

DONGFENG MOTOR GROUP COMPANY LIMITED

Articles of Association

10 October 2013

(Adopted by special resolution passed at the general meeting of the Company on 14 October 2004)

(Approved by State-owned Assets Supervision and Administration Commission of the State Council on 19 October 2004)

(Amended by special resolution passed at the general meeting of the Company on 29 October 2005)

(Amended by resolution passed at the annual general meeting of the Company on 16 June 2006)

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(Amended by resolution passed at the annual general meeting of the Company on 15 June 2018)

Table of Contents

Chapter	Subject	Page
Chapter 1	General	1
Chapter 2	Objective and Scope of Business	5
Chapter 3	Shares and Registered Capital	5
Chapter 4	Reduction of Capital and Repurchase of Shares	7
Chapter 5	Financial Assistance for the Acquisition of Shares	10
Chapter 6	Share Certificates and Register of Shareholders	12
Chapter 7	Shareholders' Rights and Obligations	17
Chapter 8	Shareholders' General Meetings	20
Chapter 9	Special Procedures for Voting by Class Shareholders	28
Chapter 10	Board of Directors	31
Chapter 11	Independent Directors	37
Chapter 12	Secretary of the Board of Directors	38
Chapter 13	Board Committees	39
Chapter 14	President	40
Chapter 15	Supervisory Committee	41
Chapter 16	Qualifications and Duties of the Directors, Supervisors, President and Other Senior Officers	45
Chapter 17	Financial and Accounting System and Profit Distribution	52
Chapter 18	Appointment of Accounting Firm	55
Chapter 19	Insurance	58
Chapter 20	Labour Management	58
Chapter 21	Labour Union	59
Chapter 22	Merger and Division	59
Chapter 23	Dissolution and Liquidation	60
Chapter 24	Amendment of the Articles of Association	63
Chapter 25	Notices	63
Chapter 26	Dispute Resolution	64
Chapter 27	Miscellaneous	65

Note: In the margin notes to the Articles of Association, the **Mandatory Provisions** refers to the Mandatory Provisions for Articles of Association of Companies Listed Overseas (Zheng Wei Fa [1994] No.21) jointly promulgated by the former Securities Policy Committee of the State Council and the former State Commission for Restructuring the Economic System; the **Listing Rules** refers to the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited promulgated by the Hong Kong Stock Exchange; the **Zheng Jian Hai Han** (證監海函) refers to the Circular Regarding Comments on the Amendments to Articles of Association of Companies Listed in Hong Kong (關於到香港上市公司對公司章程作補充修改的意見的函) (Zheng Jian Hai Han [1995] No.1) jointly issued by the Overseas-Listing Department of the CSRC and the Production System Department of the former State Commission for Restructuring the Economic System; the **Opinions** refers to the Opinions on Further Standardising Operations and Intensifying Reforms of Companies Listed Overseas (關於進一步促進境外上市公司規範運作和深化改革的意見) (Guo Jing Mao Qi Gai [1993] No. 230) jointly issued by the former State Economic and Trade Commission and the CSRC; and the **Practice Guidelines for Secretaries** refers to the Practice Guidelines for Secretaries of the Board of the Companies Listed Overseas (境外上市公司董事會秘書工作指引) (Zheng Jain Fa Xing [1999] No.39) issued by the CSRC.

DONGFENG MOTOR GROUP COMPANY LIMITED

Articles of Association

Chapter 1 General

Article 1 Dongfeng Motor Group Company Limited (the “Company”) is a joint stock limited company established in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the State Council’s Special Regulations Regarding the Issue of Shares Overseas and the Listing of Shares Overseas by Companies Limited by Shares (the “Special Regulations”) and other relevant laws and regulations of China.

The Company was established by way of promotion with the approval of the State-Owned Assets Supervision and Administration Commission (the “SASAC”) of the People’s Republic of China (the “PRC”), as evidenced by the Approval for the Establishment of Dongfeng Motor Group Company (關於設立東風汽車集團股份有限公司的批覆) (Guo Zi Gai Ge [2004] No. 925). It was registered with and was issued a business licence from the State Administration Bureau of Industry and Commerce on 12 October 2004.

The Company’s business licence number is: 1000001003922.

The promoter of the Company is: Dongfeng Motor Corporation (the “Promoter”).

Article 2 Registered name of the Company:
Chinese: 東風汽車集團股份有限公司
English: DONGFENG MOTOR GROUP COMPANY LIMITED

Article 3 Address of the Company:
Special No.1, Dongfeng Road, Wuhan Economic and Technology Development Zone, Wuhan, Hubei, PRC
Postal code: 430056
Tel No.: 027-84285555
Fax No.: 027-84285057

Article 4 The legal representative of the Company is the chairman of the board of directors.

Article 5 The Company is a joint stock limited company of indefinite existence.

Shareholders of the Company shall be entitled to their rights and be liable to the Company to the extent of the shares subscribed for by them. The Company shall be liable for its debts with all of its assets.

The Company is an independent legal person and is governed and protected by the laws and administrative regulations of the PRC.

Article 6 Pursuant to the Company Law, Special Regulations, Mandatory Provisions for Companies Listing Overseas (the “Mandatory Provisions”) and other relevant laws and regulations of the PRC, a general meeting of the Company was held on 14 October 2004 to amend the original articles of associate of the Company (the “Original Articles of Association”) and adopt these articles of association (the “Articles of Association” or the “Articles”).

Article 7 The Original Articles of Association was registered with State Administration Bureau of Industry and Commerce and took effect from the establishment date of the Company.

These Articles of Association shall take effect after being adopted by a special resolution at the Company’s general meeting and being approved by the State Council. After these Articles of Association come into effect, the Original Articles of Association shall be superseded by this Articles of Association.

Article 8 From the date on which these Articles of Association come into effect, the Articles of Association constitute the legally binding document regulating the organization and activities of the Company, and the rights and obligations between the Company and shareholders and among the shareholders.

Article 9 These Articles of Association are binding on the Company and its shareholders, directors, supervisors, president and other senior management who may, according to these Articles of Association, exercise their rights in respect of the affairs of the Company.

A shareholder may take action against the Company pursuant to the Articles of Association, and vice versa. A shareholder may also take action against another shareholder, and may take action against the directors, supervisors, president and other senior management of the Company pursuant to these Articles of Association.

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

Article 10 The Company may invest in other limited liability companies or joint stock limited companies. The Company's liabilities to an invested company shall be limited to the amount of its capital contribution to the invested company.

The Company shall not be a shareholder with unlimited liabilities of other profit-making entities.

Upon approval by SASAC, the Company may operate as a holding company in accordance with Regulation 2 of Section 12 of the Company Law.

Article 11 Subject to the laws and administrative regulations of the PRC, the Company shall have the power to raise fund and borrow money, including (but not limited to) the power to issue bonds and to charge or pledge its properties.

Article 12 In accordance with the relevant requirements of the Constitution of the Communist Party of China and the Company Law, an organization of the Communist Party of China shall be established within the Company. Such organization of the Party acts as the leadership core and political core to provide the direction, manage the overall situation, and ensure the implementation. The Company shall establish the working institution of the Party, equipped with adequate number of personnel to handle Party affairs and provided with sufficient funds to operate the Party organization.

Article 13 According to the requirements of laws and regulations, the Company shall establish the Communist Youth League and labour union to commence Communist Youth League and labour union activities. The Company shall provide necessary conditions for the commencement of Communist Youth League and labour union activities.

Chapter 2 Objectives and Scope of Business

Article 14 The objectives of the Company are: to focus on investments in auto industry, maintain a balanced and diversified business structure; prudently allocate its capital, increase sales and production to maximize investment returns for all shareholders.

Article 15 The scopes of business of the Company include: investments in auto industry; development, design, manufacturing and sales and import and export of vehicles, auto parts, machines, metal parts, motor, powder metallurgy, tools and moulds; technical consultation, technical services, information services and after-sale services in relation to the operations of the Company.

Article 16 The Company may establish subsidiaries, branches and representative offices

when necessary.

In accordance with the domestic and international market conditions, the development of domestic business, the resources and business need, the Company may adjust its investment strategy, business scope and model from time to time upon approval of the relevant government authorities. The Company may set up branches and representative offices inside or outside PRC, in particular, in Hong Kong, Macau and Taiwan.

Chapter 3 Shares and Registered Capital

Article 17 The Company shall have ordinary shares at all times. The ordinary shares issued by the Company include domestic-invested shares and foreign-invested shares. Subject to approval from the competent authority of the State Council, the Company may create other classes of shares when necessary.

Article 18 The shares issued by the Company shall have a par value of RMB1 per share. “RMB” means the legal currency of the PRC.

Article 19 Subject to approval of the securities authority of the State Council, the Company may issue shares to domestic investors and foreign investors.

“Foreign investor” referred to in the previous paragraph shall mean those investors in foreign countries, including Hong Kong, Macau and Taiwan, who subscribe for shares issued by the Company. “Domestic investor” shall mean those investors in the PRC other than those investors from the aforesaid regions who subscribe for shares issued by the Company.

Article 20 Shares issued by the Company to domestic investors for subscription in RMB shall be referred to as “domestic shares”. Shares issued by the Company to foreign investors for subscription in foreign currencies shall be referred to as “foreign shares”. Foreign shares listed overseas shall be referred to as “overseas listed foreign shares”. Holders of domestic shares and overseas-listed foreign shares are both holders of ordinary shares and have the same obligations and rights.

“Foreign currencies” referred to in the previous paragraph mean the legal currencies, other than RMB, of other countries or regions which are approved by the foreign exchange administrative department of the PRC for payment of share price to the Company.

Article 21 Foreign shares issued by the Company and listed in Hong Kong shall be referred to as “H shares”. H shares refer to the shares which have been permitted for listing on the Stock Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”) with par value denominated in RMB and are subscribed for and traded in Hong Kong dollars. Subject to approval of the State Council or the competent department authorized by the State Council and the consent of Hong Kong Stock Exchange, domestic shares may be

converted into H Shares.

Article 22 According to the approval of the SASAC, a total of 6,020,000,000 ordinary shares were issued to the promoter upon incorporation of the Company, representing 100% of the total issuable ordinary shares of the Company.

Article 23 The Company has issued a total of 8,616,120,000 ordinary shares, comprising 5,760,388,000 domestic shares (66.86%) and 2,855,732,000 foreign shares (33.14%).

Article 24 The board of directors of the Company may issue overseas listed foreign shares and domestic shares after proposals for issuance of the same have been approved by the securities authority of the State Council. The issue of overseas listed foreign shares and domestic shares shall be conducted within 15 months from the date of approval by the securities authority of the State Council.

Article 25 The proposed issue of overseas listed foreign shares and domestic shares shall be fully subscribed for at their respective offerings. If the shares are not fully subscribed for at the respective offerings for any reason, the shares may, subject to approval of the securities authority of the State Council, be issued by batches.

Article 26 The registered capital of the Company after the issue of overseas listed foreign shares according to Article 23 and after the full exercise of over-allotment option shall not exceed RMB8.3 billion and RMB8.7 billion respectively.

Upon completion of the aforesaid issue, the Company shall register the change of registered capital with the State Administration for Industry and Commerce of China and the relevant authority together with the capital verification report issued by a certified public accountant.

Article 27 The Company may authorize the increase of capital pursuant to these Articles to meet its operation and development requirement.

The Company may increase its capital by:

- (1) public offer of new shares;
- (2) placing new shares to its existing shareholders;
- (3) allotting bonus shares to its existing shareholders;
- (4) any other means as permitted by the relevant laws and administrative regulations.

Subject to approval as required by these Articles, increase of share capital by issuing new shares shall be made in accordance with the procedures set out in the relevant laws and administrative regulations of the PRC.

Article 28 Unless otherwise provided in laws and administrative regulations, shares of

the Company are freely transferrable and are not subject to any lien.

Chapter 4 Reduction of Capital and Repurchase of Shares

Article 29 The Company may reduce its registered capital in accordance with these Articles.

Article 30 The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital.

The Company shall notify its creditors within 10 days from the date of the resolution for reduction of capital and shall publish an announcement in a newspaper within 30 days from the date of such resolution. A creditor has the right within 30 days of receipt of the notice or, in the case of a creditor who does not receive such notice, within 45 days of the date of the first public announcement, to demand the Company to repay its debts or to provide a guarantee for such debt.

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

Article 31 The Company may, in accordance with the procedures set out in these Articles and subject to approval of the relevant governing authority of the PRC, repurchase its issued shares under the following circumstances:

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

Repurchase of issued shares by the Company shall be made in accordance with Article 32 to Article 35.

Article 32 Subject to approval of the relevant governing authority of the PRC, the Company may repurchase shares in one of the following ways:

- (1) making a general offer to all its shareholders for the repurchase of shares on a pro rata basis;
- (2) repurchasing shares in open market of a stock exchange;
- (3) repurchasing shares by an over-the-counter agreement.

Article 33 Where the Company repurchases shares by an over-the-counter agreement, prior approval of the general meeting shall be obtained in accordance with these Articles. The Company may, with similar approval, rescind or vary the aforementioned agreement or waive its rights thereunder.

An agreement for the repurchase of shares referred to in the preceding paragraph includes (but not limited to) an agreement to repurchase shares and to acquire the rights attached to the shares to be repurchased.

The agreement for the repurchase of shares or the rights of the Company contained therein are not transferrable.

In respect of repurchase of redeemable shares by the Company:

(1) the price payable by the Company shall not exceed a prescribed maximum amount if the repurchase is not made in open market or by tendering;

(2) If the Company repurchases its shares through tendering, all shareholders shall be invited for tendering.

Article 34 After the Company has repurchased shares according to laws, the repurchased shares shall be cancelled within the period prescribed by the relevant laws and administrative regulations and an application shall be made to the original registration authority of the Company for registration of change of registered capital.

The aggregate par value of the cancelled shares shall be deducted from the registered capital of the Company.

Article 35 Unless the Company is in the course of liquidation, it must comply with the following provisions in relation to the repurchase of its issued shares:

(1) where the Company repurchases shares at par value, payment shall be made out of the distributable profits of the Company or the proceeds of a new issue of shares made for that purpose;

(2) where the Company repurchases shares at a premium, payment of the par value shall be made out of the distributable profits of the Company or the proceeds of a new issue of shares made for that purpose and payment of the premium in excess of the par value shall be effected as follows:

(i) if the shares being repurchased were issued at par value, payment shall be made out of the distributable profits of the Company;

(ii) if the shares being repurchased were issued at a premium, payment shall be made out of the distributable profits of the Company or the proceeds of a new issue of shares made for that purpose, provided that the amount paid out of the proceeds of the new issue shall not exceed the aggregate amount of premiums received by the Company on the issue of the shares being repurchased or the premium account or statutory surplus reserve of the Company (including the premiums on the new issue) at the time of the repurchase;

(3) Expenses incurred by the Company for the following shall be paid out of the distributable profits of the Company:

- (i) acquisition of the right to repurchase its shares;
- (ii) variation of any contract for the repurchase of its shares;
- (iii) release of its obligation(s) under any contract for the repurchase of its shares.

(4) The registered capital of the Company shall be reduced by the aggregate par value of the cancelled shares in accordance with the relevant provisions. The amount deducted from the distributable profits of the Company for payment of repurchase of shares shall be charged to the premium account or surplus reserve of the Company.

Chapter 5 Financial Assistance for the Acquisition of Shares

Article 36 The Company and its subsidiaries shall not, at any time, provide any form of financial assistance to a person for the acquisition or proposed acquisition of shares in the Company, including any person who directly or indirectly incurs any obligations as a result of the acquisition of shares in the Company (the “Obligor”).

The Company and its subsidiaries shall not, at any time, provide any form of financial assistance to reduce or discharge the obligations assumed by such Obligor.

This Article shall not apply to the circumstances specified in Article 38 of this chapter.

Article 37 For the purposes of this chapter, “financial assistance” includes (without limitation) the following:

- (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 default of the Company) or release or waiver of any rights;
- (3) provision of loan or any other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, or the change in parties to, or the assignment of rights under, such loan or agreement;
- (4) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

For the purposes of this chapter, “assumption of obligations” includes 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 whether such obligation is to be borne solely by the Obligor or jointly with other persons) or by any other means which results in a change in his financial position.

Article 38 The following actions shall not be deemed to be activities prohibited by Article 36 of this chapter:

- (1) the provision of financial assistance is given in good faith in the interests of the Company and the major purpose of which is not for the acquisition of shares in the Company, or the giving of the financial assistance is an incidental part of a larger purpose of the Company;
- (2) the lawful distribution of the assets of the Company by way of dividend;
- (3) the allotment of shares as dividends;
- (4) a reduction of registered capital, a repurchase of shares of the Company or a reorganisation of the share capital of the Company in accordance with these Articles of Association;
- (5) the lending of money by the Company in its normal and ordinary course of business where the lending of money is part of the business of the Company (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);
- (6) contributions made by the Company to employee share ownership 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).

Chapter 6 Share Certificates and Register of Shareholders

Article 39 Share certificates of the Company shall be in registered form.

Share certificate of the Company shall contain the following particulars:

- (1) Name of the Company;
- (2) Date of incorporation of the Company
- (3) Class and nominal value of shares, and number of shares represented;
- (4) Serial number of the share certificate;
- (5) Other matters as required by the Company Law, Special Provisions and the stock exchange(s) on which the shares of the Company are listed.

Article 40 Share certificates of the Company may be assigned, given as a gift, inherited

or charged in accordance with relevant requirements of laws, administrative regulations and these Articles.

Assignment and transfer of share certificates shall be registered with the share registration office designated by the Company.

Article 41 Share certificates of the Company shall be signed by the chairman of the board of directors of the Company. The share certificates shall also be signed by such senior officer(s) if so required by the stock exchange(s) on which the shares of the Company are listed. The share certificates shall take effect after being affixed or imprinted with the seal of the Company (including the securities seal of the Company). The share certificate shall be affixed or imprinted with the seal of the Company under the authorization of the board of directors. The signatures of the chairman of the board of directors or other senior officer(s) of the Company may be printed in mechanical form.

Article 42 The Company shall keep a register of shareholders which shall contain the following particulars:

- (1) The name, address and the occupation or nature of each shareholder;
- (2) The class and number of shares held by each shareholder;
- (3) The amount paid or payable on the shares held by each shareholder;
- (4) The serial numbers of share certificates held by each shareholder;
- (5) The date on which each shareholder was entered in the register;
- (6) The date on which any shareholder ceased to be a shareholder

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

Article 43 The Company may, in accordance with the mutual understanding and agreements made between the securities authority of the State Council and overseas securities regulatory organizations, maintain the register of shareholders of overseas listed foreign shares outside the PRC and appoint overseas agent(s) to manage such register of shareholders. The original register for holders of overseas listed foreign shares shall be maintained in Hong Kong.

A duplicate register of shareholders for the holders of overseas listed foreign shares shall be maintained at the registered office of the Company. The appointed overseas agent(s) shall ensure consistency between the original

and the duplicate register of shareholders at all times.

If there is any inconsistency between the original and the duplicate register of shareholders for the holders of overseas listed foreign shares, the original register of shareholders shall prevail.

Article 44 The Company shall maintain a complete register of shareholders.

The registers of shareholders shall comprise:

- (1) The register of shareholders which is maintained at the registered office of the Company (other than those as mentioned in sub-paragraphs (2) and (3) of this Article);
- (2) The register of shareholders in respect of the holders of overseas listed foreign shares of the Company which is maintained in the same place as the overseas stock exchange on which the shares are listed; and
- (3) The register of shareholders which are maintained in such other place as the board of directors may consider necessary for the purposes of the listing of the shares of the Company.

Article 45 Different registers of shareholders shall be exclusive of each other. No transfer of any shares registered in a register shall, during the continuance of its registration, be registered in any other register.

Fully paid-up overseas listed foreign shares listed in Hong Kong shall be freely transferrable in accordance with these Articles. However, the board of directors may refuse to recognize any instrument of transfer without providing any reason, unless:

- (1) A fee as required by the Hong Kong Stock Exchange or such higher amount as agreed from time to time by the Hong Kong Stock Exchange has been paid for registration of the instrument of transfer and other documents relating to or which will affect the right of ownership of the shares;
- (2) The instrument of transfer only relates to the overseas listed foreign shares listed in Hong Kong;
- (3) The stamp duty which is chargeable on the instrument of transfer has been paid;
- (4) The relevant share certificate(s) and any other evidence which the board of directors may reasonably require to show the right of the transferor to transfer the shares have been provided;

(5) If the shares are intended to be transferred to joint owners, the number of joint owners shall not be more than four (4);

(6) The Company does not have any lien on the relevant shares.

The transfer of overseas listed foreign shares in the Company listed in Hong Kong shall be carried out in writing on regular or standard instruments of transfer or on a form acceptable to the board of directors. Such transfer instrument can be signed by hand or, if the transferor or transferee is a securities clearing house recognized by the law of Hong Kong (the "recognized securities clearing house") or its representative, the transfer instrument can also be signed in printed mechanical form. All transfer instruments shall be maintained in the legal address of the Company or any other place the board of directors may designate from time to time.

Any change or correction to any parts of the register of shareholders shall be carried out in accordance with the law of the place where the register of shareholders is maintained.

Article 46 No change may be made in the register of shareholders as a result of a transfer of shares within 30 days prior to the date of a shareholders' general meeting or within 5 days before the record date for the distribution of dividends.

Article 47 Where the Company decides to convene a shareholders' meeting, distribute dividend, liquidate or any other activities which would require the determination of shareholdings, the board of directors shall decide on a record date for the determination of shareholdings in the Company. The shareholders of the Company shall be such persons who appear in the register of shareholders at the end of such record date.

Article 48 Any person aggrieved and claiming to be entitled to have his name entered in or removed from the register of shareholders may apply to a court of the competent jurisdiction for rectification of the register.

Article 49 Any person who is a registered shareholder or who claims to be entitled to have his name entered in the register of shareholders in respect of shares in the Company may, if his share certificate (the "original certificate") relating to the shares is lost, apply to the Company for a replacement share certificate in respect of such shares (the "Relevant Shares").

Application by a holder of domestic shares, who has lost his share certificate, for a replacement share certificate shall be dealt with in accordance with the requirements of Section 150 of the Company Law.

Application by a holder of overseas listed foreign shares, who has lost his

share certificate, for a replacement share certificate may be dealt with in accordance with the law, the rules of the stock exchange or other relevant regulations of the place where the original register of shareholders of holders of overseas listed foreign shares is maintained.

The issue of a replacement share certificate to a holder of H shares listed in Hong Kong, who has lost his share certificate, shall comply with the following requirements:

(1) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarial certificate or a statutory declaration, stating the grounds upon which the application is made and the circumstances and evidence of the loss, and declaring that no other person is entitled to have his name entered into the register of shareholders in respect of the Relevant Shares.

(2) The Company has not received any declaration made by any person other than the applicant declaring that his name shall be entered into the register of shareholders in respect of such shares before it decides to issue a replacement share certificate to the applicant.

(3) If the Company decides to issue a new share certificates to the applicants, it shall publish an announcement in respect of the issue of new share certificates in newspapers designated by the board of directors. The period of announcement shall be 90 days and it shall be re-issued once every 30 days. Chinese and English versions of such announcement shall be published in at least one major Chinese and one major English newspaper in Hong Kong respectively.

(4) The Company shall, prior to publication of its intention to issue a replacement share certificate, deliver to the stock exchange on which its shares are listed a copy of the announcement. The Company may publish the announcement upon receipt of confirmation from the stock exchange that the announcement has been posted at the stock exchange. Such announcement shall be posted at the stock exchange for a period of 90 days.

In the case of an application which is made without the consent of all registered holders of the Relevant Shares, the Company shall deliver by mail to such registered shareholder a copy of the announcement to be published.

(5) If, by the expiration of the 90-day period referred to in paragraphs (3) and (4) of this Article, the Company has not have received any challenge from any person in respect of the issuance of the replacement share certificate, it may issue a replacement share certificate to the applicant.

(6) Where the Company issues a replacement share certificate pursuant to this Article, it shall forthwith cancel the original share certificate and record the cancellation of the original share certificate and issuance of a replacement share certificate in the register of shareholders accordingly.

(7) All expenses relating to the cancellation of an original share certificate and the issuance of a replacement share certificate shall be borne by the applicant and the Company may refuse to take any action until reasonable security is provided by the applicant therefore.

Article 50 Where the Company issues a replacement share certificate pursuant to these Articles of Association and a bona fide purchaser acquires or becomes the registered owner of such shares, his name shall not be removed from the register of shareholders.

Article 51 The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original share certificate or the issuance of the replacement share certificate unless the claimant is able to prove that the Company has acted in a deceitful manner.

Chapter 7 Shareholders' Rights and Obligations

Article 52 A shareholder of the Company is a person who lawfully holds shares in the Company and whose name is entered in the register of shareholders.

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

When there are two or more persons registered as the joint shareholders of any shares, they should be regarded as co-owners of the relevant shares and are subject to the following provisions:

(1) the Company shall not be bound to register more than four persons as joint shareholders of any shares;

(2) all joint shareholders shall jointly and severally be responsible to bear all the relevant payable costs.

In case of joint shareholders, if one of them is deceased, only the other existing shareholders shall be deemed as the persons who have the ownership of the relevant shares. Nevertheless, the board of directors may require them to provide a certificate of death of the relevant shareholder for the purpose of modifying the relevant register of shareholders. In respect of any of the joint shareholders of the shares, only the joint shareholder ranking first in the register of shareholders have the right to accept

certificates of the relevant shares, receive notices of, attend and vote at shareholders' general meetings of the Company. Any notice delivered to the aforesaid shareholder shall be deemed to have been delivered to all the joint shareholders of the relevant shares.

Article 53 The ordinary shareholders of the Company shall enjoy the following rights:

- (1) the right to receive dividends and other distributions in proportion to the number of shares held subject to this Article;
- (2) the right to attend or appoint a proxy to attend and vote at shareholders' general meetings;
- (3) the right to supervise the operations of the Company and to raise proposals and queries;
- (4) the right to transfer shares in accordance with laws, administrative regulations and provisions of these Articles of Association;
- (5) the right to obtain relevant information in accordance with these Articles of Association, including:
 1. the right to obtain a copy of these Articles of Association, subject to payment of costs;
 2. the right to inspect and copy, subject to payment of a reasonable fee:
 - (i) all registers of shareholders;
 - (ii) personal particulars of the directors, supervisors, president and other senior management of the Company, including:
 - (a) present and former name and alias;
 - (b) principal address;
 - (c) nationality;
 - (d) primary and all other part-time occupations and duties;
 - (e) identification documents and the numbers thereof;
 - (iii) report on the share capital of the Company;
 - (iv) reports showing the aggregate par value, number, highest and lowest price paid in respect of each class of shares repurchased by the Company

since the end of the last accounting year and the aggregate amount paid by the Company for this purpose;

(v) minutes of shareholders' general meetings.

(6) in the event of the dissolution or liquidation of the Company, the right to participate in the distribution of surplus assets of the Company in accordance with the number of shares held;

(7) other rights conferred by laws, administrative regulations and these Articles of Association.

No powers shall be taken to freeze or otherwise impair any of the abovementioned by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

The Company has the right to send dividend warrants by post, either directly or through receiving agents. Where such warrants have been left uncashed on two consecutive occasions, the Company has the power to cease sending dividend warrants by post. Nevertheless, such power may be exercised after the first occasion on which such a warrant is returned undelivered.

When permitted by laws, the Company has the power to sell the shares of a member who is untraceable under the following circumstances:

(a) during a period of 12 years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and

(b) on expiry of the 12 years the Company gives notice of its intention to sell the shares by way of an advertisement published in the newspapers and notifies Hong Kong Stock Exchange of such intention.

Article 54 The ordinary shareholders of the Company shall assume the following obligations:

(1) to comply with these Articles of Association;

(2) to pay subscription monies according to the number of shares subscribed for and the method of subscription;

(3) other obligations imposed by laws, administrative regulations and these Articles of Association.

Shareholders are not liable to make any further contribution to the share

capital other than according to the terms agreed by the subscriber of the relevant shares at the time of subscription.

Article 55 In addition to the obligations imposed by laws and administrative regulations or the listing rules of the stock exchange on which the shares of the Company are listed, a controlling shareholder shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of all or any of the shareholders of the Company:

(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) of the assets of the Company in any way, including (but not limited to) opportunities which are 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 (but not limited to) rights to distributions and voting rights (save pursuant to a restructuring submitted for approval by the shareholders in a general meeting in accordance with these Articles of Association).

Article 56 For the purpose of the foregoing Article, a “controlling shareholder” means a person who satisfies any one of the following conditions:

(1) a person who, acting alone or in concert with others, has the power to elect more than half of the board of directors;

(2) a person who, acting alone or in concert with others, has the power to exercise or to control the exercise of 30% or more of the voting rights in the Company;

(3) a person who, acting alone or in concert with others, holds 30% or more of the issued and outstanding shares of the Company;

(4) a person who, acting alone or in concert with others, has de facto control of the Company in any other way.

Chapter 8 Shareholders' General Meetings

Article 57 The shareholders' general meeting is the body of authority of the Company and shall exercise its powers in accordance with the law.

Article 58 The shareholders' general meeting shall have the powers:

- (1) to decide on the operation objectives and investment plans of the Company;
- (2) to elect and remove directors and to decide on matters relating to the remuneration of directors;
- (3) to elect and remove supervisors who represent the shareholders and to decide on matters relating to the remuneration of supervisors;
- (4) to consider and approve the board of directors' reports;
- (5) to consider and approve the supervisory committee's reports;
- (6) to consider and approve the annual budget and final accounts of the Company;
- (7) to consider and approve the profit distribution plans and loss recovery plans of the Company;
- (8) to decide on the increase or reduction of the registered capital of the Company;
- (9) to decide on matters in relation to merger, division, dissolution and liquidation of the Company;
- (10) to decide on the issue of debentures by the Company;
- (11) to decide on the appointment, dismissal and non-reappointment of the accounting firm of the Company;
- (12) to amend these Articles of Association;
- (13) to consider motions raised by shareholders who represent 5% or more of the total number of voting shares of the Company;
- (14) to decide on other matters which, according to the law, administrative regulation or these Articles of Association, need to be approved by shareholders in general meeting.

The shareholders' general meeting may delegate its power to the board of directors to carry out matters on their behalf.

Article 59 The Company shall not, without the prior approval of shareholders in general meeting, enter into any contract with any person (other than a director, supervisor, president and other senior officers) pursuant to which such person shall be responsible for the management and administration of the whole or any substantial part of its business.

Article 60 Shareholders' general meetings include annual general meetings and extraordinary general meetings. Shareholders' general meetings shall be convened by the board of directors. Annual general meetings are held once every year and within six (6) months from the end of the preceding financial year.

The board of directors shall convene an extraordinary general meeting within two months of the occurrence of any one of the following events:

- (1) where the number of directors is less than the number stipulated in the

Company Law or two-thirds of the number specified in these Articles of Association;

- (2) where the unrecovered losses of the Company amount to one-third of the its total share capital;
- (3) where shareholder(s) holding 10% or more of the issued and outstanding voting shares of the Company request(s) in writing for the convening of an extraordinary general meeting;
- (4) whenever the board of directors deems necessary or the supervisory committee so requests;
- (5) where there are two or more independent Directors demand to convene such meeting.

Article 61 When the Company convenes a shareholders' general meeting, written notice of the meeting shall be given forty-five days before the date of the meeting (including the date of the meeting but excluding the date on which the written notice is sent) to notify all shareholders whose names appear in the share register of the matters to be considered and the date and place of the meeting. A shareholder who intends to attend the meeting shall deliver to the Company his written reply concerning his attendance at such meeting twenty days before the date of the meeting.

Article 62 When the Company convenes a shareholders' annual general meeting, shareholder(s) holding 5% or more of the total voting shares of the Company shall have the right to propose new motions in writing, and the Company shall place such proposed motions on the agenda for such annual general meeting if they are matters falling within the functions and powers of shareholders in general meeting.

Article 63 The Company shall, based on the written replies received from shareholders twenty days before the date of the shareholders' general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting is more than one-half of the total voting shares, the Company may hold the meeting; if not, the Company shall, within five days, notify the shareholders, by way of public announcement, the matters to be considered, and the place and date for, the meeting. The Company may convene the meeting after publication of such announcement.

A shareholders' extraordinary general meeting shall not decide on any matter not stated in the notice for the meeting.

Article 64 A notice of meeting of the shareholders of the Company shall:

- (1) be in writing;
- (2) specify the place, date and time of the meeting;

- (3) contain the matters to be discussed at the meeting;
- (4) provide such information and explanation as are necessary for the shareholders to make an informed decision on the proposals put before them. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to consolidate / repurchase the shares of the Company, to reorganize its share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of such proposal must be properly explained;
- (5) contain a disclosure of the nature and extent, if any, of the material interests of any director, supervisor, president and other senior officers in the proposed transaction and the effect which the proposed transaction will have on them in their capacity as shareholders in so far as it is different from the effect on the interests of shareholders of the same class;
- (6) contain the full text of any special resolution to be proposed at the meeting;
- (7) contain a conspicuous statement that a shareholder entitled to attend and vote at such meeting is entitled to appoint one (1) or more proxies to attend and vote at such meeting on his behalf and that a proxy need not be a shareholder;
- (8) specify the time and place for lodging proxy forms for the relevant meeting.

Article 65 Subject to this Articles, notices of general meetings may be delivered to the addresses of shareholders (whether or not such shareholder is entitled to vote at such general meetings) registered in the register of shareholders by hand or prepaid post. In case of domestic shareholders, such notices may be delivered by way of announcement.

Announcements mentioned in the previous clause shall be published in one or more newspapers designated by the securities authority under the State Council within the interval of 45 days to 50 days before the date of the meeting. Once the announcement is published, all domestic shareholders shall be deemed to have received such notice of the relevant general meeting. Chinese and English versions of such announcements shall be published in a major Chinese newspaper and a major English newspaper in Hong Kong respectively.

Article 66 The accidental omission to give notice of a meeting to, or the failure to receive the notice of a meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions adopted thereat.

Article 67 Any shareholder who is entitled to attend and vote at a general meeting of the Company shall be entitled to appoint one or more persons, who need not

to be a shareholder, as his proxies to attend and vote on his behalf. A proxy so appointed shall be entitled to exercise the following rights pursuant to the authorization from that shareholder:

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

Article 68 The instrument appointing a proxy shall be in writing under the hand of the appointor or his attorney duly authorized in writing, or if the appointor is a legal entity, either under seal or under the hand of a director or a duly authorized executive or attorney. The instrument of appointment shall state the number of shares held by the appointer represented by the proxy.

Article 69 The instrument appointing a voting proxy and, if such instrument is signed by a person under a power of attorney or other authority on behalf of the appointor, a notarially certified copy of that power of attorney or other authority shall be deposited at the residence of the Company or at such other place as is specified for that purpose in the notice convening the meeting, not less than twenty-four hours before the time for holding the meeting at which the proxy propose to vote or the time appointed for the passing of the resolution. The date of issuance shall be provided in the instrument of appointment.

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

If the shareholder is the recognized clearing house or its attorney, such shareholder is entitled to appoint one or more persons as his proxies to attend on his behalf at a general meeting or at any class meeting, but if one or more persons have such authority, the letter of authorization shall specify the number and class of the shares in connection with such authorization. Such person can exercise the right on behalf of the recognized clearing house as an individual shareholder of the Company.

Article 70 Any form issued to a shareholder by the directors for use by such shareholder for the appointment of a proxy to attend and vote at meetings of the Company shall be such as to enable the shareholder to freely instruct the proxy to vote in favor of or against the motions, such instructions being given in respect of each individual matter to be voted on at the meeting. Such a form shall contain a statement that, in the absence of specific instructions from the shareholder, the proxy may vote as he thinks fit.

Article 71 A vote given in accordance with the terms of a proxy shall be valid notwithstanding the death or loss of capacity of the appointor or revocation of the proxy or the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that the Company did not receive any written notice in respect of such matters before the commencement of the relevant meeting.

Article 72 The proxy must provide evidence of his identity when attending the meeting. In case of the legal representative appointed by a legal person shareholder (other than recognized Clearing House), the representative must provide his evidence of identity together with the notarially certified copy or other certified copy approved by the Company of the board or other authority of the appointing legal person shareholder.

Article 73 Resolutions of shareholders' general meetings shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution must be passed by votes representing not less than one-half of the voting rights represented by the shareholders (including proxies) present at the meeting.

A special resolution must be passed by votes representing not less than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting.

The attending shareholders (including proxies) shall explicitly give their affirmative or dissenting vote for each resolution. Blank vote or abstention shall not be counted when determining the voting result.

Article 74 A shareholder (including a proxy), when voting at a shareholders' general meeting, may exercise such voting rights as are attached to the number of voting shares which he represents. Each share shall have one vote.

Article 75 At any shareholders' general meeting, a resolution shall be decided on a show of hands unless a poll is demanded:

- (1) by the chairman of the meeting;
- (2) by at least two shareholders present in person or by proxy entitled to vote thereat;
- (3) by one or more shareholders (including proxies) representing 10% or more of shares (in aggregate) carrying the right to vote at the meeting, before or after a vote is carried out by a show of hands.

Unless a poll is demanded, a declaration by the chairman that a resolution has been passed on a show of hands and the record of such in the minutes of the meeting shall be conclusive evidence of the fact that such resolution has

been passed. There is no need to provide evidence of the number or proportion of votes in favor of or against such resolution.

The demand for a poll may be withdrawn by the person who demands the same.

Article 76 A poll demanded on the election of the chairman of the meeting or on the adjournment of the meeting shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs and any business other than that upon which a poll has been demanded may be proceeded with. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

Article 77 A shareholder (including a proxy) entitled to two or more votes on a poll need not cast all his votes in the same way.

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

Article 78 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall have a casting vote.

Article 79 The following matters shall be resolved by an ordinary resolution at a shareholders' general meeting:

- (1) work reports of the board of directors and the supervisory committee;
- (2) profit distribution plans and loss recovery plans formulated by the board of directors;
- (3) appointment or removal of members of the board of directors and members of the supervisory committee, their remuneration and method of payment;
- (4) annual budgets and final accounts, balance sheets and profit and loss accounts and other financial statements of the Company;
- (5) matters other than those required by the laws and administrative regulations or by these Articles of Association to be adopted by special resolution.

Article 80 The following matters shall be resolved by a special resolution at a shareholders' general meeting:

- (1) the increase or reduction in share capital and the issue of shares of any class, warrants and other similar securities;
- (2) the issuance of debentures of the Company;
- (3) the division, merger, dissolution, liquidation and major acquisition or

- disposal of the Company;
- (4) amendment of these Articles of Association;
 - (5) any other matter considered and resolved by way of an ordinary resolution by the shareholders in general meeting that which is material to the Company and shall be adopted by special resolution.

Article 81 Any resolution passed at shareholders' general meetings shall comply with the laws and administrative regulations of the PRC as well as the Articles of Association of the Company.

Article 82 Shareholders who request for the convening of an extraordinary general meeting or a class meeting shall comply with the following procedures:

- (1) Two or more shareholders holding in aggregate 10% or more of the shares carrying the right to vote at the meeting sought to be held shall sign one or more counterpart requisitions in writing stating the subjects of the meeting and requiring the board of directors to convene a shareholders' extraordinary general meeting or a class meeting thereof. The board of directors shall convene the extraordinary general meeting of shareholders or a class meeting thereof as soon as possible after receipt of such requisition(s). The shareholdings referred to above shall be the shareholdings as at the date of the requisition(s).
- (2) If the board of directors fails to issue a notice of such a meeting within thirty days from the date of receipt of the requisition(s), the requisitionists may convene such a meeting by themselves (in a manner as similar as possible to the manner in which shareholders' meetings are convened by the board of directors) within four months from the date of receipt of the requisition(s) by the board of directors.

Any reasonable expenses incurred by the requisitionists by reason of failure by the board of directors to duly convene a meeting shall be reimbursed by the Company and any sum so reimbursed shall be set-off against sums payable by the Company to the defaulting directors.

Article 83 Shareholders' general meeting shall be convened and chaired by the chairman of the board of directors. If the chairman of the Board is unable to attend the meeting for any reason, the Deputy chairman of the board of directors shall convene and chair the meeting. If both the chairman and the deputy chairman of the board of directors are unable to attend the meeting, the board of directors may designate a director to convene and chair the meeting. If no chairman of the meeting has been so designated, shareholders present at the meeting shall elect one of them to act as the chairman of the meeting. If for any reason, the shareholders fail to elect a chairman, then the shareholder (including a proxy) holding the greatest number of shares carrying the voting right at the meeting shall be the chairman of the meeting.

Article 84 The chairman of the meeting shall be responsible for determining whether a resolution has been passed. His decision, which shall be final and conclusive, shall be announced at the meeting and recorded in the minutes of the meeting.

Article 85 If the chairman of the meeting has any doubt as to the result of a resolution which has been put to vote, he may have the votes counted. If the chairman of the meeting has not counted the votes, any shareholder who is present in person or by proxy and who objects to the result announced by the chairman of the meeting may, immediately after the declaration of the result, demand that the votes to be counted and the chairman of the meeting shall have the votes counted immediately.

Article 86 If votes are counted at a shareholders' general meeting, the result of the count shall be recorded in the minutes of the meeting.

The minutes of the Shareholders' general meeting shall be kept by the Secretary. The minutes shall be signed by directors attending the meeting.

A meeting summary shall be prepared to record the resolutions passed at the Shareholders' general meeting. The minutes and summary of the meetings shall be prepared in Chinese. Minutes of meetings, attendance records and proxy forms shall be kept at the registered office of the Company.

Article 87 Copies of the minutes shall be available for inspection by any shareholder free of charge during business hours of the Company. If a shareholder requests for a copy of such minutes, the Company shall send a copy of such minutes to him within seven days after receipt of reasonable fees.

Chapter 9 Special Procedures for Voting by Class Shareholders

Article 88 Those shareholders who hold different classes of shares are class shareholders.

Class shareholders shall enjoy rights and assume obligations in accordance with the laws, administrative regulations and these Articles of Association.

Article 89 Rights conferred on any class of shareholders may not be varied or abrogated save with the approval of a special resolution of shareholders in a general meeting and by holders of shares of that class at a separate meeting convened in accordance with Articles 91 to 95.

Article 90 The following circumstances shall be deemed to be variation or abrogation of the rights attaching to a particular class of shares:

- (1) to increase or decrease the number of shares of that class, or to increase or decrease the number of shares of a class having voting or equity rights or privileges equal or superior to those of shares of that class;
- (2) to exchange all or part of the shares of that class for shares of another class or to exchange or to create a right to exchange all or part of the shares of another class for shares of that class;
- (3) to remove or reduce rights to accrued dividends or rights to cumulative dividends attached to shares of that class;
- (4) to reduce or remove preferential rights attached to shares of that class to receive dividends or to the distribution of assets in the event that the Company is liquidated;
- (5) to add, reduce or remove conversion privileges, options, voting rights, transfer or pre-emptive rights, or rights to acquire securities of the Company attached to shares of that class;
- (6) to remove or reduce rights to receive payment payable by the Company in particular currencies attached to shares of that class;
- (7) to create a new class of shares having voting or equity rights or privileges equal or superior to those of the shares of that class;
- (8) to restrict the transfer or ownership of shares of that class or to increase the restrictions attaching thereto;
- (9) to allot and issue rights to subscribe for, or to convert the existing shares into, shares in the Company of that class or another class;
- (10) to increase the rights or privileges of shares of another class;
- (11) to restructure the Company in such a way so as to result in the disproportionate distribution of obligations between the various classes of shareholders;
- (12) to vary or abrogate the provisions of chapter 9 herein.

Article 91 Shareholders of the affected class, whether or not otherwise having the right to vote at shareholders' general meetings, have the right to vote at class meetings in respect of matters concerning sub-paragraphs (2) to (8), (11) and (12) of Article 90, but interested shareholder(s) shall not be entitled to vote at such class meetings.

“(An) interested shareholder(s)”, as such term is used in the preceding

paragraph, means:

(1) in the case of a repurchase of shares by way of a general offer to all shareholders of the Company or by way of public dealing on a stock exchange pursuant to Article 32, a “controlling shareholder” within the meaning of Article 56;

(2) in the case of a repurchase of shares by an over-the-counter agreement pursuant to Article 32, a holder of the shares to which the proposed agreement relates;

(3) in the case of a restructuring of the Company, a shareholder who assumes a relatively lower proportion of obligation than the obligations imposed on shareholders of that class under the proposed restructuring or who has an interest in the proposed restructuring different from the general interests of the shareholders of that class.

Article 92 Resolutions of a class of shareholders shall be passed by votes representing more than two-thirds of the voting rights of shareholders of that class represented at the relevant meeting who, according to Article 91, are entitled to vote thereat.

Article 93 Written notice of a class meeting shall be given to all shareholders who are registered as holders of that class in the register of shareholders forty-five days (including the date of the meeting) before the date of the class meeting. Such notice shall give such shareholders notice of the matters to be considered at such meeting, the date and the place of the class meeting. A shareholder who intends to attend the class meeting shall deliver his written reply in respect thereof to the Company twenty days before the date of the class meeting.

If the shareholders who intend to attend such class meeting represent more than half of the total number of shares of that class which have the right to vote at such meeting, the Company may hold the class meeting; if not, the Company shall within five days give the shareholders further notice of the matters to be considered, the date and the place of the class meeting by way of public announcement. The Company may then hold the class meeting after such public announcement has been made.

Article 94 Notice of class meetings shall only be served on shareholders entitled to vote thereat.

Class meetings shall be conducted in a manner which is as similar as possible to that of shareholders' general meetings. The provisions of these Articles of Association relating to the manner for the conduct of shareholders' general meetings are also applicable to class meetings.

Article 95 Apart from the holders of other classes of shares, the holders of the domestic-invested shares and holders of overseas-listed foreign-invested shares shall be deemed to be holders of different classes of shares.

The special procedures for approval by class shareholders shall not apply in the following circumstances:

(1) where the Company issues, upon the approval by special resolution of its shareholders in a general meeting, either separately or concurrently in twelve months, not more than 20% of each of its existing issued domestic-invested shares and overseas-listed foreign-invested shares; or

(2) where the Company's plan to issue domestic-invested shares and overseas-listed foreign-invested shares at the time of its establishment is carried out within fifteen months from the date of approval of the securities authority of the State Council.

Chapter 10 Board of Directors

Article 96 The Company shall have a board of directors. The board of directors shall consist of thirteen directors, including one chairman and one deputy chairman.

The board of directors shall consist of executive directors, non-executive directors and independent non-executive directors. At least half of the members of the board of directors shall be non-executive directors and at least one-third of them are independent non-executive directors. The non-executive directors do not hold positions in the Company.

The board of directors shall set up special committees, namely the strategic committee, the audit committee, the remuneration committee and the nomination committee as required. The board of directors shall enquire the relevant special committee before they decide on any resolutions.

[Before making relevant resolutions, the Board shall first listen to the opinion of the Party organization of the Company.](#)

Article 97 The directors of the Company shall be natural persons. Each of the directors shall be elected at the shareholders' general meeting for a term of three years, renewable upon re-election.

The written notification for nomination of candidates for directors together with the confirmation of the candidates acceptance of such nominations shall be given at least seven days in advance.

The period of notice in the second paragraph of this Article shall commence on the date on which the notice for a shareholders' meeting is issued at earliest, and shall end no later than seven days prior to the date appointed for the meeting.

Candidates for directorship (both executive and non-executive directors) of the first session of the board of directors shall be proposed by the promoters and elected by the inaugural meeting of the Company. The number of directors to be elected at each session shall not be more than that stated in Article 96.

Subject to the relevant laws and administrative regulations, the shareholders' general meeting may by ordinary resolution remove any director before the expiration of his term of office without prejudice to the director's right to claim for damages arising from his removal.

The chairman shall be elected and removed by more than half of all of the members of the board of directors. The chairman and directors shall have a term of office of three years, renewable upon re-election.

The non-executive directors shall have sufficient time and necessary knowledge and ability to perform their duties. The Company shall provide necessary information to facilitate a non-executive director to perform his duties. Independent non-executive directors may directly report to the shareholders' meeting, the securities regulatory authority under the State Council and other relevant departments.

Except for non-executive directors and independent non-executive directors, other directors may concurrently serve as other senior management of the Company other than supervisors.

No more than two senior management members (i.e. the chairman, deputy chairman and executive directors) of the controlling shareholders shall concurrently serve as the chairman, deputy chairman and executive directors of the Company.

Executive directors shall deal with the matters as authorized by the board of directors.

The directors shall not be required to hold shares in the Company.

Article 98 The board of directors is accountable to the shareholders in general meeting and exercises the following functions and powers:

- (1) to be responsible for the convening of the shareholders' general meeting and to report on its work to the shareholders in general meetings;
- (2) to implement the resolutions passed by the shareholders in general meetings;

- (3) to determine the business plans and investment proposals of the Company;
- (4) to formulate the preliminary and final annual financial budgets of the Company;
- (5) to formulate the profit distribution proposal and loss recovery proposal of the Company;
- (6) to formulate the debt and financial policies, proposals for the increase or reduction of the registered capital of the Company and for the issuance of debentures;
- (7) to draw up the material acquisition or disposal proposals and plans for the merger, division or dissolution of the Company;
- (8) to determine the establishment of the internal management structure of the Company;
- (9) to appoint or remove the president of the Company, to appoint or remove the vice president and the finance director of the Company based on the nominations of the president, and to decide on their remuneration;
- (10) to decide on the establishment of the branch organizations of the Company;
- (11) to set up the basic management system of the Company, including the financial management and human resources management systems;
- (12) to formulate proposals for any amendment of these Articles of Association;
- (13) to submit the proposals for application of bankruptcy of the Company;
- (14) to determine the external guarantees of the Company under the authorization of general meetings;
- (15) except for the matters that the Company Law and these Articles of Association require to be resolved by the shareholders in general meeting, to decide on other important and administrative matters of the Company and to execute other important agreements;
- (16) to exercise such other authorities as conferred at general meetings and these Articles of Association.

Other than the board of directors' resolutions in respect of the matters specified in sub-paragraphs (6), (7), (12), (13) and (14) which shall be passed by more than two-thirds of all directors, the board of directors' resolutions in respect of all other matters may be passed by a simple majority of the directors.

Resolutions made by the board of directors in relation to connected transactions shall not be effective unless signed by the independent non-executive directors.

Article 99 The board of directors shall not, without the prior approval of shareholders in general meeting, dispose or agree to dispose of any fixed assets of the Company where the aggregate of the amount or value of the consideration for the proposed disposition, and the amount or value of the consideration for any such disposition of any fixed assets of the Company completed in a period of four months immediately preceding the proposed disposition, exceeds 33% of the value of the fixed assets of the Company as shown in the latest balance sheet tabled at a shareholders' general meeting.

For the purposes of this Article, disposition includes the transfer of an interest in assets but does not include the charge of fixed assets for the provision of security.

The validity of a disposition by the Company shall not be affected by any breach of the first paragraph of this Article.

In the event that the board of directors shall make decisions on market development, mergers and acquisitions and investment in new businesses and the investment amount or the asset value of mergers and acquisitions accounts for over 10% of the total assets of the Company based on the latest published audited accounts or consolidated accounts (if applicable) which have been sufficiently disclosed to shareholders, a consultancy shall be engaged to provide professional advice for consideration of the board of directors.

Article 100 The chairman of the board of directors shall exercise the following powers:

- (1) to preside over shareholders' general meetings and to convene and preside over meetings of the board of directors;
- (2) to organize the meetings of executive directors and supervise the implementation of resolutions passed by the board of directors;
- (3) to sign the securities certificates issued by the Company;
- (4) to exercise other powers conferred by the board of directors.

When the chairman is unable to exercise his powers, such powers shall be exercised by a deputy chairman designated by the chairman.

Article 101 Meetings of the board of directors shall be convened by the chairman at least four times every year at an interval of approximately once a quarter. Ten days notice of the meetings shall be given to all directors. Notwithstanding the aforesaid provision, in case of emergency, the notice of meeting may be given through telephone or in other oral form, and the convener shall make explanation at the meeting. Meetings of the board of directors shall be held at the registered office of the Company or other places in China if so resolved by the board of directors.

Chinese shall be used in meetings of the board of directors. The meeting may arrange an interpreter to provide Chinese and English interpretation when necessary.

Article 102 Notice of regular or extraordinary meetings of the board of directors shall be delivered as follows:

(1) For regular meetings of the board of directors of which the time and venue have been fixed by the board of directors, no notice of the meetings will be needed.

(2) For meetings of the board of directors of which the time and venue have not been determined by the board of directors, the chairman of the board of directors shall notify the directors of the time and venue of such meetings 10 days in advance but not more than 30 days by telex, telegram, facsimile, courier or registered mail or in person, unless otherwise provided for in Article 99.

(3) Notice of meetings shall be served in Chinese, with an English translation attached thereto when necessary, together with the agenda of the meeting. A director may waive his right to receive notice of board meeting.

Article 103 All the executive and non-executive directors must be notified about the important matters that must be decided by the board of directors within the period stipulated in Article 102 and sufficient materials must be provided at the same time in strict compliance with the required procedures. Directors may request supplementary information. If more than one-fourth of the directors or more than two non-executive directors consider that the materials provided are not sufficient or the supporting arguments are not clear, they may jointly propose to postpone the meeting or postpone the discussion of certain matters on the agenda of the meeting and the board of directors shall accept such proposal.

Notice of a meeting shall be deemed to have been given to any director who attends the meeting without objection, before or at its commencement.

Regular or extraordinary meetings of the board of directors can be held by way of telephone conference or similar communication equipment. As long as all directors present in the meeting can hear clearly the speak of the other directors and can communicate instantly. All directors participated shall be treated as present in the meeting.

Article 104 A board of directors meeting shall only be convened if more than half of the board of directors are present (including any directors appointed by written power of attorney pursuant to Article 105 of these Articles of Association to attend the meeting as the representatives of other directors). Each director shall have one vote. Each resolution requires the affirmative votes of more than half of all the board of directors in order to be passed. In the case of equal division of votes, the chairman of the board of directors shall be entitled to a casting vote.

Article 105 Directors shall attend the meetings of the board of directors in person. Where a director is unable to attend a meeting for any reason, he may by a written power of attorney appoint another director to attend the meeting on his behalf. The power of attorney shall set out the scope of the authorization.

A director appointed as the representative of another director to attend the meeting shall exercise the rights of a director within the scope of authority conferred by the appointing director. Where a director is unable to attend a meeting of the board of directors and has not appointed a representative to attend the meeting on his behalf, he shall be deemed to have waived his right to vote at the meeting.

The expenses incurred by the directors in attending a meeting of the board of directors shall be borne by the Company. These expenses include transportation fees between the location of the director and the place of meeting and charges for accommodation and meals during the period of the meeting of the board of directors. Miscellaneous expenses such as rental of the venue of the meeting and local transportation fees shall also be borne by the Company.

Article 106 The board of directors may accept a written resolution in lieu of a board meeting provided that a draft of such written resolution shall be delivered to each director in person, by mail, telegram or facsimile. If the board of directors delivers such proposed written resolution to all the directors and the number of directors, who signed to agree such written resolution, have reached the required quorum, and the same have been delivered to the secretary of the board of directors as mentioned above, such resolution shall become a board resolution and there is no need to hold a board meeting.

Article 107 The board of directors meeting shall be recorded in Chinese and minutes shall be kept of all resolutions passed at the meetings and at non-convened board of directors meetings. The independent non-executive directors' opinions shall be clearly stated in the resolution of the relevant board of directors meeting. The minutes of each board of directors meeting shall be given to all directors for review as soon as possible. The directors who want to make changes or supplements to the minutes shall submit their written requests to the chairman of the board of directors within one week of their receipt of the minutes. After the minutes are finalized, each director present at the board of directors meeting and the recorder of the minutes shall sign the minutes. The minutes of the board of directors meetings shall be kept at the registered address of the Company and a complete copy of the same shall be delivered as soon as possible to each director.

The directors shall be liable for the resolutions of the board of directors. If a resolution of the board of directors violates the laws, administrative regulations or these Articles of Association and the Company suffers serious losses as a result thereof, the directors who participated in the passing of such resolution are liable to compensate the Company. However, if it can be proven that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director shall be released from such liability.

Chapter 11 Independent Directors

Article 108 The Bank shall have independent directors who shall discharge their duties and obligations in accordance with the relevant laws, administrative regulations, Articles of Association and procedures of the Board.

Article 109 Independent directors shall be independent to the Company and its members. Independent directors shall not serve in any other position of the Company.

Independent directors may report directly to Shareholders' General Meetings, securities regulatory authorities and other relevant authorities in China.

Article 110 Independent directors shall be accountable to the Company and all Shareholders and perform their obligations of faithfulness and diligence. Independent directors shall perform their duties in accordance with the relevant laws, administrative regulations and Articles of Association to safeguard the interests of the Company and in particular the legal interests of minority shareholders. Independent directors shall not be interfered by the major shareholders, beneficial owners or other interested entities or individuals of the listed company in performing their duties.

Article 111 The Company shall facilitate the independent directors to effectively perform their duties by the following measures:

(1) The Company shall ensure that independent directors have the right to know as other directors may have. In respect of matters required to be approved by Board meeting, an advance notice of the meeting together with all necessary information shall be served on the independent directors as required. Independent directors may require additional information if they think the information is insufficient. The Board shall postpone or adjourn the meeting if two or more independent directors consider that the information is sufficient or that the reasons of decision are not relevant and propose the Board in writing to do so. The information provided to independent directors by the Company shall be kept by the Company and independent directors for not less than five years.

(2) The Company shall facilitate the independent directors to perform their duties by providing necessary working conditions. The secretary to the Board shall assist the independent directors by providing necessary information and materials. The independent opinions, proposals and written statements by independent directors shall be promptly filed to the relevant stock exchange for publication by the secretary to the Board if so required.

(3) The relevant staff of the Company shall assist the independent directors in performing their duties and shall not reject, obstruct, withhold information or interfere.

(4) The Company shall pay reasonable allowances to independent directors. The allowances shall be proposed by the Board and approved by general meeting and disclosed in the annual report of the Company.

Other than the above allowances, independent directors shall not receive any other secret benefits from the Company or its major shareholders or other interested entities and individuals.

Article 112 Subject to the provisions of these Articles, the provisions of chapter 16 in these Articles relating to directors shall apply to independent directors and external directors.

Chapter 12 Secretary of the Board of Directors

Article 113 The Company shall have one secretary of the board of directors. The secretary shall be a senior officer of the Company.

Where necessary, the board of directors may establish a secretariat of the board of directors.

Article 114 The secretary of the board of directors shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the board of directors. His/her main duties include:

(1) ensure the completeness of the organization documents and records of the Company; ensure the preparation and provision of the reports and documents required by the PRC authorities in compliance with the laws; ensure the register of shareholders have been properly maintained and those who have rights to obtain the relevant records and documents can get them in time.

(2) report and submit relevant information and documents to Hong Kong Stock Exchange according to Listing Rules of Hong Kong Stock Exchange under the direction of the Board; prepare various documents for shareholders' general meetings as well as meetings of the Board; submit all documents relating to the Company to the Companies Registry of Hong Kong.

Article 115 A director or other senior management of the Company may also act as the secretary of the board of directors. The accountant of the accounting firm appointed by the Company shall not act as the secretary of the board of directors.

Where the office of secretary is held concurrently by a director, and an act is required to be done by a director and a secretary separately, the person who holds the office of director and secretary may not perform the act in a dual capacity.

Article 116 The secretary of the board of director shall perform his/her duties diligently in accordance with relevant requirements of the Articles of Association.

The secretary of the board of director shall assist the Company in complying with relevant laws in PRC and rules of stock exchange where the shares of the Company are listed.

Chapter 13 Board Committees

Article 117 The board committees shall consist of the directors of the Company elected by the board of directors.

Article 118 Each board committee shall have a convenor, who shall be responsible for the convention of the board committee meeting. The composition, duties and operation mechanism of each board committee shall be determined by the board of directors and shall comply with the relevant laws and regulations of the PRC and the place where the shares of the Company are listed and the applicable requirement of the Hong Kong Stock Exchange.

Chapter 14 President

Article 119 The Company shall have a president, who shall be appointed or dismissed by the board of directors.

The management personnel of the controlling shareholder shall not be the president or vice president of the Company concurrently.

The Company shall have several vice presidents, such as the vice president of finance, to assist the president in performing his duties. Vice presidents and the vice president of finance shall be nominated by the president and appointed or dismissed by the board of directors.

Article 120 The president shall be accountable to the board of directors and shall exercise the following functions and powers:

- (1) to be in charge of the production, operation and management of the Company and to organize the implementation of the resolutions of the board of directors;
- (2) to organize the implementation of the annual business plan and investment proposal of the Company;
- (3) to draft plans for the establishment of the internal management structure of the Company;
- (4) to draft plans for the establishment of the branch organizations of the Company;
- (5) to draft the basic management system of the Company;
- (6) to formulate basic rules and regulations for the Company;
- (7) to propose the appointment or dismissal of the vice presidents and financial in-charge of the Company;
- (8) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the board of directors;
- (9) to exercise other powers conferred by these Articles of Association and the board of directors.

Article 121 The president shall be entitled to attend meetings of the board of directors and receive relevant documents. The president who is not a director does not have any voting rights at board meetings.

Article 122 In performing their duties and powers, the president and vice presidents shall neither alter the resolutions of the general meeting and the board of directors nor exert influence beyond their authority.

Article 123 In performing their duties and powers, the president and vice president shall act honestly and diligently and in accordance with the laws, administrative regulations and these Articles of Association.

Article 124 In the event of resignation of the president, vice presidents and other senior management personnel, a three-month prior written notice shall be given to the board of directors. In the event of resignation of department manager, a two-month prior written notice shall be given to the president.

Chapter 15 Supervisory Committee

Article 125 The Company shall have a supervisory committee, which is the supervisory body of the Company responsible for supervising the board of directors and its members and senior management including the president and vice presidents to prevent them from abusing their power and authority and jeopardizing the legal interests of the shareholders, the Company and its employees.

Article 126 The supervisory committee shall compose of not more than eight supervisors, and one of whom shall be the chairman of the committee. Each supervisor shall serve a term of three years, which is renewable upon re-election and re-appointment.

The election or removal of the chairman of the supervisory committee shall be determined by affirmative votes of two-thirds or more of the members of the supervisory committee.

The chairman of the supervisory committee shall be responsible for organizing the performance of duties of the supervisory committee.

Article 127 The supervisory committee shall include supervisors representing the shareholders (including external supervisors who comply with the requirement of not holding any office within the Company (the “external supervisor”) and independent supervisors) and one supervisor representing the employees. Supervisors representing the shareholders shall be elected or removed by shareholders in general meetings, and the supervisor representing employees shall be elected or removed by the employees in a democratic way. More than half of the members of the supervisory committee shall be external supervisors, and two of whom shall be independent supervisors.

The supervisory committee may set up a working group to handle routine business affairs if and when necessary.

Article 128 The directors, president, vice presidents, person-in-charge of finance and other senior management personnel of the Company shall not act as supervisors.

Article 129 The supervisory committee shall meet at least twice every year and the meetings shall be convened by the chairman of the supervisory committee. Notice of the meeting shall be served to all supervisors ten days prior to the date of the meeting. Notwithstanding the provision of the following Article, an extraordinary meeting of the supervisory committee may be held for urgent matters if so requested by at least one-third of the supervisors.

Meetings of supervisory committee shall be held at the registered office of the Company or such other place in the PRC as resolved by the supervisory committee.

Notice of meetings of the supervisory committee shall be delivered in the follow ways:

- (1) For regular meetings of the supervisory committee of which the time and venue have been fixed by the supervisory committee, no notice of the convening of such meetings will be needed.
- (2) For meetings of the supervisory committee of which the time and venue have not been determined by the supervisory committee, the chairman of supervisory committee shall notify the supervisors of the time and venue of such meeting at least ten days but at most thirty days in advance by telex, telegram, facsimile, courier or registered mail or in person, unless otherwise provided for in the first paragraph of this Article.
- (3) Notice of meetings shall be served in Chinese, with an English translation attached thereto when necessary, together with the agenda of the meeting. A supervisor may waive his/her right to receive the notice of meeting of the supervisory committee.

Notice of a meeting shall be deemed to have been given to any supervisor who attends the meeting without protesting against, before or at its commencement.

Article 130 The supervisory committee shall be accountable to the shareholders' general meeting and shall exercise the following duties and powers in accordance with the law:

- (1) to review the financial position of the Company;
- (2) to supervise the directors, president, vice presidents and other senior management to ensure that they do not act in contravention of any law, administrative regulations or these Articles;
- (3) to demand any director, president or any other senior management who acts in a manner which is harmful to the interest of the Company to rectify such behaviour;
- (4) to verify the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the board of directors to the shareholders' general meetings and to appoint, in the name of the Company, publicly certified accountants and auditors to assist in the re-examination of such information should any doubt arise in respect thereof;
- (5) to propose the convention of an extraordinary general meeting;
- (6) to represent the Company in negotiations with or in bringing actions against a director;
- (7) other functions and powers as prescribed in these Articles.

The supervisory committee may provide its opinions on the appointment of accounting firm by the Company, and may appoint another accounting firm in the name of the Company when necessary to examine the financial affairs of the Company independently. It may also directly report the relevant information to the securities authorities of the State Council and other relevant authorities.

External supervisors shall report independently to the shareholders' meeting in respect of the integrity and diligence of the senior management.

Supervisors shall attend meetings of the board of directors as observers.

Article 131 Two-thirds of the total number of supervisors shall constitute the quorum of a meeting of the supervisory committee. Every supervisor has one vote. Resolutions of the supervisory committee must be passed by votes representing more than two-thirds of the members of the supervisory committee.

Article 132 All reasonable fees incurred for the employment of professionals such as lawyers, certified public accountants or practising auditors engaged by the supervisory committee in the exercise of its duties and powers shall be borne by the Company.

Article 133 A supervisor shall carry out his duties honestly and faithfully in accordance with the laws, administrative regulations and these Articles.

Chapter 16 Qualifications and Duties of the Directors, Supervisors, President and Other Senior Management

Article 134 A person may not serve as a director, supervisor, president or any other senior management position of the Company if any of the following circumstances apply:

- (1) A person who loses or has limited capacity for civil conduct;
- (2) A person who has been sentenced for corruption, bribery, infringement of property or misappropriation of property or other crimes for disruption of the social or economic order, where less than a term of 5 years has lapsed since the sentence was served, or a person who has been deprived of his political rights and not more than 5 years have lapsed since the sentence was served;
- (3) A person who is a former director, factory manager or manager of a company or enterprise which has been dissolved or put into liquidation as a result of mismanagement and who was personally liable for the winding up of such company or enterprise, where less than 3 years have elapsed since the date of completion of the insolvent liquidation of the company or enterprise;
- (4) A person who is a former legal representative of a company or enterprise that the business licence of which was revoked due to violation of law and who are personally liable therefor, where less than 3 years have elapsed since the date of the revocation of the business licence;
- (5) A person who has a large amount of outstanding debts which have become overdue;
- (6) A person who is currently under investigation by judicial authorities for violation of criminal law;
- (7) A person who, according to relevant laws and administrative regulations, cannot act as a leader of an enterprise;
- (8) A person other than a natural person;
- (9) A person who has been convicted by the competent authority for violation of relevant securities regulations and such conviction involves a finding that such person has acted fraudulently or dishonestly, where less than 5 years have lapsed from the date of such conviction.

Article 135 The validity of an act carried out by a director, the president and other senior management of the Company on behalf of the Company as against a bona fide third party, shall not be affected by any irregularity in his office, election or any defect in his qualification.

Article 136 In addition to the obligations imposed by laws, administrative regulations or the listing rules of the stock exchange on which shares of the Company are listed, each of the directors, supervisors, president and other senior management shall owe the following obligations to all shareholders in the exercise of the duties and powers entrusted to them by the Company:

- (1) Not to cause the Company to operate beyond the scope of business stipulated in its business licence;
- (2) To act honestly and in the best interests of the Company;
- (3) Not to expropriate the property of the Company in any way, including (but not limited to) usurpation of opportunities which benefit the Company;
- (4) Not to expropriate the individual rights of shareholders, including (but not limited to) the rights to distribution and voting rights, save and except pursuant to a restructuring of the Company which has been submitted to the shareholders' general meeting for approval in accordance with these Articles.

Article 137 Each of the directors, supervisors, president and other senior management shall, in the exercise of his powers and in the discharge of his duties, exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Article 138 Each of the directors, supervisors, president and other senior management shall exercise his powers or perform his duties in accordance with the fiduciary principle, and shall not put himself in a position where his duty and his interest may conflict. This principle includes (without limitation) discharging the following obligations:

- (1) To act honestly in the best interests of the Company;
- (2) To act within the scope of his powers and not to exceed such 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 given by the 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) Unless otherwise provided for in these Articles or except with the informed consent from the shareholders' general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) Not to use the property of the Company for his own benefit without the informed consent from the shareholders' general meeting;
- (7) Not to exploit his position to accept bribes or other illegal income or expropriate the property of the Company in any way, including (but not limited to) opportunities which benefit the Company;
- (8) Not to accept commissions in connection with the transactions of the Company without the informed consent from shareholders' general meeting;
- (9) To comply with these Articles of Association, to perform his official duties faithfully, to protect the interests of the Company and not to exploit his position and power in the Company for his own interests;
- (10) Not to compete with the Company in any way, unless informed consent is obtained from shareholders' general meeting;
- (11) Not to misappropriate the money of the Company or to lend such money to any other person, not to place the assets of the Company in accounts in his own name or in any other name or to use such assets to guarantee the debts of a shareholder of the Company or any other personal liabilities;
- (12) not to release any confidential information which he has obtained during his office without the informed consent from shareholders' general meeting or use such information otherwise than for the benefit of the Company, save that disclosure of such information to the court or other governmental authorities is permitted if:
 - (i) it is required by the relevant laws;
 - (ii) it is required for public interests;
 - (iii) it is required for the interests of the relevant director, supervisor, president or other senior management.

Article 139 Directors, supervisors, presidents and other senior management of the Company shall not direct the following persons or entities ("associates") to

act in a manner which he is prohibited from so acting:

- (1) The spouse or child under the age of 18 of any of the directors, supervisors, presidents or other senior management of the Company;
- (2) The trustee of any of the directors, supervisors, presidents or other senior managements of the Company or any of the persons described in sub-paragraph (1) above;
- (3) The partner of any of the directors, supervisors, presidents or other senior management of the Company or any person referred to in sub-paragraphs (1) and (2) of this Article;
- (4) A company in which any of the directors, supervisors, presidents or other senior management of the Company, whether alone or jointly with one or more of the persons referred to in sub-paragraphs (1), (2) and (3) of this Article and other directors, supervisors, presidents or other senior management of the Company, has de facto controlling interest;
- (5) The directors, supervisors, presidents and other senior management of a company which is being controlled in the manner set out in sub-paragraph (4) above.

Article 140 The fiduciary duties of the directors, supervisors, presidents and other senior officers of the Company do not necessarily cease with the termination of their tenure. The duty of confidentiality in respect of trade secrets of the Company survives the termination of their tenure. Other duties may continue for such period as the principle of fairness may require depending on the amount of time which has lapsed between the termination of office and the act concerned and the circumstances and the terms under which the relationship between the relevant director, supervisor, president and other senior management on the one hand and the Company on the other hand was terminated.

Article 141 Subject to Article 55, a director, supervisor, president or other management of the Company may be relieved of liability for specific breaches of his duty with the informed consent from the shareholders' general meeting.

Article 142 Where a director, supervisor, president or other senior management of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement entered into by or proposed to be entered into by the Company (other than the respective contract of service entered into with the Company), he shall declare the nature and extent of his interests to the board of directors promptly, whether or not the contract, transaction or arrangement or proposal is otherwise subject to the approval of the board of directors.

If a director or his/her associate has a material interest in any contract, transaction, arrangement or other matters that requires the approval of the board of directors, the relevant director shall not vote for the relevant matter at the meeting of the board of directors, and shall not be counted in the quorum of the meeting. The limitation under this paragraph is not applied to the circumstances permitted by the Listing Rules or the Hong Kong Stock Exchange.

Unless the interested director, supervisor, president or other senior management discloses his interests to the board of directors in accordance with the preceding subparagraph of this Article and he is not counted as part of the quorum and refrains from voting, such contract, transaction or arrangement is voidable at the instance of the Company except as against a bona fide party thereto who does not have notice of the breach of duty by the interested director, supervisor, president or other senior officer.

A director, supervisor, president or other senior management of the Company shall be deemed to be interested in the contract, transaction or arrangement in which his associate is interested.

Article 143 Where a director, supervisor, president or other senior management of the Company gives to the board of directors a notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements which may subsequently be made by the Company, that 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, provided that such notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration by the Company.

Article 144 The Company shall not pay taxes for or on behalf of any director, supervisor, president or other senior management in any manner.

Article 145 The Company shall not directly or indirectly or provide any loan or guarantee in connection with any loan provided to the directors, supervisors, president or other senior management of the Company or its parent company or any of their respective associates.

The foregoing prohibition shall not apply to the following circumstances:

- (1) The provision by the Company of a loan or a guarantee in connection with a loan provided to its subsidiary:
- (2) The provision by the Company of a loan or a guarantee in connection

with a loan provided to or any other funds available to any of its directors, supervisors, president and other senior management for the expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of a service contract approved by the shareholders' general meeting;

(3) If the ordinary course of business of the Company includes the lending of money or the giving of guarantees, the Company may make a loan to or provide a guarantee in connection with a loan provided to any of the relevant directors, supervisors, president and other senior management or their respective associates in the ordinary course of its business on normal commercial terms.

Article 146 Any person who receives funds from a loan which has been made by the Company acting in breach of the preceding Article shall, irrespective of the terms of the loan, forthwith repay such funds.

Article 147 A guarantee for the repayment of a loan which has been provided by the Company acting in breach of Article 138 shall not be enforceable against the Company, save in respect of the following circumstances:

(1) The guarantee was provided in connection with a loan which was made to an associate of any of the directors, supervisors, president and other senior management of the Company or its parent company and the lender of such funds was not informed of the relevant circumstances at the time of the making of the loan; or

(2) The collateral which has been provided by the Company has already been lawfully disposed of by the lender to a bona fide purchaser.

Article 148 For the purposes of the foregoing provisions of this chapter, a "guarantee" includes an undertaking or property provided to secure the obligor's performance of his obligations.

Article 149 In addition to any rights and remedies provided by the laws and administrative regulations, where a director, supervisor, president or other senior management of the Company breaches the duties which he owes to the Company, the Company has a right:

(1) To demand such director, supervisor, president or other senior management to compensate for losses sustained by the Company as a result of such breach;

(2) To rescind any contract or transaction which has been entered into between the Company and such director, supervisor, president or other

senior management or between the Company and a third party (where such third party knows or should have known that such director, supervisor, president or other senior management representing the Company has breached his duties owed to the Company);

(3) To demand such director, supervisor, president or other senior management to account for profits made as result of the breach of his duties;

(4) To recover any monies generated from the proceeds which should have been received by the Company by such director, supervisor, president or other senior management, including (without limitation) commissions; and

(5) To demand repayment of interest earned or which may have been earned by such director, supervisor, president or other senior management on monies that should have been paid to the Company.

Article 150 The Company shall, with the prior approval of shareholders' general meeting, enter into contracts in writing with the directors and supervisors in respect of their emoluments. Such emoluments include:

(1) Emoluments in respect of their services as directors, supervisors or senior management of the Company;

(2) Emoluments in respect of their services as directors, supervisors or senior management of any subsidiary of the Company;

(3) Emoluments in respect of the provision of other services in connection with the management of the affairs of the Company and any of its subsidiaries;

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

No proceedings may be brought by a director or supervisor against the Company for the claim of interests due to him in respect of the matters mentioned in this Article except pursuant to the contract mentioned above.

Article 151 The contract concerning the emoluments between the Company and its directors or supervisors shall provide that in the event that the Company is acquired, the directors and supervisors shall, subject to the prior approval of shareholders' general meeting, be entitled to receive compensation or other payment in respect of the loss of office or retirement. For the purposes of this paragraph, the acquisition of the Company includes any of the following:

- (1) An offer made by any person to all shareholders;
- (2) An offer made by any person for the purpose of turning the offeror to be a “controlling shareholder” within the meaning of Article 56.

If the relevant director or supervisor does not comply with this Article, any sum so received by him shall belong to those persons who have sold their shares as a result of such offer. The expenses incurred in distributing such sum on a pro rata basis amongst such persons shall be borne by the relevant director or supervisor and shall not be paid out of such sum.

The positions of directors, supervisors, president, vice presidents, person-in-charge of finance and secretary to the board of directors of the Company shall not be changed without reasonable reasons during their terms of office as prescribed by these Articles. Any changes of such positions shall be subject to the statutory procedures, and disclosed to the public and filed with the CSRC.

Chapter 17 Financial and Accounting Systems and Profit Distribution

Article 152 The Company shall establish its financial and accounting systems in accordance with the laws, administrative regulations and PRC accounting standards formulated by the finance regulatory department of the State Council.

The management members nominated by controlling shareholders shall not hold office in the Company as financial executives or sales executives.

Article 153 The Company shall contribute insurance protection funds and social security funds as required by law.

Article 154 The fiscal year of the Company shall coincide with the calendar year beginning on 1 January and ending on 31 December of the same year.

The accounts of the Company shall be presented in RMB and in Chinese.

At the end of each fiscal year, the Company shall prepare a financial report which shall be audited in a manner prescribed by law.

Article 155 The Board of the Company shall place before the shareholders at annual general meeting the audited financial statements as required by the relevant laws, administrative regulations and directives promulgated by local government or regulatory authorities.

Article 156 The financial reports of the Company (including the report of the board of directors) shall be made available for shareholders' inspection at the

Company 20 days before the date of annual general meeting. Each shareholder of the Company shall be entitled to obtain a copy of the financial reports referred to in this chapter.

Subject to the requirements of these Articles, the Company shall deliver or send to each shareholder of overseas-listed foreign shares by prepaid post at the address registered in the register of shareholders the said reports not less than 21 days before the date of annual general meeting.

Article 157 The financial statements of the Company shall be prepared in accordance with the PRC accounting standards and regulations and international accounting standards or the accounting standards of the place outside the PRC where the shares of the Company are listed. Any material discrepancy between the financial statements prepared in accordance with two different accounting standards shall be explained in the financial statements. Distribution of after-tax profits shall be based on the lower of the after-tax profits shown in the financial statements.

Article 158 Interim results or financial information published or disclosed by the Company shall be prepared in accordance with PRC accounting standards and regulations and international accounting standards or the accounting standards of the place outside the PRC where the shares of the Company are listed.

Article 159 The Company shall publish its financial reports twice every fiscal year. The interim financial report shall be published within 60 days after the first 6 months of each fiscal year and the annual financial report shall be published within 120 days after each fiscal year.

Article 160 The Company shall not keep accounts other than those required by law.

Article 161 The Company shall contribute 10% of its profits to a statutory surplus reserve before the distribution of after-tax profits. No further contribution is required if the accumulated amount of the statutory surplus reserve of the Company is more than 50% of the registered capital of the Company.

If the statutory surplus reserve of the Company is not sufficient to make good its accumulated losses, the profits of the year shall be used to make good the losses before contribution to the statutory surplus reserve.

After making contributions to the statutory surplus reserve from after-tax profits, the shareholders may resolve to make contribution to the discretionary surplus reserve from after-tax profits.

The remaining after-tax profits after making good of accumulated losses and contribution to surplus reserves may be distributed to shareholders in

proportion to their respective shareholdings.

Article 162 The Company shall not distribute dividends or pay bonuses before it has made good its accumulated losses and made contributions to the statutory surplus reserve. Dividends paid by the Company shall not carry any interest except where the Company has failed to pay the dividends to the shareholders on the date on which such dividends become payable.

Any amount paid up in advance of calls on any share shall carry interest, but shall not entitle the holder of the share to receive, by way of advance payment, the dividend declared and distributed thereafter.

Article 163 Capital surplus reserve includes:

- (1) premium on shares issued at a premium price;
- (2) any other income required to be allocated to the capital surplus reserve by the finance regulatory department of the State Council.

Article 164 The surplus reserve of the Company shall be applied to make up for accumulated losses, to expand the production and operation of the Company or to contribute to the capital of the Company.

If the general meeting of the Company resolves to capitalize the surplus reserve, the Company shall issue new shares to the existing shareholders of the Company in proportion to their respective shareholdings or increase the par value of shares provided that the remaining reserve shall not be less than 25% of the registered capital.

Article 165 The Company may distribute dividends in the form of:

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

Article 166 The Company shall declare and pay cash dividends and other distributions to holders of domestic shares in RMB. The Company shall calculate and declare cash dividends and other distributions to holders of overseas-listed foreign shares in RMB which shall be remitted in accordance with the relevant foreign exchange administrative regulations of China.

Article 167 Unless otherwise provided in the relevant laws and administrative regulations, where cash dividends and other payments are to be paid in Hong Kong dollars, the applicable exchange rate shall be the average of the mid-point rate for the relevant foreign currency announced by the Peoples' Bank of China during the week prior to the announcement of payment of dividend and other amounts.

Article 168 Unless resolved by a general meeting, subject to Article 58 and paragraph 16 of Article 98, the Board may distribute interim or special dividends.

Article 169 When distributing dividends to its shareholders, the Company shall withhold and pay on behalf of its shareholders the taxes levied on the distributed dividends in accordance with the provisions of the PRC tax law.

Article 170 The Company shall appoint receiving agents for holders of overseas-listed foreign shares. The receiving agents shall receive dividends declared by the Company and all other payments payable to holders of overseas-listed foreign shares on behalf of the holders.

The receiving agents appointed by the Company shall meet the relevant requirements of the laws or the relevant regulations of the stock exchange of the place at which the shares of the Company are listed.

The receiving agents appointed for holders of overseas-listed foreign Shares listed in Hong Kong shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

In respect of dividends distributed to shareholders, the Company has the power to forfeit unclaimed dividends but such power shall not be exercised until the relevant expiry date.

Chapter 18 Appointment of Accounting Firm

Article 171 The Company shall appoint an independent firm of accountants which is qualified under the relevant regulations of the PRC to audit the annual report and review other financial reports of the Company.

The first auditors of the Company may be appointed at the inaugural meeting before the first annual general meeting of the Company. Auditors so appointed shall hold office until the conclusion of the first annual general meeting.

If the inaugural meeting does not exercise the powers according to the preceding paragraph, those powers shall be exercised by the board of directors.

Article 172 The accounting firm appointed by the Company shall hold office from the conclusion of the annual general meeting in which it is appointed until the conclusion of the next annual general meeting.

Article 173 The accounting firm appointed by the Company shall have the following rights:

- (1) the right to review the books, records and vouchers of the Company at any time, and to require the directors, president and other senior management of the Company to supply relevant information and explanations;
- (2) the right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the discharge of its duties;
- (3) the right to attend general meetings and to receive all notices of, and other communications relating to, any general meeting which any shareholder is entitled to receive, and to speak at any general meeting in relation to matters concerning its role as the accounting firm of the Company.

Article 174 If there is a vacancy in the position of accounting firm of the Company, the board of directors may appoint an accounting firm to fill such vacancy before the convening of the general meeting. Any other accounting firm which has been appointed by the Company may continue to act during the period of vacancy.

Article 175 The shareholders' general meeting may by ordinary resolution remove the accounting firms of the Company before the expiration of its term of office, irrespective of the provisions in the contract between the Company and the accounting firm but without prejudicing the accounting firm's right to claim for damages which arise from its removal.

Article 176 The remuneration of the accounting firm or the manner in which such firm is to be remunerated shall be determined by the shareholders' general meeting. The remuneration of the accounting firm appointed by the board of directors shall be determined by the board of directors.

Article 177 The appointment, removal or non-reappointment of an accounting firm by the Company shall be decided by a resolution of the shareholders' general meeting. Such resolution shall be filed with the securities authority of the State Council.

If a resolution at a general meeting is to be passed for the appointment of another auditor to replace an incumbent auditor or to fill a vacancy, the reappointment of a retiring auditor that was appointed by the board of directors to fill a vacancy, or the dismissal of an auditor before the expiration of its term of office, the following provisions shall apply:

- (1) A copy of the appointment or removal proposal shall be sent to the auditor which is proposed to be appointed or dismissed or which has left its post in the relevant fiscal year before the notice of the general meeting is given to the shareholders.

The leaving of an accountant firm may refer to the removal, resignation or retirement of such firm.

(2) If the retiring auditor makes representations in writing and requests the Company to give the shareholders notice of such representations, the Company shall (unless the representations have been received after the prescribed time) take the following measures:

- (a) in any notice of the resolution given to shareholders, state the fact that the auditor has made such representations; and
- (b) attach a copy of the representations to the notice and deliver it to the shareholders in the manner as stipulated in these Articles.

(3) If the Company fails to send out the auditor's representations in the manner set out in sub-paragraph (2) above, such auditor may require that the representations be read out at the meeting and may make a further appeal.

(4) The retiring auditor shall be entitled to attend the following meetings:

- (a) the general meeting at which its term of office would otherwise have expired;
- (b) the general meeting at which it is proposed to fill the vacancy caused by its removal; and
- (c) the general meeting which convened as a result of its resignation,

The retiring auditor shall be entitled to receive all notices of, and other communications relating to, any such meeting, and to speak at any such meeting which concerns it as a former auditor of the Company.

Article 178 Prior notice shall be given to the auditor if the Company decides to remove such auditor or not to renew the appointment thereof. Such auditor shall be entitled to make representations at the relevant general meeting. If an auditor resigns from its position, it shall make representations to the shareholders' general meeting whether there has been any impropriety on the part of the Company.

An auditor may resign its office by depositing a resignation notice at the registered office of the Company, 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 contain the following statements:

- (1) a statement to the effect that there are no circumstances in connection with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company; or
- (2) a statement of any other circumstances requiring an explanation.

The Company shall send a copy of the notice referred to in the preceding paragraph to the relevant governing authority within 14 days after receipt. If the notice contains a statement as mentioned in the preceding sub-paragraph (2), a copy of such statement shall be placed at the Company for the inspection of shareholders. The Company shall also send a copy of such statement by prepaid mail to all shareholders of overseas-listed foreign shares at the address registered in the register of shareholders.

If the auditors' notice of resignation contains a statement in respect of any circumstances requiring an explanation, it may require the board of directors to convene an extraordinary general meeting for the purpose of receiving an explanation of the circumstances in connection with its resignation.

Chapter 19 Insurance

Article 179 The Company shall maintain insurance with People's Insurance Company (Group) of China or such other qualified insurance company registered in the PRC and permitted by the PRC laws to provide insurance for companies in the PRC.

The type, insured amount, other terms of insurance and insured periods shall be discussed and determined by the Board with reference to the industry practice in other countries and the practice and statutory requirements in the PRC.

Chapter 20 Labor Management

Article 180 The Company shall formulate its systems of labor management, human resources administration, salaries and welfare and social insurances in accordance with the PRC laws and administrative regulations.

Article 181 The Company shall employ its management staff on permanent basis and its general staff on contract basis. The Company may determine its staff organization and employ or dismiss management staff and general staff according to the requirements of the relevant administrative regulations and contract terms.

Article 182 The Company may, according to its financial conditions and subject to the relevant administrative regulations, determine the remuneration and welfare benefits of its various levels of management staff and normal staff.

Article 183 In accordance with the relevant administrative regulations of the central and local governments of the PRC, the Company may arrange medical insurance, retirement insurance and unemployment insurance for its management staff and normal staff. It shall follow the applicable laws, administrative regulations and the relevant guidance in respect of the labor insurance for retired and unemployed staff.

Chapter 21 Labour Union

Article 184 The labour of the Company has the right to form labour union and organize its activities under the Trade Union Law of the PRC. The activities of the labour union should be held outside the normal working hours, except as allowed by the board of directors.

The Company shall contribute two percent (2%) of the total payroll of its staff each month as the funding of labour union. The fund is utilized by the labour union in accordance with the Administrative Guidance on Labour Union Fund (工會基金管理辦法) issued by All China Federation of Trade Unions.

Chapter 22 Party Committee

Article 185 The Company shall establish the committee of Dongfeng Motor Group Company Limited under the Communist Party of China. The Party Committee has one secretary and several members. The chairman of the Board and the secretary to the Party Committee, shall, principally, be the same person. A special deputy secretary shall be designated for mainly dealing with Party development of the Company. Members of the Party Committee who satisfy the criteria may be appointed as members of the Board, the Supervisory Committee or senior management through legal procedures. The members of the Board, the Supervisory Committee and senior management who are members of the Communist Party of China and satisfy the criteria may be appointed as members of the Party Committee in accordance with relevant requirements and procedures. Meanwhile, a disciplinary committee shall be established in accordance with requirements.

Article 186 The Party Committee of the Company shall perform the following duties in accordance with the Constitution of the Communist Party of China and other internal regulations of the Party:

- (1) Ensure and supervise the implementation of the Party's and the State's policies in the Company, to carry out the major strategic decisions of the CPC Central Committee, the State Council, to fulfill the relevant important work deployment of the SASAC Party Committee and higher Party organizations;
- (2) Adhere to the principle of managing officials by the Party combined with the Board of Directors selecting the management according to law and the

management exercising their lawful authority of employment of personnel. The Party Committee shall consider and comment on the candidates nominated by the Board of Directors or the general manager, or recommend candidates to the Board of Directors or the general manager; examining the proposed candidates with the Board of Directors, and shall make collective investigation and provide opinions and suggestions;

- (3) Study and discuss the Company's reform and development stability, significant operational and management matters, and important issues involving vital interests of the employees, and provide opinions and suggestions;
- (4) Take responsibility to strictly administer the Party comprehensively with strict discipline, to lead the Company's ideological and political work, united front work, building of spiritual civilization, building of corporate culture and mass organization work such as Labor Union and the Communist Youth League, and to lead the construction of the Party's honest administration and support the disciplinary committee for discipline inspection to earnestly perform its supervision duties.

Chapter 23 Merger and Division

Article 187 The merger or division of the Company shall be proposed by the board for approval in accordance with the Articles of Association. Approval for merger or division shall be sought in accordance with the relevant legal requirements. A shareholder who disagrees with the proposed merger or division shall have the right to demand the Company or the consenting shareholders to acquire his shares at a fair price.

The resolution of merger or division of the Company shall be contained in a special document for inspection by shareholders. The special document shall be sent by mail to holders of overseas-listed foreign- shares listed in Hong Kong.

Article 188 The merger of the Company may take place by absorption or by the establishment of a new company.

The merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days of the date of the merger resolution and shall publish a public notice in a newspaper at least three times within thirty days of the date of the merger resolution.

Upon merger, the credits and liabilities of each of the merged parties shall be assumed by the surviving party or the newly established company.

Article 189 Where there is a division of the Company, its assets shall be divided accordingly.

The parties to the division shall execute a division agreement and prepare their respective balance sheet and inventory of assets. The Company shall notify its creditors within ten days of the date of the division resolution and shall publish a public notice in a newspaper at least three times within thirty days of the date of the division resolution.

Liabilities of the Company prior to division shall be assumed by the companies which exist after the division in accordance with the agreement between the parties.

Article 190 The Company shall, in accordance with the law, apply for change in its registration with the companies registration authority where a change in any particulars in its registration as a result of any merger or division. Where the Company is dissolved, the Company shall apply for cancellation of its registration. Where a new company is established, the Company shall apply for registration thereof.

Chapter 24 Dissolution and Liquidation

Article 191 The Company shall be dissolved and liquidated in accordance with relevant laws, administrative regulations, requirements and measures upon the occurrence of any of the following events:

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

Article 192 A liquidation committee shall be set up within 15 days of the Company being dissolved pursuant to sub-paragraph (1) of the preceding Article, and the composition of the liquidation committee of the Company shall be determined by an ordinary resolution at a shareholders' general meeting. If the Company fails to set up the liquidation committee within the period, the creditors may apply to the People's Court for appointment of relevant persons to form a liquidation committee and carry out liquidation.

Where the Company is dissolved under sub-paragraph (3) of the preceding

Article, the People's Court shall organize the shareholders, relevant organizations and relevant professional personnel to establish a liquidation committee to carry out the liquidation in accordance with the relevant laws.

Where the Company is dissolved under sub-paragraph (4) of the preceding Article, the relevant governing authorities shall organize the shareholders, relevant organizations and professional personnel to establish a liquidation committee to carry out the liquidation.

Article 193 Where the Board proposes to liquidate the Company for any reason other than the declaration of its own insolvency, the Board shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the Board is of the opinion that the Company will be able to pay its debts in full within twelve months from the commencement of the liquidation.

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

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

Article 194 The liquidation committee shall, within ten days of its establishment, send notices to creditors and shall, within sixty days of its establishment, publish a public announcement in a newspaper at least three times.

Article 195 During the liquidation period, the liquidation committee shall exercise the following functions and powers:

- (1) to verify the assets of the Company and prepare a balance sheet and an inventory of assets respectively;
- (2) to notify the creditors or to publish public announcements;
- (3) to dispose of and liquidate any unfinished businesses of the Company;
- (4) to pay all outstanding taxes;
- (5) to settle claim and debts;

(6) to deal with the surplus assets remaining after the debts of the Company have been repaid;

(7) to represent the Company in any civil proceedings.

Article 196 After it has verified the assets of the Company and prepared the balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to a shareholders' general meeting or to the relevant governing authority for confirmation.

The assets of the Company shall be distributed in accordance with the following sequence upon the payment of liquidation expenses: (i) remuneration and labour insurance expenses of employees of the Company; (ii) taxes; and (iii) bank loans, bonds and other debts of the Company.

Any remaining assets of the Company after payment referred to in the preceding paragraph shall be distributed to its shareholders according to the class of shares and the proportion of shares held.

During the liquidation, the Company shall not conduct any new business activities not related to the liquidation.

Article 197 If after verifying the assets of the Company and preparing a balance sheet and an inventory of assets in connection with the liquidation of the Company, the liquidation committee discovers that the assets of the Company are insufficient to repay the debts of the Company in full, it shall immediately apply to the People's Court for a declaration of insolvency.

After the Company is declared insolvent by the People's Court, the liquidation of the Company shall be taken up by the People's Court.

Article 198 After completion of the liquidation, the liquidation committee shall prepare a liquidation report, a statement of income and expenses and a financial report in respect of the liquidation period, which shall be audited by a Chinese registered accountant and submitted to the shareholders' general meeting or the relevant governing authority for confirmation.

The liquidation committee shall, within thirty days after such confirmation, submit the documents referred to in the preceding paragraph to the registration authority and apply for cancellation of registration of the Company, and publish a public announcement relating to the termination of the Company.

Chapter 25 Amendment of the Articles of Association

Article 199 The Company may amend its Articles of Association in accordance with the laws, administrative regulations and these Articles of Association.

Article 200 In addition to provisions of Articles 62 and 82, the following procedure shall be followed when amending these Articles of Association:

- (1) The board of directors shall adopt a resolution thereon and prepare a proposal for amendment of the Articles;
- (2) The foregoing proposal shall be passed by shareholders in general meeting;
- (3) The amendments presented to the shareholders' meeting shall be adopted by a special resolution.

Article 201 Amendment of these Articles of Association which involve the contents of the Mandatory Provisions shall become effective upon receipt of approvals from the companies approving department under the State Council and China Securities Regulatory Commission.

Article 202 Where amendments of these Articles of Association involved the registered particulars of the Company, procedures for alteration of registration shall be dealt with in accordance with the law.

Chapter 26 Notices

Article 203 Notices referred in these Articles may be delivered by one or more of the following means:

- (i) by hand;
- (ii) by mail;
- (iii) by fax or email;
- (iv) subject to laws, administrative regulations and any applicable requirements of the securities regulatory authorities where the shares of the Company are listed, by publishing information on the websites as designated by the Company and the Hong Kong Stock Exchange;
- (v) by publishing announcements in newspapers or other specified media;
- (vi) by other means agreed by the Company and the addressees in advance or other means as approved by the addressees after receipt of the notices;
- (vii) by other means approved by securities regulatory authorities where the shares of the Company are listed or required by these Articles.

Notwithstanding the requirements otherwise provided in these Articles with respect to the form of issuance or notification of any documents, notices and

any other communications, and subject to the relevant provisions of the securities regulatory authorities of the place where the shares of the Company are listed, the Company may elect to issue its corporate communications in the form as provided in item (iv) of the first paragraph in this Article in lieu of delivering its corporate communications in written form to all of the holders of its overseas listed foreign shares by hand or prepaid post.

The abovementioned corporate communications shall refer to any documents issued or to be issued by the Company for the information or action of the shareholders, including but not limited to annual report (together with annual financial statements), interim report (together with interim financial statements), report of the Directors (together with balance sheet and income statement), notice of general meeting, circular, proxy form, reply slip and other corporate communications.

Article 204 For any notice delivered by hand, the addressee shall sign or seal with chop on the receipt slip and the date of delivery shall be the date of the confirmation of receipt by such addressee. For any notice delivered by mail, the date of delivery shall be the 48th hours upon the delivery to the post office. For any notice delivered by fax or email or publication on websites, the date of delivery shall be the date of issue. For any notice delivered by announcement, the date of delivery shall be the first day of such announcement published in the newspapers as required.

Chapter 27 Resolution of Dispute

Article 205 The Company shall abide by the following principles for dispute resolution:

(1) Whenever any disputes or claims arise between holders of the overseas-listed foreign-invested shares and the directors, supervisors, president or senior management; or between holders of the overseas-listed foreign-invested shares and holders of domestic-invested shares, in respect of any rights or obligations arising from the Articles of Association, or any rights or obligations conferred or imposed by the Company Law and other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration.

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 shall, where such person is the Company, the shareholders, directors, supervisors, president, or other senior management of the Company, agree with the arbitration. Disputes in respect of the identification of shareholders and disputes in relation to the register of shareholders need not be resolved by arbitration.

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

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

(3) If any disputes or claims of rights are settled by way of arbitration in accordance with sub-paragraph (1) of this Article, the laws of the PRC shall apply, save as otherwise provided in the laws and administrative regulations.

(4) The award of an arbitral body shall be final and conclusive and binding on all parties.

Chapter 28 Miscellaneous

Article 206 These Articles of Association is written in Chinese. In the event of any inconsistency between the translation and the Chinese version of the Articles of Association, the Chinese version shall prevail.

Article 207 The right of amending these Articles of Association shall be vested in the general meetings of shareholders.

The general meeting may authorize the board of directors of the Company to amend the Articles of Association by passing a special resolution.

Article 208 The term “accounting firm” referred herein shall have the same meaning of “auditors”. The term “president” and “vice presidents” referred herein shall mean the “president” and “vice presidents” of the Company respectively.