



中国神华能源股份有限公司
CHINA SHENHUA ENERGY COMPANY LIMITED

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

(Stock Code: 01088)

ARTICLES OF ASSOCIATION

These Articles of Association were ratified by a special resolution at the 2005 first Extraordinary General Meeting of the Company on May 14, 2005. Amendments were approved by special resolutions of the shareholders at the 2005 Annual General Meeting of the Company on May 12, 2006, the 2007 first Extraordinary General Meeting of the Company on August 24, 2007, the 2008 Annual General Meeting of the Company on June 5, 2009, the 2011 first Extraordinary General Meeting of the Company on February 25, 2011, the 2011 Annual General Meeting of the Company on May 25, 2012, the 2012 Annual General Meeting of the Company on June 21, 2013, the 2018 first Extraordinary General Meeting of the Company on April 27, 2018 and the 2017 Annual General Meeting of the Company on June 22, 2018.

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CHAPTER 1 GENERAL PROVISIONS

Article 1

In order to protect the legitimate rights and interests of the Company, shareholders and creditors and regulate the organization and behavior of the Company, these Articles of Association (or “Articles of Association of the Company”) are formulated pursuant to the *Company Law of the PRC* (hereinafter, “*Company Law*”), the *Securities Law of PRC* (hereinafter, “*Securities Law*”), the *State Council’s Special Regulations on Overseas Offerings and Listing of Shares by Joint Stock Limited Company* (hereinafter, “*Special Regulations*”), *Mandatory Provisions for the Articles of Association of Companies Listed Overseas* (hereinafter, “*Mandatory Provisions*”), *Guide to Articles of Association of Listed Companies (Revised in 2006)* (hereinafter, “*Guide to Articles of Association*”) and other relevant regulations.

Article 2

The Company is a limited liability company established in accordance with the *Company Law*, *Securities Law*, *Special Regulations*, and other relevant state laws and administrative regulations.

The Company was established by way of promotion on November 8, 2004 with the approval of the State-owned Assets Supervision and Administration Commission under the PRC State Council (hereinafter, “SASAC”), as evidenced by approval document Guo Zi Gai Ge [2004] No.1005. It was registered with the State Administration for Industry and Commerce, and obtained its business license on November 8, 2004. Its enterprise legal person business license number is 1000001003928.

The promoter of the Company is Shenhua Group Corporation Limited.

Article 3

The registered Chinese name of the Company is 中國神華能源股份有限公司 (hereinafter, “中國神華”).

The registered English name of the Company is China Shenhua Energy Company Limited (hereinafter, “China Shenhua”).

Article 4

Legal residence of the Company: 22 Xibinhe Road, Andingmen Dongcheng District, Beijing, China

Postal code: 100011

Telephone number: 010-5813 3366

Fax number: 010-5813 3356

Article 5

The legal representative of the Company is the Chairman of the board of directors.

Article 6

The Company is a limited liability company with perpetual existence.

The Company is a legal entity, owns the assets of a legal entity, and enjoys the asset rights of a legal entity independently.

The Company's capital shall be divided into shares of equal value. Shareholders shall be liable to the Company to the extent of the shares subscribed for. The Company shall be liable for its debts and shall cover such debts with all its available assets.

Article 7

In accordance with the provisions of the Company Law and the Constitution of the Communist Party of China, an organization of the Communist Party of China (hereinafter the "Party") shall be established within the Company. The working organs of the Party shall be established, equipped with sufficient staff to deal with Party affairs and provided with sufficient funds to operate the Party organization. The leading Party members group or Party committee of the Company shall play a leadership role, set the right direction, keep in mind the big picture, ensure the implementation of Party policies and principles, and discuss and decide on major issues of the Company in accordance with regulations.

Article 8

These Articles of Association of the Company shall be effective beginning from the date of the establishment of the Company.

Beginning from the effective date of these Articles of Association, these Articles of Association shall constitute a legally binding document governing and defining the Company's organization and activities 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 officers, all of whom are entitled, according to these Articles of Association, to claim with respect to the affairs of the Company.

A shareholder may initiate legal actions against the Company pursuant to these Articles of Association; the Company may initiate legal actions against its shareholders, directors, supervisors, President and other senior officers pursuant to these Articles of Association; shareholders may also initiate legal actions against shareholders, directors, supervisors, President and other senior officers pursuant to the Company's Articles of Association.

The legal actions referred to in the preceding paragraph shall include initiating judicial proceedings, or applying for arbitration to arbitration institutions.

Article 10

The Company may invest in other limited liability companies or joint-stock companies. The Company's liability towards a company in which it has an investment shall be limited to the amount of its capital contribution to such invested company.

Upon approval by the companies administration department authorized by the State Council, the Company may, based on its needs of operations and management, operate as a holding company as prescribed by the relevant requirements of the *Company Law*.

Article 11

The other senior management mentioned in the Articles of Association refers to the senior vice president, vice president, chief financial officer and the secretary to the Board of the Company.

CHAPTER 2 OBJECTIVES AND SCOPE OF BUSINESS

Article 12

The Company's objectives are: to become a value-creating integrated energy company of international standards with sustainable growth that concentrates on the energy industry. Also, it aims to be market- oriented, efficient and to yield positive results, to create value for the society and its staff, and to generate returns for shareholders.

Article 13

The scope of business of the Company:

Authorized businesses: coal mining and management

General businesses: investment and coal processing and preparation; development and operation of mineral products; transportation using its own railways; generation and sale of power; provision of ancillary services in coal, railway and power generation operations; maintenance and repair of vessels; development and utilization of energy and environment-friendly technologies, technology transfer, consultation and services; import and export business; sale of chemical products, chemical materials, construction materials and mechanical equipments; and the management of properties.

The aforementioned scope of business shall be subject to the approval of the Administration for Industry and Commerce.

The scope of business may vary, pursuant to the law, based on the demands of the domestic and international markets, the Company's own capacity for development, and business needs.

Subject to the laws and administrative regulations of the PRC, the Company shall have the power of financing, which includes but is not limited to, borrowing, issuing Company shares and debentures, mortgages or pledges of the ownership or rights to use the whole or part of the Company's assets, or other rights permitted by PRC laws and administrative regulations. Moreover, the Company shall have the power to provide guarantees for third parties, which includes but is not limited to subsidiaries or related parties with respect to their debts, according to the relevant laws and these Articles of Association.

CHAPTER 3 SHARES AND REGISTERED CAPITAL

Article 14

The Company shall have ordinary shares at all times, and may issue other class(es) of shares based on the needs of the Company and upon the approval of the companies administration department authorized by the State Council.

Article 15

The shares issued by the Company shall each bear a par value of Renminbi one (1) yuan.

"Renminbi" as referred to in the preceding paragraph shall mean the legal tender of the PRC.

Article 16

The Company shall issue shares in an open, fair and just manner, and each share of the same class shall have the same right.

All shares of the same class issued at the same time shall be issued under the same conditions and at the same price; any entity or individual shall pay the same price for each share.

Article 17

Upon approval by the securities regulatory authority under the State Council, the Company may issue shares to domestic investors and foreign investors.

“Foreign investors” as referred to in the preceding paragraph shall mean those investors in foreign countries, Hong Kong, Macau and Taiwan who subscribe for shares of the Company. “Domestic investors” shall mean those investors in the PRC, excluding the aforementioned regions, who subscribe for shares of the Company.

Article 18

Shares that the Company issues to domestic investors for subscription in Renminbi shall be known as “domestic shares.” Domestic shares listed in China are called A shares. Shares that the Company issues to foreign investors for subscription in foreign currencies shall be known as “foreign shares”. Foreign shares that are listed overseas shall be known as “overseas-listed foreign shares,” or hereinafter, “H Shares.”

“Foreign currencies” as referred to in the preceding paragraph shall mean the legal tender of other countries or regions other than Renminbi, as recognized by the foreign exchange authorities of the PRC which can be used for subscribing for shares.

The A Shares issued by the Company shall be kept at Shanghai Branch of China Securities Depository and Clearing Corporation Limited, and H Shares shall be put under custody of the company authorized by HKSCC Nominees Limited, and may also be held by shareholders in their own names.

Article 19

Upon the approval of the companies administration department authorized by the State Council, the Company may issue a total of 19,889,620,455 ordinary shares. Upon incorporation, the Company issued 15,000,000,000 shares to its promoter, representing 75.42% of the total ordinary shares that the Company issued.

Article 20

Upon incorporation, 3,398,582,500 H shares were issued to the public, including the issuance of 3,089,620,455 new shares and the sale of 308,962,045 state-owned shares. The total share capital of the Company was 18,089,620,455 shares upon its initial public offering, of which, Shenhua Group Corporation Limited, the promoter, held 14,691,037,955 shares, representing 81.213% of the total share capital. Holders of H Shares held 3,398,582,500 shares, representing 18.787% of the total share capital.

Upon completion of the issue of H Shares as referred to in the preceding paragraph, the Company issued 1,800,000,000 A Shares upon approval by special resolutions at general meeting of shareholders, and approval by the regulatory authority authorized by the State Council. Shareholding structure of the Company after the aforesaid additional issue of A Shares:

The Company issued a total of 19,889,620,455 ordinary shares, including 14,691,037,955 held by Shenhua Group Corporation Limited, representing approximately 73.86% of the total ordinary shares issued by the Company; 1,800,000,000 held by other shareholders of domestic shares, representing approximately 9.05% of the total ordinary shares issued by the Company; and 3,398,582,500 held by shareholders of H Shares, representing approximately 17.09% of the total ordinary shares issued by the Company.

Article 21

The board of directors may propose and arrange separately for the issuance of the overseas-listed foreign shares and domestic shares upon approval by the securities regulatory authority under the State Council.

The Company may separately implement its arrangement and proposal to issue overseas-listed foreign shares and domestic shares pursuant to the preceding paragraph within fifteen (15) months from the date of approval by the securities regulatory authority under the State Council.

Article 22

In the event that there are overseas-listed foreign shares and domestic shares included in the total number of shares stated in said proposal for the issuance of shares, such shares shall be fully subscribed at their respective offerings. Should the shares cannot be fully subscribed due to special circumstances, such shares may be issued in separate tranches upon approval by the securities regulatory authority under the State Council.

Article 23

The registered share capital of the Company shall be Renminbi 19,889,620,455.

Article 24

The Company may, depending on operating and development requirements, approve an increase in its capital pursuant to the relevant provisions of these Articles of Association.

The Company may increase its capital by:

- (1) public offering;
- (2) non-public offering;
- (3) allotting bonus shares to its existing shareholders;
- (4) converting its public reserve funds into share capital;
- (5) other means as permitted by laws and administrative regulations, and securities regulatory authority under the State Council.

Upon increasing its capital and issuing new shares as approved according to provisions of the Company's Articles of Association, the Company shall comply with the procedures set forth in the relevant laws and administrative regulations of the PRC.

Article 25

Unless otherwise stipulated in the relevant laws and administrative regulations, shares in the Company shall be freely transferable and be free from any liens.

CHAPTER 4 REDUCTION OF CAPITAL AND REPURCHASE OF SHARES

Article 26

According to the provisions of these Articles of Association, the Company may reduce its registered capital.

Article 27

The Company shall prepare a balance sheet and a list of inventory of assets when reducing its registered capital.

The Company shall notify its creditors within ten (10) days of the date of the Company's resolution for reduction of capital and shall publish a newspaper announcement within thirty (30) days of the date of such resolution. A creditor shall have the right within thirty (30) days of receipt of the notice from the Company, or forty-five (45) days of the date of newspaper announcement for a creditor who does not receive such notice, to demand the Company to repay its debts or to provide an appropriate guarantee for such debts.

The Company's registered capital must not, upon the reduction of capital, be less than the minimum amount required by the law.

Article 28

The Company may, according to the procedures set forth in these Articles of Association and upon the approval by the relevant governing authorities of the PRC, repurchase its issued shares under the following circumstances:

- (1) cancellation of shares for the purpose of reducing its capital;
- (2) merging with other companies that hold shares in the Company;
- (3) awarding shares to Company staff;
- (4) shareholders objecting to resolutions of the general meeting of shareholders concerning merger or division of the Company, requiring the Company to buy their shares;
- (5) other circumstances permitted by laws and administrative regulations.

The Company shall not trade shares of the Company unless in the aforesaid circumstances.

Article 29

The Company may, upon approval by relevant governing authorities of the PRC, repurchase shares using any of the following methods:

- (1) by making a general offer to all of its shareholders for the repurchase of shares on a pro rata basis;
- (2) by repurchasing shares through open dealing on a stock exchange;
- (3) by repurchasing shares outside of the stock exchange by an off-market agreement;
- (4) other methods approved by securities regulatory authority under the State Council.

Article 30

The Company shall obtain prior approval from the shareholders at a general meeting of shareholders (in the manner defined in these Articles of Association) prior to its repurchase of shares outside the stock exchange by an off-market agreement. The Company may, by obtaining the prior approval of the shareholders at a general meeting of shareholders (in the same manner as set forth above), discharge or, amend the said off-market agreement so as to execute or waive its rights thereunder.

An off-market agreement for the repurchase of shares as referred to in the preceding paragraph shall include (but not limited to) an agreement to become obliged to repurchase and acquire the right to repurchase shares of the Company.

The Company shall not assign an agreement for the repurchase of its shares or any rights thereunder.

With respect to redeemable shares that the Company shall be entitled to repurchase, the price shall not exceed a specified price ceiling, if such shares are not repurchased in the market or by bidding. If the shares are repurchased by bidding, proposals for bids shall be presented in the same manner to all shareholders.

Article 31

Repurchase of the Company's shares for reasons set out in Clauses (1) to (3) of Article 28 of these Articles of Association shall be subject to resolution at a general meeting of shareholders. After the Company has repurchased its shares in accordance with Article 28, such shares shall be cancelled within ten (10) days after repurchase in the circumstance set out in (1), or shall be transferred or cancelled within six (6) months in the circumstances set out in (2) and (4).

Shares repurchased by the Company in accordance with Clause (3) of Article 28 shall not exceed 5% of the total shares issued by the Company; the repurchase cost shall be covered by the after-tax profit of the Company; and the shares repurchased shall be transferred to employees within one (1) year.

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

Article 32

Unless the Company is undergoing liquidation, it shall comply with the following requirements with respect to a repurchase of its outstanding shares:

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

- (2) if the shares being repurchased were issued at a premium to its par value, payment shall be made from the surplus of its distributable profits or from the proceeds of a new issue for that purpose, provided that the amount paid from the proceeds of such new issue shall not exceed the aggregate amount of the premiums received by the Company on issuance of the shares so repurchased, nor shall it exceed credit outstanding to the Company's capital public reserve account (including the premiums on the new issue) at the time of such repurchase.
- (3) The Company shall make the following payment from the Company's distributable profits:
 - (1) payment for acquisitions of rights to repurchase its own shares;
 - (2) payment for the variation of any contract for the repurchase of its shares;
 - (3) payment for release from its obligations under any repurchase contract.
- (4) Upon repurchase, the aggregate par value of the cancelled shares is deducted from the Company's registered capital according to relevant requirements. The amount deducted from the distributable profits of the Company for payment of said aggregate par value shall be transferred to the Company's capital public reserve account.

CHAPTER 5 FINANCIAL ASSISTANCE FOR ACQUISITION OF SHARES

Article 33

The Company and its subsidiaries shall not, by any means at any time, provide any financial assistance to a person who is acquiring or is proposing to acquire shares of the Company. The said purchaser of shares shall include a person who directly or indirectly assumes any obligations incurred for the acquisition of such shares.

The Company and its subsidiaries shall not, by any means at any time, provide any financial assistance to the said purchaser as referred to above for the purpose of limiting or discharging the obligations assumed by that person.

This Article shall not apply to the circumstances specified in Article 35 of this Chapter.

Article 34

For the purpose of this Chapter, "financial assistance" shall include (but is not limited to) the following:

- (1) gifts;

- (2) guarantees (including the assumption of liabilities by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), compensation (other than compensation arising out of the Company's own defaults), or release or waiver of any right;
- (3) provision of loans or any other agreements under which the obligations of the Company are to be fulfilled prior to the fulfillment of the obligations of another party, or changes in the said loans or parties to agreements, or the assignment of the rights under such loans or agreements;
- (4) any other financial assistance provided by the Company in the event that the Company is insolvent or possesses no net assets, or in the event that its net assets would thereby be reduced to a material extent.

For the purpose of this Chapter, "assuming any obligations" shall include obligations assumed by contract or any arrangement (whether enforceable or unenforceable, and whether made on its own account or with any other persons) or by any other means that result in a change in financial position.

Article 35

The following activities shall not be deemed to be prohibited by Article 33 of this Chapter:

- (1) the provision of financial assistance by the Company where the financial assistance is provided in good faith in the best interests of the Company, and the principal purpose of which is not for the acquisition of shares, or the provision of financial assistance being an incidental part to a plan;
- (2) the lawful distribution of the Company's assets in the form of dividends;
- (3) the distribution of dividends in the form of shares;
- (4) a reduction of registered capital, a repurchase of shares or a reorganization of the share capital structure effected according to these Articles of Association;
- (5) provision of loans by the Company within its scope of business and in the ordinary course of the business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, financial assistance is provided from distributable profits);
- (6) the provision of monetary assistance for contributions to staff and workers' stock plans (provided that the net assets are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided from distributable profits).

CHAPTER 6 SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS

Article 36

The share certificates of the Company shall be in registered forms.

In addition to the matters required by the *Company Law* and *Special Regulations*, the share certificates of the Company shall also contain other matters required by the stock exchange(s) on which the shares are listed.

During the period in which H Shares are listed on the Hong Kong Stock Exchange, the Company shall, at any time, ensure that all its instruments of title (including H share certificates) of all securities listed on the Stock Exchange shall contain the following statements:

- (1) The purchaser of shares agrees with the Company and each of its shareholders, and the Company agrees with each shareholder to observe and comply with the Company Law and the provisions of other applicable laws, administrative regulations and these Articles of Association.
- (2) The purchaser of shares agrees with each shareholder, director, supervisor, President and other senior officer of the Company, and the Company acting on its behalf and for each director, supervisor, President and other senior officer also agrees with each shareholder, to refer all disputes and claims arising from the Articles of Association or from any right and obligation conferred or imposed by the *Company Law* and other relevant PRC laws and administrative regulations with respect to the affairs of the Company, to arbitration, and that any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct a public hearing in open session and to publish its ruling, which shall be final and binding.
- (3) The purchaser of shares agrees with the Company and each of its shareholders that its shares may be freely transferable by the holder thereof.
- (4) The purchaser of shares authorizes the Company to enter into a contract on the purchaser's behalf with each director, President and other senior officer of the Company whereby such directors, President and other senior officers of the Company undertake to observe and fulfill their obligations to shareholders under these Articles of Association.

The Company shall instruct and procure its share registrar to refuse to register any subscription, purchase, or transfer of shares in the name of any individual holder, unless and until such individual holder submits to the share registrar the duly completed forms relating to such shares and the forms shall have included the aforementioned statements.

Article 37

Share certificates of the Company shall be signed by the Chairman of the Company's board of directors. In the event that the stock exchange(s) on which the Company's shares are listed require the signatures of other senior officers of the Company on the share certificates, the share certificates shall also be signed by such senior officers. The share certificates shall be effective upon being affixed or printed with the seal of the Company. The share certificates shall only be sealed with the Company's seal under the authorization of the board of directors. The signatures of the Chairman of the board of directors or other senior officers may be printed.

Article 38

The Company shall maintain a register of shareholders that shall contain the following information:

- (1) the name (title), address (residence), and occupation or nature of each shareholder;
- (2) the class and quantity of shares held by each shareholder;
- (3) the amount paid or payable for the shares held by each shareholder;
- (4) the certificate numbers of the shares held by each shareholder;
- (5) the date on which each shareholder is entered in the register as a shareholder of the Company;
- (6) the date on which each shareholder ceases 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.

Subject to these Articles of Association and other applicable requirements, once the shares of the Company are transferred, the name (title) of the transferee shall be listed in the register of shareholders as the shareholder of the shares.

Any issuance or transfer of overseas-listed foreign shares shall be registered in the register of shareholders of overseas-listed foreign shares maintained in the place where such shares are listed according to Article 39 of these Articles of Association.

Where two (2) or more persons are registered as the joint shareholders, they shall be deemed as the joint shareholders of such shares, and shall be subject to the following provisions:

- (1) The Company may not register more than four (4) persons as joint shareholders for any share;

- (2) The joint shareholders shall jointly or individually assume the responsibility for amounts of fees payable for relevant shares;
- (3) In the event that any shareholder among the joint shareholders deceases, only the other remaining shareholders of the joint shareholders shall be deemed as the joint owners of the relevant shares. However, the board of directors has the right to require the presentation of the death certificate of the deceased for effectuating the change in the register of the shareholders; and
- (4) Among the joint shareholders of any shares, only the shareholder that is listed first in the register of shareholders shall be entitled to receive the share certificate of the relevant shares, to receive notices, and to attend the general meeting of shareholders and enjoy full voting power of the relevant shares. Any notice received by such shareholder shall be deemed as having been served to all fellow joint shareholders.

Article 39

The Company may, in accordance with mutual understanding and agreements made between the securities regulatory authority under the State Council and overseas securities regulatory authorities, maintain the register of shareholders for overseas-listed foreign shares overseas and appoint an overseas agent as manager. The original register of shareholders for H Shares shall be maintained in Hong Kong.

A duplicate copy of the register of shareholders for the holders of overseas-listed foreign shares shall be maintained at the Company's residence. The appointed overseas agent(s) shall at all times ensure consistency between the original and the duplicate copy of the register of shareholders.

In the event of any inconsistency between the original and the duplicate copy of the register of shareholders for overseas-listed foreign shares, the original register of shareholders shall prevail.

Article 40

The Company shall maintain a complete register of shareholders.

A register of shareholders shall include the following components:

- (1) the register of shareholders that is maintained at the Company's residence (other than those share registers described in sub-paragraphs (2) and (3) of this Article);
- (2) the register of shareholders in respect of the holders of overseas-listed foreign shares that is maintained in the same place as the overseas stock exchange on which the shares are listed;

- (3) the registers of shareholders that are maintained in such other places as the board of directors may consider necessary for the purpose of listing the Company's shares.

Article 41

Parts of the register of shareholders shall not overlap. No transfer of shares registered in any part of the register shall, during the continuous period of such registration, be registered in any other part of the register.

Amendments to, or correction to, any part of the register of shareholders, shall be made in accordance with the laws of the jurisdiction where such part of the register is maintained.

Article 42

All fully paid overseas-listed foreign shares listed in Hong Kong may be freely transferred, bestowed, inherited or pledged in accordance with these Articles of Association; unless the following conditions are met, the board of directors may refuse to recognize any instruments of transfer without cause and at will:

- (1) a fee of HK\$2.50 per instrument of transfer, or such higher amount as the board of the directors may from time to time dictate but not exceeding the amount permitted from time to time by the Listing Rules of Hong Kong Stock Exchange, shall have been paid to the Company for registration of the instrument of transfer and other documents relating to, or that will affect the ownership of shares;
- (2) the instrument of transfer shall only relate to overseas-listed foreign shares listed in Hong Kong;
- (3) the stamp duty that is chargeable on the instrument of transfer shall have been paid;
- (4) the relevant share certificate(s) and any other certificate that the board of directors may reasonably require to evidence that transfer rights in the transferor shall have been provided;
- (5) should it be intended that the shares be transferred to joint owners, the maximum number of joint owners shall not exceed four (4);
- (6) the Company shall not have any liens on the relevant shares;
- (7) no share shall be transferred to any minor or any person of unsound mind or with legal disabilities.

Should the Company refuse to register any transfer of shares, it shall, within two (2) months from the date of the formal application for the transfer, provide the transferor and the transferee with a notice stating its refusal of registration of such transfer.

Article 43

Any holder of overseas-listed foreign shares shall transfer all or part of the shares by a written instrument used at the place where the shares are listed or in any other form that the board of directors may approve, or by the standard transfer form designated by the stock exchange on which the Company's shares are listed. The instrument of transfer of any share shall be executed manually or in printed form, or if the transferee or transferor is a recognized clearing house or its nominee defined by the laws of Hong Kong (hereinafter, "Recognized Clearing Houses"), the share transfer form may be signed manually or in printed form.

All instruments of transfer of shares shall be made available at the legal residence of the Company or the address specified by the board of directors from time to time.

As a result of transfer of shares, no change shall be made in the register of shareholders within thirty (30) days prior to the date of a general meeting of shareholders, or within five (5) days prior to the record date for the Company's distribution of dividends.

Article 44

If the Company convenes a general meeting of shareholders, distributes dividends, conducts liquidation or executes any other act requiring identification of shareholders, the convener of the board meeting or general meeting of shareholders shall determine the share registration date, at the end of which the shareholders in the register shall be shareholders entitled to relevant interests.

Article 45

Any person who objects to the register of shareholders and claims to be entitled to have his name (title) entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for an amendment of the register.

Article 46

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

Applications for a replacement share certificate by shareholders of domestic shares shall be addressed pursuant to the relevant requirements of the *Company Law*.

Applications for a replacement share certificate by holders of overseas-listed foreign shares shall be addressed pursuant to the law, the rules of the stock exchange, or other relevant regulations of the jurisdiction in which the original register of shareholders for overseas-listed foreign shares is maintained.

With respect to holders of H Shares who have lost their share certificates, the replacement of share certificate shall comply with the following requirements:

- (1) The applicant shall submit an application to the Company in a prescribed form along with a notarization or a statutory declaration stating the grounds upon which the application is made and the circumstances and evidence of the loss. Moreover, the applicant shall declare that no other person shall be entitled to have his name entered into the register of shareholders with respect to the Relevant Shares.
- (2) The Company shall not have received any declaration made by any person other than the applicant declaring that his name shall be entered into the register of shareholders with respect to such shares (prior to the issue of a replacement share certificate to the applicant).
- (3) In the event that the Company intends to issue a replacement share certificate to an applicant, it shall publish an announcement of such intention at least once every thirty (30) days within a period of ninety (90) days in the newspaper as prescribed by the board of directors.
- (4) Prior to its publication, the Company shall deliver, to the stock exchange on which its shares are listed, a copy of aforementioned announcement. The Company may publish the announcement upon receipt of confirmation from such stock exchange confirming the announcement has been exhibited on the premises of said stock exchange. Such announcement shall be exhibited on the premises of the stock exchange for a period of ninety (90) days.

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

- (5) Upon expiration of the ninety (90)-day period referred to in the clauses (3) and (4) of this Article, the Company may issue the replacement share certificate to the applicant in the event that the Company has not received any objections from any person with respect to the issuance of a replacement share certificate.

- (6) When the Company issues a replacement share certificate pursuant to the provisions of this Article, it shall cancel the original share certificate and record the cancellation of said original share certificate, along with the issuance of the replacement share certificate in the register of shareholders.
- (7) All expenses relating to the cancellation of the original share certificate and the issuance of a replacement share certificate shall be borne by the applicant, and the Company shall have the right to refuse to take any action until reasonable guarantee is provided by the applicant.

Article 47

Where the Company issues a replacement share certificate pursuant to these Articles of Association, as for a bona fide purchaser obtaining the new share certificate referred to above or a shareholder registered as a owner of the relevant shares (in case of a bona fide purchaser), his name (title) shall not be removed from the register of shareholders.

Article 48

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 said person claiming damage proves that the Company has acted in a deceitful manner.

The Company shall not accept its own shares as the items for a pledge.

Article 49

Shares in the Company held by the promoters shall not be transferred within one (1) year from the date of the incorporation of the Company. Shares issued prior to the Company's public offering of shares may not be transferred within one (1) year from the date on which the shares of the Company were listed for trading on stock exchange.

The directors, supervisors, President and other senior officers shall report to the Company about their shareholdings and changes thereof and shall not transfer more than 25% of their shares per annum during their terms of office unless such changes are caused by judicial compulsory execution, inheritance, bequeathal or division of property according to law.

The directors, supervisors, President and other senior officers holding less than 1,000 shares may transfer all of their shares at one time.

Shares held by the directors, supervisors, President and other senior officers shall not be transferred under the following circumstances:

- (1) within one (1) year after the shares of the Company are listed;
- (2) within half a year after resignation of directors, supervisors, President and other senior officers;
- (3) within the period during which the directors, supervisors, President and other senior officers promise not to transfer their shares;
- (4) other circumstances prohibited by laws, regulations, the securities regulatory authority under the State Council and stock exchanges.

Article 50

If the directors, supervisors, senior officers and shareholders holding more than 5% domestic shares of the Company sell shares within six (6) months after buying the same or buy shares within six (6) months after selling the same, the earnings arising therefrom shall belong to the Company and the board of directors of the Company will recover the said earnings and immediately disclose relevant information. However, if a securities company holds more than 5% shares by buying the shares remaining after exclusive selling, the said 6-month limitation for selling the said shares shall not apply.

If the board of directors of the Company does not observe the provision in the preceding paragraph, the shareholders have the right to require the board of directors to execute the provision within thirty (30) days. If the board of directors fails to execute the provision within the aforesaid period, the shareholders have the right to directly institute legal proceedings in their own names for the interest of the Company.

If the board of directors fails to observe the provision in the first paragraph, the responsible directors shall bear joint liability according to law.

CHAPTER 7 RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Article 51

A shareholder of the Company shall be a person who lawfully holds shares in the Company and whose name (title) is entered in the register of shareholders.

A shareholder shall enjoy rights and assume obligations on the basis of the class and amount of shares held. Shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations.

In the event that any shareholder among the joint shareholders deceases, only the other remaining shareholders of the joint shareholders shall be decided as the joint owners of the relevant shares. However, the board of directors has the right to require the presentation of the death certificate of the deceased for effectuating the change in the register of shareholders. Among the joint shareholders of any shares, only the shareholder that is listed first in the register of shareholders shall be entitled to receive the share certificate of the relevant shares, to receive notices, and to attend and vote at any general meeting of shareholders. Any notice received by such shareholders shall be deemed as having served all fellow joint shareholders of the relevant shares.

Article 52

The shareholders of ordinary shares shall enjoy the following rights:

- (1) the right to receive dividends and other distributions proportional to the number of shares held;
- (2) to lawfully require, convene, preside over or attend general meetings of shareholders either in person or by proxy and exercise the voting right;
- (3) the right to supervise, advise or inquire the operating activities of the Company;
- (4) the right to transfer, bestow, or pledge the shares held according to laws, administrative regulations, and provisions of the Articles of Association;
- (5) the right to be provided with relevant information in accordance with provisions of the Articles of Association, including:
 1. to obtain a copy of these Articles of Association, subject to payment of the cost of such copy;
 2. to inspect and to make duplicate copies, subject to payment at a reasonable charge, of the followings:
 - (1) all parts of the register of shareholders, including the details of their shareholdings;
 - (2) biographical information of the Company's directors, supervisors, President, and other senior officers, including such information as follows:
 - (a) their present and former names and aliases;
 - (b) their principal addresses (residence);
 - (c) their nationalities;

- (d) their full-time and all other part-time occupations and duties;
 - (e) their identification documents and the numbers thereof.
- (3) report(s) on the total amount of the Company's share capital and its capital structure;
 - (4) report(s) showing the aggregate par value, number, maximum and minimum price paid with respect to each class of shares repurchased by the Company since the end of the last financial year, and the aggregate amount incurred by the Company for this purpose;
 - (5) minutes of general meeting of shareholders;
 - (6) interim report(s) and annual report(s);
 - (7) a copy of the latest annual statements submitted to the Administration for Industry and Commerce of the PRC or other competent authorities;
 - (8) any special resolutions;
 - (9) counterfoils of corporate bonds;
 - (10) resolutions of meetings of the board of directors;
 - (11) resolutions of meetings of the board of supervisors;
 - (12) financial statements.

The documents referred to in the sub-clauses (1), (3) to (8) shall be maintained at the residence of the Company in Hong Kong and shall be made available for inspection by the public and the holders of the overseas listed foreign shares, copying by the holders of the overseas listed foreign shares. Otherwise, a copy of the documents shall be delivered within seven (7) days upon receipt of reasonable fees thereof.

- (6) the right to participate in the distribution of the remaining assets proportional to the number of shares held in the event of termination or liquidation of the Company;
- (7) to require the Company to buy their shares if shareholders object to resolutions of the shareholders' meeting concerning merger or division of the Company;

- (8) other rights conferred by laws, administrative regulations and the Articles of Association.

The Company shall not otherwise stay or infringe any rights attached to any shares on the sole basis that the holders of such shares with direct or indirect interests in such shares have failed to disclose the said interests to the Company.

Article 53

If any shareholder needs to access the relevant information as set out in the preceding article, the said shareholder shall provide the Company with written documents bearing evidence of the type and number of shares held by the said shareholder, and the Company will provide the said information as required by the said shareholder upon authentication of the said shareholder.

Article 54

If any resolution of the shareholders' meeting or board meeting of the Company runs against the laws and administrative regulations, the shareholders shall have the right to request the court to invalidate the said resolution.

If the meeting convening procedure and voting method of the shareholders' meeting or board meeting run against the laws and administrative regulations or these Articles of Association or if the content of any resolution runs against these Articles of Association, the shareholders shall have the right to request the court to cancel the said resolution within sixty (60) days after its adoption.

Article 55

If any director, President or senior officer violates the laws and administrative regulations or these Articles of Association in fulfilling their duties, thereby incurring any loss to the Company, the shareholder(s) severally or jointly holding 1% or more shares of the Company for more than one hundred and eighty (180) days continuously shall have the right to submit a written request to the board of supervisors to institute legal proceedings; if the board of supervisors violates the laws and administrative regulations or these Articles of Association in fulfilling its duties, thereby incurring any loss to the Company, the shareholders shall have the right to submit a written request to the Court for legal proceedings.

If the board of supervisors or the board of directors refuses to institute legal proceedings after receipt of the aforesaid written request or does not institute legal proceedings within thirty (30) days after receipt of the said request, or if the circumstance is urgent or any delay of legal proceedings may incur irrecoverable damage to the interests of the Company, the shareholders as specified in the preceding paragraph shall have the right to directly institute legal proceedings in their own names for the interests of the Company.

If any other person infringes the legitimate rights and interests of the Company, thereby causing any loss to the Company, the shareholders as specified in Paragraph 1 of this Article may institute legal proceedings pursuant to the preceding two paragraphs.

Article 56

If any director, President or other senior officer violate the laws and administrative regulations or these Articles of Association, thereby incurring any loss to the shareholders, the shareholders may institute legal proceedings to people's court.

Article 57

The shareholders of ordinary shares shall assume the following obligations:

- (1) to observe laws, administrative regulations and these Articles of Association;
- (2) to effect payment for the subscription of shares according to the number of shares subscribed and the method of contribution;
- (3) not to return shares unless in the circumstances stipulated by laws and regulations;
- (4) not to abuse shareholder's right to harm the interests of the Company or other shareholders; not to abuse the independent status of legal person or shareholder's limited liability to harm the interests of creditors;

If any shareholder of the Company abuses shareholder's right, thereby causing any loss to the Company or other shareholders, the said shareholder shall be liable for compensation according to law.

If any shareholder abuses the independent status of legal person or shareholder's limited liability or evades debts, thereby damaging the interests of the creditors of the Company, the said shareholder shall bear joint liability for the Company's debts.

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

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

Article 58

Besides the obligations imposed by law, administrative regulations or required by the listing rules of the stock exchange on which the Company's shares are listed, a controlling shareholder (as defined in the Article below) shall not exercise his voting rights with respect to the following matters in a manner that is prejudicial to the interests of the shareholders, collectively or individually:

- (1) to relieve a director or supervisor from liability to act honestly in the best interests of the Company;
- (2) to allow the expropriation by a director or supervisor (for his own benefit or for the benefit of other person(s)), in any manner, of the Company's assets, including (but not limited to) any opportunities deemed beneficial to the Company;
- (3) to allow the expropriation by a director or supervisor (for his own benefit or for the benefit of other person(s)) of the individual rights of other shareholders, including (but not limited to) the rights to distributions and vote (except pursuant to a restructuring proposed to shareholders for approval at a general meeting of shareholders in accordance with the Articles of Association).

Article 59

For the purpose of the sub-clause above, a "controlling shareholder" shall mean a person who meets any of the following conditions:

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

In this Article, "acting in concert with others" shall mean two (2) or more persons reaching an agreement (either orally or in writing), pursuant to which any one of them shall obtain voting rights of the Company for control or consolidation of control over the Company.

Article 60

If any holder of domestic shares holding more than 5% voting shares of the Company pledges the said voting shares, the said shareholder shall submit a written report to the Company on the date on which the said pledge is executed. Pledging of H Shares shall be conducted according to Hong Kong laws, rules of securities exchange and other relevant regulations.

Article 61

The controlling shareholders and effective controllers of the Company shall not use the connected relations to damage the interests of the Company, otherwise they shall make compensation for the loss incurred to the Company.

The controlling shareholders and effective controllers of the Company shall act honestly to the Company and general public shareholders. The controlling shareholders shall duly exercise contributors' rights according to law, shall not damage the legitimate rights and interests of the Company and general public shareholders by such means as profit distribution, asset reorganization, external investment, fund appropriation and loan guarantee and shall not abuse its controlling status to damage the interests of the Company and general public shareholders.

CHAPTER 8 GENERAL MEETINGS OF SHAREHOLDERS

Article 62

The general meeting of shareholders shall be the authoritative body of the Company and shall exercise its functions and powers in accordance with law.

Article 63

The general meeting of shareholders shall possess the following functions and powers:

- (1) to decide on the Company's operational policies and its investment plans;
- (2) to elect and replace directors and to decide on the matters relating to the remuneration of directors;
- (3) to elect and replace supervisors, and to represent the shareholders in deciding on matters relating the remuneration of supervisors;
- (4) to examine and approve reports by the board of directors;
- (5) to examine and approve reports by the board of supervisors;

- (6) to examine and approve the Company's proposed annual preliminary and final financial budgets;
- (7) to examine and approve the Company's profit distribution and loss recovery plans;
- (8) to decide on the increase or reduction of the Company's registered capital;
- (9) to decide on such matters as merger, division, dissolution and liquidation of the Company;
- (10) to decide on the issuance of debentures by the Company;
- (11) to decide on the engagement, dismissal and non-reappointment of the Company's accounting firm;
- (12) to amend the Articles of Association;
- (13) to consider any motions raised by shareholders who hold 3% or more of the voting shares of the Company;
- (14) to examine and approve other guarantees which shall be approved by the general meeting of shareholders as stipulated by laws, regulations and the Articles of Associations;
- (15) to consider the Company's purchase or sale of major assets within one (1) year with the transaction amount exceeding 30% of the latest audited total assets of the Company;
- (16) to consider and approve matters relating to the changes in the use of proceeds from share offerings;
- (17) to consider share incentives schemes;
- (18) to decide on any matters other than those required by laws and administrative regulations, by the listing rules of the stock exchange on which the Company's shares are listed, or by the Articles of Association to be decided upon at a general meeting of shareholders.

Article 64

The following guarantees to be given by the Company shall be considered and approved by the general meeting of shareholders.

- (1) any external guarantee to be given by the Company and subsidiaries in which it has controlling interest, the total amount of which reaches or exceeds 50% of their latest audited net assets;
- (2) any external guarantee to be given by the Company, the total amount of which reaches or exceeds 30% of its latest audited total assets;
- (3) provision of guarantee to anyone whose liability-asset ratio exceeds 70%;
- (4) provision of a single guarantee the amount of which exceeds 10% of the Company's latest audited net assets;
- (5) provision of guarantee to shareholders, effective controllers and their connected parties;

Article 65

Unless the Company is in a crisis or any special circumstance, the Company, without prior approval by a special resolution at the general meeting of shareholders, may not enter into any contract with any person (other than the directors, supervisors, the President or other senior officers) pursuant to which such person shall be responsible for the management and administration of the entire or any substantial part of the Company's business.

Article 66

The general meeting of shareholders shall include annual general meetings and extraordinary general meetings. The general meeting of shareholders shall be convened by the board of directors. Annual general meetings shall be held once every year, and within six (6) months of the end of the preceding financial year.

The board of directors shall convene an extraordinary general meeting within two (2) months under any of the following circumstances:

- (1) when the number of directors is less than that required by the Company Law or six (6);
- (2) when the undistributed deficit of the Company amounts to one-third (1/3) of the total amount of its share capital;

- (3) when shareholder(s), individually or jointly, holding 10% or more of the Company's issued and outstanding shares carrying voting rights request(s) in writing the convening of an extraordinary general meeting;
- (4) when deemed necessary by the board of directors, or at least two (2) independent directors, or more than a half of the independent directors or the board of supervisors request the convening of an extraordinary general meeting;
- (5) other circumstances stipulated by laws, administrative regulations, department rules or the Articles of Association.

Article 67

Independent directors shall have the right to propose to the board of directors to convene an extraordinary general meeting. Regarding the proposal of the independent director to convene an extraordinary general meeting, the board of directors shall, according to relevant laws, administrative regulations and the Articles of Association, give a written reply on whether to convene the extraordinary general meeting within ten (10) days after receipt of the proposal.

If the board of directors agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five (5) days after the resolution is made by the board of directors. If the board of directors does not agree to hold the extraordinary general meeting, it shall give the reasons and make an announcement in respect thereof.

Article 68

The board of supervisors shall have the right to propose to the board of directors to convene an extraordinary general meeting, and shall put forward its proposal to the board of directors in writing. The board of directors shall, according to relevant laws, administrative regulations and the Articles of Association, give a written reply on whether to convene the extraordinary general meeting within ten (10) days after receipt of the proposal.

If the board of directors agrees to convene the extraordinary general meeting, it shall serve a notice of such meeting within five (5) days after the resolution is made by the board of directors. In the event of any change to the original proposal set forth in the notice, the consent of the board of supervisors is required.

If the board of directors does not agree to hold the extraordinary general meeting or fails to give a written reply within ten (10) days after receipt of the proposal, it shall be deemed as unable to perform or failing to perform the duty of convening the extraordinary general meeting, and the board of supervisors may convene and preside over the meeting by itself.

Article 69

When requesting the convening of an extraordinary general meeting or a class meeting, shareholders or the board of supervisors shall comply with the following procedures:

- (1) Two (2) or more shareholders individually or jointly holding an aggregate of 10% or more of the shares carrying the right to vote at the meeting shall sign one (1) or more written requests of the same form stating the object of the meeting and requesting that the board of directors convene an extraordinary general meeting or a class meeting thereof. The board of directors shall convene an extraordinary or a class general meeting responsively after receipt of such request. The aforesaid amount of shareholding is calculated as on the day when the shareholders make the request in writing.
- (2) In the event that the board of directors fails to issue a notice to convene a meeting within thirty (30) days of the date of the receipt of such request, the shareholders making the request or the board of supervisors may convene such a meeting, in a similar manner as to shareholders' meetings convened by the board of directors, within four (4) months of the date of the receipt of such request.

Where shareholders or the board of supervisors convene a meeting due to the failure by the board of directors to duly convene the same, all reasonable expenses so incurred shall be reimbursed by the Company, and any sum so reimbursed shall be set-off against such sums owed by the Company to the defaulting directors.

Article 70

Where the board of supervisors or shareholders decides to convene a general meeting by itself/themselves, it/they shall notify the board of directors in writing and file with the local office of the securities regulatory authority under the State Council and the stock exchange.

The convening shareholders shall, upon issuing a notice of general meeting of shareholders and announcing the resolution thereof, submit the relevant documents to the local office of the securities regulatory authority under the State Council and the stock exchange.

Article 71

With regard to the general meeting of shareholders convened by the board of supervisors or shareholders on its/their own initiative, the board of directors and its secretary shall offer cooperation. The board of directors shall provide a shareholders' register as of the share registration date.

Article 72

The Company shall bear the expenses in relation to the general meeting of shareholders convened by the board of supervisors or shareholders on its/their own initiative.

Article 73

When the Company convenes a general meeting of shareholders, written notices of the meeting shall be provided in no less than forty-five (45) days prior to the date of the meeting (excluding such date) to notify all of the registered shareholders with respect to the matters to be considered, and the date and the place of the meeting. A shareholder who intends to attend the meeting shall deliver his written reply concerning his attendance in no less than twenty (20) days prior to the date of the meeting.

The general meeting of shareholders may be convened at the residence, listing place of the Company or other places where the Company deems appropriate.

With respect to the holders of overseas-listed foreign shares, subject to the securities regulatory provisions and listing rules of the stock exchange on which the Company's shares are listed, the notice of general meeting of shareholders may also be issued or provided in other ways specified in Article 237 of the Articles of Association.

Article 74

The content of a proposal shall be determined by the general meeting of shareholders, have definite topics and specific issues for resolution, and shall comply with the relevant provisions of the laws, administrative regulations and the Articles of Association.

Article 75

At annual general meetings of the Company, the board of directors, the board of supervisors, and shareholder(s) individually or jointly holding more than 3% of the Company's total shares shall have the right to submit motions to the Company.

Shareholder(s) individually or jointly holding more than 3% shares of the Company may submit written provisional motions to the convener ten (10) days before a general meeting is convened. The convener shall serve a supplementary notice of general meeting of shareholders within two (2) days after receipt of the motions, announce the contents of the motions and submit the provisional motions to the general meeting of shareholders for consideration.

Save as specified in the preceding paragraph, the convener shall not amend the motions set out in the notice of general meeting of shareholders or add any new motion after the said notice is served.

Motions not set out in the notice of general meeting of shareholders or not complying with Article 74 of the Articles of Association shall not be voted on or resolved at the general meeting of shareholders.

Article 76

The Company shall, based on the written replies received from shareholders, calculate the number of voting shares represented by the shareholders who intend to attend the meeting twenty (20) days prior to the date of the general meeting of shareholders. In the event that the number of voting shares represented by the shareholders who intend to attend the meeting represents one half or more of the Company's total voting shares, the Company may hold the meeting. If otherwise, then the Company shall, within five (5) days, notify the shareholders again by public notice of the matters to be considered, and the place and the date for the meeting. The Company may hold the meeting following the publication of such notice.

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

Article 77

A notice of general meeting shall:

- (1) be in writing;
- (2) specify the place, the length, the day and the time of the meeting;
- (3) state the matters to be considered at the meeting;
- (4) provide such necessary information and explanations for shareholders to make an informed judgment on the matters to be considered. Without limitation to the generality of the foregoing, where a proposal is made with respect to the merger of the Company with another company, the repurchase of shares, the restructuring of share capital, or the restructuring of the Company in any other manner, the terms of the proposed transaction must be provided in detail along with copies of the proposed agreement, if any, and the reason(s) 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, the President, or other senior officers in the proposed transaction and the effect of the transaction in their capacity as shareholders to the extent that it is different from the effect on the interests of shareholders of the same class;

- (6) contain the full text of any special resolution proposed to be passed at the meeting;
- (7) contain an express statement that a shareholder is entitled to attend and vote at the meeting, and to appoint one (1) or more proxies to attend and vote on his behalf, and that a proxy need not be a shareholder;
- (8) specify the time and place for delivering proxy forms for the relevant meeting;
- (9) set out the date of registration of shareholders who are entitled to attend the meeting;
- (10) list the name(s) and telephone number(s) of the contact person(s) for the meeting.

With respect to the holders of overseas-listed foreign shares, subject to the securities regulatory provisions and listing rules of the stock exchange on which the Company's shares are listed, the notice of general meeting of shareholders may also be issued or provided in other ways specified in Article 237 of the Articles of Association.

Article 78

Notice of general meeting of shareholders shall be served on each shareholder (whether or not entitled to vote at the meeting), by personal delivery or prepaid mail to their addresses as shown in the register of shareholders. For the holders of domestic shares, notices of the general meeting may also be issued by way of public announcements.

The public announcement as referred to in the preceding paragraph shall be published in one (1) or more national newspapers designated by the securities regulatory authority of the State Council within forty-five (45) days to fifty (50) days prior to the date of the meeting. Upon publication of such announcements, the holders of domestic shares shall be deemed to have received the notice for the relevant general meeting of shareholders.

With respect to the holders of overseas-listed foreign shares, subject to the securities regulatory provisions and listing rules of the stock exchange on which the Company's shares are listed, the notice of general meeting of shareholders may also be issued or provided in other ways specified in Article 237 of the Articles of Association.

Article 79

If the election of directors or supervisors is proposed to be discussed at a general meeting, the notice of meeting shall adequately disclose the detailed information of the director or supervisor candidates, whose information shall at least include:

- (1) personal particulars, including educational background, work experiences, and concurrent positions;
- (2) whether one has any connection with the Company, its controlling shareholders or effective controllers;
- (3) the number of shares of the Company one holds;
- (4) whether one has been punished by the securities regulatory authority under the State Council or any other relevant authorities or reprimanded by the stock exchange.

Article 80

After the notice of general meeting is issued, the same meeting shall not be postponed or cancelled and the motions set out in the notice shall not be cancelled without proper reasons. In the case of any postponement or cancellation of the meeting, the convener shall make an announcement and give the reasons therefore at least two (2) working days prior to the date on which the meeting is originally scheduled.

Article 81

An accidental failure to serve notice of a meeting on, or the non-receipt of such notice by, any person entitled to receive such notice shall not invalidate the meeting or the resolutions passed.

Article 82

Any shareholder entitled to attend and vote at a general meeting of the Company shall be entitled to appoint one (1) or more persons (whether a shareholder or otherwise) as his proxy/proxies to attend and vote on his behalf. A proxy so appointed shall:

- (1) have the right to speak at the general meeting;
- (2) be entitled to demand, individually or jointly with others, a poll;
- (3) be entitled to vote by hand or on a poll, but in the event that more than one (1) proxy is so appointed, such proxies may only vote on a poll.

In the event that a shareholder is a Recognized Clearing House, it may, as it sees fit, appoint one (1) or more persons as its proxy to attend and vote at any general meeting of shareholders or class meeting. However, in the event that more than one (1) person is so appointed, the proxy instrument shall specify the number and class of the shares relating to each such proxy. Such proxies may exercise the rights of such Recognized Clearing House on its behalf in the same manner as if it were an individual shareholder of the Company.

Article 83

All the shareholders or their authorized proxies in the register of shareholders on the share registration date shall have the right to attend the general meeting and exercise their voting rights according to relevant laws, regulations and the Articles of Association. A shareholder may attend and vote either personally or by proxy at a general meeting of shareholders. The proxy instrument shall be in writing, either to be executed by the appointer or by power of attorney. Should the appointer be a legal entity, then such proxy instrument shall be executed with the company seal or by its director or the legal representative. Such instrument shall specify the number of shares represented by the proxy. In the event that more than one person is appointed as a proxy by a shareholder, the proxy instrument shall specify the number of shares represented by each proxy.

Article 84

The proxy instrument shall be maintained at the residence of the Company or at such other locations as specified for that purpose in the notice regarding the convening of the meeting in no less than twenty-four (24) hours prior to the time of the meeting at which the proxy proposes to vote, or the time appointed for voting. In the event that such instrument is signed by another person authorized by the appointer, the authorization or other authorization instrument shall be notarized, and such notarized authorization or other instrument shall be maintained at the residence of the Company or at such other locations as specified for that purpose in the notice regarding the convening of the meeting at the same time.

In the event that an appointer is a legal entity, its legal representative or such person as authorized by a resolution of its board of directors or other governing body may attend the Company's general meeting in the capacity of a representative of such appointer.

Article 85

Any form issued to a shareholder by the board of directors for the appointment of a proxy by the shareholder for attendance and voting at a meeting shall enable the shareholder to instruct the proxy to vote for or against each resolution with respect to businesses transacted at the meeting. Such forms shall contain a statement which states that, in the absence of instructions by the shareholder, the proxy may vote in the proxy's own discretion.

The Company shall be entitled to require the proxy attending a general meeting of shareholders to produce proof of identity.

Where a corporate shareholder appoints its proxy to attend a general meeting, the Company shall have the right to require such proxy to produce proof of identity and the notarized resolution or a copy of the authorization made or issued by the board of directors of such corporate shareholder (other than the Recognized Clearing Houses) or other competent authorities relating to the appointment of such proxy.

Article 86

A vote provided in according to the instruments in such proxy forms shall be valid, notwithstanding the previous death or loss of capacity of the appointer or the revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares with respect to which the proxy is given, provided that no notice in writing of such matters shall have been received by the Company prior to the commencement of the meeting at which the proxy is used.

Article 87

Resolutions of a general meeting shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution must be approved by votes representing more than one-half (1/2) of the voting rights of the shareholders (including proxies) present at the meeting.

A special resolution must be approved by the votes representing more than two-thirds (2/3) of the voting rights of the shareholders (including proxies) present at the meeting.

Article 88

When voting at the general meeting of shareholders, a shareholder (including proxies) may exercise voting rights according to the number of shares carrying the right to vote. Each share shall have one (1) vote.

The Company has no voting right for the shares it holds, and such part of shares shall be excluded from the total number of voting shares represented by the shareholders attending the general meeting of shareholders.

The board of directors, independent directors and qualified shareholders may collect voting rights from shareholders. Information including the specific voting preference shall be fully provided to the shareholders for whom voting rights are being solicited. Consideration or de facto consideration for soliciting shareholders' voting rights is prohibited. The Company shall not impose any minimum shareholding limitation for soliciting voting rights.

Pursuant to the applicable laws and regulations and the listing rules of the stock exchange on which the Company's shares are listed, whereas any shareholder is required to abstain from voting on any particular resolution or restricted to voting only for or against any particular resolution, any vote cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be tallied.

Article 89

When a connected transaction is considered at a general meeting, the connected shareholders shall not vote, and the voting shares held by them shall not be counted in the total number of shares with voting rights; the announcement of any resolution made at the general meeting shall adequately disclose information relating to voting by non-connected shareholders.

Article 90

At the general meeting of shareholders, resolutions shall be decided by a show of hands unless a poll is specifically required according to the provisions of the listing rules of the stock exchange where the Company's shares are listed, or a poll is demanded (before or after any vote by show of hands):

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

Unless a poll is demanded, a declaration by the chairman that a resolution has been passed upon a show of hands, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favor of or against such resolution.

The demand for a poll may be withdrawn by the person who makes such demand.

Article 91

A poll demanded for 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 matter 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 pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting on which the poll was demanded.

Article 92

At a poll taken at a meeting, a shareholder (including proxy) entitled to two (2) or more votes need not cast all his votes in the same manner.

Article 93

In the case of an equal number of votes, whether by a show of hands or at a poll, the chairman of the meeting shall be entitled to cast one additional vote.

Article 94

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

- (1) reports of the board of directors and board of supervisors;
- (2) any plans for the distribution of profits and for recovering losses formulated by the board of directors;
- (3) appointment or removal of the members of the board of directors and supervisors on behalf of shareholders, and decision on their remuneration and methods of payment;
- (4) preliminary and final annual budgets, balance sheets, profit accounts, and other financial statements of the Company;
- (5) annual reports of the Company;
- (6) other matters other than those required by laws, administrative regulations, or by the listing rules of stock exchanges on which the Company's shares are listed or by the Articles of Association to be approved by a special resolution.

Article 95

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

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

- (4) the amendments to the Articles of Association;
- (5) the Company's acquisition or disposal of major assets within one (1) year with the transaction amount exceeding 30% of the latest audited total assets of the Company;
- (6) share incentives schemes;
- (7) any other matter specified in the laws, administrative regulations or the Articles of Association and approved by an ordinary resolution at the general meeting of shareholders resolving such matters that may have material impact on the Company and shall be approved by a special resolution.

Article 96

The list of candidates for directors or supervisors shall be submitted to the general meeting of shareholders for voting by way of proposals. When a voting is made on the election of directors or supervisors at a general meeting of shareholders, the cumulative voting system would be adopted in accordance with the provisions of the Articles of Association or the resolutions of the general meeting of shareholders, i.e. each share has the voting right for the number of directors or supervisors to be elected, and the voting right owned by the shareholders may be cumulatively used when the directors or supervisors are elected at the general meeting. The main content of cumulative voting system is as follow:

- (1) where the number of directors or supervisors to be elected is more than two, the cumulative voting system shall be adopted;
- (2) under cumulative voting system, voting of independent directors and non-independent directors shall be carry out separately;
- (3) in a cumulative voting, each share of a shareholder shall have votes as same as the number of directors or supervisors to be appointed;
- (4) where the election for directors or supervisors is put to the vote of the general meeting of shareholders, a shareholder may exercise his voting rights by spreading his votes between the candidates of directors or supervisors, or by focusing all his votes on one candidate;
- (5) where votes in favour of a director or supervisor candidate exceeds a half of the number of shares carrying voting rights (based on the number of unaccumulated shares) held by shareholders attending the general meeting of shareholders, such director or supervisor shall be an elected director or supervisor candidate. If the number of elected director or supervisor candidates exceeds the number of directors or supervisors to be appointed, those who win more votes in favour of them shall be appointed as directors or supervisors (in case of the appointment of elected candidates with same number of votes will result in the number of elected candidates exceeding the number of directors or supervisors to be appointed, such elected candidates shall not be deemed to be elected).

Article 97

No amendment shall be made to a motion when it is considered at a general meeting, otherwise, the relevant amendment shall be deemed as a new motion and shall not be voted on at the general meeting.

Article 98

The chairman of the meeting shall, prior to voting, declare the number of attending shareholders and their proxies as well as the total number of their voting shares, and the number of attending shareholders and their proxies and the total number of their voting shares shall be as recorded in the meeting's register.

Article 99

When motions are voted on at the general meeting of shareholders, two (2) shareholders' representatives shall be appointed to count, and monitor counting of, the votes. Where any shareholder has interests in any issue considered, the said shareholder or proxy thereof shall not participate in counting and monitoring of ballots.

When motions are voted on at the general meeting of shareholders, the lawyer, shareholders' representative and supervisors' representative shall be jointly responsible for the counting and monitoring of the ballots and announce the voting results on the spot, which shall be recorded in the meeting minutes.

Article 100

A general meeting shall be convened by the Chairman of the Board who shall preside over the meeting. If the Chairman of the Board cannot attend the meeting for reason(s), such meeting shall be presided over by the Vice Chairman of the Board. If both the Chairman and the Vice Chairman of the Board cannot attend the meeting for reason(s), the Chairman of the Board may designate a director of the Company to convene and preside over the general meeting as the Chairman on his/her behalf. If no designation has been made, shareholders attending the meeting may elect a person to act as the Chairman. If for any reason the shareholders cannot elect a person to act as the Chairman, the shareholder (including proxy) holding the largest number of shares with voting rights at the meeting shall act as the Chairman of the meeting.

For a general meeting convened by the Supervisory Committee, the Chairman of the Supervisory Committee shall preside over the meeting. If the Chairman of the Supervisory Committee is unable to perform or fails to perform his duties and responsibilities, a supervisor jointly elected by not less than one half of all supervisors shall preside over the meeting.

For a general meeting convened by the shareholders, a representative of shareholders elected by the convener shall preside over the meeting.

During the course of a general meeting, if the Chairman of the meeting is in breach of the rules of procedures and renders it impossible for the meeting to continue, with the consent of the shareholders present at the meeting and representing more than one half of the total voting rights of all shareholders so present, the general meeting may elect a person to act as the Chairman of the meeting and the meeting shall continue.

Article 101

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

Article 102

In the event that the chairman of the meeting has any doubt as to the voting result of any resolution at a shareholders' meeting, the chairman shall have the power to have the votes counted. In the event that the chairman of the meeting does not have the votes counted, any shareholder present in person or by proxy, who objects to the result announced by the chairman of the meeting, may immediately following the declaration of the result, demand that the votes be counted and the chairman of the meeting shall have the votes counted immediately.

Article 103

If votes are counted at a general meeting, the counting result shall be recorded in the meeting minutes.

Article 104

The minutes, along with the list of shareholders attending the meeting, and powers of attorney for attendance by proxy shall be maintained at the residence of the Company.

Article 105

Copies of the minutes of all shareholders' meeting shall be open for inspection by any shareholder free of charge during the business hours of the Company. In the event that a shareholder requests a copy of such minutes from the Company, the Company shall send the copy to such shareholder within seven (7) days upon the receipt of reasonable fees thereof.

Article 106

Resolutions of the general meeting of shareholders shall be announced in due time. The announcement shall specify the number of attending shareholders and their proxies, the total number of voting shares they represent and the proportion of these shares to the total number of the voting shares of the Company, the voting method, the voting result for every motion and the details of each of the resolutions passed.

Where material issues affecting the interests of minority shareholders are being considered at the general meeting of shareholders, the votes by minority shareholders shall be counted separately. The separate counting results shall be publicly disclosed in a timely manner.

Article 107

Where a motion has not been passed or the resolutions of the preceding general meeting of shareholders have been changed at the current general meeting of shareholders, special statement shall be made in the announcement of the resolutions of the general meeting of shareholders.

Article 108

Where a motion on election of directors or supervisors is passed at the general meeting of shareholders, the directors elected or supervisors elected shall take office after the resolution of the general meeting of shareholders passed.

Where the date on which an employee supervisor of the new board of supervisors is democratically elected is earlier than the date on which the new board of supervisors is established, he shall take office from the date on which the new board of supervisors is established; otherwise, he shall take office from the date on which he is democratically elected.

Article 109

Where a motion on cash dividends, bonus shares or increase of share capital by way of transfer from capital reserves, the Company shall implement the specific scheme within two (2) months after conclusion of the general meeting of shareholders.

CHAPTER 9 SPECIAL VOTING PROCEDURES BY CLASS SHAREHOLDERS

Article 110

Shareholders who hold different classes of shares shall be known as class shareholders.

Class shareholders shall be entitled to rights and assume obligations according to the laws, administrative regulations and these Articles of Association.

Article 111

Rights conferred on any class of shareholders in the capacity of shareholders (“class rights”) may not be varied or abrogated unless approved by a special resolution of shareholders at a general meeting, and by the class shareholders so affected at a separate meeting conducted according to Articles 113 to 117.

Article 112

The following circumstances shall be deemed as a variation or abrogation of rights of a class shareholder:

- (1) An increase or decrease in the number of shares of such class, or an increase or decrease in the number of shares of another class having voting rights or distribution rights or other privileges equal to or superior to those of the shares of such class;
- (2) the conversion of all or part of the shares of such class into the shares of another class or the conversion or creation of a right of conversion of all or part of the shares of another class into the shares of such class;
- (3) the removal or reduction of rights to receive accrued dividends or rights to cumulative dividends attached to the shares of such class;
- (4) the reduction or removal of the preferential rights attached to the shares of such class for the receipt of dividends or for the distribution of assets in the event that the Company is liquidated;
- (5) the addition, removal or reduction of the rights of conversion, options rights, voting rights, transfer rights, pre-emptive rights, or rights to acquire securities of the Company attached to the shares of such class;
- (6) the removal or reduction of the rights to receive payment receivable from the Company in the particular currencies attached to the shares of such class;
- (7) the creation of a new class of shares having voting rights or distribution rights or other privileges equal to or superior to those of the shares of such class;
- (8) the restriction of the transfer or ownership of the shares of such class or the imposition of stricter restrictions thereof;
- (9) the issue of any rights to subscribe for, or to convert into, shares in the Company of the same class or another class;
- (10) the enhancement of rights or privileges of the shares of other classes;
- (11) the restructuring of the Company pursuant to which shareholders of different classes assume disproportionate liability;
- (12) the revision or abrogation of the provisions of this Chapter.

Article 113

The class shareholders so affected, whether or not otherwise entitled to vote at a general meeting of shareholders, shall nevertheless be entitled to vote at any class meetings with respect to matters set forth in sub-clauses (2) to (8), (11) to (12) of Article 112, but interested shareholder(s) shall not be entitled to vote in class meetings.

“(An) interested shareholder(s)” as used in the preceding paragraph, shall mean:

- (1) In the case of a repurchase of shares by offers to all shareholders of the Company or by open dealing on a stock exchange pursuant to Article 29 of these Articles of Association, a “controlling shareholder” as defined in Article 59;
- (2) in the case of a repurchase of shares by an off-market agreement pursuant to Articles 29 of these Articles of Association, 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 less liability than any shareholders of the same class or who has an interest in the proposed restructuring different from the interests of shareholders of the same class.

Article 114

A resolution in a class meeting shall be passed by votes representing two-thirds (2/3) or more of the voting rights of shareholders of that class in the relevant meeting who are entitled to vote at the class meetings according to Article 113.

Article 115

A written notice of a class meeting shall be given forty-five (45) days prior to the date of the class meeting to notify all of the registered shareholders of such class of the matters to be considered, the date and the place of the class meeting. A shareholder who intends to attend the class meeting shall deliver his written reply for the attendance at the meeting twenty (20) days prior to the date of the meeting.

In the event that the shareholders who intend to attend such a meeting represent more than half of the total number of voting shares of that class, the Company may hold the class meeting; otherwise, the Company shall within five (5) days notify the shareholders of the class, again by public notice, of the matters to be considered as well as the date and place for the class meeting. The Company may then hold the class meeting after the publication of such notice.

Article 116

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

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

Article 117

Except for other class of shareholders, shareholders of domestic shares and overseas listed foreign shares are deemed to be shareholders of different classes.

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

CHAPTER 10 BOARD OF DIRECTORS

SECTION 1 DIRECTORS

Article 118

The Company shall establish a Board which consists of nine directors. The Board shall comprise one Chairman, one vice Chairman and seven directors, in which four of them are executive directors, two are non-executive directors and three are independent non-executive directors (hereinafter referred to as the "independent directors").

The executive directors mentioned in the previous clause refer to the directors who participate in the management of production and operation of the Company; the non-executive directors refer to the directors who do not participate in the management of production and operation of the Company.

Article 119

Directors shall be elected at a general meeting with a term of office of three years. Upon maturity of the current term of office, a Director shall be eligible to offer himself/herself for re-election and reappointment. Prior to the maturity of his/her term, a Director shall not be removed without reason from his/her office by a general meeting.

The term of office of Directors shall commence from the date of appointment up to the maturity of the current term of office of the Board. In the event that the terms of Directors fall upon maturity whereas the members of the Board are not re-elected in time, the existing Directors shall continue to perform their duties in accordance with the laws, administrative regulations, departmental rules and the Articles of Association until the re-elected Directors assume their office.

The Chairman and the Vice Chairman shall be elected and removed by more than one-half of all Directors. The term of office of the Chairman and the Vice Chairman shall be three years, renewable upon re-election.

The Directors shall not be required to hold shares of the Company.

Article 120

The candidates for directors shall generally be proposed by the board of directors of the Company at the general meeting of shareholders. The shareholders and the board of supervisors are entitled to nominate candidates for director pursuant to the provisions hereof.

A written notice of the intention of nominating the candidate for director and by that candidate indicating his acceptance of such nomination shall be given to the Company no earlier than the date of the notice of the general meeting of shareholders but no later than seven (7) days before the holding of the said general meeting of shareholders. The term of such nomination and acceptance shall not be less than seven (7) days.

Article 121

A director may resign prior to the expiration of his term by tendering a written resignation to the board of directors.

If any director resigns so that the number of directors falls short of the legal minimum, the said director shall continue fulfilling the duties as director pursuant to relevant laws, administrative regulations, departmental rules and these Articles of Association until a new director is elected.

Save as provided in the preceding paragraph, a director's resignation shall be effective when his resignation is served on the board of directors.

Article 122

If resignation of a director takes effect or if his term of office expires, the said director shall go through all handover formalities with the board of directors. His duty of honesty to the Company and shareholders thereof shall not terminate automatically at the end of his term of office but shall still be valid within the reasonable period specified in these Articles of Association. Where a director tenders a resignation or retires at the expiration of his term of office, his obligation of preserving confidentiality in order to protect commercial secrets of the Company shall survive until such commercial secret becomes public knowledge.

Article 123

A director in office shall be liable to the Company for any loss caused by his unauthorised departure.

Subject to compliance with all applicable laws and administrative regulations, the general meeting of shareholders may, by ordinary resolution, remove any director prior to the expiration of his term of office (However, the director's right to claim damages suffered from his removal shall not be affected thereby.).

A director who has failed to attend two (2) consecutive meetings of the board in person and has not appointed other director(s) to attend on his behalf shall be deemed to be incapable of performing his duties. The board of directors may propose his removal at a general meeting of shareholders.

SECTION 2 INDEPENDENT DIRECTORS

Article 124

The Company shall have independent directors. Independent directors are directors who do not hold any position in the Company other than directors of the Company, and have no connection with the Company and its substantial shareholders, which may influence their independent and objective judgments.

Independent directors shall be appointed for a term of three (3) years, which is renewable upon re- election. However, an independent director's term of office shall not exceed a total of six (6) years.

Article 125

An independent director shall satisfy the following basic conditions:

- (1) to possess qualifications of a director of a listed company under laws, administrative regulations, the listing rules of the stock exchange on which the Company's shares are listed and other relevant requirements;
- (2) to meet the requirements for independence set out in the listing rules of the stock exchange on which the Company's shares are listed;
- (3) to possess the basic knowledge of the operations of a listed company and to be familiar with relevant laws, administrative regulations, regulations and rules;
- (4) to possess experience of over five (5) years in law, business or such experience as required in performing the duty of an independent director;
- (5) other requirements provided in these Articles of Association.

Article 126

Independent directors shall possess the following special functions and powers in addition to the powers conferred upon by the *Company Law*, other applicable laws and regulations, the listing rules of the stock exchange on which the Company's shares are listed and these Articles of Association:

- (1) to propose to the board of directors for the engagement or removal of an accounting firm;
- (2) to request the board of directors to convene an extraordinary general meeting;
- (3) to request the convening of meetings of the board of directors;
- (4) with the consent of all independent directors, to engage an external auditing or consulting firm for audit and consultation over any specific matters of the Company. The expenses so incurred shall be borne by the Company.

In addition to sub-clause (4) set out above, the exercise of the functions and powers aforementioned by an independent director shall be subject to the consent of at least one-half (1/2) of all independent directors. Where the aforementioned proposals fail to be accepted or such functions and powers cannot be exercised normally, the Company shall disclose the relevant details.

Article 127

An independent director shall not be dismissed without justification prior to the expiration of his term. Where an independent director is so removed, the Company shall disclose such removal as a special case.

If any independent director has not attended meetings of the board of directors in person for three (3) times consecutively, the board of directors shall propose to the general meeting of shareholders to replace the said independent director.

Article 128

Any matter on independent directors not covered herein shall be addressed according to requirements of applicable laws, regulations, rules and the listing rules of the stock exchange on which the Company's shares are listed.

SECTION 3 THE BOARD OF DIRECTORS

Article 129

The board of directors shall formulate its standing order to ensure efficiency and scientific decision-making.

The board of directors shall consist of five (5) special sub-committees, i.e. Strategic Committee, Audit Committee, Remuneration Committee, Nomination Committee and Safety, Health and Environment Committee, whose members and the standing order shall be determined by the board of directors. The board of directors of the Company, if necessary, may adjust the aforementioned special committees or set up other special committees.

Article 130

The board of directors shall be accountable to the shareholders at general meetings, and shall exercise the following functions and powers:

- (1) to be responsible for the convening of the general meeting of shareholders and to report on its work to the shareholders at general meetings;
- (2) to implement the resolutions passed by the shareholders at general meetings;
- (3) to determine the Company's business plans and investment proposals;
- (4) Save where otherwise stipulated in these Articles of Association and the Standing Order of the Board of Directors, to make decisions on the contracts, transactions and arrangements with amounts not exceeding thirty (30%) percent of the audited net asset value of the Company in the previous year;

- (5) to formulate the Company's preliminary and final annual financial budgets;
- (6) to formulate the Company's profit distribution proposal and loss recovery proposal;
- (7) to formulate proposals for the increase or reduction of the Company's registered capital and for the issuance of the Company's debentures or other securities and for the listing;
- (8) to draw up plans for any substantial acquisition, repurchase of the Company's shares or the merger, division, dissolution and transformation of the Company;
- (9) to decide on the external investment, purchase and disposal of assets, asset mortgage, external guarantee, consigned financial management, connected transactions, etc. within the authority granted by the general meeting of shareholders;
- (10) to decide on the Company's internal management structure;
- (11) to appoint or remove the Company's President and secretary to the board of directors, and to engage or remove any other senior officers according to the nomination of the President, and to decide on their remuneration, rewards and penalties;
- (12) to formulate the Company's basic management system;
- (13) to formulate proposals for any amendment to the Company's Articles of Association;
- (14) to manage the Company's disclosure of information;
- (15) to propose to the general meeting of shareholders of the engagement or replacement of an accounting firm for the audit of the Company's accounts;
- (16) to review the working reports of the President, and to monitor his work;
- (17) to exercise any other functions and powers provided by laws, regulations, and the listing rules of the stock exchange on which the Company's shares are listed and conferred upon by the shareholders at general meetings.

Save where otherwise stipulated in laws, administrative regulations and these Articles of Association, the board of directors shall resolve on the issues specified in the preceding paragraph by approval of more than two-thirds (2/3) of all directors for the issues of formulating proposals for the increase or reduction of the Company's registered capital and for the issuance of the Company's debentures, drawing up plans for the merger, division and dissolution of the Company and formulating proposals for any amendment to the Company's Articles of Association, and other matters may be passed by approval of more than half of all directors.

The disposal of assets (including acquisition, sale and replacement) or related transactions shall be addressed according to the requirements of the securities regulatory authorities and the listing rules of the stock exchange on which the Company's shares are listed;

Article 131

When making decisions on significant matters such as direction of reform and development, key objectives, and priority operational arrangements of the Company, the Board should seek advice from the leading Party members group or Party committee. When the Board appoints the management personnel of the Company, the leading Party members group or Party committee shall consider and provide comments on the candidates for management positions nominated by the Board or the president, or recommend candidates to the Board and/or the president.

Article 132

The board of directors of the Company shall provide an explanation to the shareholders at the general meeting with respect to an audit report with non-standard opinions provided by a certified public accountant regarding the Company's financial statements.

Article 133

In accordance with the provisions of these Articles of Association, the Company's investment in any other company or provision of any security to any external party shall be decided by resolution of the board of directors or by resolution of the shareholders at general meeting. The provision of any security by the Company to any shareholder or effective controller of the Company must be approved by the resolution of the shareholders at general meeting.

Any shareholder referred to in the preceding paragraph or any shareholder controlled by the effective controller referred to in the preceding paragraph shall not vote on such matters. Any such matter shall be decided by a majority of the voting rights held by other shareholders attending the meeting.

The Company shall maintain a strict internal control system with respect to the provision of security to any external parties. All directors shall act prudently to strictly control the exposure of liability incurred from the security so provided.

In the event of any provision of any security by the Company to any external parties, the Company shall take such risk prevention measures as the provision of counter-guarantee by the counterparties. The provider of the counter-guarantee shall possess the ability to fulfill its obligation.

For any loss that the Company has incurred from the provision of security to any external parties in contravention to the relevant laws, regulations, rules and the Company's Articles of Association, the responsible directors shall assume related liabilities.

Article 134

With respect to any proposed disposal of any fixed assets, and in the event that the estimated amount of such disposal together with the amount received from any other disposal of fixed assets occurring in four (4) months prior to such proposed disposal exceed thirty-three (33%) of the amount of fixed assets shown on the latest balance sheet discussed at the general meeting of shareholders, such disposal shall be subject to the approval at the general meeting of shareholders; and the board of directors shall not dispose or agree to dispose such fixed assets prior to the approval of the general meeting of shareholders.

"Disposal of fixed asset" referred to in this Article shall include the transfer of certain interests in assets, but excludes any provision of any security with any fixed assets.

The validity of any disposal by the Company of its fixed assets shall not be affected by the violation of the first paragraph of this Article.

Article 135

The board of directors shall determine the authority relating to external investment, asset purchase and disposal, asset mortgage, external guarantees, consigned financial management and related transactions, and shall establish strict examination and decision making procedures; and organize relevant experts and professionals to make assessments on material investment projects and report to the general meeting of shareholders for approval.

Article 136

The Chairman of the Board is authorized to exercise the following powers:

- (1) to preside over general meetings and to convene and preside over meetings of the Board;

- (2) to check on the implementation of resolutions of the Board;
- (3) to sign the securities certificates issued by the Company;
- (4) to sign important documents of the Board and other documents that shall be signed by the legal representative of the Company;
- (5) to exercise the authorities of the legal representative;
- (6) in case of emergency circumstances of force majeure events such as extraordinary natural disasters, to exercise special disposal powers which are in compliance with legal requirements and are in the interests of the Company on matters of the Company and report to the Board and the general meeting after the settlement of the event;
- (7) Save where otherwise stipulated on the investment to other enterprises or provision of guarantees to anyone else by the Company, to make decisions on the contracts, transactions and arrangements with amounts not exceeding ten percent (10%) of the audited net assets value of the Company in the previous year;
- (8) to exercise other functions and powers conferred by the Board.

Where the Chairman of the Board is unable to fulfill his duties, the Vice Chairman shall perform the duties on his behalf; where the Vice Chairman is also unable to fulfill the duties, the Chairman shall designate a director to perform the duties on his behalf.

Article 137

The Board shall hold at least four meetings per year which shall be convened by the Chairman, and the notice of a board meeting shall be served on all directors and supervisors ten days before the date of the meeting. The extraordinary meetings of the Board shall be held in any of the following circumstances.

- (i) if deemed as necessary by the Chairman;
- (ii) if proposed by the Vice Chairman;
- (iii) if proposed jointly by more than one-third of the directors;
- (iv) if proposed by the Supervisory Committee;
- (v) if proposed by the president;
- (vi) if proposed by more than half of the independent directors;

(vii) if proposed by the Shareholders representing more than one-tenth of the voting rights.

Article 138

Notice of meetings and extraordinary meetings of the board of directors shall be given to the directors by personal delivery, facsimile, courier or registered mail; and such notice shall be delivered, in case of notices of a meeting of the board of directors, at least ten (10) days prior to the meeting; and, in case of notices of an extraordinary meeting of the board of directors, at least three (3) days prior to the meeting.

Notice of a meeting of the board of directors shall contain:

- (1) date and place of the meeting;
- (2) period of the meeting;
- (3) issues and agenda;
- (4) date of the notice.

Article 139

Should a director attend a meeting, and has not stated his non-receipt of the meeting notice prior to arriving at the meeting or at the onset of the meeting, the said notice of the meeting shall be deemed to have been served.

Article 140

Any regular or extraordinary meeting of the board of directors may be held by telephone conference or similar communication equipment so long as all directors participating in the meeting can clearly hear and communicate with each other. All such directors shall be deemed to be personally present at the meeting.

Article 141

Meetings of the board of directors shall be held only if more than half of the directors (including any alternative director so appointed) are present.

Each director shall have one (1) vote. Unless otherwise provided in these Articles of Association, a resolution of the board of directors must be passed by the majority of the directors of the Company. No resolution of the board of directors concerning any connected transaction shall become effective without the signatures of the independent (non-executive) directors.

Where there is an equality of votes cast both for and against a resolution, the Chairman of the board of directors shall be entitled to cast an additional vote.

Where a director or any of his related parties (as defined under the listing rules on the Stock Exchange of Hong Kong Limited) has any interest in the subject matter of the meeting (including approval of any contract, transaction and arrangement), or a director has relations with the enterprises involved in the subject matter of the meeting, such director shall withdraw from the meeting and abstain from voting. Such director shall not be counted in the quorum present at the same meeting of the board of directors. The meeting of the board of directors may be held when more than half of the non-connected directors attend the meeting. The resolution of the meeting of the board of directors shall be passed by more than half of the non-connected directors. If the number of non-connected directors attending the meetings is less than three (3), the matter shall be submitted to the general meeting of shareholders for consideration.

Article 142

Directors shall personally attend the meetings of the board of directors. In the event that a director is unable to attend a meeting for any reason, he may appoint another director by a written power of attorney to attend the meeting on his behalf. The power of attorney shall set out the scope of the authorization.

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

Article 143

With respect to any matters that are required to be passed by an extraordinary meeting of the board of directors and, in the event that such resolution has been distributed in writing (including by fax) to all the members of the board of directors, and in the event that the number of the directors who have signed the resolution has reached the quorum that is stipulated in Article 141 hereof, an effective resolution shall be passed accordingly, and no meeting of the board of directors is required to be convened.

Article 144

The board of directors shall maintain minutes of resolutions passed at meetings of the board of directors. The minutes shall be signed by all the directors present at the meeting and the person who recorded the minutes. The directors shall assume liability for any resolutions of the board of directors. In the event that a resolution of the board of directors violates laws, administrative regulations or these Articles of Association resulting in the Company suffering serious loss, the directors who voted in favor of such a resolution shall compensate the Company for such loss. Notwithstanding the foregoing provision, in the event that it can be proven that a director has expressly objected to such resolution in voting, and that such objection was recorded in the minutes of the meeting, such director shall be duly released from such liability.

The minutes of the meeting of the board of directors shall contain:

- (1) the date and place of, and the name of the convener of the meeting;
- (2) names of directors present and such directors present as proxy at the meeting;
- (3) meeting agenda;
- (4) main points of speeches of the directors;
- (5) the voting method and the result of each resolution (the numbers of affirmative votes, negative votes and abstentions shall all be clearly indicated).

The minutes of the meetings of the board of directors shall be kept as archives of the Company for at least 10 years.

CHAPTER 11 SECRETARY TO THE BOARD OF DIRECTORS

Article 145

The Company shall have one (1) secretary to the board of directors. The secretary shall be a senior officer of the Company and is held accountable to the board of directors.

Article 146

The secretary to the Company's 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 primary functions shall include:

- (1) to be responsible for the liaison and contact between the Company and other persons concerned and the stock exchange and other securities regulatory authorities;
- (2) to be responsible for addressing information disclosure of the Company, to supervise the Company with establishing and performing the management system of information disclosure and the internal reporting system for important information, to urge the Company and other concerned persons to disclose the information in compliance with the laws and to submit periodic reports and ad-hoc reports to the stock exchange in accordance with the relevant requirements;
- (3) to coordinate the relationship between the Company and its investors, the arrangement of receptions for its visitors, answering inquiries from its investors and provide public information of the Company to investors;

- (4) to prepare the general meetings of shareholders and the meetings of the board of directors in accordance with legal procedures, and prepare and submit the documents and information for such meetings;
- (5) to attend the meetings of the board of directors and maintain and sign minutes for such meetings;
- (6) to assume the responsibility of preserving confidentiality relating to the information disclosure of the Company, establish the confidential system, urge directors, supervisors, President and other senior officers and other insiders to treat as confidential the information of the Company before disclosure, and take remedial action immediately and report to the stock exchange should leakage of inside information occurs;
- (7) to maintain the register of shareholders, the register of directors, the information of the shareholdings in the Company of major shareholders, the directors, supervisors, President and other senior officers, and any other documents of the general meetings of shareholders, meetings of the board of directors and the records of such meetings;
- (8) to assist the directors, supervisors, President and other senior officers in the comprehension of relevant laws, regulations, rules, the listing rules of the stock exchange, other requirements and these Articles of Association on the information disclosure and their legal obligations provided in the listing agreement;
- (9) to urge the board of directors to perform its functions and to exercise its power according to law. In the event that the board of directors intends to pass any resolution in contravention to any laws, regulations, rules, the listing rules of the stock exchange, other requirements and these Articles of Association, he shall remind the attending directors of such contravention and propose that the supervisors attending the meeting express their views. In the event that the board of directors insists on doing so, the secretary shall record the opinion of the supervisors and his own opinion in the minutes of such meeting and report them to the stock exchange;
- (10) any other responsibilities provided by applicable laws, regulations, rules, the listing rules of the stock exchange, other requirements and these Articles of Association.

Article 147

A director or other senior officers of the Company may also concurrently hold the office of secretary to the board of directors. An accountant of the accounting firm retained by the Company shall not hold the office as the secretary to the board of directors.

In the event that the office of secretary is held concurrently by a director, and an action is required to be conducted separately by a director and a secretary, the person who holds the offices of director and secretary shall not perform such action in dual capacity.

CHAPTER 12 THE PRESIDENT

Article 148

The Company shall have one president who shall be appointed or removed by the Board, several senior vice presidents and vice presidents to assist the president in his/her work and one chief financial officer. The senior vice presidents, vice presidents and chief financial officer shall be nominated by the president and appointed or removed by the Board.

The Board of the Company may determine that the president and other senior management are held concurrently by members of the Board provided that the number of Directors appointed as the president and other senior management shall not exceed one-half of the total number of directors of the Company.

President and other senior management shall be appointed for a term of three years, which is renewable upon re-election.

Article 149

The President shall be held accountable to the board of directors and shall utilize the regular executive meetings to exercise the following functions and powers:

- (1) to communicate and implement crucial decisions, instructions and work arrangements of the State Council, the State-owned Assets Supervision and Administration Commission (SASAC) and the relevant authorities of the State Council, and to address relevant actions to be taken;
- (2) to address and implement the resolutions of the board of directors;
- (3) to address, formulate and amend the mid to long-term development strategy and plans of the Company that parallel market changes and report such strategy and plans to the board of directors for approval in accordance with these Articles of Association;
- (4) to analyze and decide on the Company's production, operation and management, including cost management, financial management, quality control, safety management and up-to-date information and technology management;

- (5) to address and implement the Company's annual business plan and investment proposals, to research and decide any crucial matters in the work as to annual production, safety, healthy and environment, selling, investment, finance, foreign cooperation, education and training and auditing and supervising;
- (6) to research and formulate any plans for the establishment of the Company's internal management structure; to address, appoint or dismiss any management personnel of the Company and its units other than those required to be appointed or dismissed by the board of directors;
- (7) to analyze and formulate the Company's basic management system;
- (8) to review and formulate detailed rules and regulations for the Company;
- (9) to review any information disclosed to the public;
- (10) to decide on the executing of any contracts, transactions and arrangements with amounts not exceeding five percent (5%) of the audited net asset value of the Company in the previous year save where the Company invests in any other enterprise or provides a security to any external party;
- (11) other powers conferred upon by the Company's Articles of Association or the board of directors.

Any decisions on operations involving major transactions and connected transactions shall be made in compliance with the requirement of the securities regulatory authorities and the listing rules of the stock exchange on which the Company's shares are listed.

Article 150

The President shall decide on any matters at the regular executive meetings upon the attending persons expressing their opinions on such matters.

Article 151

The President of the Company shall attend meetings of the board of directors. However, the President has no voting rights at the meetings unless he is also a director.

Article 152

The President shall report to the board of directors or board of supervisors upon request of either board on the execution and implementation of any material contracts and the application of funds. The President shall be responsible for the truthfulness of the said reports.

The President shall solicit opinions from the labor union and the congress of employees prior to the formulation of matters of vital interest to the employees, such as matters concerning their wages, fringe benefits, safety in production, occupation insurance and dismissal.

Article 153

The President shall formulate rules and regulations of his office, which shall be implemented upon the approval by the board of directors.

Article 154

In performing his functions and powers, the President shall act in honesty and due diligence and in accordance with the laws, administrative regulations, and these Articles of Association.

Article 155

The President and other senior officers may resign prior to the expiration of their terms. The procedures and rules for resignation of the President and other senior officers shall be specified in the employment contracts between the President and other senior officers and the Company.

CHAPTER 13 BOARD OF SUPERVISORS

Article 156

The Company shall establish a board of supervisors.

Article 157

The board of supervisors shall be composed of three (3) supervisors. One of the members of the board of supervisors shall act as the chairman. The appointment or removal of the chairman of the board of supervisors shall be determined by two-thirds (2/3) of the supervisors. A supervisor shall serve a term of three (3) years, whose term is renewable upon re-election and re-appointment.

Article 158

The board of supervisors shall consist of two (2) shareholder representatives, and one (1) representative of employees of the Company. The shareholder representatives shall be elected and removed by the general meeting of shareholders; and the representative of employees of the Company shall be elected democratically and removed by the employees of the Company. The supervisors who are the representatives of employees of the Company shall be at least one-third (1/3) of the number of the supervisors.

The candidates for supervisors (other than the supervisor(s) representing the staff) shall generally be proposed by resolution for voting at the general meeting of shareholders by the board of supervisors. The shareholders and the board of directors may nominate the candidates for supervisors in accordance with the provisions hereof.

Article 159

The directors, the President and other senior officers of the Company shall not concurrently serve as supervisors.

Article 160

If the term of office of a supervisor expires but reselection is not made responsively or if any supervisor resigns during his term of office so that the number of the board of supervisors falls short of the legal minimum, the said supervisor shall continue fulfilling the duties as supervisor pursuant to relevant laws, administrative regulations and these Articles of Association until a new supervisor is elected.

Article 161

The supervisors shall ensure the information disclosed by the Company is true, accurate and complete.

Article 162

Meetings of the board of supervisors shall be held no less than twice every year, and at least once every six (6) months, and shall be convened by the chairman of the board of supervisors. Any supervisor may propose that an extraordinary meeting of the board of supervisors be held.

If the chairman of the board of supervisors fails to or is unable to perform and exercise his functions and powers, a meeting of the board of supervisors shall be convened and chaired by a supervisor jointly nominated by more than half of all supervisors.

Any supervisor who fails to attend the meetings of the board of supervisors on two (2) consecutive occasions shall be deemed unable to perform his duty, and may be dismissed by the shareholders at general meeting or by the congress of employees.

Article 163

The board of supervisors shall be held accountable to the shareholders at a general meeting, and shall exercise the following functions and powers in accordance with the laws:

- (1) to examine the regular reports of the Company prepared by the board of directors and produce written opinions thereon;

- (2) to review the Company's financial position;
- (3) to supervise the work of the directors, President and other senior officers, and propose dismissal of directors, President and other senior officers who have violated laws, administrative regulations, these Articles of Association or the resolutions of general meetings of shareholders;
- (4) to demand redress from directors, President or any other senior officers should their acts be deemed against the Company's interests;
- (5) to review such financial information as the financial statements, business reports and any plans for distribution of profits to be submitted by the board of directors to the general meetings of shareholders, and to retain, on the Company's behalf any certified public accountants or chartered auditors to assist in the review of such information should any doubt arises with respect thereof;
- (6) to propose the convening of extraordinary general meetings and, in case the board of directors does not perform the obligations to convene and preside over the general meetings of shareholders in accordance with the *Company Law*, to convene and preside over the general meetings of shareholders;
- (7) to coordinate with directors on behalf of the Company or initiate legal proceedings against the Company's directors, President and other senior officers in accordance with Article 151 of *Company Law*;
- (8) to present motions to general meetings of shareholders;
- (9) to investigate any abnormal operations of the Company;
- (10) to perform and exercise other functions and powers specified in these Articles of Association.

The supervisors may attend meetings of the board of directors and make inquiries or suggestions in relation to the resolutions of such meetings.

Article 164

Notice of meetings and extraordinary meetings of the board of supervisors shall be given by personal delivery, facsimile, courier or registered mail; and such notice shall be delivered, in case of notices of a meeting of the board of supervisors, at least five (5) days prior to the meeting; and, in case of notices of an extraordinary meeting of the board of supervisors, at least two (2) days prior to the meeting.

The notice of meeting shall include the date, place, duration, issues and agenda of the meeting, and the date of the notice.

Meetings of the board of supervisors shall not be held unless over two-thirds (2/3) of supervisors are present.

Each supervisor is entitled to one (1) vote. The resolutions of the board of supervisors shall be passed by the affirmative vote of more than two-thirds (2/3) of all of its members.

The board of supervisors shall file resolutions as minutes, which shall be signed by the attending supervisors.

Any supervisor shall have the right to have an explanatory note made in the minutes regarding his speech at the meeting. The minutes of meetings of the board of supervisors shall be kept as archives of the Company for at least 10 years.

Article 165

All reasonable fees incurred in the retaining of such professionals as lawyers, certified public accountants or chartered auditors by the board of supervisors in the exercise of its functions and powers shall be borne by the Company.

Article 166

A supervisor shall execute his duties honestly and faithfully in accordance with laws, administrative regulations and these Articles of Association.

CHAPTER 14 QUALIFICATIONS AND DUTIES OF DIRECTORS, SUPERVISORS, PRESIDENT AND OTHER SENIOR OFFICERS

Article 167

A person may not serve as director, supervisor, President and one of the any other senior officers of the Company if:

- (1) he does not possess civil capacity or possess limited civil capacity;
- (2) he has been convicted for corruption, bribery, infringement of property or misappropriation of property or other offences which disrupted the social or economic order, in which less than a period of five (5) years has lapsed since the sentence was served, or he has been deprived of his political rights and less than a period of five (5) year has lapsed since the sentence was served;
- (3) he is a former director, factory manager or manager of a company or an enterprise which has been dissolved or liquidated as a result of mismanagement and is personally liable for the dissolution or liquidation of such company or enterprise, where a period of less than three (3) years has lapsed since the date of completion of the dissolution or liquidation of such Company or enterprise;

- (4) he is a former legal representative of a company or an enterprise the business license of which was revoked as a result of violation of law and is personally liable for such revocation, where a period of less than three (3) years has lapsed since the date of revocation of said business license;
- (5) he has a relatively substantial amount of debts which have become overdue;
- (6) he is currently under investigation by judicial authorities for violation of criminal law;
- (7) he is not permitted to act in the capacity of leader of an enterprise according to laws and administrative regulations;
- (8) he is not a natural person;
- (9) he has been determined by competent authorities for violation of applicable securities regulations and such conviction involves a finding that he has acted fraudulently or dishonestly, where a period of less than five (5) years has lapsed from the date of such determination;
- (10) he has been prohibited to participate in the market by the China Securities Regulatory Commission and such prohibition has not been lifted; or
- (11) it is specified in the laws and regulations of the places in which the Company's shares are listed.

Article 168

Save as specified in these Articles of Association or properly authorized by the board of directors, no director shall act on behalf of the Company or the board of directors in his personal name. If a director acts in his own name but a third party may reasonably think the said director is acting on behalf of the Company or the board of directors, the said director shall make a prior statement of his position and capacity.

Article 169

The validity of any act carried out by a director, President or other senior officers of the Company on the Company's behalf to a bona fide third party shall not be affected by any irregularities in his office, election or any defect in his qualifications.

Article 170

In addition to the obligations imposed by laws, administrative regulations or the listing rules of the stock exchange on which the Company's shares are listed, each of the Company's directors, supervisors, President and other senior officers owes the following entrusted duties to each shareholder in the exercise of the functions and powers of the Company:

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

Article 171

Each director, supervisor, President and senior officer of the Company shall, in the exercise of his powers and in the discharge of his duties, exercise the care, diligence and skill(s) that a reasonably prudent person would exercise under comparable circumstances.

Article 172

Each director, supervisor, President and senior officer of the Company shall exercise his power or perform his duties in accordance with the principles of fiduciary duty; and shall avoid conflicts of interests. These principles include (but not limited to) the following obligations:

- (1) to act honestly in the best interest of the Company;
- (2) to act within the scope of his powers and not to exceed such powers;
- (3) to exercise discretion without being subject to the directions of other individuals, and not to transfer such power to other individuals unless otherwise permitted by laws or administrative regulations or approved by the shareholders based on an informed decision at the general meeting;
- (4) to treat shareholders of the same class with equality, and to treat different classes with fairness;

- (5) not to execute any contracts or transactions or make arrangements with the Company unless otherwise provided by these Articles of Association or approved by the shareholders based on an informed decision at the general meeting;
- (6) not to use the Company's assets in any manner to pursue personal interests unless approved by the shareholders based on an informed decision at the general meeting;
- (7) not to accept any bribery or other illegal income through his powers and position, and not to seize the Company's assets in any manner, including (but not limited to) beneficial opportunities to the Company;
- (8) not to accept any commission with respect to the Company transactions without the approval granted by the shareholders based on an informed decision at the general meeting;
- (9) to comply with these Articles of Association, to perform his duties honestly and faithfully, to protect the Company's interests, and not to pursue personal gains by taking advantage of his powers and position at the Company;
- (10) not to compete with the Company in any manner unless approved by the shareholders based on an informed decision made at the general meeting;
- (11) not to misappropriate the funds of the Company or loan such funds of the Company to other persons, and not to misappropriate the Company's capital and deposit the same in his own name or another's name and not to use the Company's assets as security for the personal debts of the shareholders of the Company or other individuals;
- (12) not to divulge any confidential information concerning the Company that has been obtained during his term of office, unless approved by the shareholders based on an informed decision at the general meeting; and not to utilize such information even for the purpose of benefiting the interests of the Company; Notwithstanding the foregoing provisions, they are allowed to disclose such information to a court of law or other competent government authorities under the following circumstances:
 1. as prescribed by law;
 2. as required for the purpose of public interest;
 3. as required for the interest of the directors, supervisors, President or other senior officers.

Article 173

A director, supervisor, President and senior officer of the Company shall not direct the following persons or organizations (“related parties”) to do what he is prohibited from doing:

- (1) spouses or minor children of that director, supervisor, President or other senior officer of the Company;
- (2) the trustees of those directors, supervisors, President or other senior officers of the Company or of any person as described in sub-clause (1) of this Article;
- (3) the partners of those directors, supervisors, President or other senior officers of the Company or of any person as described in sub-clauses (1) and (2) of this Article;
- (4) a company (or companies) under the exclusive control of a director, supervisor, President or senior officer of the Company or under joint control of any person as described in sub-clauses (1), (2) and (3) of this Article or other directors, supervisors, President or other senior officers of the Company;
- (5) the directors, supervisors, President and other senior officers of the controlled company (companies) referred to in sub-clause (4) of this Article.

Article 174

The fiduciary duty of a director, supervisor, President and other senior officers of the Company may not necessarily cease upon the conclusion of his term, and their obligations to keep the commercial secrets of the Company shall survive beyond the conclusion of his term. The duration of other obligations and duties shall be determined in accordance with the principle of fairness, taking into account the lapse between the time when a director, supervisor, President and other senior officers of the Company leaves the office and the occurrence of the relevant event, and the situation and the circumstances under which his relation with the Company was ceased.

Article 175

The shareholders may by informed decisions at the general meeting to discharge the liability of any director, supervisor, the President and any other senior officers of the Company as a result of violation of any specific duty, except for the circumstances as specified in Article 58 hereof.

Article 176

A director, supervisor, President and other senior officers of the Company who directly or indirectly has many material interests in any contracts, transactions, or arrangements executed or proposed to be executed with the Company (except for contracts of service between the directors, supervisors, President and other senior officers and the Company), shall, as soon as possible, disclose to the board of directors, the nature and extent of his interest, regardless of whether or not such matters require the approval of the board of directors under the norm circumstance.

Unless the interested directors, supervisors, President and other senior officers of the Company have made such disclosure to the board of directors as required by the preceding paragraph of this Article, and the relevant matter has been approved by the board of directors at the board meeting in which such directors, supervisors, President or other senior officers have not been counted into the quorum and voted at the meeting, the Company shall be entitled to rescind such contracts, transactions, or arrangements, except as to any other party which is deemed a bona fide party without knowledge of the violation of duties on the part of such directors, supervisors, President and other senior officers.

Where any related party of any directors, supervisors, President and other senior officers of the Company possess interest in any contracts, transactions or arrangements, such directors, supervisors, President and other senior officers shall also be deemed to be interested.

Article 177

In the event that, prior to the Company's initial consideration of such contracts, transactions, or arrangements referred to by the preceding Article, and a director, supervisor, President or senior officer of the Company has delivered a written notice to the board of directors, stating his interests in such future contracts, transactions, or arrangements, such directors, supervisors, President and other senior officers shall be deemed to have made the disclosure as provided in the preceding Article with respect to the statement(s) contained in the notice.

Article 178

The Company shall not, in any manner, remit any tax for its directors, supervisors, President and other senior officers.

Article 179

The Company shall not directly or indirectly provide a loan or a guarantee in connection with the provision of a loan to a director, supervisor, President and senior officer of the Company or of the Company's holding company or any of their respective associates.

The foregoing paragraph shall not apply to the following circumstances:

- (1) the provision of a loan by the Company to, or a guarantee in connection with a loan to, its subsidiaries;
- (2) the provision of a loan by the Company to, or a guarantee in connection with a loan or making any other funds available to any of its directors, supervisors, President and other senior officers to pay any expenses incurred by them for the purpose of the Company or for the purpose of his performance of his duties in accordance with a service contract approved by the shareholders at a general meeting;
- (3) in the event that the ordinary course of the business of the Company includes the loaning of funds or the provision of guarantees, the Company may make a loan to, or provide a guarantee in connection with a loan to, the relevant directors, supervisors, President and other senior officers or their respective related parties, provided that such loans or guarantees are on normal commercial terms.

Article 180

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

Article 181

A guarantee for a loan which has been provided by the Company in violation of paragraph 1 of Article 179 shall not be enforceable against the Company, except with respect to the following circumstances:

- (1) the loan was provided to a related party of any of the directors, supervisors, President and other senior officers of the Company or of the Company's holding company and the provider of the loan of such funds has no knowledge of the relevant circumstances at the time of making the loan;
- (2) the collateral provided by the Company has already been lawfully disposed of by the lender to a bona fide purchaser.

Article 182

For the purpose of the foregoing provisions of this Chapter, a "guarantee" shall include an undertaking or any property provided by the guarantor to secure the obligator's performance of his obligations.

Article 183

In addition to the rights and remedies provided by laws and administrative regulations when a director, supervisor, President or other senior officers of the Company breaches his duties to the Company, the Company shall be entitled:

- (1) to require such director, supervisor, President or other senior officers to compensate for any loss sustained by the Company as a result of such breach of duty;
- (2) to rescind any contract or transaction entered into between the Company and such director, supervisor, President or other senior officers or between the Company and a third party, where such party knows or should have known that such director, supervisor, President or other senior officers representing the Company was in breach of his duty to the Company;
- (3) to require such director, supervisor, President or other senior officers to surrender the profits made as result of such breach of his duty;
- (4) to recover any amount which otherwise should have been received by the Company but were received by such director, supervisor, President or other senior officers instead, including (but not limited to) any commission;
- (5) to demand the payment of interest earned or which may have been earned by such director, supervisor, President or other senior officers on any sum which should have been received by the Company.

Article 184

With the prior approval of the general meeting of shareholders, the Company shall enter into a written contract with a director or supervisor with respect to his remuneration. The aforementioned remuneration may include:

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

No proceedings may be brought by a director or supervisor against the Company for any benefit which otherwise would have been received by him by virtue of any aforementioned matters except pursuant to any contract described above.

Article 185

Any contracts between the Company and its directors or supervisors with respect to their remuneration shall provide that the directors and supervisors shall, subject to the prior approval of shareholders at a general meeting, be entitled to receive compensation or other payment with respect to his loss of office or retirement in the event that the Company is to be acquired by others. For the purposes of this paragraph, the acquisition of the Company shall include any of the following:

- (1) a general offer made by any person to all the shareholders;
- (2) an offer made by any person in anticipation of becoming a “controlling shareholder”. The meaning of a “controlling shareholder” is defined the same as in Article 59 hereof.

In the event that 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 pro rata among such persons shall be borne by the relevant director or supervisor and shall not be paid out of such incurred expense sum.

Article 186

If any director, supervisor, President or other senior officers violates the laws and administrative regulations or these Articles of Association in fulfilling his duties, thereby incurring any loss of the Company, the said senior officers shall be liable for compensation.

CHAPTER 15 FINANCIAL ACCOUNTING SYSTEM AND PROFIT DISTRIBUTION

Article 187

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

Article 188

A financial report shall be prepared at the end of each financial year and shall be examined and verified according to laws.

Article 189

The board of directors of the Company shall present to the shareholders, at each annual general meeting, such financial reports as required by applicable laws, administrative regulations, and directives promulgated by competent regional and central governmental authorities.

Article 190

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

The Company shall deliver to each shareholder of overseas-listed foreign shares, by prepaid mail, the directors' report along with the balance sheet (including all the documents required to be attached by laws) and profit and loss statements or a copy of a report of financial summary no later than twenty- one (21) days prior to the date of each annual general meeting of shareholders. The addresses shall be those registered in the register of the shareholders.

Pursuant to the securities regulatory rules and listing rules of the places in which the Company's shares are listed, the copy of the aforesaid materials of general meeting of shareholders may also be sent to or provided for shareholders of overseas-listed foreign shares by other means stipulated in Article 237 of these Articles of Association.

Article 191

The financial statements of the Company shall, in addition to being prepared in accordance with accounting principles and regulations of the PRC, also be prepared in accordance with either international accounting principles, or with those principles of other places in which the Company's shares are listed. In the event of any material discrepancies found in the financial statements prepared in accordance with the two set of accounting principles, such discrepancies shall be stated in the notes of the financial statements. The Company shall distribute the after-tax profit of the relevant financial year in accordance with the lesser amount of the after-tax profits in the aforesaid two (2) financial reports.

Article 192

The interim results or financial information published by the Company shall be prepared in accordance with the accounting principles of the PRC and the relevant regulations, the international accounting principles or the local accounting principles of the places where the Company's overseas-listed foreign shares are listed.

Article 193

The Company shall submit annual financial report to the securities regulatory authority under the State Council and the stock exchange within four (4) months from the end of each financial year, submit half-year financial reports to the local offices of securities regulatory authority under the State Council and the stock exchange within two (2) months from the end of the first six (6) months of each financial year, and submit quarterly financial reports to the local offices of the securities regulatory authority under the State Council and the stock exchange within one (1) month from the end of the first three (3) months and nine (9) months respectively of each financial year.

The aforesaid financial reports shall be prepared and published in accordance with relevant laws, administrative regulations and the provisions of the relevant authorities of the state.

Article 194

The Company shall not establish account books other than those required by law.

Article 195

The Company's after-tax profit shall be allocated in the following order:

- (1) the making up of any loss;
- (2) allocation of ten percent (10%) of its after-tax profits to the statutory reserve fund;
- (3) allocation to the discretionary reserve fund as approved by resolution of the general meeting of shareholders;
- (4) payment of dividend from ordinary shares to shareholders.

The shares of the Company held by the Company shall not be subject to profit distribution.

When the aggregate balance in the statutory reserve fund is over fifty percent (50%) of the registered capital of the Company, the Company shall not be required to make any further allocations to that fund.

The Company shall not distribute dividends or make any other allocations by way of bonus shares prior to its making up for any loss and allocations to the statutory reserve fund.

Any payment for shares that has been paid by shareholders before the call shall be entitled to interest, but shall not be entitled to dividends declared after the call with respect to the advance payment for shares.

Article 196

The Company shall establish a board of directors fund, to which allocations shall be made annually. The amount of allocation shall be up to 0.1% of the profit before tax for the current year. This fund shall be used mainly to reward directors, supervisors, President and other senior officers and the employees with special contributions, or used as the source of the risk funds with respect to the directors' supervisors', President's and other senior officers' performance of their duties. The specific measures of management thereof shall be made separately.

The Company shall establish liability insurance plans for its directors, supervisors, President and other senior officers.

Article 197

The capital reserve fund shall include the followings:

- (1) any premium which exceeds the proceeds from issuance of shares at face value;
- (2) any other income credited to the capital reserve fund as required by the finance department of the State Council.

Article 198

The reserve fund of the Company shall only apply for the following purposes:

- (1) to cover losses;
- (2) to expand the Company's operations;
- (3) to convert the reserve fund into capital in order to increase the Company's capital. The Company may convert its reserve fund into its share capital upon approval by the shareholders in general meeting. When such conversion occurs, the company shall either distribute new shares to the shareholders in proportion to their original shareholdings, or increase the par value of each share, provided that, upon capitalization of the reserve fund, the amount remaining in the reserve fund may not fall below 25% of the registered capital of the Company prior to capitalization. The capital reserve fund shall not be used to compensate any losses made by the Company.

Article 199

The procedures for considering the proposal for profit distribution of the Company are as follows:

- (1) Any proposal for profit distribution of the Company shall be formulated at the regular executive meetings and submitted to the board of directors and the board of supervisors for consideration. The board of directors shall carry out a comprehensive discussion concerning the rationales of the proposal for profit distribution, and pass a special resolution for submission to the general meeting for consideration after receiving opinions from the independent directors. The proposal will become effective upon gaining approval at the general meeting by way of an ordinary resolution.
- (2) When the Company does not distribute its profit as cash dividends under the special circumstances as set out in Article 200, the board of directors shall give explanations as to the reasons of not distributing cash dividends, the precise use of the retained profit and the anticipated gains from investments, which will be submitted for consideration at the general meeting after receiving opinions from independent directors, and be disclosed afterwards on the Company's designated media. The explanations of not distributing cash dividends under special circumstances must be approved by way of an ordinary resolution at the general meeting.
- (3) The Company shall provide a platform for shareholders to vote online for the consideration of issues such as proposals for cash dividends where the proportion of distribution is lower than the percentage as set out in Article 200, non-distribution of cash dividends under the special circumstances as set out in Article 200, or changes to the profit distribution policies as set out in the Articles.

Article 200

The Company may distribute dividend in the form of:

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

The basic principles of the profit distribution policies of the Company are:

- (1) The Company shall attach importance to the return of investors and distribute dividends to the shareholders on a yearly basis in a fixed proportion out of the net profit attributable to shareholders, and the Company shall attach attention to the opinions of minority shareholders through various channels when allocating its profits;

- (2) The profit distribution policies of the Company must be consistent and stable, while taking into account the long-term interests of the Company, the interests of the shareholders as a whole, and the sustainable development of the Company;
- (3) The Company shall distribute its profit by way of cash dividend as priority.

The policies on profit distribution of the Company are set out as follows:

- (1) Form of profit distribution: The Company may distribute its profits in the form of cash, shares or a combination of cash and shares. Under favorable circumstances, the Company may distribute interim dividends.
- (2) Conditions and proportions of cash dividends:

In the absence of the special circumstances that may have material adverse effect on the normal operation of the Company as determined by the board of directors, if the Company's profit for the year and undistributed profit are positive, distribution of dividends shall be made by way of cash. The profit distributed in the form of cash dividends must not be less than 35% of the net profit attributable to shareholders.

- (3) Conditions under which the Company may issue shares in lieu of dividends:

When the Company is in a sound operating condition, and the board of directors considers that the Company's stock price does not reflect the Company's scale of capital, and issuing shares in lieu of dividends will be in the interests of the shareholders as a whole, a proposal for the issuance of shares in lieu of dividends may be proposed upon fulfillment of the above conditions concerning cash dividends.

In the event that no shareholder of overseas-listed foreign shares claims the distributed dividend within six (6) years after the date of the announcement of Distribution Day as specified in these Articles of Association, such shareholder shall be deemed to have waived said rights to claim dividends. Subject to the relevant laws and administrative regulations of the PRC, in the event that no shareholder claims the distributed dividend for six (6) years after the date of declaration, the Company shall have the right to expropriate such dividends.

The Company shall have the right to cease the sending of the coupon for the dividends by mail to the shareholders of overseas-listed foreign shares upon the failure to claim for such dividends on two (2) consecutive occasions after the posting of such coupons. Notwithstanding that the first coupon has failed to reach the shareholder and has been returned, the Company shall still have the right to exercise such right.

The Company shall have the right to sell shares of any shareholder of the overseas-listed foreign shares who cannot be contacted in the manner deemed to be appropriate by the board of directors, subject to the following conditions:

- (1) the Company shall have distributed dividends at least three (3) times to such shares within twelve (12) years, but such dividends has not been claimed; and
- (2) the Company, after a lapse of twelve (12) years, shall publish an announcement in one (1) or more newspapers in the places in which the Company's shares are listed, stating its intention to sell such shares, and shall inform the stock exchange of the places in which such shares are listed.

In case of force majeure such as wars and natural disasters, or the external operation environment has affected the Company's production and operation, or the operation of the Company has undergone substantial changes, the Company may make adjustments to the profit distribution policies.

Adjustments proposed to be made to the profit distribution policies in the Articles by the Company must be specifically illustrated by the board of directors, with detailed reasoning for the adjustments proposed in a written report and submitted for consideration at the general meeting as a special resolution after review and approval by the independent directors.

Article 201

The Company shall calculate, declare and pay dividends and other amounts payable to shareholders of domestic shares in Renminbi. The Company shall calculate and declare dividend and other payments payable to shareholders of overseas-listed foreign shares in Renminbi, and shall pay such amounts in the legal currency of the places in which such foreign shares are listed (if there is more than one such place, the legal currency of the main listing place shall be determined by the board of directors of the Company).

Article 202

The Company shall pay dividends and other amounts to shareholders of foreign shares in accordance with the relevant foreign exchange control regulations of the PRC. In the event that there are no applicable regulations, the applicable exchange rate shall be the average of the benchmark price of Renminbi against the relevant foreign currencies announced by the Bank of China during the five (5) working days prior to the statement for the payment of dividends and other amounts.

Article 203

The Company shall appoint a receiving agent for the shareholders of the overseas-listed foreign shares. Such receiving agent shall receive dividends of the overseas-listed foreign shares on behalf of such relevant shareholders, as well as all other amounts payable to such shareholders.

The receiving agent appointed by the Company shall meet relevant requirements of the laws of the places or the relevant regulations of the stock exchange in which the Company's shares are listed.

The receiving agent appointed for shareholders 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.

Article 204

The Company shall establish an internal audit system and assign full-time auditors to supervise the internal audit with regards to the balance sheet and economic activities of the Company.

The internal audit system and the duties of such auditing personnel shall be implemented upon approval from the board of directors. The chief auditing officer shall be held accountable and report to the board of directors.

CHAPTER 16 RETAINING ACCOUNTANTS

Article 205

The Company shall retain an independent accounting firm that fulfills the requirements provided by the relevant regulations of the PRC to audit the Company's annual financial report and review the Company's other financial reports.

The retaining of the first accounting firm of the Company may occur at the inauguration meeting prior to the first annual general meeting of shareholders. The term of such accounting firm shall terminate upon the conclusion of the first annual general meeting of shareholders.

Should the inauguration meeting not exercise the powers under the preceding paragraph, the board of directors shall exercise those powers.

Article 206

The term of an accounting firm retained by the Company shall commence upon the conclusion of one annual general meeting of shareholders and shall sustain until the conclusion of the next annual general meeting of shareholders. Reappointment is possible after expiry of the term of retaining.

Article 207

The accounting firm engaged by the Company shall have the following rights:

- (1) to inspect books, records and vouchers of the Company at any time, and to require the directors, President and other senior officers of the Company to provide relevant information and explanations;
- (2) to require the Company to take all reasonable steps to obtain from its subsidiaries any information and explanations necessary for the discharge of its duties;
- (3) to attend any general meetings of shareholders and to receive all notices of, and other communications relating to, any general meeting of shareholders which any shareholder is entitled to receive, and to speak at any general meeting of shareholders in relation to matters concerning its role as the Company's retained accounting firm.

Article 208

In the event of a vacancy in the Company's accounting firm, the board of directors may retain an accounting firm to fill such vacancy prior to the convening of the general meeting of shareholders. Such accounting firm may continue to act during the vacancy period if the Company has another incumbent accounting firm.

Article 209

Shareholders attending at a general meeting may by ordinary resolution remove the Company's accounting firm prior to the expiration of its term, irrespective of the provisions in the contract between the Company and such accounting firm. Notwithstanding such provisions, the accounting firm's entitlement to claim for damages arising out of its removal shall not be affected thereby.

Article 210

The remuneration of an accounting firm or the manner in which such firm is to be compensated shall be determined by the shareholders at a general meeting. The remuneration of an accounting firm retained by the board of directors, however, shall be determined by the board of directors.

Article 211

The retaining, removal or discontinuation of retaining of an accounting firm by the Company shall be resolved by shareholders at a general meeting and filed with the securities regulatory authority under the State Council.

In the event that a resolution at a general meeting of shareholders is passed to retain an accounting firm other than the incumbent accounting firm to fill any casual vacancy in the office of the accountant, or to reappoint a accounting firm which was retained by the board of directors to fill any casual vacancy, or to remove an accounting firm prior to the expiration of its term, the following provisions shall apply:

- (1) The retaining or removal motion shall be sent (before a notice of general meeting of shareholders is given) to the accounting firm that is proposed to be retained or to leave or the accounting firm which has left in the relevant financial year. "Leaving" shall include leaving by removal, resignation and retirement.
- (2) In the event that the accounting firm that is proposed to leave makes written representations and requests that the Company give notice to shareholders of such representations, the Company shall (unless the representations have been received too late) take the following measures:
 1. In any aforementioned notice for making a resolution, the Company shall state the representations made by such accounting firm which is to leave;
 2. To attach a copy of the representations to the notice and deliver it to the shareholders in the manner as provided in the Articles of Association.
- (3) In the event that the Company fails to send the accounting firm's representations in the manner set out in sub-clause (2) above, such accounting firm may (in addition to its right to be heard) make further statement.
- (4) A leaving accounting firm has the right to attend the following general meetings of shareholders:
 1. The general meeting of shareholders at which its term would otherwise have expired;
 2. The general meeting of shareholders at which the said accounting firm is proposed to fill the vacancy caused by its removal;
 3. The general meeting which is convened as a result of the resignation of the said accounting firm.

The leaving accounting firm is entitled to receive all notices of, and other communications relating to any such meeting, and to speak at any such meeting which it attends on any matters with respect to its capacity as the former accounting firm of the Company.

Article 212

Notice shall be given to the accounting firm no less than thirty (30) days in advance should the Company decide to remove such accounting firm or not to reappoint it. Such accounting firm shall be entitled to make representations at the general meeting of shareholders. The accounting firm may appeal to the securities regulatory authority under the State Council and the Chinese Institute of Certified Public Accountants, if the accounting firm determines that such removal or non-renewal is deemed unjustified. Where the accounting firm resigns from its position, it shall clarify to the shareholders at a general meeting on any irregularities on the part of the Company.

An accounting firm may resign from its office by depositing a resignation notice at the Company's legal residence, which shall become effective on the date of such deposit or on such later date as stated therein. Such notice shall contain the following statements:

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

Where a notice is deposited under the preceding paragraph, the Company shall, within fourteen (14) days, send a copy of the notice to the relevant competent authorities. If the notice contains any statement(s) referred to in the preceding two sub-clauses, a copy of such statement(s) shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statement(s) by prepaid mail to each shareholder of overseas-listed foreign shares at the address registered in the register of shareholders.

Where the accounting firm's notice of resignation contains a statement with respect to any matters which should be brought to the attention of the shareholders, the accounting firm may require the board of directors to convene an extraordinary general meeting for the purpose of explaining the circumstances connected with its resignation.

Pursuant to the securities regulatory rules and listing rules of the places in which the Company's shares are listed, the copy of the aforesaid statement(s) may also be sent to or provided for holders of overseas-listed foreign shares by other means stipulated in Article 237 of these Articles of Association.

CHAPTER 17 INSURANCE

Article 213

Any insurance of the Company shall be arranged in accordance with the relevant provisions of the PRC insurance laws.

CHAPTER 18 EMPLOYMENT SYSTEM

Article 214

The Company may, at its discretion, employ and dismiss employees subject to the business development requirement of the Company and in accordance with the laws and regulations of the PRC and, pursuant to which, implement an employment contract system.

Article 215

The Company may formulate its employment payroll systems and payment methods in accordance with the relevant regulations of the PRC, these Articles of Association and its commercial positions.

Article 216

The Company shall strive to improve the fringe benefits, and the working and living conditions of the employees.

Article 217

The Company shall provide medical, retirement and unemployment insurance for its employees and implement an occupation insurance system in accordance with the relevant laws and regulations of the PRC.

CHAPTER 19 LABOR UNIONS

Article 218

Employees of the Company may establish labor unions and carry out union activities in accordance with the laws to protect their legal entitlements. The Company shall provide necessary conditions for such activities.

CHAPTER 20 MERGER AND DIVISION

Article 219

In the event of a merger or division of the Company, the Company's board of directors shall submit a motion, which shall be approved in accordance with the procedures stipulated in these Articles of Association and go through relevant examination and approval formalities pursuant to laws. Shareholders who object to the merger or division proposal shall be entitled to request that the Company or the consenting shareholders acquire such dissenting shareholders' shares at a fair price. The content of the resolution of merger or division of the Company shall constitute special documents which shall be available for inspection by the shareholders of the Company.

Such special documents shall be sent by mail to holders of overseas-listed foreign shares at the address registered in the register of shareholders. Pursuant to the securities regulatory rules and listing rules of the places in which the Company's shares are listed, the aforesaid documents may also be sent or provided by other means stipulated in Article 237 of these Articles of Association.

Article 220

The merger of the Company may take the form of either merger by absorption or merger by establishment of a new company.

In the event of a merger of the Company, the parties to the merger shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days and publish an announcement in a newspaper within thirty (30) days after the date of the Company's merger resolution. The creditors may require the Company to repay debts or provide corresponding guarantees within thirty (30) days after receipt of the notice or within forty-five (45) days after the announcement if the creditors haven't received the notice.

After the merger of the Company, any rights in relation to creditor's rights and debts of each party to the merger shall be assumed by the surviving company after the merger or the newly established company.

Article 221

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

In the event of a division, the parties to the division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten (10) days and publish an announcement in newspapers at least three (3) times within thirty (30) days after the date of the Company's division resolution.

Debts of the Company prior to the division shall be assumed by the companies that exist after the division, save as otherwise specified in the written agreement on debt repayment reached between the Company and its creditors before division.

Article 222

The Company shall, as a result of a merger or division, apply for an alteration in its registration with the relevant registration authority in the event of any change in any particulars of its registration; the Company shall also apply for cancellation of its registration in the event of a dissolution; and apply for a new registration in the case of a new establishment, in accordance with the laws.

CHAPTER 21 DISSOLUTION AND LIQUIDATION

Article 223

The Company shall be dissolved and liquidated according to laws upon any of the following circumstances:

- (1) A resolution for dissolution is passed by shareholders at a general meeting;
- (2) A merger or division of the Company for which a dissolution becomes necessary;
- (3) The business license is revoked according to laws, or the Company is ordered to close or is cancelled;
- (4) If the Company gets into serious trouble in operations and management and continuation may incur material losses of the interests of the shareholders, and no solution can be found through any other channel, the shareholders holding more than 10% of the total voting rights of the Company may request the people's court to dissolve the Company.

Article 224

If the Company is dissolved pursuant to Clause (1), (3) or (4) of the preceding Article, it shall establish a liquidation committee within fifteen (15) days after the dissolution circumstance arises. The liquidation committee shall comprise members determined by the directors or the general meeting of shareholders. If the liquidation committee is not duly set up, the creditors may request the people's court to designate related persons to form a liquidation committee to carry out liquidation.

Article 225

Where the board of directors has decided to liquidate the Company for any reason other than the Company's declaration of its own insolvency, the board of directors shall state in the notice convening a general meeting of shareholders that it has made full inquiry into the affairs of the Company and is of the opinion that the Company shall be able to settle its debts in full within twelve (12) months from the commencement of the liquidation.

Upon passing of the resolution for a liquidation of the Company by the shareholders at a general meeting, all functions and powers of the board of directors shall cease.

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

Article 226

The liquidation committee shall, within ten (10) days of its establishment, notify the creditors, and, within sixty (60) days of its establishment, publish an announcement at least three (3) times in newspapers.

Creditors shall, within thirty (30) days of receipt of the notice, or for creditors who have not personally received such notice, shall within forty-five (45) days after the date of the first announcement, contact the liquidation committee to claim their rights. In claiming their rights, the creditors shall explain matters relating to their rights and provide a statement and evidence with respect thereof. The liquidation committee shall register creditor's rights. The liquidation committee may not make payment to any such creditor during the period of such creditor's claim.

Article 227

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

- (1) to organize the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to notify or to publish an announcement to the creditors;
- (3) to dispose of any continuing businesses of the Company in connection with the liquidation;
- (4) to pay outstanding taxes and the taxes arising during liquidation;

- (5) to settle claims and debts;
- (6) to organize the remaining assets subsequent to the settlement of the Company's debts;
- (7) to represent the Company in any civil proceedings.

Article 228

Following the organization of the Company's assets and the preparation of a balance sheet and an inventory of assets by the liquidation committee, the liquidation committee shall formulate a liquidation proposal and present it to a general meeting of shareholders or to the relevant governing authority for confirmation.

The Company's assets shall be distributed according to the order as required by laws and regulations, or according to the order as determined by the liquidation committee on a fair and reasonable basis in the absence of which.

Any remaining assets of the Company subsequent to the settlement of its debts in accordance with the foregoing provisions shall be distributed to its shareholders on the basis of the class of shares and in the proportion of shares being held.

During liquidation, the Company shall not commence any new business activities.

Article 229

The liquidation committee shall immediately apply to the People's Court for a declaration of bankruptcy if it becomes aware, having liquidated the Company's assets and prepared a balance sheet and an inventory of assets, that the Company's assets are insufficient to repay its debts in full in an event of dissolution.

Upon the Company being declared bankrupt by a ruling of the People's Court, the liquidation committee shall transfer to the People's Court all matters arising out of the liquidation.

Article 230

Following the completion of liquidation, the liquidation committee shall prepare a liquidation report, a statement of income and expenses and financial accounts for the liquidation, which shall be verified by a PRC registered accountant and submitted to the general meeting of shareholders or the relevant governing authorities for confirmation.

The liquidation committee shall, within thirty (30) days after such confirmation, submit the aforementioned documents to the company registration authority for an application for a cancellation of registration of the Company, and publish an announcement in respect of the termination of the Company.

Article 231

The liquidation committee shall dutifully fulfill the liquidation obligation.

Any member of the liquidation committee shall not abuse his official powers to accept bribes or other unlawful gains, and not to expropriate the Company's property.

If any member of the liquidation committee causes any loss to the Company or the creditors intentionally or with gross negligence, the said member shall be liable for compensation.

Article 232

Where the Company declares bankrupt according to law, bankruptcy liquidation shall be conducted pursuant to laws on bankruptcy of enterprises.

CHAPTER 22 PROCEDURES FOR AMENDING THE ARTICLES OF ASSOCIATION

Article 233

The Company may amend its Articles of Association in accordance with the requirements of laws, administrative regulations, the listing rules of the stock exchange in which the Company's shares are listed, and its Articles of Association.

Article 234

The Articles of Association shall be amended in the following manner:

- (1) The board of directors shall propose the amendments to the Articles of Association;
- (2) The foregoing motion shall be furnished to the shareholders in writing for the purpose of convening a shareholders' meeting;
- (3) The amendments shall be approved by votes representing more than two-thirds (2/3) of voting rights held by the shareholders present at the meeting.

Article 235

Amendments to the Articles of Association concerning the contents of Mandatory Provisions for the Articles of Association of Companies Listed Overseas (hereinafter, the “Mandatory Provisions”) issued by China Securities Regulatory Committee of the State Council and the State Commission for Economic Restructuring on August 27, 1994, shall become effective upon approval by the companies administration department authorized by the State Council and the securities regulatory authority under the State Council. Changes relating to the registered particulars of the Company shall be rendered for registration of amendments in accordance with the law.

Where the amendments to the Articles of Association involve matters requiring disclosure by laws and regulations, the amendments shall be announced in accordance with regulations

CHAPTER 23 DISPUTE RESOLUTION

Article 236

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

- (1) Any disputes or claims arising between shareholders of the overseas-listed foreign shares and the Company; shareholders of the overseas-listed foreign shares and the Company’s directors, supervisors, President, or other senior officers; or shareholders of the overseas-listed foreign shares and holders of the domestic shares, with respect to any rights or obligations by virtue of the Articles of Association, the *Company Law* and any rights or obligations conferred upon or imposed by any other relevant laws and administrative regulations concerning the affairs of the Company, shall be submitted to arbitration by the parties concerned.

When the aforementioned dispute or claim of rights is submitted to arbitration, the entire claim or dispute shall be submitted to arbitration, and all persons whose causes of action were based on the same ground, giving rise to the dispute or claim or whose participation shall be necessary for the resolution of such dispute or claim, shall, where such person is the Company, the Company’s shareholders, directors, supervisors, President, or other senior officers of the Company, comply with the arbitration.

Disputes with respect to the definition of shareholders and disputes concerning the register of shareholders need not be resolved by arbitration.

- (2) A claimant may select an arbitration to be administered either by the China International Economic and Trade Arbitration Commission in accordance with its Rules, or the Hong Kong International Arbitration Center in accordance with its Securities Arbitration Rules. Once a claimant submits a dispute or claim of rights to arbitration, the other party must submit to the arbitration institution selected by the claimant.

If a claimant selects the Hong Kong International Arbitration Center as the arbitration institution, either party to the dispute or claim may apply for the arbitration venue to be in Shenzhen, in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Center.

- (3) If any disputes or claims of rights as a result of sub-clause (1) are settled by arbitration, the laws of the PRC shall govern, except otherwise provided by laws and administrative regulations.
- (4) The arbitral award shall be final and conclusive and binding on all parties.

CHAPTER 24 NOTICES

Article 237

Pursuant to laws, administrative regulations and securities regulatory rules and listing rules of the places in which the Company's shares are listed, the communication of the Company may be sent by the following means:

- (1) by personal delivery;
- (2) by post;
- (3) by fax or email;
- (4) by website designated by the Company and stock exchange;
- (5) by announcement on national newspaper approved by securities regulatory authority of the State Council or on other designated media;
- (6) by other means permitted by securities regulatory regulations and listing rules of the places in which the Company's shares are listed.

Even if there are separate regulations in Articles of Association on the issuance and notice of any document, announcement or other Company's communications, the Company may, pursuant to the securities regulatory regulations and listing rules of the places in which the Company's shares are listed, select the form set out in sub-clause (4) of this Article to issue its communication, instead of sending written documents by personal delivery or prepaid postage to each shareholder of overseas- listed foreign shares.

"The Company's communication" refers to any document the Company has sent or is to send to its any securities holders for reference or taking actions, including but not limited to:

- (1) report of the board of directors, annual accounts of the Company, auditors' report and (if applicable) financial highlights;
- (2) interim report and (if applicable) summary of interim report;
- (3) the notice of the meeting;
- (4) listing documents;
- (5) circular;
- (6) power of attorney of the shareholder;
- (7) other types of communication regulated by laws, administrative regulations and securities regulatory regulations and listing rules of the places in which the Company's shares were listed.

Article 238

If the notice of the Company is sent by personal delivery, the recipient shall affix signature (or seal) to the Return on Service and the signing date shall be the date of service.

If the notice of the Company is sent by announcement, the date of first announcement shall be the date of service.

If the notice of the Company is sent by electronic form, the sending date shall be the date of service.

Where the notice of the Company is sent by announcement on the website pursuant to laws, administrative regulations and securities regulatory regulations and listing rules of the places in which the Company's shares are listed, the sending date refers to:

- (1) the date of service of the notice that the Company sends to designated recipient and conforms to the securities regulatory regulations and listing rules of the places in which the Company's shares are listed; or
- (2) the date on which the Company's communication is first published on website (e.g. the Company's communication is not published on website until the aforementioned notice is sent.)

When notices are delivered by post, the addresses shall be clearly stated with prepaid postage. Such notices shall be sealed in envelopes and mailed. The date of service shall be the sixth (6) day after the mail containing the notices are sent to the post office.

Article 239

Any notices, documents, information or written statements issued by the shareholders or the directors to the Company shall be delivered to the registered address of the Company by personal delivery or registered post.

Article 240

Shareholders or directors of the Company shall produce evidence showing that the relevant notices, documents, information or written statements have been sent to the Company by common means within designated timeframe, or by prepaid post to the correct address.

CHAPTER 25 SUPPLEMENT

Article 241

For the purpose of the Articles of Association, references to "accounting firm" shall bear the same meaning as "auditors".

Article 242

For the purpose of the Articles of Association, references to "more", "within" and "less" shall include the actual figures, while references to "exceed" and "other than" exclude such actual figures.

Article 243

The Articles of Association are written in Chinese and English, both of which shall be equally valid. Should any discrepancy between the Chinese and English version exist, the Chinese version shall prevail.

Article 244

The Company's board of directors shall be responsible for the interpretation of these Articles of Association.