our Company or at such a place as specified in the notice convening the meeting not less than 24 hours before the time of the meeting at which the proxy proposes to vote or the time appointed for the voting. If the proxy form is signed by a person authorized by the appointer, the power of the authorization document shall be notarized and placed together with the proxy form authorizing the proxy to vote at the registered office of the Company or other place designated in the notice of meeting.

Where the appointer is a legal person, its legal representative or other persons authorized by the resolutions of the Board or other decision-making organ may attend the shareholders' general meeting of the Company as a representative of the appointer.

Where such shareholder is a Recognized Clearing House (or its nominees), it may authorize one or more persons as it thinks fit to act as its representative(s) at any shareholders' general meeting or any class meeting provided that, if more than one person is so authorized, the power of attorney shall specify the number and class of shares in respect of which each such person is so authorized. The person(s) so authorized will be entitled to exercise the same power on behalf of the Recognized Clearing House (or its nominees) as if such person were an individual shareholder of the Company.

Article 67 Any form issued to a shareholder by the Board for appointing a proxy of shareholder shall allow the shareholder to freely instruct the proxy to cast vote in favor of or against each resolution dealing with the businesses to be transacted at the meeting. Such a form shall contain a statement that the proxy may vote as he thinks fit in the absence of shareholder's instruction.

Save as provided above, the aforesaid proxy form shall also contain the following: the number of shares represented by and name of the proxy; whether voting power is granted to the proxy; whether the proxy is entitled to vote for any temporary resolution proposed at any shareholders' general meeting; instruction of how to vote if voting power is granted; and date of appointing a proxy and the effective period for such appointment. Where a shareholder appoints more than one proxy, he shall specify the number of shares represented by each proxy in the proxy form.

Where the shareholders' general meeting is attended by a proxy, the proxy shall produce proof of identification and the dated power of attorney signed by the appointer or its legal representative. Where a corporate shareholder appoints its legal representative to attend the meeting, the legal representative shall produce proof of identification and the copy of the notarized certified resolutions of the Board appointing the said legal representative or any other certified copy permitted by the Company.

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- Article 68** A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or loss of capacity of the appointer, revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the relevant shares, provided that no notice in writing of such matters has been given to the Company before the commencement of the relevant meeting.
- Article 69** A shareholders' general meeting shall be convened and presided over by the chairman of the Board. If the chairman of the Board cannot attend the meeting for any reason, the Board shall designate a director of the Company to convene and preside over the meeting. If no chairman of the meeting has been so designated, shareholders present shall choose one person to be chairman of the meeting. If for any reason the shareholders fail to elect a chairman, the shareholder (including his proxy) attending the meeting and holding the largest number of shares vested with voting rights shall be the chairman of the meeting.
- Article 70** The resolutions of shareholders' general meetings shall be classified as ordinary resolutions and special resolutions.
- To adopt an ordinary resolution, votes representing more than one-half of the voting rights held by the shareholders (including proxies) present at the meeting must be passed.
- To adopt a special resolution, votes representing two-thirds or more of the voting rights held by the shareholders (including proxies) present at the meeting must be passed.
- A shareholder (including his proxy) attending the meeting shall vote in favour of or against each resolution relating to every matter which has been put to vote at the relevant meeting. If a shareholder or his proxy casts an abstention vote or abstains from voting, any vote cast by such shareholder or his proxy shall not be counted in the voting results of the Company.
- Article 71** Shareholders (including their proxies) exercise voting rights according to the voting shares they hold when voting at the shareholders' general meeting, and each share shall have one voting right. However, shares held by the Company shall not carry voting rights, and shall not be included in the total number of voting shares present at the shareholders' general meeting.
- Where any shareholder is, under the applicable laws and regulations and listing rules of the stock exchange of the place where the Company's shares are listed, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution at any general meeting, any votes cast by such shareholders (or their proxies) in contravention of such requirement or restriction shall not be counted.
- Article 72** Unless otherwise specified by laws, administrative regulations, relevant regulatory authorities or the listing rules of stock exchange where the Company's shares are listed, a resolution of the shareholders' general meeting may be decided by a show of hands unless a poll is demanded (before or after voting by show of hands):

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- (1) by the chairman of the meeting;
 - (2) by at least two shareholders entitled to vote in person or proxies with voting rights;
 - (3) by one or more shareholders (including their proxies) individually or jointly holding 10% or more of total voting shares present at the meeting.

A declaration by the chairman that a resolution has been passed by a show of hands and an entry to that effect in the meeting minutes shall be conclusive evidence of the fact that such resolution has been adopted at the meeting, without the evidence of the number or proportion of affirmative or negative votes cast.

The Company shall, only under the circumstances required by the laws, administrative regulations, relevant regulatory authorities or listing rules of stock exchange where the Company's shares are listed, disclose the number of votes in relation to a poll.

The demand for a poll may be withdrawn by the proposer for such a poll.

Article 73 A poll demanded on the election of the chairman or adjournment of the meeting shall be taken immediately. A poll demanded on any other resolution shall be taken at such time as the chairman of the meeting decides and the meeting may proceed to discuss any other matters. The results of the poll shall be deemed as a resolution adopted at the meeting at which the poll is demanded.

Article 74 On a poll taken at a meeting, a shareholder (including his proxy) who is entitled to have two or more votes need not cast his votes all for or all against a resolution.

Article 75 In the event of a tie, whether on a show of hands or on a poll, the chairman of the meeting shall have a casting vote.

Article 76 The following matters shall be resolved by an ordinary resolution at a shareholders' general meeting:

- (1) work reports of the Board and the Supervisory Board;
- (2) plans formulated by the Board for the distribution of profits and for making up losses;
- (3) appointment or removal of members of the Board and the Supervisory Board (except for the staff representative supervisor), and their remuneration and manner of payment thereof;
- (4) the Company's annual financial budgets and final accounts, balance sheets, income statements and other financial statements;
- (5) matters other than those required by the laws, administrative regulations or the Articles to be adopted by special resolutions.

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- Article 77** The following matters shall be resolved by a special resolution at a shareholders' general meeting:
- (1) the increase or decrease in the Company's share capital, and issue of shares of any class, share warrants and other similar securities;
 - (2) the issue of debentures of the Company;
 - (3) the separation, merger, dissolution and liquidation of the Company;
 - (4) any change in the form of the Company;
 - (5) any purchase or sale of substantial assets or guarantees made by the Company in a year at an amount in excess of 30% of the audited total assets of the Company for its latest accounting period;
 - (6) amendment to the Articles;
 - (7) the share incentive scheme to be considered and implemented;
 - (8) matters regulated by the laws, administrative regulations or the Articles, and those decided 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;
 - (9) other matters required by the listing rules of stock exchange where the Company's shares are listed to be adopted by special resolution.

All directors, supervisors, general manager and other senior management officers shall attend the shareholders' general meeting as non-voting participants if so requested. The attending directors, supervisors, general manager and other senior management officers shall make replies or explanation in respect of inquiries by the shareholders at the shareholders' general meeting, except for on matters in relation to business secrets of the Company which cannot be made public.

- Article 78** The chairman of the meeting shall determine whether a resolution at a shareholders' general meeting is passed based on the voting result. His decision, which is final and conclusive, shall be announced at the meeting and recorded in the minutes of the meeting.

- Article 79** At a shareholders' general meeting, the approach and procedure for nomination of directors and supervisors are as follows:

- (1) shareholders severally or jointly holding 3% or more of the total outstanding voting shares of the Company may, by way of a written proposal, put forward to the shareholders' general meeting candidates for directors and supervisors (not being the staff representative supervisor). However, the number of candidates proposed shall comply with the provisions of the Articles, and shall not exceed the number to be elected. The aforesaid proposal put forward by shareholders to the Company should be delivered to the Company at least 14 days before the convening of the shareholders' general meeting.

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- (2) within the number of members as specified by the Articles and based on the number of proposed candidates for election, the Board and the Supervisory Board may propose a list of recommended candidates for directors and supervisors, which shall be submitted to the Board and Supervisory Board for approval. After the list of candidates for directors and supervisors is determined based on the examination by the Board and Supervisory Board and the adoption of a resolution, it should be proposed in writing at a general meeting.
 - (3) the written notices of the intention to nominate a candidate for election as a director or a supervisor, the acceptance of nomination by such potential candidate, and the relevant written materials of the nominated candidate, shall be given to the Company no less than 7 days prior to the date of convening the shareholders' general meeting. The Board and Supervisory Board shall provide shareholders with the resume and basic information of the candidates for directors and supervisors.
 - (4) the period given by the Company to nominators and nominees for providing the aforesaid notice and documents shall be no less than 7 days (such period shall commence from the day following the date of serving the notice of convening the shareholders' general meeting).
 - (5) in the shareholders' general meeting, each candidate for a director and a supervisor must be voted on separately.
 - (6) in the case of ad hoc addition or replacement of any director or supervisor, the Board and Supervisory Board shall put forward a proposal to the general meeting for such election or replacement.

Article 80 If the chairman of the meeting has any doubt as to the result of a resolution put to vote, he may double count the votes. If the chairman does not recount the votes and the attending shareholders or their proxies challenge the voting result announced by the chairman, the shareholders or their proxies can request for a recount immediately after the announcement of the result, and the chairman shall recount the votes immediately.

Article 81 If the counting of votes is held at the shareholders' general meeting, the counting result shall be recorded in the minutes of the meeting. The minutes of the meeting and the attendance records signed by the attending shareholders and proxies shall be kept at the Company's domicile.

Article 82 When the shareholders' general meeting is considering any guarantee to be provided by the Company to its shareholder or de facto controller, the shareholder and its de facto controller mentioned above shall abstain from voting. The proposal shall be passed by more than a half (not including a half) of votes of other shareholders present at the meeting with the relevant voting rights.

Article 83 Copies of the minutes of the meeting shall, during business hours of the Company, be open for inspection by any shareholder without charge. If a shareholder demands from the Company a copy of such minutes, the Company shall send a copy to him within 7 days of verifying his identity and the receipt of reasonable charges.

Chapter 9 Special Procedures for Voting by Class Shareholders

Article 84 Shareholders holding different classes of shares are class shareholders.

Class shareholders are entitled to the rights and shall take the obligations pursuant to laws, administrative regulations and the Articles.

If the Company proposes to modify or terminate the rights of a class of shareholders, it may do so only after such modification or termination has been approved by a special resolution of the shareholders' general meeting and a separate shareholders' general meeting convened by the affected shareholders of that class under the Articles 86 to 90.

Article 85 In the following conditions, rights of a class of shareholders shall be deemed to have been modified or terminated:

- (1) An increase or decrease in the number of shares of such class or an increase or decrease in the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (2) Conversion of all or part of the shares of such class into shares of another class, conversion of all or part of the shares of another class into shares of such class or the grant of the right to such conversion;
- (3) Cancellation or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;
- (4) Reduction or cancellation of a dividend preference or property liquidation preference during liquidation of the Company, attached to shares of such class;
- (5) An addition, cancellation or reduction of share conversion rights, options, voting rights, transfer rights, pre-emptive rights or rights to acquire securities of the Company attached to shares of such class;
- (6) Cancellation or reduction of rights to receive amounts payable by the Company in a particular currency attached to shares of such class;
- (7) Creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (8) Imposition of restrictions or addition of such restrictions on the transfer or ownership of shares of such class;
- (9) Issuance of rights to subscribe for shares of such class or other class, or rights to convert shares;

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- (10) An addition of the rights and privileges of shares of other classes;
 - (11) A restructuring scheme of the Company resulting in shareholders of different classes bearing liability not in proportion to the restructuring; and
 - (12) An amendment or cancellation of the provisions of the Articles.

Article 86 Shareholders of the affected class, having the right to vote at shareholders' general meetings or otherwise, shall nevertheless have the right to vote at class meetings in respect of matters concerning subparagraphs (2) to (8), (11) and (12) of Article 85, but shareholders with interests shall not be entitled to vote at meetings of shareholders of class shares.

A "shareholder with interests" refers to:

- (1) A controlling shareholder as defined in Article 52 of the Articles, in the case of a repurchase of shares by pro rata offers to all shareholders or by public dealing on a stock exchange pursuant to Article 27 of the Articles;
- (2) A shareholder in connection with a proposed contract, in the case of a repurchase of shares by an off-market contract is achieved pursuant to Article 27 of the Articles;
- (3) A shareholder who bears less than a proportionate amount of obligations imposed on or whose interests diverge from those of the shareholders of that class, in the case of in a restructuring scheme of the Company.

Article 87 Resolutions of meetings of class shareholders shall be adopted by votes representing two thirds or more of the voting rights of shares of that class which are entitled to vote and whose shareholders present at the meeting pursuant to Article 86.

Article 88 Written notice of a class meeting shall be sent 45 days (including the meeting date) prior to the date of the meeting to inform all of the shareholders in the share register of the class of the matters to be considered, the date and venue of the class meeting. A shareholder proposing to attend the class meeting shall deliver his written reply with respect to the attendance at the meeting to the Company 20 days prior to the date of the class meeting. The quorum for a class meeting (other than an adjourned meeting) to consider a variation of the rights of that class of shares shall be the holders of at least one-third of the issued shares of that class.

If the number of shares carrying voting rights at the meeting represented by the shareholders proposing to attend the class meeting reaches one half or more of the shares entitled to voting rights at the class meeting, the Company may hold the class meeting; if not, the Company shall within 5 days once again notify the shareholders of the class by means of public announcement, of matters to be considered, the date and the venue of the class meeting. The Company may then hold the class meeting after notification by announcement.

Article 89 In the event that a class meeting is convened by serving a notice of meeting, such notice only needs to 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 a shareholders' general meeting. The provisions of the Articles relating to the manner of conducting any shareholders' general meeting shall apply to any meeting of a class of shareholders.

Article 90 Apart from holders of other classes of shares, the holders of the domestic shares and overseas listed foreign shares are deemed as shareholders of different classes.

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

- (1) where upon the approval by a special resolution of shareholders in a general meeting, either separately or concurrently once every 12 months, the Company issues domestic shares and overseas listed foreign shares not more than 20% of each that has been issued;
- (2) where the Company's plan to issue domestic shares and overseas listed foreign shares at its establishment is carried out within 15 months as of the date of approval of the securities regulatory authorities of the State Council;
- (3) where the Company's shares held by promoters are converted to overseas listed foreign shares upon approval by the State Council or the approving authority delegated by it, and are listed and traded on overseas stock exchanges.

Chapter 10 The Board

Section 1 Directors

Article 91 Directors shall be elected or replaced at the shareholders' general meetings with a term of office of 3 years. Upon expiry of the term of office, a director shall be eligible to offer himself for re-election and reappointment.

Any person appointed by the Board to fill a casual vacancy or as an addition to the Board shall hold office until the Company's next annual general meeting and that person shall then be eligible for re-election and reappointment.

Subject to the relevant laws and administrative regulations and without prejudice to any potential contractual claim, the shareholders' general meeting may by ordinary resolution remove any director before the expiration of his term of office.

A written notice of the intention to propose a candidate for election as a director and a written notice showing such candidate is willing to be elected shall be given to the Company after the issue of notice of general meeting in relation to election of such director, and in any event at least 7 days before the date of the general meeting. The period of the above written notice shall be no less than 7 days.

Article 92 A director may resign prior to the expiration of his term of office. A director who resigns shall submit to the Board a written resignation letter.

Upon submission of a resignation or the expiry of the term of office, a director's confidentiality obligations in respect of commercial secrets of the Company shall remain effective after the termination of his tenure until such secrets have become public information.

Article 93 Any director who has withdrawn from office without permission prior to the expiration of his term of office, causing a loss to be incurred to the Company, shall be liable for compensation of such loss.

Article 94 A director shall be deemed as unable to perform his duties if he fails to attend two consecutive meetings of the Board in person (the director is deemed to be present in person if he attends the Board meetings by means of teleconference or other manners) without appointing another director as proxy to attend the meetings of the Board on his behalf, and the Board may propose to the shareholders' general meeting that such director be removed.

Article 95 The Company shall have independent directors. Except as otherwise provided in this section, the provisions relating to the qualifications and obligations of directors in Chapter 14 of the Articles shall apply to independent directors.

Article 96 If the term of office of a director expires but re-election is not made forthwith, or the members of the Board fall below the quorum resulting from the resignation of a director during his term of office, such director shall continue to perform his duties as director pursuant to the relevant laws, administrative regulations and the Articles until a new director is elected.

Section 2 The Board

Article 97 The Company shall establish a Board. The Board shall comprise 9 directors, including 4 independent directors. Independent directors may report the relevant state of affairs directly to the shareholders' general meeting, the securities regulatory authorities of the State Council and other relevant departments.

The addition of directors shall be approved by special resolution in the shareholders' general meeting. The number of independent directors shall, at all times, be no less than 4.

The Board shall have one chairman. The chairman of the Board shall be elected or removed by more than one half of all directors. The term of office of the chairman shall be 3 years and is renewable upon re-election.

A director is not required to hold any shares in the Company.

The number of persons holding office as chairman, vice chairman and executive directors of the controlling shareholder while also holding office as chairman and executive directors of the Company shall not exceed 2.

Article 98

The Board shall exercise the following functions and powers:

- (1) to convene the shareholders' general meeting, to propose at the shareholders' general meeting to pass resolutions on the relevant matters and report its work to the shareholders' general meeting;
- (2) to implement the resolutions of the shareholders' general meetings;
- (3) to determine the operation plans and investment plans of the Company;
- (4) to formulate the annual financial budget and the final account statement of the Company;
- (5) to formulate the profit distribution plan and the plan for recovery of losses of the Company;
- (6) to formulate proposals for increases or reductions of the Company's registered capital and for the issue of corporate debentures or other securities by the Company and listing of the Company;
- (7) to formulate proposals for the acquisition or disposal of material assets, repurchase of the Company's shares, and the merger, separation, dissolution or change of the form of the Company;
- (8) to decide on the establishment of the Company's internal management structure;
- (9) to nominate, appoint or dismiss the Company's general manager, chief financial officer and secretary of the Board, and decide on matters relating to their remuneration; and to appoint or dismiss vice general managers and other senior management officers of the Company pursuant to the nominations of the Nomination Committee or general manager and decide on matters relating to their remuneration;
- (10) to decide on the proposals for salaries, welfare, and incentive programs for the Company's staff;
- (11) to approve the appointment or replacement of directors and supervisors representing shareholders of the Company's wholly- owned subsidiaries, the appointment, replacement or nomination of shareholder representatives, directors (candidates) and supervisors representing shareholders (candidates) of the Company's controlled subsidiaries and associated companies;
- (12) to formulate the Company's basic management system;
- (13) to formulate proposals for amendment to the Articles;

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- (14) to determine the establishment of the Company's domestic or overseas branch offices;
 - (15) to decide on matters such as the merger, division or reorganization of the Company's wholly-owned subsidiaries and controlled subsidiaries;
 - (16) to determine the establishment of special committees under the Board, and to appoint or remove its person-in-charge;
 - (17) to propose at general meetings a resolution in respect of candidates for independent directors and replacement of independent directors;
 - (18) to propose at general meetings for the appointment, renewal or dismissal of accountants' firm conducting auditing for the Company;
 - (19) to hear the work report and inspect the work of the general manager;
 - (20) to manage matters relating to information disclosure by the Company;
 - (21) to formulate the share incentive scheme;
 - (22) save as otherwise required to be decided by the shareholders' general meeting under laws and regulations and the Articles, the Board exercises its power to make decisions on external investments (including capital increase and equity transfer of the invested enterprises), financing, risk management and trust management, external guarantees, etc.;
 - (23) to decide on other major affairs of the Company, save for matters to be resolved at general meetings as required by the Company Law and the Articles;
 - (24) to decide on the Company's risk management system, including risk assessment, financial control, internal audit and legal risk control, and supervise the implementation of the system;
 - (25) to exercise other functions and powers as granted by the Articles and shareholders' general meetings of the Company;
 - (26) to conduct other matters as required by PRC laws and regulations.

Except for the matters specified in subparagraphs (6), (7) and (13) which shall be passed by two-thirds or more of the directors, the resolutions of the Board in respect of any other aforesaid matters may be passed by half or more of all directors.

The Board shall establish 5 special committees, namely the Strategy and Development Committee, the Operation and Risk Management Committee, the Audit Committee, the Nomination Committee and the Remuneration Committee, the personnel composition and terms of reference of which shall be resolved separately by the Board. Where necessary, the Board may establish other special committees. These special committees are ad hoc committees under the Board which provide advice or advisory opinions for the Board on material decisions. The special committees shall not make any decision in the name of the Board. However, the committees may exercise decision-making power in respect of the authorized matters in accordance with a special power given by the Board. The duties of the five special committees are as follows:

- (1) the main duties of the Strategy and Development Committee shall include: researching and formulating the strategy and business development of the Company, including the medium to long term plans and submitting it to the Board for approval; supervising the implementation of the Company's strategic planning and strategic management and submitting an assessment report to the Board; researching and analyzing major issues encountered by the Company in the course of its development and submitting a research report to the Board; handling other matters as authorized by the Board; and other duties as required under the terms of reference of the Strategy and Development Committee.
- (2) the main duties of the Operation and Risk Management Committee shall include: supervising the execution of the Company's annual business plan and budget; reviewing and evaluating the progress of any major investments, operations and major business; considering the decision making standards and mechanisms as regards major operating decisions, major risks, major events and major business processes and the risk assessment report of major decisions; establishing sound and comprehensive risk management and internal control procedures and ensuring its effective implementation; examining, approving or verifying the matters regarding investment, financing and external transactions contracts submitted by the general manager pursuant to the power granted by the Board; handling other matters as authorized by the Board; and other duties required under the terms of reference of the Operation and Risk Management Committee.
- (3) the main duties of the Audit Committee shall include: making recommendations in on the appointment and removal of intermediaries such as accounting firms as well as their remuneration; auditing the Company's financial reports, considering the Company's accounting policies and changes thereof and giving advice to the Board; making recommendations to the Board in respect of the appointment or removal of the person-in-charge of its internal auditing department; supervising the formulation and implementation of its internal auditing system; evaluating and supervising the integrity and operational effectiveness of corporate auditing system; supervising, assessing and checking the integrity and operational effectiveness of the Company's risk management and internal control system and reporting the same to the Board; maintaining good communication with the Supervisory Board and internal and external auditing departments of the Company; and other duties required under the terms of reference of the Audit Committee.

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- (4) the main duties of the Nomination Committee shall include: nomination of the Company's general manager, vice general manager and chief financial officer and introducing candidates with special talents into the Company; studying and reviewing the selection standards and procedures for appointing the senior management of the Company, heads and deputy heads of business and functional departments of the Company and the chairman, directors, supervisors, general managers and vice general managers appointed to wholly-owned subsidiaries and controlled subsidiaries of the Company, and giving recommendations to the Board; and other duties required under the terms of reference of the Nomination Committee.
 - (5) the main duties of the Remuneration Committee shall include: developing proposals for the remuneration, appraisal and incentive programs in respect of the senior management personnel, heads and deputy heads of business departments and functional departments of the Company; preparing the proposals for the remuneration, appraisal and incentive programs in respect of the chairman, directors, supervisors, general managers and vice general managers designated by the Company in its wholly-owned subsidiaries and controlled subsidiaries; studying income distribution policies and programs for the Company's employees and giving advice; and other duties required under the terms of reference of the Remuneration Committee.

Article 99

The Board shall not, without the prior approval of shareholders' general meeting, dispose or agree to dispose, of any fixed assets of the Company of which the expected value in addition to that of the fixed assets that have been disposed of within 4 months immediately preceding the disposition proposal exceeds 33% of the value of the Company's fixed assets as shown in the latest balance sheet reviewed in the shareholders' general meeting.

For the purposes of this Article, a disposition of fixed assets includes certain transfer of interests in assets but does not include providing guarantee with fixed assets.

The validity of a disposition transaction by the Company of fixed assets shall not be affected by the violation of the first paragraph of this Article.

Prior to the decision-making in respect of any market development, merger and acquisition or investment in any new sector, the investment amount or assets amount of which accounts for 10% or more of the total asset value of the Company, the Board shall engage consultants to give expert opinions that will form the key basis for its decision.

Article 100

The chairman of the Board shall exercise the following functions and powers:

- (1) to preside over the shareholders' general meetings and to convene and preside over meetings of the Board;
- (2) to examine the implementation of the resolutions of the Board;

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- (3) to organize the formulation of regulations on the operation of the Board, and to coordinate the operation of the Board;
 - (4) to put forward a name list of the proposed candidates for the Company's general manager and chief financial officer;
 - (5) to hear regular or non-regular performance reports on the Company's senior management, and give opinions guiding the execution of board resolutions;
 - (6) to exercise special disposal powers to handle corporate affairs in compliance with legal requirements and in the interests of the Company in case of an event of force majeure or an emergency that precludes the convening of a board meeting on a timely basis, and provide post-event reports to the Board;
 - (7) to sign the Company's share certificates, debentures and other important documents;
 - (8) to represent the Company in signing important legally binding documents with third parties;
 - (9) to be responsible for liaising with the relevant state-owned assets authorities on behalf of the Board;
 - (10) to exercise any other functions and powers conferred by laws and regulations, the Articles or resolutions of the Board.

In the event that the chairman of the Board is unable to exercise and perform his powers and duties, a director jointly elected by more than half of all the directors may perform such duties.

The Board may, if necessary, authorize the chairman of the Board to perform part of the duties of the Board when it is in recess.

Article 101

The Board shall hold at least four regular meetings every year, and notice of a regular meeting shall be given to all the directors and supervisors 14 days before the date of meeting. Board meetings shall be convened by the chairman of the Board.

In any of the following circumstances, the chairman shall convene an extraordinary meeting of the Board within ten days upon receipt of the proposal:

- (1) as proposed by shareholders representing one-tenth or more of the voting rights;
- (2) as proposed jointly by one-third or more of the members of the Board;
- (3) when deemed necessary by the chairman of the Board;
- (4) as proposed by two or more independent directors;

(5) as proposed by the Supervisory Board;

(6) as proposed by the general manager.

Article 102 The time limit and means of notification of convening a board meeting and extraordinary board meeting are as follows:

Notice of a regular meeting shall be given to all the directors, supervisors and the general manager 14 days before the date of meeting. Notice of an extraordinary meeting shall be given to all the directors, supervisors and the general manager 5 days before the date of meeting. The office of the Board shall send the written notice of meeting affixed with its seal to all the directors, supervisors and the general manager by hand, fax, e-mail or other means. Where the notice is not served by hand, telephone acknowledgement and records shall be made accordingly.

In emergency situations where an extraordinary meeting needs to be convened as soon as possible, notice of the meeting may be given by telephone or by other means of verbal communication at any time. The convener shall provide an explanation for such action at the meeting.

Article 103 Notice of meeting shall be deemed to have been issued to a director if he is present at the meeting and does not raise any issue of non-receipt of such notice prior to or at the time of his arrival at the meeting.

A regular or extraordinary board meeting can be held by way of teleconference or held through other telecommunication devices. As long as such devices enable clear communication among all directors, all directors participating shall be deemed as present in the meeting.

Article 104 Meetings of the Board shall be held only if more than half of the directors are present.

Each director shall have one vote only. Except for provided in laws, administrative regulations and the Articles, resolutions of the Board shall be passed by a majority vote of all directors.

In the event of a tie of votes cast for a resolution, the chairman shall be entitled to an additional vote.

A director shall not vote (or be counted in the quorum at a meeting) on any resolution relating to any contract or arrangement or other proposal in which he or any of his associates has an interest which (taken together with any interest of any of his associates) is to his knowledge a material interest and, if he purports to do so, his vote shall not be counted, unless otherwise provided by the laws, administrative regulations, the relevant regulatory rules or regulations.

Article 105 Directors shall attend meetings of the Board in person. In the event of a director is unable to attend a meeting in person for any reason, he may appoint in writing another director to attend the meeting on his behalf. The power of attorney shall specify the scope of authorization.

The proxy shall exercise the rights of a director within the scope of the authorization. A director failing to attend the board meeting in person or by proxy shall be deemed as having waived his voting rights at such meeting.

Article 106 All directors shall be notified of all material matters to be resolved at the Board meeting at the time required by the Articles and be provided with sufficient information strictly in accordance with the procedures as stipulated. Directors are entitled to request supplementary information. When more than one-fourth of directors or more than two independent directors consider the information provided is not sufficient or where an informed judgment cannot be made due to other reasons, they may jointly propose to postpone the convention of the Board meeting or to postpone the discussion of certain matters. The Board should accept such proposal.

Resolutions in respect of connected transactions of the Company made by the Board shall not come into force unless it is signed by independent directors.

Article 107 The Board may accept the Board meetings in the form of written resolutions in lieu of meetings on site. However, draft motions of the meeting must be delivered to each director by hand, post, telegraph, fax or e-mail. After the Board has delivered the motion to all directors and that the number of directors giving consent and signature to the motion has reached the quorum, such motion, if delivered to the secretary of the Board by means of methods referred to above, shall become a board resolution.

Article 108 The Board shall keep meeting minutes of the resolutions on the matters considered at meetings. The meeting minutes of each meeting of the Board shall be provided to all the directors for review as soon as possible. Those directors who wish to make supplementary revisions on the meeting minutes shall report their written opinions on the revisions to the chairman of the Board within one week after receipt of the minutes of such meeting. After the meeting minutes are finalized, the attending directors and the recorders shall sign on the minutes of such meeting. The meeting minutes of each meeting of the Board shall be kept in the domicile in the PRC for record, and the complete copies shall be delivered to each director as soon as possible. Directors shall undertake the responsibilities for the resolutions of the Board. In the event that any resolution of the Board is in breach of laws, administrative regulations or the Articles, which causes severe loss for the Company, those directors voting for such resolution shall be held liable for such losses. However, where any director has been proved to have expressed dissenting opinions on the voting on such resolution which have been recorded in the meeting minutes, such director may be exempted from such liability.

Chapter 11 Secretary of the Board of the Company

Article 109 The Company shall have a secretary of the Board. The secretary of the Board is a member of the senior management of the Company.

Article 110 The secretary of the Board of the Company shall be a natural person with the requisite professional knowledge and experience, and shall be nominated by the chairman and appointed or removed by the Board. His primary duties include:

- (1) ensuring that the Company has complete organizational documents and records; keeping and managing shareholders' information; assisting the directors in addressing the routine tasks of the Board, keeping the directors informed and alerted about any regulations, policies and other requirements of domestic and foreign regulators concerning operations of the Company and ensuring they understand the above matters; assisting the directors and the general manager observe domestic and foreign laws and regulations as well as the Articles and other related regulations when performing their duties and powers;
- (2) organizing and arranging for the Board meetings and general meetings, preparing meeting materials, handling relevant meeting affairs, being responsible for keeping minutes of the meetings and ensuring their accuracy, keeping meeting documents and minutes and taking initiative to keep abreast of implementation of relevant resolutions. Any important issues occurring during the implementation shall be reported and relevant proposals shall be put forward to the Board;
- (3) ensuring the material matters resolved by the Board of the Company to be carried out strictly in accordance with the procedures as stipulated; according to the requirements of the Board, participating in the consultation and analysis of the matters to be considered by the Board and offering relevant opinions and suggestions; handling the day-to-day affairs of the Board and its committees as authorized;
- (4) as the contact person of the Company with securities regulatory authorities, being responsible for preparation and timely submission of the documents as required to the regulatory authorities, and for accepting and organizing the implementation of any tasks from the regulatory authorities;
- (5) being responsible for coordinating and organizing disclosure of information of the Company, establishing and improving the information disclosure system, participating in all meetings of the Company involving information disclosure, and keeping informed of the material operational decisions and relevant information of the Company in a timely manner;

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- (6) being responsible for keeping price-sensitive information of the Company confidential and working out effective and practical confidentiality systems and measures. Where there is any disclosure of price-sensitive information of the Company due to any reason, necessary remedial measures shall be taken; timely explanation and clarification shall be made; and relevant reports shall be submitted to the stock exchange of the place where the Company's shares are listed and the CSRC;
 - (7) being responsible for coordinating and organizing marketing activities, coordinating reception of visitors, handling the investor relations, keeping in touch with investors, intermediaries and news media; coordinating replies to inquiries from the public, and ensuring investors to obtain the information disclosed by the Company in a timely manner; organizing the preparation of the Company's domestic and overseas marketing and promotion activities, preparing summary reports on marketing and important visits, and organizing submission of the reports to the CSRC;
 - (8) being responsible for managing and keeping the materials in relation to register of members, directors' register, records of the Company's shares held by substantial shareholders and directors and the list of the beneficial owners of the outstanding bonds of the Company; keeping the Company's seal and developing sound management measures of the Company's seal;
 - (9) ensuring the proper maintenance of the Company's register of members, so as to ensure the persons who are entitled to obtain the relevant records and documents of the Company are able to obtain the same on a timely basis;
 - (10) assisting directors and the general manager in duly complying with the domestic and foreign laws, regulations, the Articles and other provisions in the course of discharging their duties, and upon becoming aware that the Company has passed or may pass resolutions which are in breach of relevant regulations, being obliged to immediately remind the Board, and being entitled to report such facts to the CSRC and other regulatory authorities;
 - (11) coordinating the provision of relevant information necessary for the Company's Supervisory Board and other auditing authorities to discharge their duties; and assisting in carrying out investigations on the performance of the chief financial officer, directors and the general manager of the Company of their fiduciary duties;
 - (12) being responsible for formulating the budget of outlay of the Board;
 - (13) performing other duties and powers as conferred by the Board, as well as other functions and powers as required by the regulatory authority of the place where the Company's shares are listed.

Article 111 A director or another member of senior management of the Company may concurrently act as the secretary of the Board. An accountant of the accounting firm appointed by the Company and a management personnel of the controlling shareholder shall not concurrently act as the secretary of the Board.

Where the secretary of the Board of the Company is acted by a director concurrently, an action that shall be performed by a director and the secretary of the Board separately shall not be made by the concurrent director and the secretary of the Board in his dual status.

Chapter 12 General Manager, Operation and Management Organs of the Company

Article 112 The Company shall have one general manager, who shall be engaged or removed by the Board. The Company shall have certain vice general managers, who shall be nominated by the Nomination Committee of the Board or the general manager and engaged or dismissed by the Board. An executive director may act concurrently as the general manager, the vice general manager or other senior management officers.

Article 113 General manager of the Company shall be responsible for the Board and exercise the following functions and powers:

- (1) to lead the production, operation and management of the Company, and report his works to the Board;
- (2) to organize the implementation of the resolutions of the Board, the Company's annual business plans and investment plans;
- (3) to prepare the Company's annual budgets and final accounts, and to provide recommendations to the Board;
- (4) to formulate the plans for merger, division or reorganization of the wholly-owned subsidiaries and controlled subsidiaries of the Company;
- (5) to prepare plans for the establishment of the Company's basic management system and the internal management structure;
- (6) to prepare plans for the establishment of domestic and overseas branches of the Company;
- (7) to formulate the specific rules and regulations of the Company;
- (8) to propose to the Board on the appointment or removal of the vice general managers and other senior management officers of the Company;
- (9) to appoint or remove the management personnel, except for those shall be appointed or removed by the Board;
- (10) to formulate the remunerations, benefits and incentive programs, as well as the appointment and removal of the Company's employees;

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- (11) to propose to convene an extraordinary board meeting when emergency occurs;
 - (12) to determine the plans for the establishment of branches of the wholly-owned subsidiaries and controlled subsidiaries of the Company;
 - (13) to determine on investment, financing, contracts and transactions of the Company within the scope of authorization of the Board;
 - (14) to exercise other functions and powers conferred by the Articles and the Board.

The vice general managers shall assist the general manager in his works and exercise certain functions and powers entrusted by the general manager.

Article 114 The general manager of the Company may attend the board meetings and shall not have voting right if he is not a director.

Article 115 The general manager of the Company shall perform his functions and powers in accordance with the laws, administrative regulations and the Articles to fulfill his duties in good faith and diligence. The general manager of the Company shall not exploit his position to accept bribes or other illegal income or expropriate the Company's properties.

Article 116 The Company shall have one chief financial officer, who shall be appointed or removed by the Board. The chief financial officer shall be responsible for the Board and the general manager, and exercise the following functions and powers according to their instructions:

- (1) to manage comprehensively the financial work of the Company;
- (2) to put forth proposals for the establishment of the accounting structure of the Company, and nominate candidates of head of finance department of the Company as well as of finance managers designated in its wholly-owned subsidiaries and controlled primary subsidiaries;
- (3) to audit the operational expenses and administrative expenses of the Company;
- (4) to prepare the annual budgets and final accounts;
- (5) to exercise other functions and powers conferred by the Board and the general manager.

Chapter 13 Supervisory Board

Article 117 The Company shall establish the Supervisory Board, which shall exercise its supervisory powers in accordance with the provisions of the laws, administrative regulations and the Articles.

Article 118 The Supervisory Board shall be composed of 3 supervisors, one of whom shall act as the chairman of the Supervisory Board. The term of office of supervisors shall be 3 years, renewable upon re-election and re- appointment.

The appointment and removal of the chairman of the Supervisory Board shall be subject to the approval of not less than two-thirds of its members by voting.

Article 119 Members of the Supervisory Board shall be composed of two shareholder representatives and one staff representative. The shareholder representatives shall be elected and removed by shareholders in shareholders' general meeting, while the staff representative shall be elected and removed by employees of the Company in the employees' general meetings, the assembly of employees, employees' representative committee and other democratic elections.

More than half of the members of the Supervisory Board should be external supervisors (i.e. supervisors not holding any positions in the Company, including shareholder representative supervisors, same hereinafter). External supervisors shall have authority to report separately to the shareholders' general meeting on the honesty and diligence of the senior management officers of the Company.

Article 120 Directors and other senior management officers of the Company shall not concurrently act as supervisors.

Article 121 The Supervisory Board shall be responsible for the shareholders' general meeting and exercise the following functions and powers:

- (1) to supervise the directors, the general manager and other senior management officers if they violate the laws, administrative regulations and the Articles in the execution of their duties, and to propose dismissal of any directors and senior management officers who violate the laws, administrative regulations, the Articles of the Company or any resolutions of shareholders' general meetings;
- (2) to demand rectification from a director and other senior management officers when the acts of such persons prejudice the Company's interest;
- (3) to examine the Company's financial accounts;
- (4) to propose to convene an extraordinary general meeting and to convene and preside over the shareholders' general meeting when the Board fails to perform its duties of convening and presiding over the shareholders' general meetings under the Company Law;
- (5) to put forth proposals at the shareholders' general meeting;

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- (6) to propose to convene an extraordinary board meeting;
 - (7) to bring an action against a director and senior management officer in accordance with Article 152 of the Company Law;
 - (8) to exercise other functions and powers specified in the laws, administrative regulations and the Articles.

Supervisors may attend the board meetings as non-voting participants.

Article 122 The Supervisory Board shall convene at least one meeting every six months, which shall be convened by the chairman of the Supervisory Board. If the chairman of the Supervisory Board is unable to or fails to perform his duties, a supervisor jointly elected by more than half of all supervisors shall convene and preside over the meeting of the Supervisory Board.

The supervisors may propose to convene an extraordinary meeting of the Supervisory Board.

Notices of a regular meeting and an extraordinary meeting of the Supervisory Board shall be given in written form bearing the chop of the Supervisory Board 10 days and 5 days before the meeting date respectively. The notices of meeting shall be given to all supervisors by hand, facsimile, email or other means. If a notice is not given by hand, a subsequent telephone call shall be made for confirmation and corresponding records shall be made.

In case of emergency and when an extraordinary meeting of the Supervisory Board is required to be convened as soon as possible, the notice of such meeting may be given by telephone or other verbal means at any time provided that the convener of the meeting shall give relevant explanation at the meeting.

Article 123 The method for conducting businesses at the meetings of the Supervisory Board: each supervisor shall have one vote only and the resolutions shall be passed by open or written ballot.

The voting procedure: a supervisor may cast an affirmative, a negative or an abstention vote. Each attending supervisor shall indicate his intention by choosing one of the above. The chairman of the meeting shall request any supervisor who fails to choose any of the above or has chosen two or more of the above to vote again, and supervisor shall be regarded as having abstained from voting if he refuses to vote again. Any supervisor who leaves the meeting and does not return and has not voted by choosing any of the above shall be regarded as having abstained from voting.

Resolutions of the Supervisory Board shall only be passed by the affirmative votes of more than two-thirds of the members of the Supervisory Board.

The Supervisory Board shall record all decisions on matters discussed in the minutes. Supervisors who attended the meeting shall sign the minutes of the meeting and have the right to put down any explanatory notes to the speech made at the meeting. The minutes of the meeting of the Supervisory Board shall be kept in the domicile of the company.

Article 124 The Supervisory Board shall investigate on findings of the Company's abnormal operations, and hire law firms, accounting firms or other professionals to assist if necessary with the relevant expenses being paid by the Company.

Article 125 A supervisor shall carry out his duties honestly and faithfully in accordance with laws, administrative regulations and the Articles.

Chapter 14 Qualification and Obligations of Directors, Supervisors, General Managers and Other Senior Management Officers of the Company

Article 126 A person may not serve as a director, supervisor, general manager, or any other senior management officer of the Company if he falls in any of the following circumstances:

- (1) a person without legal capacity or with restricted legal capacity;
- (2) a person who has been sentenced to criminal punishment for corruption, bribery, infringement of property, misappropriation of property or sabotaging socialist market economic orders; or who has been deprived of his political rights for committing a crime, in each case where not more than five years have elapsed since the date of the completion of such punishment or deprivation;
- (3) a person who is a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and he is personally liable for the insolvency of such company or enterprise, where not more than three years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise which had its business license revoked and had been ordered to wind up due to a violation of law and who incurred personal liability, where not more than three years has elapsed since the date of the revocation of the business license of the company or enterprise;
- (5) a person who has a relatively large amount of debts due and outstanding;
- (6) a person who is currently under investigation by the judicial authorities for violation of criminal law, and the legal procedures are pending;
- (7) a person who, according to laws and administrative regulations, cannot act as a leader of an enterprise;

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- (8) a non-natural person;
 - (9) a person who is convicted of contravention of relevant securities regulations provisions by a relevant regulatory authority, and such conviction involves a fraudulent act or dishonesty, where not more than five years has elapsed since the date of the conviction;
 - (10) other circumstances provided for by relevant laws and regulations in the place where the Company's shares are listed.

Article 127 The validity of an act of a director, general manager, or other senior management officer on behalf of the Company is not, vis-a-vis a bona fide third party, affected by any non-compliance in his office, election or his qualification.

Article 128 In addition to obligations imposed by laws, administrative regulations or listing rules of the stock exchange on which the Company's shares are listed, each of the Company's directors, supervisors, general manager, and other senior management officers owes a duty to each shareholder, in the exercise of the 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 in any guise the Company's property, including (without limitation) usurpation of opportunities advantageous to the Company;
- (4) not to expropriate the individual rights of shareholders, including (without limitation) rights to distribution and voting rights, save pursuant to a restructuring of the Company submitted to shareholders' general meeting for approval in accordance with the Articles.

Each of the directors, supervisors, general manager, and other senior management officers of the Company owes a duty, in the exercise of his powers or discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would have exercised in comparable circumstances.

The Company may establish a necessary system of insurance for the liabilities of its directors, supervisors and senior management officers for the purpose of lowering the risk that may be incurred from regular performance of duties by such parties.

Article 129 Each of our directors, supervisors, general manager, and other senior management officers shall carry out his duties in accordance with fiduciary principle and shall not put himself in a position where his duties and his interests may conflict. This principle includes (without limitation) fulfilling 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 not to exceed those powers;
- (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 the shareholders given in shareholders' 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 or with the informed consent of shareholders given in shareholders' general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) without the informed consent of shareholders given in shareholders' general meeting, not to use the Company's property for his own benefit in any form;
- (7) not to exploit his position to accept bribes or other illegal income or expropriate the Company's property by any means, including (without limitation) opportunities advantageous to the Company;
- (8) without the informed consent of shareholders given in shareholders' general meeting, not to accept commissions in connection with the Company's transactions;
- (9) to abide by the Articles, faithfully execute his official duties and protect the Company's interests, 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 the shareholders given in shareholders' general meeting;
- (11) not to misappropriate the Company's funds, not to open accounts in his own name or other names for the deposit of the Company's assets or funds, not to lend the Company's funds to others, and not to provide a guarantee for a shareholder of the Company or other individual(s) with the Company's assets in breach of the Articles and without the consent of the shareholders' general meeting or the Board;

(12) unless with the informed consent of the shareholders given in shareholders' general meeting, to keep in confidence confidential information regarding the Company acquired by him in the course of and during his tenure 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 required by law;
- ii. disclosure is required for public interest;
- iii. the interests of the relevant director, supervisor, general manager, and other senior management officer require disclosure.

Any gain arising from the breach of this Article by the personnel mentioned in this Article shall belong to the Company. Such personnel shall also be liable for compensation for any loss of the Company arising therefrom.

Article 130 Each director, supervisor, general manager, or other senior management officer 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, general manager, or other senior management officer of the Company;
- (2) a person acting in the capacity of trustee of that director, supervisor, general manager, or other senior management officer or any person referred to in the preceding paragraph (1) of this Article;
- (3) a person acting in the capacity of partner of that director, supervisor, general manager, or other senior management officer of the Company or any person referred to in paragraphs (1) and (2) above of this Article;
- (4) a company in which that director, supervisor, general manager, or other senior management officer of the Company, alone or jointly with one or more persons referred to in paragraphs (1), (2) and (3) above, or other directors, supervisors, general manager, and other senior management officers of the Company, have a de facto controlling interest; and
- (5) the directors, supervisors, general managers, and other senior management officers of the controlled company referred to in paragraph (4) of this Article.

Article 131 The fiduciary duties of the directors, supervisors, general manager, and other senior management officers of the Company do not necessarily cease upon termination of their tenure. The duty to keep confidential trade secrets of the Company survives the termination of their tenure. The continuous period of other duties must be decided according to the principle of fairness, depending on the time lapse between the termination and the act concerned and the circumstances and conditions under which the relationships between them and the Company are terminated.

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- Article 132** The liabilities a director, supervisor, general manager or other senior management officer of the Company is held for the breach of a certain obligation may be exempted by an informed decision of the shareholders' general meeting, unless otherwise provided for in Article 51 of the Articles.
- Article 133** Where a director, supervisor, general manager, or other senior management officer of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement which are made or planned by the Company (other than his 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 is otherwise subject to the approval of the Board.
- A director shall not vote on any contract, transaction or arrangement in which such director has a material interest, and such director shall not be counted in the statutory quorum of the board meeting.
- Unless the interested director, supervisor, general manager or other senior management officer discloses his interests to the Board in accordance with the first paragraph and the contract, transaction or arrangement is approved by the Board at a meeting in which such interested director, supervisor, general manager, or other senior management officer is not counted in the quorum present at the meeting and refrains from voting, the contract, transaction or arrangement in which that director, supervisor, general manager, or other senior management officer is materially interested is voidable at the instance of the Company except as against a bona fide party thereto acting without notice of the breach of duty by the interested director, supervisor, general manager, or other senior management officer.
- A director, supervisor, general manager, or other senior management officer of the Company is deemed to be interested in a contract, transaction or arrangement in which an associate of him is interested.
- Article 134** Where a director, supervisor, general manager or other senior management officer of the Company gives to the Board a general notice in writing before the Company's first consideration of entering into contracts, transactions and arrangements, stating that, by reason of the facts specified in the notice, he or she is interested in contracts, transactions or arrangements which may subsequently be made by the Company, such notice shall be deemed for the purposes of the preceding article to be a sufficient declaration of his interests, so far as the content stated in such notice is concerned.
- Article 135** The Company shall not pay taxes for its directors, supervisors, general manager and other senior management officers by any means.
- Article 136** The Company shall not directly or indirectly make a loan to, or provide any guarantee in connection with the making of a loan to the directors, supervisors, general manager or other senior management officers of the Company or its parent, or any of their respective associates.

However, the following transactions are not subject to such prohibition:

- (1) the provision by the Company of a loan or a guarantee of a loan to a subsidiary of our Company;
- (2) the provision by the Company of a loan or a guarantee in connection with the making of a loan or any other funds to any of our directors, supervisors, general manager, and other senior management officers to meet expenditure incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties, in accordance with the terms of an employment contract approved by the shareholders' general meeting; and
- (3) the Company may make a loan to or provide a guarantee in connection with the making of a loan to any of the relevant directors, supervisors, general manager, and other senior management officers or their respective associates in the ordinary course of its business on normal commercial terms, provided that the ordinary course of business.

Article 137 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.

Article 138 A guarantee provided by the Company in breach of item (1) of Article 136 shall be unenforceable against the Company, unless:

- (1) at the time when the loan was provided to an associate of any of the directors, supervisors, general manager, and other senior management officers of the Company or its parent, the lender did not know the relevant circumstances;
- (2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

Article 139 The aforesaid guarantee includes an undertaking or property provided to secure the performance of obligations by the obligor.

Article 140 In addition to any rights and remedies provided by the laws and administrative regulations, where a director, supervisor, general manager or other senior management officer of the Company is in breach of his duties to the Company, the Company has a right to:

- (1) claim damages from the relevant director, supervisor, general manager, or other senior management officer in compensation for losses incurred by the Company as a result of his negligence;
- (2) rescind any contract or transaction entered into by the Company with the director, supervisor, general manager or other senior management officer or with a third party (where the third party knows or should know that there is a breach of obligation by such director, supervisor, general manager, or other senior management officer);

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- (3) demand a surrender of profits made by the director, supervisor, general manager, or other senior management officer in breach of his duties;
 - (4) recover any funds received by the director, supervisor, general manager, or other senior management officer which should have been received by the Company, including (without limitation) commissions;
 - (5) demand return of the interest earned or which may have been earned by the director, supervisor, general manager, or other senior management officer on funds that should have been paid to the Company; and
 - (6) procure return of properties to the Company acquired by the director, supervisor, general manager, or other senior management officer in breach of his duties through legal procedure rulings.

Article 141 With the prior approval at a shareholders' general meeting, the Company shall sign written contracts with its directors and supervisors concerning his emoluments. Such emoluments include:

- (1) emoluments in respect of his service as a director, supervisor, or other senior management officer of the Company;
- (2) emoluments in respect of his service as a director, supervisor, or other senior management officer of a subsidiary of the Company;
- (3) remuneration otherwise in connection with the provision of other services to manage the Company or any subsidiary thereof; and
- (4) compensation for his loss of office or retirement as a director or supervisor.

Except for the aforesaid contracts, a director or supervisor shall not file any lawsuit against the Company for the benefits they shall obtain for the foregoing matters.

The Company shall, on a regular basis, disclose to its shareholders the emoluments received by the director, supervisor or senior management officer from the Company.

Article 142 In the contract for emoluments entered into by the Company with a director or supervisor, it shall be provided that such director or supervisor has the right to receive, in connection with the takeover of the Company and subject to the prior approval of the shareholders' general meeting, compensation or other payments for loss of office or retirement from office.

A takeover of the Company means either of the following circumstances:

- (1) an offer is made to all shareholders of the Company;
- (2) an offer is made such that the offeror will become the controlling shareholder of the Company. The controlling shareholder has the same meaning as ascribed to it in the Articles.

If the relevant director or supervisor does not comply with the above requirements, any sum received by the director or supervisor on account of the payment shall belong to those persons who have sold their shares as a result of the offer, and the expenses incurred by the director or supervisor in distributing that sum pro rata among those persons shall be borne by him and not deducted from the sum distributed.

Chapter 15 Party Organization

Article 143 According to the Constitution of the Communist Party of China, the Company shall establish the organization under Communist Party of China (the “Party”) and set up a Party committee of the Company under the leadership of the upper Party organization which will play a core leadership role and a core political role in the Company. Meanwhile, the Company shall establish the related working organs and assign staffing to handle party affairs as well as maintain sufficient funds necessary for the activities of the Party organization.

Article 144 The Company shall establish a discipline inspection commission to implement honest government work in accordance with relevant provisions.

Article 145 When making decisions on significant matters, the Board shall seek advice from the Party committee of the Company.

Article 146 The Party committee of the Company performs its functions in accordance with the provisions of the Constitution of Communist Party of China.

- (1) To ensure and supervise the thorough implementation of the principles and policies of the Party and the state throughout the Company, implement major strategic decisions made by the Central Committee of the Communist Party of China and the State Council, as well as the organization of key tasks by the upper Party organizations.
- (2) To adhere to the principle of the Party exercising leadership over the cadres, the principle of the legitimate selection of senior management by the Board, and the exercise of power as regards the right of cadres’ appointment by the senior management in accordance with laws. The Party committee of the Company shall deliberate and give opinions on the proposed candidates nominated by the Board or the general manager as well as assess the proposed candidates and give opinions collectively.
- (3) To study and discuss stable reform and development, and substantial matters of the Company as well as material issues relating to the interests of the Company’s staff, and provide advice and recommendations in this regard.

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- (4) To assume full responsibility for enforcing strict discipline of the Party. To lead the Company's ideological and political work, creation of spiritual civilization, creation of corporate culture as well as mass organizations. To play a leading role in the construction of the Party's working style and a clean and honest government, and support the disciplinary committee in fulfilling its responsibility of supervision in practice.

Chapter 16 Financial and Accounting System

Article 147 The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and provisions formulated by the relevant department of the PRC.

Article 148 The Company adopts the calendar year as the accounting year, starting on January 1 and ending on December 31 of each calendar year.

The Company shall, upon termination of each fiscal year, prepare its financial report which is subject to the audit and verification in accordance with the laws.

The financial statements 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 place outside the PRC where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in the notes to the financial statements.

When the Company is to distribute its after-tax profits of the relevant financial year, the lower of the after-tax profits as shown in the two financial statements shall be adopted.

Article 149 The Board shall place before the shareholders at every annual general meeting such financial reports prepared by the Company as required by relevant laws, administrative regulations or regulatory documents issued by the local governments and competent authorities.

Article 150 The Company shall not maintain books of accounts other than the statutory ones. The Company's assets shall not be deposited in an account maintained in the name of any individual.

Article 151 The Company's financial reports shall be made available for shareholders' inspection at the Company 20 days before the date of every annual general meeting. Each shareholder shall be entitled to obtain a copy of the financial reports referred to in this Chapter.

The Company shall deliver by prepaid post the aforesaid reports to each holder of the Company's overseas listed foreign shares at the addresses specified in the register of members no later than 21 days prior to the date of the annual general meeting.

Article 152 The Company shall publish its financial reports twice every fiscal year, that is, the interim financial report shall be published within 60 days after the expiration of the first six months of each fiscal year and the annual financial report shall be published within 120 days after the expiration of each fiscal year.

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

Chapter 17 Profit Distribution

Article 153 Plan for profit distribution

When the Company is to allocate after-tax profits of the current year, 10% of its profits shall be allocated into the Company's statutory reserve fund. When the aggregate amount of the statutory reserve fund has exceeded 50% of the Company's registered capital, further appropriations are not required.

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

After allocation of statutory reserve fund from its after-tax profits, the Company may also make appropriations to its discretionary reserve fund from such remaining profits by resolutions of the shareholders' general meeting.

The remaining after-tax profits after being used to make up for losses and allocated to reserve funds are available for distribution by the Company to its shareholders in proportion of their shareholdings in accordance with the resolution of the shareholders' general meeting.

In the event that the shareholders' general meeting has violated the aforesaid provisions, resulting in distribution of profits to shareholders prior being used to make up for losses and allocated to the statutory reserve fund, the shareholders shall return to the Company such profits distributed.

The shares held by the Company itself are not qualified for any profits distribution.

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- Article 154** The capital reserves fund shall include the following items:
- (1) premium received in excess of the par value of the issued shares; and
 - (2) other revenue as required by the competent financial department of the State Council to be so included.

Article 155 The Company's reserve funds shall be used to cover its losses, expand the business and operation, or converted into the Company's capital. However, the capital reserve fund shall not be used to cover the Company's losses.

When the Company is to convert any statutory reserve fund to capital, the statutory reserve fund shall be maintained at a level no less than 25% of its registered capital prior to such conversion.

Article 156 The Company may distribute dividends in the form of (or a combination of both):

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

Article 157 Any amount paid up by shareholders in advance of calls on any share may carry interest but shall not entitle the holder of the shares to participate in respect thereof in any dividend subsequently declared.

Article 158 The Company shall appoint receiving agents for holders of the overseas listed foreign shares to receive, on behalf of such shareholders, dividends declared and other monies payable by the Company in respect of the overseas listed foreign shares, and to keep those monies for later payment to the related shareholders.

The receiving agents appointed by the Company shall be in accordance with the relevant requirements of the laws and the stock exchanges of the place where the Company's shares are listed.

The receiving agent appointed by the Company on behalf of holders of the overseas listed foreign shares listed on the SEHK shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

Subject to relevant PRC laws and regulations, the Company may exercise the right to forfeit unclaimed dividends. However, such right shall be exercised only after the expiry of a period of six years or above commencing from the date of declaration of relevant dividends.

The Company is entitled to cease sending dividend warrants by post to certain holders of overseas listed foreign shares, while such power can only be exercised if such warrants have been left uncashed on two consecutive occasions. However, such power may be also exercised after the first occasion on which such a warrant is returned undelivered.

The Company shall have the right to sell the shares of shareholders of overseas listed foreign shares who are untraceable in a way deemed appropriate by the Board, provided that the following conditions are met:

- (1) during a period of 12 years dividends in respect of the shares in question have been distributed at least three times and no dividend during that period has been claimed;
- (2) on expiry of the 12 years the Company gives notice of its intention to sell the shares by way of an advertisement published in one or more local newspaper of the place where the Company's shares are listed and notifies the stock exchange where the Company's shares are listed.

Article 159 The cash dividends and other amounts payable by the Company to the holders of domestic shares shall be paid in Renminbi. The cash dividends and other amounts payable by the Company to the holders of overseas listed foreign shares shall be denominated and declared in Renminbi and paid in Hong Kong dollars. The foreign currency required for the payment of cash dividends and other amounts by the Company to the holders of overseas listed foreign shares shall be arranged in accordance with the provisions of the PRC in relation to foreign exchange administration.

Article 160 As for the cash dividends and other amounts to be paid in Hong Kong dollars, unless otherwise provided in relevant laws or administrative regulations, the Company shall adopt the average offer price of the relevant foreign exchange quoted by the People's Bank of China during the calendar week immediately before the date on which the dividends and other amounts are declared as the applicable exchange rate.

Chapter 18 Appointment of an Accounting Firm

Article 161 The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the PRC to audit the Company's annual financial reports and review the Company's other financial reports.

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

Article 162 The accounting firm appointed by the Company shall hold office from the conclusion of the annual general meeting at which the appointment is made until the conclusion of the next annual general meeting.

Article 163 An accounting firm appointed by the Company shall have the following rights:

- (1) to inspect the accounting books, records and vouchers of the Company at any time, and to request the directors, general manager or other senior management officers of the Company to provide relevant information and explanation;

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- (2) to request that the Company adopt all reasonable measures to obtain from its subsidiaries such information and explanation as required by the accounting firm for performing its duties;
 - (3) to attend the shareholders' general meeting, and to obtain such notice of the meeting or other information regarding the meeting as any shareholder is entitled to do so, and to speak at the shareholders' general meeting on matters involving it as the accounting firm employed by the Company.

The Company shall provide the appointed accounting firm with true and complete accounting vouchers, accounting books, financial accounting reports and other accounting information, and the Company shall not refuse to provide or conceal or falsify such documents.

Article 164 In case of any vacancy in the accounting firm, the Board may fill such vacancy in the office of the accounting firm before the convening of the shareholders' general meeting, but while any such vacancy continues and if the Company has other serving accounting firm, such accounting firm may still act on behalf of the Company.

Article 165 Regardless of what is stipulated in the contract concluded between an accounting firm and the Company, the shareholders' general meeting may, before the expiration of term of office for the accounting firm, decide to dismiss that firm by the adoption of an ordinary resolution. If such accounting firm has the right to claim compensation from the Company for reason of such dismissal, that right shall not be affected.

Article 166 The remuneration of an accounting firm or the manner in which such remuneration is to be decided shall be determined by the shareholders' general meeting.

Article 167 The Company's appointment, dismissal and non-reappointment of an accounting firm shall be resolved by shareholders' general meeting and be filed with the competent authorities for securities affair of the State Council.

The shareholders' general meeting shall abide by the following provisions when proposing to pass a resolution regarding the appointment of an accounting firm not currently serving the Company to fill the vacancy of an accounting firm, or the renewal of terms of service of an accounting firm appointed by the Board to fill the vacancy, or the dismissal of an accounting firm before the expiry of its term:

- (1) the proposal in relation to the appointment, renewal or dismissal shall be sent prior to the issue of notice of shareholders' general meeting to the accounting firm to be appointed, the accounting firm to be dismissed or the accounting firm which has left its post during the accounting year.

An accounting firm leaving its post includes dismissal, resignation and retirement.

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- (2) in the event that an accounting firm leaving its post makes a statement in writing and requests the Company to inform its shareholders of such statement, unless the Company receives the statement too late, the Company shall adopt the following measures:
 - i. state on the notice issued for adoption of the resolution that an accounting firm about to leave its post has made a statement; and
 - ii. submit the copy of the statement as an appendix to the notice to the shareholders in the manner stipulated in the Articles.
 - (3) in the event that the statement of the accounting firm has not been dispatched in accordance with the provisions in paragraph (2) of this Article, the relevant accounting firm may request such statement to be read at the shareholders' general meeting, and may make further appeals.
 - (4) the accounting firm leaving its post shall be entitled to attend the following meetings:
 - i. the shareholders' general meeting at which its term of service would otherwise have expired;
 - ii. the shareholders' general meeting for filling the vacancy caused by its dismissal; and
 - iii. the shareholders' general meeting convened as a result of its voluntary resignation.

The accounting firm leaving its post shall be entitled to obtain all notices of the aforementioned meetings and other information relating to such meetings and shall also be entitled to present its views at the aforementioned meetings on matters in relation to its previous engagement as the accounting firm of the Company.

Article 168

If the Company proposes to remove the accounting firm or not to renew the appointment thereof, it should notify the accounting firm in advance, and the latter has the right to state its opinions to the shareholders' general meeting. Where the accounting firm resigns its office, it shall make clear to the shareholders' general meeting whether there has been any impropriety on the part of the Company.

- (1) Any accounting firm may resign its office by depositing at the Company's legal residence 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:
 - i. 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
 - ii. a statement of any relevant situations.

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- (2) Upon receipt of the written notice as set out in paragraph (1) of this Article, the Company shall within 14 days send a copy of the notice to the relevant governing authority. If the notice contains a statement under subparagraph (ii) of paragraph (1), a copy of such statement shall be placed at the Company for shareholders' inspection. The copy of such statement shall also be sent by prepaid mail, to every holder of the overseas listed foreign shares of the Company at the address as recorded in the register of member of the Company.
 - (3) Where the accounting firm's notice of resignation contains a statement referred to in subparagraph (ii) of paragraph (1), the accounting 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.

Chapter 19 Notice

Article 169 Notices of the Company may be given in the following ways:

- (1) by hand;
- (2) by post;
- (3) by facsimile or electronic mail;
- (4) by posting on websites designated by the Company and the SEHK, subject to laws, administrative regulations and the listing rules of stock exchanges where the Company's shares are listed;
- (5) by way of announcement;
- (6) by any other means as agreed in advance by the Company or the notified party or as accepted by the notified party upon receipt of the notices;
- (7) by any other means as recognized by the securities regulatory authorities of the places where the Company's shares are listed or as stipulated in the Articles.

Unless the context otherwise specifies, the "announcements" referred to in the Articles shall mean, in respect of announcements made to the holders of domestic shares or announcements to be published in the PRC as required by relevant requirements and the Articles, the announcements published in Chinese newspapers prescribed under the laws and administrative regulations of the PRC or designated by the securities regulatory authority of the State Council; in respect of announcements made to the holders of overseas listed foreign shares or announcements that are required to be made within Hong Kong in accordance with relevant regulations and the Articles, such announcements must be published on designated Hong Kong newspapers as stipulated under the listing rules of the SEHK.

Article 170 Unless otherwise provided in the Articles, the various ways of giving notices as specified in the preceding article shall apply to all notices of the shareholders' general meetings, meetings of the Board and the Supervisory Board convened by the Company.

Article 171 If the notice is sent out by courier and the served party signs (or seals) on the service receipt, the date when the served party acknowledges the receipt of the notice shall be the date of service. If the notice is sent out by post, the 48th hour after the date when the notice is delivered to the post office shall fall within the date of service. If the notice is sent out by facsimile or electronic mail or by posting on websites, the date of sending out shall be the date of service. If the notice is sent out as an announcement, the date of the publication of the announcement for the first time shall be the date of service. Such announcement shall be published on newspapers that are in compliance with relevant regulations.

Article 172 Where the listing rules of the stock exchanges where the Company's shares are listed requests that the Company deliver, post, distribute, issue, publish or by any other means to provide relevant documents of the Company in both English and Chinese, if the Company has made appropriate arrangements to determine whether its shareholders desire to receive the English version only or the Chinese version only, and to the extent permitted by and in accordance with applicable laws and regulations, the Company may, in accordance with the preference expressed by its shareholders, deliver only the English version or only the Chinese version to the shareholders.

Chapter 20 Merger and Division of the Company

Article 173 A proposal for merger or division of the Company shall be proposed by the Board of the Company, and shall be passed according to the procedures stipulated by the Articles and relevant approval formalities shall be handled according to law. Shareholders who object to the proposal for merger or division of the Company shall be entitled to require the Company or the shareholders who consent to such proposal to purchase their shares at a fair price. The content of the resolution of merger or division of the Company shall be compiled in a special document for inspection by shareholders.

The aforesaid documents shall be delivered by post to holders of overseas listed foreign shares.

Article 174 The merger of the Company may take the form of either merger by absorption or merger by new establishment.

In the event of a merger, the parties to the merger shall enter into a merger agreement, and prepare a balance sheet and a property inventory. The Company shall notify its creditors within 10 days from the date on which the resolutions approving the merger are passed and, within 30 days, make in newspapers announcements of the merger.

When the Company is merged, the surviving company or the newly established company resulting from the merger shall succeed to the claims and debts of each party to the merger.

Article 175 When the Company is divided, its properties shall be divided up accordingly.

In the event of a division, the Company shall prepare balance sheets and lists of properties. The Company shall notify its creditors within 10 days from the date on which the resolutions approving the division are passed and, within 30 days, make in newspapers announcements of the division.

Unless otherwise agreed in writing between the Company and its creditors in relation to the repayment of debts before the division, the successor companies after the division shall jointly assume the liabilities of the Company incurred before such division.

Article 176 In the event of a merger or division of the Company, alterations in the registered matters of the Company shall be registered at the company registration authorities in accordance with law; in the event of a dissolution of the Company, the cancellation of registration shall be made in accordance with law; in the event of establishment of a new company, the registration of incorporation thereof shall be made in accordance with law.

Chapter 21 Dissolution and Liquidation of the Company

Article 177 The Company shall be dissolved in any of the following circumstances:

- (1) a special resolution for dissolution is passed at shareholders' general meeting;
- (2) dissolution is necessary due to a merger or division of the Company;
- (3) the Company's business license is revoked, and the Company is ordered to close down or eliminated in accordance with law;
- (4) the Company is ordered to close down due to breach of laws or administrative regulations;
- (5) where the Company suffers significant hardship in its operation or management so that the interests of its shareholders are subject to significant loss if the Company continues to exist, and that the situation cannot be resolved by any other means, the shareholders holding 10% or more of the voting rights of all the shareholders of the Company may petition the People's court to dissolve the Company.

Article 178 Where the Company is dissolved pursuant to paragraphs (1), (3) and (5) of Article 177, a liquidation committee shall be set up, within 15 days from the date upon which the cause of dissolution arises, to carry out the dissolution of the Company. The composition of the liquidation committee shall be determined by directors or the shareholders' general meeting. In case no such committee is established to proceed with dissolution in time, the creditors may make application to the people's court for appointing relevant persons to form the liquidation committee for dissolution.

Article 179 Where the Board decides to liquidate the Company (due to causes other than where the Company has declared that it is insolvent), the Board shall, in its notice convening a shareholders' general meeting, declare that, after making full inquiry into the affairs of the Company, the Board is of the opinion that the Company will be able to repay its debts within 12 months after the commencement of the liquidation.

Upon passing of the resolution at the shareholders' general meeting for the liquidation of the Company, all functions and powers of the Board shall cease forthwith.

The liquidation committee shall act in accordance with the instructions of the shareholders' general meeting and report at least once a year to the shareholders' general meeting on the committee's receipts and payments, the business of the Company and the progress of the liquidation and to place a final report before the shareholders' general meeting on completion of the liquidation.

Article 180 The liquidation committee shall exercise the following functions and powers during the liquidation:

- (1) to dispose of the Company's property and prepare a balance sheet and a property inventory;
- (2) to give notices or publish announcements to the creditors;
- (3) to deal with unsettled business in relation to the liquidation of the Company;
- (4) to settle due taxes and taxes accrued during the liquidation;
- (5) to settle claims and debts;
- (6) to dispose of the Company's remaining assets after the discharge of its liabilities; and
- (7) to participate in civil litigations on behalf of the Company.

Article 181 The liquidation committee shall notify creditors within 10 days from the date of its establishment and publish announcements in newspapers within 60 days. The creditors may declare their claims to the liquidation committee within 30 days from the date it receives the above notice or within 45 days from the date of announcement if no such notice is received.

When declaring the claims, the creditors shall specify relevant matters about the claims and provide evidences. The liquidation committee shall register such claims.

During the period of declaration of claims, the liquidation committee shall not repay any debts to the creditors.

Article 182 After the liquidation committee has liquidated the property of the Company and prepared a balance sheet and a property inventory, it shall formulate a liquidation scheme and report it to the shareholders' general meeting or relevant competent authorities for confirmation.

The assets of the Company shall be applied for liquidation in the following order: payment of liquidation expenses, salaries of the employees and social security expenses and statutory compensation, payment of outstanding taxes, and payment of the Company's liabilities.

The remaining property of the Company, after liquidation provided in the previous clause, shall be distributed to the shareholders according to classes and in proportion of shares held by each of the shareholder.

During the liquidation, the Company shall not carry out any new operating activity.

Article 183 Where after liquidating the property of the Company and preparing a balance sheet and a property inventory, if the liquidation committee finds that the property of the Company is insufficient to repay its debts, the liquidation committee shall immediately apply to the People's court for bankruptcy of the Company.

After a ruling is made by the people's court that the Company be declared bankrupt, the liquidation committee shall hand over the liquidation work to the people's court.

Article 184 Following the completion of the liquidation, the liquidation committee is to prepare a liquidation report, a statement of the income and expenses during the liquidation period and financial accounts, which are to be verified by PRC certified public accountants and then submitted to the shareholders' general meeting or the people's court for confirmation. The aforesaid documents are, within 30 days from the date of confirmation by the shareholders' general meeting or the people's court, to be lodged with the Company's registration authority for cancellation of its registration and a public announcement is to be made for the termination of the Company.

Chapter 22 Procedures for Amendments to the Articles

Article 185 The Company may amend the Articles according to the provisions of laws, administrative regulations and the Articles.

Article 186 The following procedures shall be followed when amending the Articles:

- (1) The Board shall firstly adopt a resolution for amendments to the Articles and prepare a proposal for amendments to the Articles;
- (2) The Board shall convene a shareholders' general meeting for voting on such proposal thereat;

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- (3) The shareholders' general meeting shall approve such proposal by special resolution;
 - (4) The Company shall report the proposal for amendments to the Articles approved at the shareholders' general meeting to the approving authority, which will become effective upon approval;
 - (5) The Company shall submit the amended Articles to the company registration authority for record.

Article 187 Amendments to the Articles which involve the contents of the Mandatory Provisions become effective upon approval by the companies approving department authorized by the State Council and securities committee of the State Council. Where amendments involve the registered particulars of the Company, application for alteration of registration is to be made in accordance with laws.

Chapter 23 Settlement of Disputes

Article 188 The Company follows the following rules of dispute resolution:

- (1) Any dispute or claim of rights relating to the affairs of the Company and arising between holders of overseas listed foreign shares and the Company, or between holders of overseas listed foreign shares and directors, supervisors, general manager or any other senior management officers of the Company, or between holders of overseas listed foreign shares and holders of domestic shares, and arising as a result of the rights and obligations provided for in the Articles, Company Law, and relevant laws and administrative regulations, shall be referred to arbitration by parties involved.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, where the persons being the Company or shareholders, directors, supervisors, general manager or any other senior management officers of the Company, shall comply with the arbitration.

Disputes in respect of the definition of shareholders and disputes in relation to the register of members need not be resolved by arbitration.

- (2) A claimant may elect for arbitration to be carried out at either the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Center 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 for arbitration to be carried out at the Hong Kong International Arbitration Center, any party may request the arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Center.

- (3) The resolution of any dispute or claim of rights referred to in paragraph (1) above by arbitration is subject to the PRC (excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan) laws, unless otherwise required by laws and administrative regulations.
- (4) An arbitral award made by the arbitral body is final and binding on the parties.

Chapter 24 Supplementary Provisions

Article 189 The Company may be exempt from the disclosure or performance of related obligations in the event that the information of the Company is classified state information, commercial secrets or other circumstances as recognized by SEHK where the performance of such disclosure obligations may be in the breach of the PRC laws and regulations with respect to confidentiality or a detriment to the interest of the Company.

Article 190 In the Articles, the meaning of an “accounting firm” is the same as that of “auditors”.

In the Articles, a “de facto controller” means a person who, though not a shareholder of the Company, is able to get the de facto control of the Company through investment relationships, agreement or other arrangements.

In the Articles, “no less than”, “within” or “no more than” includes the underlying number, while “more than” or “beyond” excludes the underlying number.

Article 191 The Articles are written in Chinese. Should there be any discrepancies between the versions in other languages and the Chinese version, the Chinese version shall prevail.

Article 192 The power of interpretation of the Articles shall be vested in the Board. Any matters not contained in the Articles shall be proposed by the Board at the shareholders’ general meeting for approval.