

Set out below is a summary of the principal provisions of the Articles of Association.

As the information contained below is a summary form, it does not contain all the information that may be important to potential investors. As stated in the section headed “Documents Delivered to the Registrar of Companies and Available for Inspection” in Appendix IX, a copy of the Articles of Association is available for inspection.

1 DIRECTORS AND OTHER OFFICERS

A. Power to allot and issue Shares

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

To increase the capital of the Company, the Board is responsible for formulating proposals for approval at a shareholders’ general meeting by way of special resolution with more than two-thirds of the voting power held.

Any such increase must be conducted in accordance with the procedures stipulated by the relevant laws and administrative regulations.

B. Power to dispose of the assets of the Company or any subsidiary

The Board is accountable to the shareholders’ general meeting.

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

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

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

The Board shall carry out its duties in compliance with laws, regulations, the Articles of Association and resolutions passed by the shareholders in general meeting.

C. Compensation or payment for loss of office

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

- (1) emoluments in respect of his service as Director, Supervisor or senior officer of the Company;
- (2) emoluments in respect of his service as Director, Supervisor or senior officer of any subsidiary of the Company;
- (3) emoluments in respect of the provision of other services in connection with the management of the affairs of the Company and any of its subsidiaries; and
- (4) payment by way of compensation for loss of office, or as consideration for or in connection with his retirement from office.

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

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

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

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

D. Loans to Directors, Supervisors and other officers

The Company shall not directly or indirectly make a loan to, or provide any guarantee in connection with a loan made to a Director, Supervisor, chief executive, deputy chief executives or other senior officers of the Company or of the Company's holding company or any of their respective associates. However, the following transactions are not subject to such prohibition:

- (1) the making by the Company of a loan or a guarantee of a loan to a company which is a subsidiary of the Company;
- (2) the making by the Company of a loan or a guarantee or any other funds to any of its Directors, Supervisors, chief executive officer, deputy chief executive officer and other senior management to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purposes of enabling him to perform his duties properly, according to an employment contract approved by the shareholders in general meeting; and
- (3) The Company may make a loan or provide a guarantee to any of the relevant Directors, Supervisors, chief executive, deputy chief executives and other senior management and their respective associates, provided that the ordinary course of business of the Company includes the lending of money or the giving of guarantees.

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

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

- (1) when the guarantee was provided in connection with a loan to an associate of any of the Directors, Supervisors, chief executive officer and other senior management of the Company or the Company's parent company, the lender was not aware of the relevant circumstances; or
- (2) the security provided by the Company has been lawfully disposed of by a bona fide purchaser.

As stated above, a guarantee includes an undertaking or property provided to secure the performance of obligations by the obligor.

E. Financial assistance for the acquisition of shares in the Company or any subsidiary

The Company and its subsidiaries shall not, by any means, provide any kind of financial assistance (as defined below) to a person who is acquiring or is proposing to acquire Shares. The said acquirer of Shares includes a person who directly or indirectly incurs any obligations (as defined below) due to the acquisition of Shares.

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

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

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

For these purposes:

- (1) "financial assistance" includes (without limitation to) the following:
 - (i) gift;
 - (ii) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), or compensation (other than compensation in respect of the Company's own default) or release or waiver of any rights;
 - (iii) provision of loan or any other contract under which the obligations of the Company are to be fulfilled before the obligations of another party, and a change in the parties to, or the assignment of rights arising under, such loan or contract; or

(iv) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

(2) “incurs any obligations” includes the incurring of obligations by the changing of the obligor’s financial position by way of contract or the making of an arrangement (whether enforceable or not, and whether made on its own account or with any other persons), or by any other means.

F. Disclosure of interests in contracts with the Company or any of its subsidiaries

Where a Director, Supervisor, chief executive officer, deputy chief executive officer or other senior management of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, he shall declare the nature and extent of his interests to the Board at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal therefor is otherwise subject to the approval of the Board.

Unless the interested Director, Supervisor, chief executive officer, deputy chief executive officer or other senior management discloses his interests in accordance with the Articles of Association and such matter is approved by the Board at a meeting in which the interested Director, Supervisor, chief executive, deputy chief executives or other senior management is not counted in the quorum and refrains from voting, the Company has the right to revoke such contract, transaction or arrangement except as against a bona fide party thereto acting without notice of the breach of duty by the interested Director, Supervisor, chief executive officer, deputy chief executive officer and other senior management.

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

Where a Director, Supervisor, chief executive officer, deputy chief executive officer and the other senior management of the Company gives the Board a general notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, such notice shall be deemed to be a sufficient declaration of the interests of the relevant Director, Supervisor, chief executive and the other senior management, so far as the content stated in such notice is concerned, provided that such general notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company.

G. Remuneration

The remuneration of Directors must be approved by shareholders in general meeting. For details please refer to the paragraph headed “Compensation or payment for loss of office”.

H. Retirement, appointment and removal

The term of office of the Chairman and the other Board members shall be three years, commencing from the date of selection, and renewable upon re-election.

The term of office of any persons who are appointed to the Board to fill in the temporary vacancy or as an additional Board member shall continue until the conclusion of the next annual general meeting of the Company, and are eligible for re-election.

Directors shall be elected and removed in a general meeting. A Director is not required to hold Shares.

There is no provision as to the age attained for retirement.

The Board consists of ten Directors including five independent non-executive Directors, who are independent from the shareholders of the Company and do not hold office in the Company. The Board has one chairman. The chairman shall be elected and removed by more than one half of all the Directors.

A person may not serve as a Director, Supervisor, chief executive officer, deputy chief executive officer or any other senior management of the Company if any of the following circumstances applies:

- (1) person without legal or with restricted civil capacity;
- (2) a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offense; or who has been deprived of his political rights, in each case where less than five years have elapsed since the date of the completion of implementation of such punishment or deprivation;
- (3) a person who is a director or factory manager or manager of a company or enterprise which has entered into insolvent liquidation because of mismanagement and he is personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of the Company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise which had its business license revoked due to a violation of the law and who incurred personal liability, where less than three years have elapsed since the date of the revocation of the business license;
- (5) a person who has a relatively large amount of debts due and outstanding;
- (6) a person who is under criminal investigation by judicial authority for violation of the criminal law which investigation is not yet concluded;

- (7) a person who is not eligible for enterprise leadership according to laws and administrative regulations;
- (8) a non-natural person; or
- (9) a person convicted of the contravention of relevant securities regulations by a relevant government authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than five years have elapsed since the date of the conviction.

The validity of an act of a Director, chief executive officer, deputy chief executive officer or other senior management on behalf of the Company is not, vis-a-vis a bona fide third party, affected by any irregularity in his office, election or any defect in his qualification.

I. **Borrowing powers**

Subject to compliance with applicable laws and regulations of the PRC, the Company has the power to raise and borrow money, which power includes but not limited to the issuance of the Company's debentures, the charge or pledge the ownership or the right to use of part or all of the Company's assets and other rights permitted by the laws and administrative regulations of the PRC, provided that in the exercise of such rights, the Company shall not impair or abolish the rights of shareholders of any class. The Articles of Association do not contain any specific provision in respect of the manner in which borrowing powers may be exercised by the Directors nor do they contain any specific provision in respect of the manner in which such powers may be varied, other than: (a) provisions which give the Directors the power to formulate proposals for the issuance of debentures by the Company; and (b) provisions which provide that the issuance of debentures must be approved by the shareholders in a general meeting by way of a special resolution.

J. **Duties**

In addition to obligations imposed by laws, administrative regulations or required by the stock exchanges on which Shares are listed, each of the Directors, Supervisors, chief executive, deputy chief executives and the other senior management of the Company owes a duty to each shareholder, in the exercise of the duties entrusted to him by the Company:

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

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

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

- (1) to act honestly in the best interests of the Company;
- (2) to exercise powers within but not beyond his terms of reference;
- (3) to exercise the discretion power vested in him personally and not to allow himself to act under the control of another and, unless and to the extent permitted by laws, administrative regulations or with the informed consent of shareholders given in general meeting, not to transfer the exercise of his discretion power;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) except in accordance with the Articles of Association or with the informed consent of shareholders given in general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) without the informed consent of shareholders given in general meeting, not to use the Company's property for his own benefit;
- (7) not to exploit his position to accept bribes or other illegal income or expropriate the Company's property by any means, including (without limitation to) opportunities beneficial to the Company;
- (8) without the informed consent of shareholders given in general meeting, not to accept commissions in connection with the Company's transactions;
- (9) to abide by the Articles of Association, faithfully execute his duty and protect the Company's interests, and not to exploit his position and power in the Company to advance his own private interest;
- (10) not to compete with the Company in any form unless with the informed consent of shareholders given in general meeting;

- (11) not to misappropriate the Company's funds or lend such funds to others, not to open accounts in his own name or other names for the deposit of the Company's assets and not to provide a guarantee for debts of a shareholder of the Company or other individual(s) with the Company's assets; and
- (12) unless with the informed consent of shareholders given in general meeting, to keep in confidence information in respect of the Company acquired by him in the course of and during his tenure and not to use such information other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental competent authorities is permitted if:
- (i) disclosure is compulsory by the law;
 - (ii) the interests of the public require disclosure; or
 - (iii) the interests of such Director, Supervisor, chief executive officer, deputy chief executive officer or other senior management so require.

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

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

The fiduciary duties of the Directors, Supervisors, chief executive officer, deputy chief executive officer and other senior management of the Company do not necessarily cease with the termination of their tenure. The duty of confidentiality in relation to trade secrets of the Company survives the termination of their tenure. Other duties may continue for such period as fairness may require depending on the time lapsed between the termination and the act concerned and the circumstances and conditions under which the relationships between them and the Company end.

In addition to any rights and remedies provided by the laws and administrative regulations, where a Director, Supervisor, chief executive officer, deputy chief executive officer or other senior management of the Company is in breach of his duties to the Company, the Company has a right to:

- (1) claim damages from the Director, Supervisor, chief executive officer, deputy chief executive officer or other senior management in compensation for losses sustained by the Company as a result of such breach;
- (2) rescind any contract or transaction entered into by the Company with the Director, Supervisor, chief executive officer, deputy chief executive officer or other senior management and any contract or transaction entered into by the Company with a third person who knows or should know that there is a breach of duties by the Director, Supervisor, chief executive officer, deputy chief executive officer and other senior management, as a representative of the Company;
- (3) demand an account of the profits made by the Director, Supervisor, chief executive officer, deputy chief executive officer or other senior management in breach of his duties;
- (4) recover any monies received by the Director, Supervisor, chief executive officer, deputy chief executive officer and other senior management to the use of the Company, including (without limitation to) commissions; and
- (5) demand payment of the interest earned or which may have been earned by the Director, Supervisor, chief executive officer, deputy chief executive officer and other senior management on the monies that should have been paid to the Company.

2. ALTERATIONS TO CONSTITUTIONAL DOCUMENTS

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

Modifications to the Articles of Association involving the contents of the Mandatory Provisions for the Article of Association of Companies Seeking a Listing Outside the PRC shall become effective upon approval by the securities regulatory department of the State Council and the Ministry of Commerce. If there is any change relating to the registered particulars of the Company, application shall be made for registration of the changes in accordance with law.

3. VARIATION OF RIGHTS OF EXISTING SHARES OR CLASSES OF SHARES

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

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

- (1) to increase or decrease the number of Shares of such class, or increase or decrease the number of Shares of another class having voting or equity rights or privileges equal or superior to those of the Shares of such class (except for where Shares of our company held on our domestic share register may be transferred to overseas investors, and such transferred Shares may be listed or traded on an overseas stock exchange, subject to the approval of the securities authority of the State Council);
- (2) to effect an exchange of all or part of the Shares of such class into Shares of another class or to effect an exchange or create a right of exchange of all or part of the Shares of another class into the Shares of such class (except for where Shares of our company held on our domestic share register may be transferred to overseas investors, and such transferred Shares may be listed or traded on an overseas stock exchange, subject to the approval of the securities authority of the State Council);
- (3) to remove or reduce rights to accrued dividends or rights to cumulative dividends attached to Shares of such class;
- (4) to reduce or remove a dividend preference or a liquidation preference attached to Shares of such class;
- (5) to add, remove or reduce conversion privileges, options, voting rights, transfer rights, preemptive rights or rights to acquire securities of the Company attached to Shares of such class;

- (6) to remove or reduce rights attached to Shares of such class to receive payment payable by the Company in particular currencies;
- (7) to create a new class of Shares having voting or equity right or privileges equal or superior to those of the Shares of such class;
- (8) to restrict the transfer or ownership of the Shares of such class or add to such restrictions;
- (9) to issue rights to subscribe for, or convert into, Shares of such class or another class;
- (10) to increase the rights and privileges of Shares of another class;
- (11) to restructure the Company where the proposed restructuring will result in different classes of shareholders bearing a disproportionate burden of such restructuring; and
- (12) to vary or abrogate the terms provided in the Articles of Association.

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

Resolutions of a class of shareholders shall be passed by equities representing more than two-thirds of the voting rights of shareholders attending the class meeting and who are entitled to vote at the class meeting.

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

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

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

Meetings of any class of shareholders shall be held in a manner as similar as possible to that of general meetings of shareholders. The provisions of the Articles of Association relating to the manner of conducting a shareholders' general meeting shall apply to any meetings of a class of shareholders. Holders of Domestic Shares and overseas-listed Foreign Shares are deemed to be shareholders of different classes.

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

- (1) where the Company issues, upon the approval by a special resolution of its shareholders in general meeting, either separately or concurrently once every 12 months, not more than 20% of each of its Domestic Shares and overseas-listed Foreign Shares; or
- (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 15 months from the date of approval of CSRC; or
- (3) where Shares of our company held on our domestic share register may be transferred to overseas investors, and such transferred Shares may be listed or traded on an overseas stock exchange if approved by the securities authority of the State Council.

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

- (1) in the case of a repurchase of Shares by offers to all shareholders in the same proportion or public dealing on a stock exchange, a "controlling shareholder" within the meaning of the Articles of Association;
- (2) in the case of a repurchase of Shares by an off-market contract, a holder of the Shares to which the proposed contract relates; and
- (3) in the case of a restructuring of the Company, a shareholder within a class who bears less than a proportionate burden imposed on that class under the proposed restructuring or who has an interest in the proposed restructuring different from the interest of shareholders of that class.

4. RESOLUTIONS — MAJORITY REQUIRED

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

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

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

5. VOTING RIGHTS (GENERALLY, ON A POLL AND RIGHT TO DEMAND A POLL)

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

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

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

Unless a poll is so demanded, a declaration by the chairman that a resolution has on a show of hands been carried, 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 favour of or against such resolution. The demand for a poll may be withdrawn by the person who makes such demand.

A poll demanded on the election of the chairman, or on a question of adjournment of the meeting, shall be taken forthwith. A poll demanded on any other matter shall be taken at such time as the chairman directs, and the meeting may proceed to discuss other matters, while the result of the poll shall still be deemed to be a resolution of that meeting.

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

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

6. REQUIREMENTS FOR ANNUAL GENERAL MEETINGS

The Board shall convene a shareholders' annual general meeting once each year and within six months from the close of the preceding accounting year.

7. ACCOUNTS AND AUDIT

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

The Board shall submit to the shareholders at every annual general meeting such financial reports as are required by the relevant laws, administrative regulations and directives promulgated by regional governments and competent authorities to be prepared by the Company.

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

A printed copy of the aforesaid financial reports shall, at least 21 days before the convening of the annual general meeting, be sent by prepaid post by the Company to every holder of overseas-listed Foreign Shares at his address as shown on the register of members.

The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with international accounting standards or the accounting standards of the overseas listing place. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in an Appendix to the financial statements. When the Company is to distribute its after-tax profits, the lower of the after-tax profits as shown in the two financial statements shall be adopted.

Any interim results or financial information published or disclosed by the Company must also be prepared and presented in accordance with PRC accounting standards and regulations, and also in accordance with either international accounting standards or the accounting standards of the overseas listing place.

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

8. NOTICE OF MEETINGS AND BUSINESS TO BE CONDUCTED THEREAT

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

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

Shareholders' general meetings comprise annual general meetings and extraordinary general meetings. Shareholders' general meeting shall be convened by the Board.

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

- (1) when the number of Directors is less than the number of Directors required by the PRC Company Law or two-thirds of the number of Directors specified in the Articles of Association;
- (2) when the unrecovered losses of the Company amount to one third of the total amount of its share capital;
- (3) when shareholder(s) holding 10% or more of the Company's issued and outstanding Shares carrying voting rights request(s) in writing the convening of an extraordinary general meeting; or
- (4) when deemed necessary by the Board or as requested by the Supervisory Committee.

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

When the Company convenes a shareholders' annual general meeting, shareholders holding 3% or more of the total voting Shares of the Company shall have the right to propose new proposals in writing, and the Company shall place on the agenda matters fallen within the terms of reference of the shareholders' general meeting in the proposal.

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

The Company shall, based on the written replies received 20 days before the date of the shareholders' general meeting from the shareholders, calculate the number of voting Shares represented by shareholders who intend to attend the meeting.

If the number of voting Shares represented by the shareholders who intend to attend the meeting is more than half of the Company's total voting Shares, the Company may hold the meeting. If not, the Company shall within five days notify the shareholders again by public notice of the matters to be considered in the meeting, the place and the date of the meeting. The Company then may hold the meeting after such publication has been made.

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

- (1) it shall be in writing;
- (2) it shall specify the place, the date and the time of the meeting;
- (3) it shall state the matters to be discussed at the meeting;
- (4) provide such information and explanation as are necessary for the shareholders to exercise an informed judgement on the proposals before them. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to repurchase Shares, to reorganise the share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of such proposal must be properly explained;
- (5) contain a disclosure of the nature and extent, if any, of the material interests of any Director, Supervisor, chief executive, deputy chief executive and other senior management in the matter discussed and the effect on them in their capacity as shareholders in so far as it is different from the effect on the interests of the shareholders of the same class;
- (6) contain the full text of any special resolutions proposed to be moved at the meeting;
- (7) contain conspicuously a statement that a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote on behalf of him and that proxy need not be a shareholder; and
- (8) specify the time and place for lodging proxy forms for the relevant meeting.

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

As stated above, the public notice shall be published in one or more newspapers designated by the securities governing authority of the State Council within the interval between 45 days and 50 days before the date of the meeting. After the publication of such notice, the holders of Domestic Shares shall be deemed to have received the notice of the relevant shareholders' general meeting.

The accidental omission to give the notice of meeting to, or the non-receipt of the notice of meeting by, any persons entitled to receive such notice shall not invalidate the meeting and the proceedings at that meeting.

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

- (1) work reports of the Board and the Supervisory Committee;
- (2) plans formulated by the Board for the distribution of profits and for making up losses;
- (3) removal of the members of the Board and members of the Supervisory Committee, their remuneration and method of payment;
- (4) annual preliminary and final budgets, balance sheets and profit and loss accounts and other financial statements of the Company; and
- (5) matters other than those required by the laws and administrative regulations or by the Articles of Association to be adopted by special resolution.

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

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

9. TRANSFER OF SHARES

All fully paid up overseas-listed Foreign Shares listed in Hong Kong are freely transferable in accordance with the provisions of the Articles of Association, but except where the conditions set out below are satisfied, the Directors may refuse to recognise any transfer document without providing any reason:

- (i) A fee as prescribed by the Stock Exchange from time to time is paid to the Company so as to register the transfer document in respect of shares and other documents that are related to the ownership of shares or may have an effect on its ownership;
- (ii) the transfer document relates only to overseas-listed Foreign Shares listed in Hong Kong;

- (iii) the relevant stamp duty payable upon the instrument of transfer have been paid;
- (iv) the relevant Share certificate(s) and such other evidence reasonably required by the Board to show the right of the transferor to make the transfer shall be provided;
- (v) if the shares of the Company are transferred to joint holders, the number of joint holders shall not exceed four; and
- (vi) the relevant shares of the Company are free from all liens.

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

No changes in the shareholders' register due to the transfer of Shares may be made within 30 days before the date of a shareholders' general meeting or within 5 days before the record date for the Company's distribution of dividends.

Subject to the approval by the CSRC, domestic shares holders may transfer his/her shares to foreign investors and such shares may be listed and traded overseas upon complying with the requirements and the rules and regulations of the foreign securities exchange. No class meeting of shareholders will be required for such transfer and listing of shares overseas.

10. POWER OF THE COMPANY TO PURCHASE ITS OWN SHARES

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

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

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

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

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

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

A contract to repurchase Shares includes (but not limiting to) an agreement to become obliged to repurchase or an acquisition of the right to repurchase Shares of the Company. The contract to repurchase its Shares or any rights provided therein shall not be assigned by the Company.

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

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

- (1) where the Company repurchases Shares at par, payment shall be made out of book surplus distributable profits of the Company or out of the proceeds of a fresh issue of Shares made for that purpose;
- (2) where the Company repurchases Shares at a premium to par value, payment up to the par value shall be made out of the book surplus distributable profits of the Company or out of the proceeds of a fresh issue of Shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:
 - (i) if the Shares being repurchased were issued at par value, payment shall be made out of the book surplus distributable profits of the Company; or
 - (ii) if the Shares being repurchased were issued at a premium to par value, payment shall be made out of the book surplus distributable profits of the Company and out of the proceeds of a fresh issue of Shares made for that purpose, provided that the amount paid out of the proceeds of the fresh issue shall not exceed the aggregate premiums received by the Company on the issue of the Shares repurchased, or the amount of the Company's share premium account or the paid-in capital account (including the premiums on the fresh issue);
- (3) payment by the Company in consideration of the following shall be made out of the Company's distributable profits:
 - (i) acquisition of rights to repurchase Shares of the Company;
 - (ii) variation of any contract to repurchase Shares of the Company; and

(iii) release of any of the Company's obligation under any contract to repurchase Shares of the Company; and

(4) after the Company's registered share capital has been reduced by the total par value of the cancelled Shares in accordance with the relevant provisions, the amount deducted from the distributable profits for payment of the par value portion of the Shares repurchased shall be transferred to the Company's share premium account (or capital reserve).

11. POWER FOR ANY SUBSIDIARY OF THE COMPANY TO OWN SHARES IN THE COMPANY

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

12. DIVIDENDS AND OTHER METHODS OF PROFIT DISTRIBUTION

The Company may distribute dividends in the following manner:

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

Dividends and other payments payable by the Company to holders of Domestic Shares shall be denominated and declared in Renminbi, and payable in Renminbi within 3 months following the announcement of profit distribution. Those payable to holders of Foreign Shares (not listed overseas) and H Shares shall be denominated and declared in Renminbi, and payable in foreign currency within 3 months following the announcement of profit distribution.

The Company shall appoint receiving agents by the Company for holders of overseas-listed Foreign Shares to receive on behalf of such shareholders dividends distributed and other payables owed by the Company.

The receiving agents appointed by the Company for holders of H Shares shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

As for the dividend certificate sent by mail to the members, the Company is entitled to cease sending such dividend certificates after two consecutive failures of cashing after the posting of such dividend certificates. If the first dividend certificate fails to reach the members and is sent back, the Company is entitled to exercise such right.

The right to sell the shares of members who are unable to contact shall not be exercised unless the following requirements are satisfied:

- (1) at least three dividends in respect of the shares in question have been distributed in the past 12 years and no dividend has been claimed during such period; and
- (2) the Company has published an advertisement on the newspapers upon expiry of the 12 years regarding its intention to sell the shares, and has notified the same to the Stock Exchange.

13. PROXIES

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

- (1) have the same right as the shareholder to speak at the meeting;
- (2) have authority to demand or join in demanding a poll; and
- (3) have the right to vote by hand or on a poll, but when there are more than one proxies, that proxy may only exercise his voting rights on a poll.

The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a legal entity either under seal or under the hand of a director or attorney duly authorised. The instrument appointing a proxy and, if such instrument is signed by a person under a power of attorney or other authority on behalf of the appointer, a notarially certified copy of that power of attorney or other authority, shall be deposited at the residence of the Company or at such other place as is specified for that purpose in the notice convening the meeting, no less than 24 hours before the time for holding the meeting at which the proxy proposes to vote or the time appointed for the passing of the resolution.

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

Any form issued to a shareholder by the Board for use by him for appointing a proxy to attend and vote at a meeting of the Company shall be such as to enable the shareholder, according to his intention, to instruct the proxy to vote in favour of or against each resolution dealing with the business(es) to be transacted at the meeting.

Such a form shall contain a statement that in the absence of instructions by the shareholder the proxy may vote as he thinks fit.

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

14. CALLS ON SHARES AND FORFEITURE OF SHARES

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

15. RIGHTS OF SHAREHOLDERS (INCLUDING INSPECTION OF REGISTER)

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

- (1) the right to receive dividends and other distributions in proportion to the number of Shares held;
- (2) the right to attend or appoint a proxy to attend shareholders' general meetings and to vote there at;
- (3) the right of supervisory management over the Company's business operations, and the rights to present proposals or to raise enquiries;
- (4) the right to transfer, donate or pledge the Shares he held in accordance with the laws, administrative regulations and provisions of the Articles of Association;
- (5) the right to obtain information in accordance with the provisions of the Articles of Association, including:
 - (i) the right to obtain the Articles of Association, subject to payment of the cost of such copy;
 - (ii) the right to inspect and copy, subject to payment of a reasonable charge:
 - (a) all parts of the share register;
 - (b) personal particulars of each of the Company's Directors, Supervisors, general managers and other senior management as follows:
 - (aa) present name and alias and any former name and alias;
 - (bb) principal address (residence);
 - (cc) nationality;

- (dd) primary and all other part-time occupation and duties; and
 - (ee) identification document and its number.
 - (c) the state of the Company's share capital;
 - (d) reports showing the aggregate par value, quantity, maximum and minimum price paid in respect of each class of Shares repurchased by the Company since the end of the last accounting year and the aggregate amount incurred by the Company for this purpose; and
 - (e) minutes of shareholders' general meetings;
- (6) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the number of Shares held; and
- (7) other rights conferred by laws, administrative regulations and the Articles of Association.

16. QUORUM FOR MEETINGS AND SEPARATE CLASS MEETINGS

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

The Company shall, according to the written replies received 20 days prior to the general meeting, calculate the number of shares carrying rights to vote represented by the shareholders proposing to attend the meeting. If the number of shares carrying rights to vote represented by shareholders proposing to attend the meeting is more than half of the total number of shares in the Company which carry rights to vote, the Company may proceed to hold the shareholders' general meeting; if that number is not reached, the Company shall within 5 days notify the shareholders again of the matters proposed to be discussed at the meeting, the date and venue of the meeting by way of public announcement. After such public announcement is made, the Company may proceed to hold the shareholders' general meeting.

The above procedure applies, mutatis mutandis, to shareholders of each class of shares in respect of separate class meetings.

17. RIGHTS OF THE MINORITIES IN RELATION TO FRAUD OR OPPRESSION

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

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

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

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

See also the section headed "Variation of Rights of Existing Shares or Classes of Shares" above.

18. RESTRICTIONS ON OWNERSHIP OF SECURITIES BY PROMOTER

There is no provision in the Articles of Association regarding restrictions on ownership of securities by promoter.

19. PROCEDURES ON LIQUIDATION

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

- (1) a resolution for dissolution is passed by shareholders at a general meeting;
- (2) dissolution is necessary due to a merger or division of the Company;
- (3) the Company is legally declared insolvent due to its failure to repay debts due;
- (4) its business licence is revoked or its business is ordered to close down or revoked in accordance with the law; or
- (5) the circumstance as stipulated in Article 183 in The Company Law of The Peoples' Republic of China.

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

In the event that the Company is dissolved pursuant to (1), (4) and (5) above, the liquidation committee shall be established within 15 days, the members of which shall be determined by the shareholders' general meeting by way of an ordinary resolution. If the Company fails to set up a liquidation committee within the prescribed period, the creditors may apply to the People's Court for appointment of committee members to proceed with the liquidation.

In the event the Company is dissolved pursuant to (3) above, the people's court shall, in accordance with the law, order the establishment of the liquidation committee which comprises members from the relevant authorities and professionals to carry out the liquidation process.

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

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

20. OTHER PROVISIONS MATERIAL TO THE COMPANY AND ITS SHAREHOLDERS**A. General provisions**

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

The Articles of Association take effect upon establishment of the Company

From the date of the Articles of Association becoming effective, the Articles of Association constitute a legally binding document regulating the Company's organisation and activities, and the rights and obligations between the Company and each shareholder and among the shareholders inter se.

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

The Company may, based on its operational and development needs and in accordance with the relevant provisions of the Articles of Association, approve an increase of registered capital.

The Company may increase its capital in the following ways:

- (1) offering new Shares to non-designated investors for subscription;
- (2) placing new Shares to its existing shareholders;
- (3) distributing new Shares to its existing shareholders by way of bonus issues; and
- (4) any other way permitted by law and administrative regulations.

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

Unless otherwise provided by law or administrative regulations, Shares in the Company are freely transferable and are not subject to any lien.

When the Company reduces its registered share capital, it must draw up a balance sheet and an inventory of assets.

The Company shall notify its creditors within 10 days of the date of the Company's resolution for reduction of share capital and shall publish a notice in a newspaper at least three times within 30 days of the date of such resolution. A creditor has the right within 30 days of receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within 90 days of the date of the first public notice, to demand the Company to repay its debts or provide a corresponding guarantee for such debt.

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

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

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

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

B. Secretary of the Board

The secretary of the Board shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the Board. His primary responsibilities include:

- (1) to ensure that documents of the Board are in compliance with the relevant requirements of the law;
- (2) to ensure that the Company has complete organisational documents and records;
- (3) to ensure the Company prepares and submits the required reports and documents to the competent authorities according to the law;
- (4) to ensure that the register of shareholders are adequately kept, and to ensure that persons who have the right to obtain the Company's relevant records and documents can promptly obtain these records and documents; and
- (5) other duties required by the Articles of Association and the listing rules of the stock exchanges where the Shares of the Company is listed.

C. Supervisory Committee

The Company shall have a Supervisory Committee. The Directors, managers and financial controllers shall not act concurrently as Supervisors. The Supervisory Committee shall be composed of five members. One of the members of the Supervisory Committee shall act as the chairman. The term of office of Supervisors shall be three years, renewable upon reelection and reappointment. The election or removal of the chairman of the Supervisory Committee shall be determined by more than two-thirds of the members of the Supervisory Committee.

The meeting of the Supervisory Committee shall be held at least every six months

The Supervisory Committee shall comprise of five supervisors of which three supervisors will be representatives of Shareholders and two will be representatives of the staff. Supervisors who are shareholders' representatives shall be elected and removed by shareholders in general meeting, and the staff representative Supervisors shall be elected or removed democratically by the staff and workers of the Company.

The Supervisory Committee shall be accountable to the shareholders' general meeting and exercise the following powers in accordance with law:

- (1) to examine the Company's financial condition;
- (2) to examine whether the Directors, chief executive officer, deputy chief executive officer and other senior management of the Company act in contradiction with laws, administrative regulations or the Articles of Association;
- (3) to demand rectification from a Director, the chief executive officer, deputy chief executive officer or other senior management of the Company when the acts of such persons are prejudicial to the Company's interests;
- (4) to verify the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the Board to the shareholders' general meetings and, should any queries arise, to authorise, in the name of the Company, a re-examination by the certified public accountants and practicing auditors;
- (5) to propose to convene a shareholders' extraordinary general meeting;
- (6) to represent the Company in negotiation with or bringing an action against a Director; and
- (7) other powers specified in the Articles of Association.

Supervisors shall be present at meetings of the Board.

D. Chief executive of the Company

The Company shall have one chief executive, who shall be appointed or dismissed by the Board. The Company shall have a certain number of deputy chief executives, chief director, chief executive assistants who shall assist the chief executive in his work.

The chief executive shall be accountable to the Board and exercise the following powers:

- (1) to be in charge of the Company's production, operation and management and to organise the implementation of the resolutions of the Board;

- (II) to organise the implementation of the Company's annual business plan and investment plan;
- (III) to draft plans for the establishment of the Company's internal management structure;
- (IV) to draft the Company's basic management system;
- (V) to formulate basic rules and regulations for the Company;
- (VI) to propose the appointment or dismissal of the Company's deputy chief executive(s), chief director(s) or chief executive assistant(s);
- (VII) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board;
- (VIII) to determine the wages, benefits, incentives and punishments of the staff, the appointment and dismissal, promotion and demotion, salary increment and decrement, appointment, employment, dismissal or resignation of the staff;
- (IX) to propose the convening of extraordinary meeting of the Board; and
- (X) other powers conferred by the Articles of Association and the Board.

The chief executive and deputy chief executive, chief director, chief executive assistant shall be present at meetings of the Board. However, the chief executive and deputy chief executive, chief director, chief executive assistant has no voting rights at the meetings unless he is also a Director.

The chief executive, deputy chief executive and chief executive assistant, in performing their functions and powers, shall act honestly and diligently and in accordance with laws, administrative regulations and the Articles of Association.

E. The Board

The Board is responsible to the shareholders' general meeting and exercises the following powers:

- (1) to be responsible for convening shareholders' general meetings and to report on its work to the shareholders' general meeting;
- (2) to implement the resolutions of the shareholders' general meetings;
- (3) to decide on the Company's business plans and investment plans;
- (4) to draw up the Company's proposed annual preliminary and final financial budgets;

- (5) to draw up the Company's profit distribution plan and plan for recovery of losses;
- (6) to draw up proposals for increases or reductions of the Company's registered share capital and the issue of corporate debentures;
- (7) to draw up plans for the merger, division and dissolution of the Company;
- (8) to decide on the establishment of the Company's internal management structure;
- (9) to appoint or remove the Company's chief executive and secretary of the Board, to appoint or dismiss the deputy chief executive, chief director or chief executive assistant based on the list provided by the chief executive, and to determine the abovementioned matters relating to the remuneration of the senior management; to appoint or replace members to the Board and Supervisory Committee of the wholly-owned subsidiaries, to appoint, replace or nominate shareholder representatives, directors or supervisors of its holding subsidiaries and non-controlling companies.
- (10) to draw up the Company's basic management system;
- (11) to draw up proposals for any modifications to the Articles of Association;
- (12) to determine the establishment of its sub-branches;
- (13) to decide on matters relating to financing and borrowing and to decide on charge, letting, sub-contracting or transfer of major assets; as well as to authorise the chief executive and deputy chief executive to exercise its right under certain circumstances pursuant to this clause;
- (14) to decide on the guarantee provided by the Company to any third parties by any means subject to the relevant laws, regulations and the requirements of the Articles of Association;
- (15) to decide on other major affairs and administrative matters of the Company subject to the relevant laws, regulations and the requirements of the Articles of Association, save for matters to be resolved at general meetings as required by the Company and the Articles of Association;
- (16) other powers conferred by the Articles of Association or the general meetings.

Except the Board's resolutions in respect of the matters specified in paragraphs (6), (7), (11) and (13) above, which shall be passed by two-thirds or more of the Directors, Board resolutions in respect of all other matters may be passed by more than one half of the Directors.

Meetings of the Board shall be held at least four times every year and convened by the chairman of the Board. Notice of the meeting shall be served on all of the Directors and Supervisors 10 days before the date of the meeting. In case of contingent circumstances, an extraordinary meeting of the Board may be held upon proposal by shareholders representing one-tenths of the voting rights, more than a third of Directors or of Supervisors or by the executive of the Company.

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

F. Accountants

Appointment of accountants' firm

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

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

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

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

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

Change and removal of accountants' firm

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

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

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

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

Resignation of accountants' firm

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

Any certified public accountants' firm may resign its office by depositing at the Company's legal residence a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice.

Such notice shall include the following:

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

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

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

G. Dispute resolution

Whenever any disputes or claims arise between holders of the overseas-listed Foreign Shares and the Company, holders of the overseas-listed Foreign Shares and the Company's Directors, Supervisors, chief executive, deputy chief executives or other senior officers, or holders of the overseas-listed Foreign Shares and holders of Domestic Shares, based on the Articles of Association or any rights or obligations conferred or imposed by the Company Law or any other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration.

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

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

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

If any disputes or claims of rights are referred to arbitration, the laws of the PRC shall apply, save as otherwise provided in laws and administrative regulations.

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