

China Longyuan Power Group Corporation Limited
(a joint stock limited company incorporated in the People's Republic of
China with limited liability)

ARTICLES OF ASSOCIATION

Passed at 2009 First EGM on 17 July 2009
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Authorization to Make Amendments at 2019 AGM, First Domestic Shareholders
Class Meeting in 2020 and
First H Shareholders Class Meeting in 2020 on 29 May 2020

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Note: In the margin notes to the Articles of Association, the Company Law refers to the Company Law of the People’s Republic of China (as amended in 2005), “**Mandatory Provisions**” refers to the “Mandatory Provisions for Articles of Association of Companies to be Listed Overseas” jointly issued by the former State Council Securities Policy Committee and the former State Commission for Restructuring the Economic System (Zhen Wei Fa [1994] No. 21), “**Letter of Opinions on Supplementary Amendment**” refers to the “Letter of Opinions on Supplementary Amendment to Articles of Association of Companies to be Listed in Hong Kong” (Zheng Jian Hai Han [1995] No. 1) jointly issued by the Overseas-Listing Department of the CSRC and the Production System Department of the former State Commission for Restructuring the Economic System; the “**Guidelines on Articles of Association**” refers to the “Guidelines on Articles of Association of Listed Companies (as amended in 2006) (Gong Si Zi [2006]) No.38 of CSRC) issued by CSRC, “**Main Board Listing Rules**” refers to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited, “**Appendix 3 to the Main Board Listing Rules**” refers to the Appendix 3 to the “Listing Rules” issued by The Stock Exchange of Hong Kong Limited and “**Appendix 13D to the Main Board Listing Rules**” refers to Section D of Appendix 13 to the “Listing Rules” issued by The Stock Exchange of Hong Kong Limited.

China Longyuan Power Group Corporation Limited

Articles of Association

CHAPTER 1 GENERAL PROVISIONS

Article 1

In a bid to safeguard the legitimate rights and interests of China Longyuan Power Group Corporation Limited (the “Company”), its Shareholders and creditors, and to regulate the organization and activities of the Company, the Company formulated the Articles of Association in accordance with the Company Law of the People’s Republic of China (the “Company Law”), the Securities Law of the People’s Republic of China (the “Securities Law”), the Special Regulations of the State Council on the Overseas Offer and Listing of Shares by Joint Stock Limited Company (the “Special Regulations”), the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas, the Letter of Opinions on Supplementary Amendments to Articles of Association of Companies to be Listed in Hong Kong, the Guidelines on Articles of Association of Listed Companies (as amended in 2006) and other relevant regulations.

Article 1 of the Mandatory Provisions
Article 1 of the Guidelines on Articles of Association

Section 1(a) of Appendix 13D to the Main Board Listing Rules

Unless otherwise stated, any reference to the Mandatory Provisions and the Letter of Opinions below shall be considered as a reference to Section 1(a) of Appendix 13D to the Main Board Listing Rules as well.

Article 2

The Company is a joint stock limited company incorporated pursuant to the Company Law, the Special Regulations and other relevant laws in PRC and administrative regulations.

Article 1 of the Mandatory Provisions
Article 2 of the Guidelines on Articles of Association

The Company was established with the approval of the State-owned Assets Supervision and Administration Commission of the State Council, as evidenced by the approval document Guo Zi Gai Ge [2009] No. 468, the Company was registered with the State Administration for Industry and Commerce and was granted the corporate legal person’s business license on 9 July 2009. The unified social credit code of the Company is: 911100001000127624.

The promoters of the Company include China Energy Investment Corporation Limited and Guodian Northeast Power Co., Ltd.

Article 3

Registered Name of the Company in Chinese: 龍源電力集團股份有限公司；Registered Name of the Company in English: China Longyuan Power Group Corporation Limited

Article 2 of the Mandatory Provisions
Article 4 of the Guidelines on Articles of Association

Article 4	<p>The Company’s legal residence: Room 2006, 20th Floor, Block c, 6 Fuchengmen North Street, Xicheng District, Beijing Postcode: 100034 Telephone: 010-6388-7602 Facsimile: 010-6388-7666</p>	<p>Article 3 of the Mandatory Provisions Article 5 of the Guidelines on Articles of Association</p>
Article 5	<p>The Chairman of the Company is the Company’s legal representative.</p>	<p>Article 4 of the Mandatory Provisions Article 8 of the Guidelines on Articles of Association</p>
Article 6	<p>The Company is a joint stock limited company in perpetual existence.</p> <p>The Company is an independent legal entity, owns independent corporate property, is entitled to property right of corporation, and possesses the civil rights and assumes the civil liabilities prescribed by law.</p> <p>All assets of the Company are divided into Shares with same par value per share. The Company’s Shareholders’ liabilities of the Company are limited to the Shares subscribed by them, and the Company is liable for its debts to the extent of its entire assets.</p>	<p>Article 5 of the Mandatory Provisions Article 7 of the Guidelines on Articles of Association</p> <p>Article 9 of the Guidelines on Articles of Association</p>
Article 7	<p>Upon approval at the general meeting of the Company by way of special resolution and approval by the relevant authorities in the PRC, the Articles of Association came into effect from the date on which the overseas listed foreign Shares were listed and traded on The Stock Exchange of Hong Kong Limited (the “Hong Kong Stock Exchange”), and replaced the original Articles of Association registered and filed with the industry and commerce administration authorities.</p> <p>From the date of the Articles of Association becoming effective, the Articles of Association constitute a legally binding document regulating the Company’s organization and activities, and the rights and obligations between the Company and each Shareholder and among the Shareholders’ interest.</p>	<p>Article 6 of the Mandatory Provisions</p> <p>Article 10 of the Guidelines on Articles of Association</p>

Article 8 The Articles of Association are binding on the Company and its Shareholders, Directors, supervisors, general managers and other senior management members, all of whom are entitled to claim rights regarding the Company's affairs in accordance with the Articles of Association.

Article 7 of the Mandatory Provisions
Article 10 of the Guidelines on Articles of Association

Subject to Article 218 of the Articles of Association, the Articles of Association are actionable by a Shareholder against the Company and vice versa, by the Company against Shareholders, by Shareholders against each other and by a Shareholder of the Company against the Directors, supervisors, general manager and other senior management members of the Company.

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

Other senior management members referred to in the preceding paragraph refer to deputy general managers, Chief Accountant, Secretary to the Board and other persons appointed by the Board.

Article 11 of the Guidelines on Articles of Association

Article 9 Based on the requirement for business development and subject to approval by relevant government authorities, the Company may establish overseas subsidiaries such as subsidiary companies, representative offices and offices in Hong Kong, Macau Special Administrative Region and Taiwan.

Article 10 The Company may invest in other enterprises. However, unless stipulated by laws otherwise, the Company shall not be jointly and severally liable to such enterprise(s) for their liabilities as their investor.

Article 15 of the Company Law
Article 8 of the Mandatory Provisions

Article 11 In accordance with the provisions under the Constitution of the Communist Party of China, the Party Committee of China Longyuan Power Corporation Limited* of the Communist Party of China (the "Party Committee") shall be established by the Company. The Party Committee plays a core political role in the Company, maintains strategic directions, manages the overall situation and ensures effective implementations.

Chapter 2 Purposes and Scope of Business

Article 12

The purpose of the Company's operation is to combine production, operation and capital operation, whilst principally engaging in renewable energies, technologies, energy saving and environmental protection with wind power generation as its core business. Based on structural adjustments, the Company aspires to enhancing market competitiveness, boosting economic gain and operational efficiency, to this end it strives for optimizing resources allocation and expanding business scale, which adds value to state-owned assets and further better the development of the power industry.

Article 9 of the Mandatory Provisions
Article 12 of the Guidelines on Articles of Association

Article 13

The scope of business of the Company shall be limited to activities approved by the approving department of the Company and the industry and commercial administration authorities.

Article 10 of the Mandatory Provisions
Article 13 of the Guidelines on Articles of Association

The business scope of the Company consists of: licensed business activities (nil), and general business activities including technology of renewable energies such as wind power generation, project investment management and energy-saving technology; technology renovation, technical services and production maintenance of power system and electrical equipment; research, development, production and patent transfer of new technology, new equipment, new materials and new skills related to power; pollution control of power stations; leasing of power equipment; consultation services related to principal activities; host of exhibitions and fairs, sales of mechanical and electrical products, raw chemical materials and products (other than dangerous chemicals), construction materials, hardware and electric appliance, automobile parts, vehicles designated for power systems and leasing office.

Based on the demand from domestic and international markets as well as its development capability and business requirements, the Company may be entitled to adjust its business scope.

Chapter 3 Shares, Share Transfer and Registered Capital

- Article 14** There must, at all times, be ordinary Shares in the Company. Subject to the approval from the companies approving department authorized by the State Council, the Company may issue other classes of Shares according to its requirements.
- Article 11 of the Mandatory Provisions
Article 9 of Appendix 3 to the Main Board Listing Rules
- Article 15** The Shares of the Company are evidenced by share certificates, with a par value of Renminbi 1 yuan each.
- Article 12 of the Mandatory Provisions
Article 16 of the Guidelines on Articles of Association
- The Renminbi referred to in the preceding paragraph is the legal currency of the PRC.
- Article 16** Shares of the Company shall be issued in an open, fair and just manner. Shares of the same class shall rank pari passu with each other.
- Article 9 of Appendix 3 to the Main Board Listing Rules
- For the same class of Shares issued in the same tranche, each share shall be issued at the same price and subject to the same conditions. For the Shares subscribed by any organization or individual under the same offering, the price payable for each of such Shares shall be the same.
- Article 15 of the Guidelines on Articles of Association
- Article 17** Subject to the approval of the securities regulatory authority of the State Council, the Company may issue Shares to domestic and foreign investors.
- Article 13 of the Mandatory Provisions
- The foreign investors referred to in the preceding paragraph mean those investors from foreign countries and from the regions of Hong Kong, Macau and Taiwan who subscribe for Shares issued by the Company. Domestic investors mean those investors within the territory of the PRC (excluding investors from the regions referred to in the preceding sentence) who subscribe for Shares issued by the Company.

Article 18

Shares issued by the Company to domestic investors for subscription in Renminbi shall be referred to as domestic Shares. Shares issued by the Company to overseas investors for subscription in foreign currency shall be referred to as foreign Shares. Foreign Shares which are listed outside the PRC shall be referred to as overseas listed foreign Shares.

The foreign currency referred to in the preceding paragraph is a legal currency (other than Renminbi) of other countries or regions which is recognized by the foreign exchange administration authority of the State and can be used for payment of the Company's Shares.

Overseas listed foreign Shares issued by the Company and listed in Hong Kong shall be referred to as H Shares for short. H Shares refer to the Shares approved to be listed on The Stock Exchange of Hong Kong Limited (the "Hong Kong Stock Exchange"), the par value of which are denominated in Renminbi, and are subscribed for and traded in Hong Kong dollars.

Subject to the approval of the securities regulatory authority of the State Council, domestic Shareholders of the Company may transfer all of or part of their holding Shares to overseas investors, and list and conduct transaction overseas; all or part of domestic Shares may be converted into foreign Shares and the foreign Shares converted into may be listed and traded on overseas securities stock exchange. Where Shares to be transferred or converted are listed and traded on overseas securities stock exchange, it is also subject to regulatory procedures, regulations and requirements of overseas securities market. Where Shares to be transferred are listed and traded on overseas securities stock exchange or domestic Shares to be converted into foreign Shares are listed and traded on overseas securities stock exchange, voting at general meeting or class meeting is not required. The foreign Shares listed overseas converted from domestic Shares shall be of the same class with the existing foreign Shares listed overseas.

Article 19

Upon approval by approving department of the Company, the Company issued 5 billion ordinary Shares in aggregate to the promoter at the time of incorporation, among which, China Energy Investment Corporation Limited had subscribed for and holds 4.9 billion Shares, representing 98% of the total ordinary Shares in issue of the Company, whereas Guodian Northeast Power Co., Ltd had subscribed for and holds 0.1 billion Shares, representing 2% of the total ordinary Shares in issue of the Company.

Article 20

Upon establishment, the Company may issue not more than 2,464.29 million overseas listed foreign Shares (including 321.43 million Shares upon the exercise of over-allotment option), subject to the approval by the securities regulatory authority of the State Council. The state-owned Shareholders of the Company will transfer not more than 246.43 million state-owned Shares to the National Council for Social Security Fund at the time of the issuance of overseas listed foreign Shares pursuant to relevant PRC regulations in respect of the disposal of state-owned Shares.

Upon the issuance of overseas listed foreign Shares as aforementioned (including the exercise of the over-allotment option in full), the shareholding structure of the Company shall be as follows: 4,658,498,600 Shares are held by China Energy Investment Corporation Limited, representing 62.41% of the total ordinary share capital, 95,071,400 Shares are held by Guodian Northeast Power Co., Ltd., representing 1.27% of the total ordinary share capital, 246,430,000 Shares are held by the National Council for Social Security Fund, representing 3.3% of the total ordinary share capital; 2,464,289,000 Shares are held by H Shareholders, representing 33.02% of the total ordinary share capital.

Upon the approval by the general meeting, the domestic shareholders meeting, and the foreign shareholders Meeting with special resolution respectively and the approval by the securities regulatory authority of the State Council, the Company may additionally issue 572,100,000 overseas listed foreign Shares in December 2012 and the state-owned Shareholders of the Company will transfer 57,210,000 state-owned Shares to the National Council for Social Security Fund at the time of the issuance of overseas listed foreign Shares pursuant to relevant PRC regulations in respect of the disposal of state-owned Shares. Upon the issuance of overseas listed foreign Shares as aforementioned, the shareholding structure of the Company shall be as follows: 4,602,432,800 Shares are held by China Energy Investment Corporation Limited, representing 57.27% of the total ordinary share capital, 93,927,200 Shares are held by Guodian Northeast Power Co., Ltd., representing 1.17% of the total ordinary share capital, 303,640,000 Shares are held by the National Council for Social Security Fund, representing 3.78% of the total ordinary share capital; 3,036,389,000 Shares are held by H Shareholders, representing 37.78% of the total ordinary share capital.

Article 21 Upon approval by the securities regulatory authority of the State Council of the proposal for issue of overseas listed foreign Shares and domestic Shares, the Board of the Company may make implementation arrangements of separate issue.

Article 17 of the Mandatory Provisions

The Company's proposal for separate issue of overseas listed foreign Shares and domestic Shares pursuant to the preceding paragraph may be implemented within fifteen (15) months from the date of approval by the securities regulatory authority of the State Council.

Article 22 Where the Company issues overseas listed foreign Shares and domestic Shares respectively within the total number of Shares as stated in the issuance proposal, the respective Shares shall be subscribed for in full at one time. If they cannot be subscribed for in full at one time under special circumstances, these Shares may be issued in several issues subject to the approval of the securities regulatory authority of the State Council.

Article 18 of the Mandatory Provisions

Article 23 Upon the issuance of overseas listed foreign Shares as aforementioned (including the exercise of the over-allotment option in full), the registered capital of the Company is RMB8,036.389 million.

Article 19 of the Mandatory Provisions

Article 24 The Company may, based on its requirements for operation and development and in accordance with the relevant provisions of the Articles of Association, approve an increase of capital.

The Company may increase its capital in the following manners:

- (1) offering new Shares to non-specific investors;
- (2) placing new Shares to specific investors and/or existing Shareholders;
- (3) distributing new Shares to its existing Shareholders;
- (4) capitalizing its capital reserve; or
- (5) other methods as permitted by laws and administrative regulations and those approved by the securities regulatory authority of the State Council.

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 the relevant laws and administrative regulations.

Upon capital increase or reduction, the Company shall register changes with its original industry and commerce administration authorities and make announcement thereof.

Article 25 Unless otherwise provided by laws, administrative regulations and the Hong Kong Stock Exchange, Shares of the Company are freely transferable and are not subject to any lien.

Article 21 of the Mandatory Provisions
Article 26 of the Guidelines on Articles of Association
Article 19A.46 and Article 1(2) of Appendix 3 to the Main Board Listing Rules

Article 26 The Company shall not accept any Shares of the Company as the subject of a pledge.

Article 27 of the Guidelines on Articles of Association

Article 27 Shares of the Company held by the promoters shall not be transferred within one year from the date of the establishment of the Company. Shares issued prior to the public offering of Shares by the Company shall not be transferred within one year from the date the Shares of the Company were listed on the stock exchange(s).

Directors, supervisors and senior management members of the Company shall report to the Company their shareholdings and changes therein and shall not transfer more than 25% per year of the total number of Shares held by them. The Shares held by them shall not be transferred within one year from the date the Shares of the Company being listed and traded on the stock exchange(s). The aforesaid person(s) shall not transfer the Shares of the Company held by them within six months commencing from the termination of their service. Where the aforementioned restrictions on transfer involve H Shares, approval by Hong Kong Stock Exchange is required.

Article 28 Any gains from sale of Shares in the Company by any Directors, supervisors, senior management members or Shareholders holding 5% or more of the Shares in the Company within six months after their purchase of the same, and any gains from purchase of Shares in the Company by any of the aforesaid parties within six (6) months after sale of the same shall be disgorged and paid to the Company. The Board of the Company shall forfeit such gains from the abovementioned parties. Where the aforementioned restrictions on transfer involve H Shares, approval by Hong Kong Stock Exchange is required. However, if a securities company holds 5% or more Shares by buying the remaining Shares pursuant to an underwriting arrangement, the six month limitation for selling the said Shares shall not apply.

Should the Board does not observe the preceding paragraph, Shareholders shall be entitled to request the Board to effect the same within thirty (30) days. If the Board fails to do so within the aforesaid time limit, the Shareholders may directly initiate court proceedings in their own name for the interests of the Company.

Should the Board of the Company fail to comply with the requirements set out in the first paragraph of this article, the responsible Director(s) shall assume joint and several liabilities under the law.

CHAPTER 4 REDUCTION OF CAPITAL AND REPURCHASE OF SHARES

- Article 29** The Company may reduce its registered capital. Where the Company reduces its registered capital, it is handled in accordance with the Company Law and other relevant provisions and procedures prescribed in the Articles of Association.
- Article 22 of the Mandatory Provisions
Article 22 of the Guidelines on Articles of Association
- Article 30** The Company shall prepare a balance sheet and an inventory of assets when it reduces its registered capital.
- Article 23 of the Mandatory Provisions
Article 176 of the Guidelines on Articles of Association
Article 19A.46 and Article 7(1) of Appendix 3 to the Main Board Listing Rules
- The Company shall notify its creditors within ten (10) days from the date of the Company’s resolution on reduction of capital and shall publish an announcement in newspapers authorized by the stock exchange(s) where the Company’s Shares are listed within thirty (30) days from the date of such resolution. A creditor has the right, within thirty days of receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within forty-five (45) days from the date of the announcement, to require the Company to repay its debt or provide a corresponding guarantee for such debt.
- The registered share capital of the Company following the reduction of capital shall not fall below the minimum statutory requirement.
- Article 31** The Company may, according to the procedures laid down in the Articles of Association, and subject to the approval of the relevant governing authority of the State, and in accordance with the requirements of laws, administrative regulations, departmental rules, repurchase its Shares under the following circumstances:
- Article 24 of the Mandatory Provisions
Article 23 of the Guidelines on Articles of Association
- (1) to cancel Shares for the purpose of capital reduction;
 - (2) to merge with another company that holds Shares in the Company;
 - (3) to use the Shares for the purpose of employee share ownership plan or as share incentive;
 - (4) to acquire Shares held by Shareholders (upon their request) who vote against any resolution proposed in any general meeting on the merger or division of the Company;

- (5) to use the Shares for conversion of those bonds convertible into Shares issued by the Company; and
- (6) to maintain corporate value and shareholders' interests as the Company deems necessary.

Except under the above circumstances, the Company may not repurchase its own Shares.

Article 32

The Company's repurchase of its Shares may be carried out through open centralized trading or other methods recognized by laws, regulations and China Securities Regulatory Commission.

Article 25 of the Mandatory Provisions
Article 24 of the Guidelines on Articles of Association

If the Company repurchases its Shares for the reason stipulated in paragraphs (3), (5) or (6) of Article 31 of this Article, the open centralized trading shall be adopted.

Article 33

Where the Company repurchases its Shares through an off-market agreement, it shall seek prior approval of the Shareholders at the general meeting in accordance with the Articles of Association. The Company may release or vary a contract so entered into by the Company or waive its rights thereunder with prior approval by Shareholders at general meeting obtained in the same manner.

Article 26 of the Mandatory Provisions

The contract to repurchase Shares as referred to in the preceding paragraph includes, but not limited to, an agreement to become obliged to repurchase or to acquire the right to repurchase Shares.

The Company shall not assign a contract for repurchasing its Shares or any of its right thereunder.

That, where the Company has the rights to repurchase the redeemable Shares, repurchases not made through the market or by tender shall not exceed a certain maximum price limit; if repurchases are made by tender, such tenders shall be made available to all Shareholders alike.

Article 8(1) and Article 8(2) of Appendix 3 to the Main Board Listing Rules

Article 34

Where the Company repurchases Shares as stipulated in paragraphs (1) and (2) of Article 31, it shall be resolved at the general meeting. Where the Company repurchases Shares as stipulated in paragraphs (3), (5) and (6) of Article 31 of this Article, it shall be resolved at a board meeting with the presence of more than two-thirds of the directors in accordance with the requirements of the Articles of Association or the authorization of the general meeting. After repurchasing Shares of the Company as stipulated in Article 31 of this Article, for conditions which belong to paragraph (1), the Company shall cancel such Shares within ten days from the date of repurchase; for conditions which belong to paragraphs (2) and (4), the Company shall transfer or cancel such Shares within six months; for conditions which belong to paragraphs (3), (5) and (6), the total number of Shares of the Company held by the Company shall not exceed 10% of the total Shares issued by the Company, and the Company shall transfer or cancel such Shares within three years.

Where the repurchased Shares are cancelled by the Company due to the repurchase thereof, the Company shall apply to the original company 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.

Where the purchase and cancellation of Shares are otherwise stipulated in the relevant rules by the regulatory authorities and the stock exchange of where the Company's Shares are listed, such provisions shall prevail.

Article 35

Except where the Company is in the course of liquidation, it must comply with the following provisions in repurchasing its own issued and outstanding Shares:

- (1) Where the Company repurchases its Shares at their par value, the amount of the total par value shall be deducted from the book balance of distributable profits of the Company or out of the proceeds of a new issue of Shares made for that purpose;

(2) Where the Company repurchases its Shares at a premium, an amount equivalent to their total par value shall be deducted from the book balance of distributable profits of the Company or out of the proceeds of a new issue of Shares made for that purpose. Payment of the portion in excess of their par value shall be effected as follows:

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

(ii) if the Shares being repurchased were issued at a premium, payment shall be made out of the book balance of distributable profits of the Company or the proceeds of a new issue of Shares made for that purpose, provided that the amount paid out of the proceeds of the new issue may not exceed the aggregate of premiums received by the Company on the issue of the Shares repurchased or the current balance of the Company's premium account or capital reserve account (inclusive of the premiums from the new issue);

(3) Payment by the Company in consideration for:

(i) the acquisition of rights to repurchase its Shares;

(ii) the variation of any contract to repurchase its Shares;

(iii) the release of any obligation under any contract to repurchase its Shares.

shall be made out of the Company's distributable profits;

(4) To the extent that Shares are repurchased out of an amount deducted from the distributable profits of the Company, the amount of the Company's registered capital reduced under the relevant requirements shall be transferred to the Company's premium account or capital reserve account.

CHAPTER 5 FINANCIAL ASSISTANCE FOR THE ACQUISITION OF SHARES IN THE COMPANY

Article 36

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

Article 29 of the Mandatory Provisions
Article 20 of the Guidelines on Articles of Association

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

This provision does not apply to the circumstances stated in Article 38.

Article 37

The financial assistance referred to in this Chapter includes, but not limited to the following meanings:

Article 30 of the Mandatory Provisions

- (1) gift;
- (2) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), or compensation (other than compensation in respect of the Company's own default) or release or waiver of any rights;
- (3) provision of loan or any other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, or a change in the parties to, or the assignment of rights arising under, such loan or agreement; and
- (4) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

The expression "Incurring an obligation" referred to in this Chapter 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.

Article 38

The following activities shall not be deemed to be activities as prohibited in Article 36:

- (1) the provision of financial assistance by the Company where the financial assistance is given in good faith in the interest of the Company, and the principal purpose of giving the financial assistance is not for the acquisition of Shares of the Company, or the giving of the financial assistance is an incidental part of a master plan 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) a reduction of registered capital, a repurchase of Shares or a reorganization 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 the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company); and
- (6) the provision of money by the Company for contributions to staff and workers' share schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits of the Company).

CHAPTER 6 SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS

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

Article 32 of the Mandatory Provisions

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

Article 1(1) of Appendix 3 to the Main Board Listing Rules
Article 19A.52 to the Main Board Listing Rules

During the period of H Shares listing on the Hong Kong Stock Exchange, the Company shall ensure that all of its documents relating to the title of all of its Shares listing on the Hong Kong Stock Exchange (including H Shares), include the statements stipulated below and shall instruct and procure each of its share registrars not to register the subscription, purchase or transfer of any of its Shares in the name of any particular holder unless and until such holder delivers to such share registrar a signed form in respect of such Shares bearing statements to the following effect:

- (1) The acquirer of Shares agrees with the Company and each Shareholder of the Company, and the Company agrees with each Shareholder, to observe and comply with the Company Law, the Special Regulations and other requirements related to the laws, administrative regulations and the Articles of Association.
- (2) The acquirer of Shares agrees with the Company, each Shareholder, Director, supervisor, general manager and other senior management members of the Company and the Company acting for itself and for each Director, supervisor, general manager and other senior management members agrees with each Shareholder to refer all disputes and claims arising from the Articles of Association or any right or obligation conferred or imposed by the Company Law and other relevant laws of China and administrative regulations concerning the affairs of the Company to arbitration in accordance with the Articles of Association, and any reference to arbitration shall be deemed to authorize the arbitration tribunal to conduct hearing in open session and to publish its award. Such arbitration shall be final and conclusive.

- (3) The acquirer of Shares agrees with the Company and each Shareholder of the Company that Shares in the Company are freely transferable by the holder thereof.
- (4) The acquirer authorizes the Company to enter into a contract on his behalf with each Director, general manager and other senior management members whereby such Directors, general manager and other senior management members undertake to observe and comply with their obligations to Shareholders stipulated in the Articles of Association.

Article 40

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

Article 33 of the Mandatory Provisions
Section One of the Letter of Opinions on Supplementary Amendment
Article 2(1) of Appendix 3 to the Main Board Listing Rules

Article 41

The Company shall keep a register of Shareholders, which shall contain the following particulars:

Article 34 of the Mandatory Provisions
Article 30 of the Guidelines on Articles of Association

- (1) the name, address (residence), occupation or nature of each Shareholder;
- (2) the class and number of Shares held by each Shareholder;
- (3) the amount paid-up or payable in respect of Shares held by each Shareholder;
- (4) the serial numbers of the Shares held by each Shareholder;
- (5) the date on which a person registers as a Shareholder; and
- (6) the date on which a person ceases to be a Shareholder.

The register of Shareholders shall be the sufficient evidence for the Shareholders' shareholding in the Company, except in cases with contrary evidence.

All acts or transfer of overseas listed foreign Shares will be recorded in the register of Shareholders of overseas listed foreign Shares which is kept in the place where such Shares are listed.

When two or more persons are registered as joint Shareholders of any share, they shall be deemed to be joint owners of such Shares and subject to constraints of the following terms:

- (1) the Company are not bound to register more than four persons as joint holders for any share;
- (2) all the joint holders of any share shall jointly or severally assume the liability to pay for all amounts payable for the relevant Shares;
- (3) in case one of the joint holders has deceased, only the surviving joint holders shall be deemed by the Company to be such persons as having the ownership of the relevant Shares. But the Board shall have the right, for the purpose of making amendments to the register of Shareholders, to demand a death certificate of such Shareholder where it deems it appropriate to do so; and
- (4) for joint holding of any Shares, only the joint holder whose name appears first in the register of Shareholders is entitled to receive the certificate for the relevant Shares, receive the Company's notices, and to attend and exercise all voting rights of the relevant Shares in the general meetings of the Company. Any notice served on the above persons shall be deemed to have been served on all joint holders of the relevant Shares.

Article 1(3) of Appendix 3
to the Main Board Listing
Rules

Article 42

The Company may, in accordance with the mutual understanding and agreements made between the securities regulatory authority of the State Council and overseas securities regulatory authorities, maintain its original register of holders of overseas listed foreign Shares outside China and appoint overseas agent(s) to manage such register. The original register of holders of overseas listed foreign Shares listed in Hong Kong shall be maintained in Hong Kong.

Article 35 of the Mandatory Provisions

Section two of the Letter of Opinions on Supplementary Amendment

Section 1(b) of Appendix 13D to the Main Board Listing Rules

The Company shall maintain a duplicate of the register of holders of overseas listed foreign Shares at the Company's residence; the appointed overseas agent(s) shall ensure the consistency between the original and the duplicate of the register of holders of overseas listed foreign Shares at all times.

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

Article 43

The Company shall maintain a complete register of Shareholders.

Article 36 of the Mandatory Provisions

The register of Shareholders shall include the following:

- (1) the register of Shareholders maintained at the Company's residence (other than those parts as described in sub-clauses (2) and (3) of this Article;
- (2) the register of Shareholders in respect of the holders of overseas listed foreign Shares of the Company maintained at the place where the overseas stock exchange on which the Shares are listed is located; and
- (3) the register of Shareholders maintained at such other place as the Board may consider necessary for the purpose of listing of the Company's Shares.

Article 44

Different parts of the register of Shareholders shall not overlap with one another. No transfer of the Shares registered in any part of the register shall, during the existence of that registration, be registered in any other part of the register of Shareholders.

Article 37 of the Mandatory Provisions

Alteration or rectification of each part of the register of Shareholders shall be made in accordance with the laws of the place where that part of the register of Shareholders is maintained.

Article 45

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

Section twelve of the Letter of Opinions on Supplementary Amendment

Article 1(1), Article1(2) and Article1(3) of Appendix 3 to the Main Board Listing Rules

- (1) a fee (for each instrument of transfer) of HK\$2.5 or any maximum fees as stipulated by the Hong Kong Stock Exchange then has been paid to the Company for registration of any instrument of transfer or any other document with is related to or will affect the ownership of the Shares;
- (2) the instrument of transfer involves only the overseas listed foreign Shares listed in Hong Kong;
- (3) the stamp duty payable on the instrument of transfer has been paid;
- (4) the relevant share certificates and any evidence in relation to the right of the transferor to transfer the Shares reasonably requested by the Board has been submitted;
- (5) if the Shares are intended to be transferred to joint holders, the number of such joint holders shall not exceed four;
- (6) the Company does not have any lien over the relevant Shares; and
- (7) no transfer shall be made to minors or persons of unsound mind or under other legal disability.

If the Board refuses to register the transfer of Shares, the Company shall deliver a notification related to the refusal of Shares transfer to the transferor and transferee within 2 months from the date of the application for transferring the Shares.

Article 46 All transfers of overseas listed foreign Shares listed in Hong Kong shall be effected by instruments of transfer in writing in an ordinary or usual form or in any other form acceptable to the Board (including the standard transfer format or form of transfer specified by the Hong Kong Stock Exchange from time to time); the instruments of transfer may be signed by hand only or (where the transferor or transferee is a corporation) by the company's seal. Where the transferor or transferee is a recognized clearing house ("Recognized Clearing House") (as defined by relevant regulations in Hong Kong laws in effect from time to time) or its nominee, the form of transfer may be signed by hand or in a machine-imprinted format.

All instruments of transfer shall be maintained at the legal address of the Company or such places as the Board may specify from time to time.

Article 47 Where laws, administrative regulations, departmental rules, normative documents and the relevant stock exchange or regulatory authorities at the places where the Company's Shares are listed stipulate on the period of closure of the register of Shareholders prior to a general meeting or the record date set by the Company for the purpose of distribution of dividends, such provisions shall prevail.

Article 38 of the Mandatory Provisions

Article 48 When the Company intends to convene a general meeting, distribute dividends, liquidate and engage in other activities that involve determination of shareholdings, the Board shall designate a day to be the record day. Shareholders whose names appear in the register of Shareholders at the end of the record date are Shareholders of the Company.

Article 39 of the Mandatory Provisions
Article 31 of the Guidelines on Articles of Association

Article 49 Any person who objects to the register of Shareholders and requests to have his name entered in or removed from the register of Shareholders may apply to a court of competent jurisdiction for rectification of the register.

Article 40 of the Mandatory Provisions

Article 50

Any Shareholder who is registered in, or any person who requests to have his name entered in, the register of Shareholders may, if his share certificates (the “original certificates”) are lost, apply to the Company for a replacement share certificate in respect of such Shares (the “relevant Shares”).

If a holder of the domestic Shares loses his share certificates and applies for their replacement, it shall be dealt with in accordance with the provisions of the Company Law.

If a holder of overseas listed foreign Shares loses his share certificates and applies for their replacements, it may be dealt with in accordance with the relevant laws, the rules of the stock exchange and other relevant regulations of the place where the original register of holders of overseas listed foreign Shares is maintained.

In the case that the Company goes public in Hong Kong, the issue of replacement certificates to holders of overseas listed foreign Shares shall comply with the following requirements:

- (1) the applicant shall submit an application to the Company in prescribed form accompanied by a notarial act or statutory declaration, containing the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificates as well as declaring that no other person shall be entitled to request to be registered as the Shareholder in respect of the relevant Shares.
- (2) no statement has been received by the Company from a person other than the applicant for having his name registered as a holder of the relevant Shares before the Company came to a decision to issue the replacement certificate.
- (3) the Company shall, if it decides to issue a replacement certificate to the applicant, make an announcement of its intention to issue the replacement certificate in such newspapers designated by the Board; the announcement shall be made at least once every thirty (30) days in a period of ninety (90) days.

- (4) the Company shall have, prior to the publication of its announcement of intention to issue a replacement certificate, delivered to the stock exchange on which its Shares are listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been exhibited at the premises of the stock exchange. The announcement shall be exhibited at the premises of the stock exchange for a period of ninety (90) days.

In case an application to issue a replacement certificate has been made without the consent of the registered holder of the relevant Shares, the Company shall send by post to such registered Shareholder a copy of the announcement to be published.

- (5) if, upon expiration of the 90-day period referred to in items (3) and (4) of this Article, the Company has not received from any person any objection to such application, the Company may issue a replacement share certificate to the applicant according to his application.
- (6) where the Company issues a replacement certificate under this Article, it shall forthwith cancel the original certificate and enter the cancellation and issue in the register of Shareholders accordingly.
- (7) all expenses relating to the cancellation of an original certificate and the issue of a replacement share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.

Article 51

Where the Company issues a replacement certificate pursuant to the Articles of Association, the name of a bona fide purchaser who obtains the aforementioned new share certificate or a Shareholder who thereafter registers as the owner of such Shares (in the case that he is a bona fide purchaser) shall not be removed from the register of Shareholders.

Article 42 of the Mandatory Provisions

Article 52 The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the original certificate or the issuance of the replacement certificate, unless the claimant proves that the Company had acted fraudulently.

Article 43 of the Mandatory Provisions

CHAPTER 7 RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Article 53 A Shareholder of the Company is a person who lawfully holds Shares of the Company and whose name is entered in the register of Shareholders.

Article 44 of the Mandatory Provisions
Article 30 of the Guidelines on Articles of Association

A Shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and number of Shares he holds. Shareholders holding the same class of Shares shall be entitled to the same rights and assume the same obligations. Shareholders holding Shares of different classes shall be entitled to the same rights during the dividend distribution or any other type of distribution.

Article 9 of Appendix 3 to the Main Board Listing Rules

When the Shareholder of the Company is a legal person, its legal representative or proxy of legal representative shall exercise the rights on its behalf.

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

Article 12 of Appendix 3 to the Main Board Listing Rules

Article 54 The ordinary Shareholders of the Company shall be entitled to the following rights:

Article 45 of the Mandatory Provisions
Article 32 of the Guidelines on Articles of Association

- (1) the right to dividends and other distributions in proportion to the number of Shares held;
- (2) the right to attend or appoint a proxy to attend general meetings and to exercise the voting right thereat in accordance with the laws;
- (3) the right to supervise and manage the business activities of the Company and to put forward proposals and raise inquiries;

- (4) the right to transfer Shares in accordance with the laws, administrative regulations and provisions of the Articles of Association;
- (5) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:
 - (i) the right to obtain a copy of 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:
 - 1. the register of all Shareholders;
 - 2. personal particulars of each of the Company's Directors, Supervisors, general managers and other senior management members including:
 - (a) present name and alias and any former name and alias;
 - (b) principal address (residence);
 - (c) nationality;
 - (d) primary and all other part-time occupations;
 - (e) identification document and its number.
 - (iii) the state of the Company's share capital;
 - (iv) the latest audited financial statements and the reports of the Board, auditors and the supervisory board;
 - (v) the special resolution of the Company;

- (vi) 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;
- (vii) a copy of the latest annual review report, which shall be submitted to the State Administration for Industry and Commerce of the PRC or other authorities for inspection; and
- (viii) minutes of general meetings.

The Company shall lodge documents (i) to (vii) aforementioned and any other applicable documents with the Company's Hong Kong address under the requirements of the listing rules, for the purpose of inspection by the public and holders of overseas-listed foreign Shares free of charge.

Section 19A50 to the Main Board Listing Rules

Shareholders demanding inspection of the relevant information or copies of the materials mentioned in the preceding provision shall provide to the Company written documents evidencing the class and number of Shares of the Company they hold. Upon verification of the Shareholder's identity, the Company shall provide such information at the Shareholder's request.

Article 33 of the Guidelines on Articles of Association

- (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.

Article 55 If a resolution passed at the Company's general meeting or Board meeting violates the laws or regulations, the Shareholders shall have the right to submit a petition to the court to render the same as invalid.

If the procedures for convening, or the method of voting at, a general meeting or Board meeting violate the laws, regulations or the Articles of Association, or the contents of a resolution violates the Articles of Association, Shareholders shall be entitled to submit a petition to the court to rescind such resolutions within sixty (60) days from the date on which such resolution is adopted.

Article 56 Where the Company incurs losses as a result of Directors' and senior management members' violation of the laws, regulations or the Articles of Association in the course of performing their duties with the Company, Shareholders individually or jointly holding 1% or more of the Company's Shares for more than 180 consecutive days shall be entitled to request in writing the supervisory board to initiate proceedings in the court. Where the Company incurs losses as a result of the supervisory board's violation of any provision of laws, regulations or the Articles of Association in the course of performing its duties with the Company, the Shareholders shall be entitled to make a request in writing to the Board to initiate proceedings in the court.

In the event that the supervisory board or the Board refuses to initiate proceedings after receiving the written request of Shareholders stated in the foregoing paragraph, or fails to initiate such proceedings within thirty (30) days from the date on which such request is received, or in case of emergency where failure to initiate such proceedings immediately will result in irreparable damage to the Company's interests, Shareholders described in the preceding paragraph shall have the right to initiate proceedings in the court directly in their own names in the interest of the Company.

Shareholders described in the first paragraph of this article may also initiate proceedings in the court in accordance with the preceding two paragraphs in the event that the lawful interests of the Company are infringed upon by any third parties.

Article 57 Shareholders may initiate proceedings in the court in the event that a Director or a senior management member has violated the laws, regulations or the Articles of Association, thereby infringing the interests of Shareholders.

Article 58 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;
- (3) to be responsible for the Company to the extent of the Shares they have subscribed for;
- (4) not to divest the Shares unless required by the laws and regulations;
- (5) not to abuse their Shareholders' rights to harm the interests of the Company or other Shareholders; and not to abuse the independent legal person status of the Company and the limited liability of Shareholders to harm the interests of any creditor of the Company;

Shareholders of the Company who abuse their Shareholder's rights and thereby cause loss on the Company or other Shareholders shall be liable for indemnity according to the law.

Where Shareholders of the Company abuse the Company's position as an independent legal person and the limited liability of Shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such Shareholders shall be jointly and severally liable for the debts owed by the Company.

- (6) 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 subscribers of the relevant Shares on subscription.

Article 59

In addition to obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchange on which Shares of the Company are listed, a controlling Shareholder (as defined in the following provision) shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of all or some 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) opportunities beneficial to the Company;
- (3) to approve the expropriation by a Director or supervisor (for his own benefit or for the benefit of another person) of the individual rights of other Shareholders, including (without limitation) rights to distributions and voting rights save for a company restructuring submitted to the general meeting for approval in accordance with the Articles of Association.

The controlling Shareholder and the de facto controller of the Company shall not use their connected relationship to act in detriment to the interests of the Company. If they have violated the provision and caused damage to the Company, they shall be liable for such damages.

The controlling Shareholder and the de facto controller of the Company shall have fiduciary duties towards the Company and its public Shareholders. The controlling Shareholder shall exercise its rights as a contributor in strict compliance with the laws. The controlling Shareholder take advantage of profit distribution, asset restructuring, foreign investment, possession of capital, lending and provision of guarantees to the detriment of the statutory interests of the Company and public Shareholders and shall not make use of its controlling status against the interests of the Company and public Shareholders.

Article 60

The term “controlling Shareholder” referred to in the preceding article 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 members;
- (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;
- (4) he alone, or acting in concert with others, in any other manner controls the Company in fact.

For the purposes hereof, the term “acting in concert” means two or more persons, pursuant to an agreement (whether verbal or written), agreed to obtain or consolidate control of a company through the acquisition by any of them of voting rights of the company.

CHAPTER 8 GENERAL MEETING

- Article 61** The general meeting is the organ of authority of our Company and shall exercise its functions and powers in accordance with the law. Article 49 of the Mandatory Provisions
- Article 62** The general meeting may exercise the following functions and powers: Article 50 of the Mandatory Provisions
Article 40 of the Guidelines on Articles of Association
- (1) to decide on the operating policies and investment plans of the Company;
 - (2) to elect and remove Directors (not being staff representatives) and to fix the remuneration of the relevant Directors;
 - (3) to elect and remove supervisors (not being staff representatives), and to fix the remuneration of the relevant supervisors;
 - (4) to consider and approve the reports of the Board;
 - (5) to consider and approve the reports of the supervisory board;
 - (6) to consider and approve the proposed annual financial budgets and final accounts of the Company;
 - (7) to consider and approve the profit distribution plans and loss recovery plans of the Company;
 - (8) to adopt resolutions on any increase or reduction of registered capital of the Company;
 - (9) to adopt resolutions on matters such as merger, division, dissolution, liquidation or conversion of corporate form of the Company;
 - (10) to adopt resolutions on the issue of bonds or other securities and listing plans of the Company;
 - (11) to adopt resolutions on the appointments, dismissals or non-reappointments of accounting firms;
 - (12) to amend the Articles of Association;

- (13) to consider and approve matters relating to external guarantees under laws and regulations;
- (14) to consider and approve matters relating to the purchases and disposals of the Company's material assets which exceed 10% of the Company's latest audited total assets within one (1) year;
- (15) to consider and approve the equity incentive plans;
- (16) to consider the proposals submitted by Shareholders holding 3% or more of the Company's voting Shares;
- (17) other matters required by laws, administrative regulations, and the Articles of Association to be resolved by the general meeting.

General meeting may authorize or engage the Board to attend to matters authorized or engaged by the general meeting under the condition that the laws, regulations and listing rules of the places of listing of the Company will not be contravened.

Article 63

Unless a prior approval by way of special resolution is obtained in a general meeting, the Company shall not enter into any contract with any party other than the Directors, supervisors, general managers and other senior management members pursuant to which such party shall be responsible for managing the whole or any substantial part of the Company's business.

Article 51 of the Mandatory Provisions
Article 81 of the Guidelines on Articles of Association

Article 64

General meetings of Shareholders shall be annual general meetings and extraordinary general meetings. A general meeting shall be convened by the Board. The annual general meeting shall be held once every year within six months after the end of the previous accounting year.

Article 52 of the Mandatory Provisions
Article 42 of the Guidelines on Articles of Association

The Board shall hold an extraordinary general meeting within two months upon the occurrence of one of the following circumstances:

- (1) the number of Directors is less than the number required by the Company Law or less than two-thirds of the number required by the Articles of Association;

- (2) the uncovered losses are in excess of one third of the Company's total share capital;
- (3) Shareholders individually or jointly holding 10% or more of the Company's issued Shares with voting rights request in writing to hold an extraordinary general meeting;
- (4) the Board considers it necessary or the supervisory board proposes to hold such a meeting; or
- (5) One half or more of the independent Directors propose to hold such a meeting.

Article 65

The place for holding the general meeting of the Company shall be the domicile of the Company or such other location as informed by the convenor of the general meeting.

Article 44 of the Guidelines on Articles of Association

The general meeting shall have a venue and be held on-site. The Company shall also provide the internet or other conveniences to facilitate the participation of Shareholders in the general meeting. A Shareholder who participated in a general meeting in the aforesaid manners shall be deemed to have been present at the meeting.

Article 66

A twenty (20) days' prior written notice for convening the annual general meeting shall be given; a fifteen (15) days' prior written notice for convening the extraordinary general meeting shall be given. Where the relevant rules otherwise stipulated by the regulatory authorities and the stock exchange of where the Company's Shares are listed, such provisions shall prevail.

Article 53 of the Mandatory Provisions

When calculating the time limit, the date of convening the meeting shall not be included.

For the purpose of the notice to be issued under this article, the issuance date thereof shall be the date on which the notice has been delivered to the postal office for posting by the Company or the share registrar appointed by the Company.

Article 67 In the event the Company convenes an annual general meeting, the Shareholders holding an aggregate of 3% or more of the Company's Shares with voting rights are entitled to propose ad hoc motions in writing to the Company. The Company incorporates any matters under such motions which fall within the scopes of the duties and functions of the general meeting into the agenda of the meeting.

The ad hoc motions by Shareholders shall be subject to the following requirements:

- (1) the contents shall not contravene with the requirements of the laws and regulations and shall fall within the duties and functions of general meetings;
- (2) with definite topics to discuss and specific matters to resolve; and
- (3) shall be proposed ten (10) days prior to the convening of the general meeting and be submitted or delivered in writing to the Board.

Article 68 Extraordinary general meetings shall not resolve matters not stated in the notice.

Article 69 A notice of general meeting shall meet the following requirements:

- (1) it shall be in written form;
- (2) it shall specify the place, date and time of the meeting;
- (3) it shall state the matters to be discussed at the meeting;
- (4) it shall state the date of registration of equity entitlements for Shareholders having the right to attend the general meeting;
- (5) it shall provide Shareholders with such information and explanation as are necessary for them to make informed decisions in connection with the matters to be discussed. This principle shall include (but not be limited to) where the Company proposes to merge, repurchase its Shares, restructure share capital or undergo other reorganization. The specific conditions and contracts (if any) of the proposed transactions must be provided and the reasons and effects of the same must be properly explained;
- (6) if any Director, supervisor, general manager and other senior management members have material interests in the matters subject to discussion, the nature and extent of such material interests shall be disclosed, and if the effect of the proposed matters on such Director, supervisor, general manager and other senior management members in their capacity as Shareholders is different from that of other Shareholders of the same class, the differences shall also be specified;
- (7) it shall set out the full text of the special resolutions proposed for approval at the meeting;
- (8) it shall contain a clear statement that a Shareholder who has the right to attend and vote at the meeting shall have the right to appoint one or more proxies to attend and vote at the meeting on his behalf and that such proxies need not be Shareholders;
- (9) it shall state the date and place for the service of the proxy forms for the meeting; and
- (10) it shall state the names and contact telephone numbers of the contact persons in connection with the meeting.

Article 70

A notice of the general meeting shall be dispatched to Shareholders (regardless of their voting rights at the general meeting) by hand or by prepaid mail. The addresses of the recipients shall be such addresses as shown in the register of members. For holders of domestic-invested Shares, a notice of the general meeting may also be made by way of announcement.

Article 57 of the Mandatory Provisions

The announcement referred in the preceding paragraph shall be published in one or more newspapers and journals designated by securities governing authorities of the State Council. Once an announcement is made, all holders of the domestic-invested Shares are deemed to have received the relevant notice of the general meeting.

Article 71

The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive such notice shall not invalidate the meeting and the resolutions passed at the meeting.

Article 58 of the Mandatory Provisions
Article 169 of the Guidelines on Articles of Association

Article 72

Any Shareholders entitled to attend and vote at a general meeting shall have the right to appoint one or several persons (who may not be Shareholders) to act as their proxies to attend and vote at the meeting on their behalf. The proxies so appointed by the Shareholders shall exercise the following rights:

Article 59 of the Mandatory Provisions
Article 59 of the Guidelines on Articles of Association

- (1) have the same right as the Shareholder to speak at the meeting;
- (2) have authority to demand or, jointly with others, in demanding a poll; and
- (3) have the right to vote by hands or on a poll, unless otherwise required by the applicable securities listing rules or other securities laws and regulations. Where more than one proxy is appointed, the proxies may only exercise the voting right on a poll.

Where such Shareholder is a recognized clearing house (or its nominee), such Shareholder is entitled to appoint one or more persons as it deems fit to act on its behalf at any general meetings or any other Class Meetings; where not less than one person is authorized, the letter of authorization shall specify the number and class of Shares involving each person so authorized. Such persons so authorized shall be entitled to exercise their rights on behalf of the recognized clearing house (or its nominee) as if they were individual Shareholders of the Company.

Article 73

The instrument appointing a proxy shall be in writing under the hand of the appointing Shareholder or his attorney duly authorized in writing; where the appointing Shareholder is a legal person, such instrument shall be under its seal or under the hand of its Director or attorney duly authorized. The instrument appointing a proxy shall state the number of Shares in respect of which the proxy is given. If more than one (1) person are appointed as proxies, the instrument shall state the number of Shares in respect of which the proxy is given to each such person.

Article 60 of the Mandatory Provisions
Article 61 of the Guidelines on Articles of Association
Article 11(2) of Appendix 3 to the Main Board Listing Rules

Article 74

Proxy forms shall be lodged with the domicile of the Company or other places specified in the notice of meeting 24 hours before the relevant meeting for voting according to the proxy form, or 24 hours before the designated time of voting; where the proxy form is signed by a person under a power of attorney on behalf of the appointer, the power of attorney or other authorization documents authorized to be signed shall be notarized. A notarially certified copy of that power of attorney or other authorization documents, together with the proxy form, shall be deposited at the domicile of the Company or other places specified in the notice of meeting.

Article 61 of the Mandatory Provisions
Article 63 of the Guidelines on Articles of Association

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

The Company has the right to request a proxy who attends the general meeting on behalf of a Shareholder to present proof of identity.

Where a legal entity Shareholder appoints its representative to attend the meeting, the Company has the right to request such representative to present proof of identity and a copy of the resolution (which is certified by a notary public) or the letter of authorization of the Board of the legal entity Shareholder or other decision-making authorities under which he/she is appointed (except for the recognized clearing house or its nominees).

Article 75

Any form issued to a Shareholder by the Board for use by him for appointing a proxy shall allow the Shareholder to freely instruct the proxy to cast vote in favour of or against each resolution dealing with the businesses to be transacted at the meeting. Such letter of authorization shall contain a statement that in the absence of instructions by the Shareholder, his proxy may vote as he thinks fit.

Article 62 of the Mandatory Provisions
Article 11(1) of Appendix 3 to the Main Board Listing Rules

Article 76

Where the appointer has deceased, incapacitated to act, withdrawn the appointment or the power of attorney, or where the relevant Shares have been transferred prior to the voting, a vote given in accordance with the letter of authorization shall remain valid provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting.

Article 63 of the Mandatory Provisions

Article 77

All Directors, supervisors and the Secretary to the Board shall be present at the general meeting while other senior management members shall be in attendance at the meeting unless there is reasonable ground for absence.

Article 66 of the Guidelines on Articles of Association

Article 78

The Chairman of the Board of the meeting shall, prior to voting, announce the number of Shareholders and proxies attending the meeting in person as well as the total number of their voting Shares, which shall be the number of Shareholders and proxies attending the meeting in person and the total number of their voting Shares as indicated in the meeting's registration record.

Article 71 of the Guidelines on Articles of Association

Article 79

Resolutions of general meetings are divided into ordinary resolutions and special resolutions.

Article 64 of the Mandatory Provisions
Article 75 of the Guidelines on Articles of Association

An ordinary resolution of a general meeting shall be passed with the approval of Shareholders (including proxies) present at the meeting who together hold or represent more than one half of the voting rights held or represented by all the Shareholders (including proxies) present at the meeting.

A special resolution of a general meeting shall be passed with the approval of Shareholders (including proxies) present at the meeting who together hold or represent more than two thirds of the voting rights held or represented by all the Shareholders (including proxies) present at the meeting.

Article 80

Shareholders (including proxies) shall exercise their voting rights at a general meeting according to the number of voting Shares they represent, with one vote for each share.

Article 65 of the Mandatory Provisions
Article 78 of the Guidelines on Articles of Association

Shares in the Company which are held by the Company do not carry any voting rights, and shall not be counted in the total number of voting Shares represented by Shareholders present at a general meeting.

When connected transactions are being considered at a general meeting, the connected Shareholders shall abstain from voting (as required by the listing rules of the stock exchange on which the Company's Shares are listed, if applicable), and the number of voting Shares held by them shall not be counted in the total number of valid votes.

Article 14 of Appendix 3 to the Main Board Listing Rules

Pursuant to applicable laws and regulations as well as the listing rules of the stock exchange on which the Company's Shares are listed, where any Shareholder is required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted.

Article 81

Unless otherwise provided by applicable securities listing rules or other securities laws and regulations, voting at a general meeting shall be decided on a show of hands unless a poll is (before or after any vote by show of hands) demanded by the following persons:

Article 66 of the Mandatory Provisions

- (1) the Chairman of the Board of the meeting;
- (2) at least two Shareholders entitled to vote in person or proxies with voting rights; or
- (3) one or more Shareholders (including proxy) separately or jointly representing 10% or more of all Shares carrying right to vote at the meeting.

Unless otherwise provided by applicable securities listing rules or other securities laws and regulations or a poll is demanded according to the preceding paragraph, a declaration by the Chairman of the Board that a resolution has been passed on a show of hands and the recording of such in the minutes of meeting shall be conclusive evidence of the fact that such resolution has been passed. There is no need to provide evidence of the number or proportion of votes in favour of or against such resolution.

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

- Article 82** A poll demanded on such matters as the election of Chairman of the Board or the adjournment of the meeting, shall be taken forthwith. A poll demanded on any other matters shall be taken at such time as the Chairman of the Board may decide, and the meeting may proceed to discuss other matters, while the results of the poll shall still be deemed to be a resolution of that meeting. Article 67 of the Mandatory Provisions
- Article 83** 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. Article 68 of the Mandatory Provisions
- Article 84** In the election of Directors by the general meeting, if there are more than two candidates, each share held by Shareholders (including its proxies) shall have the same voting rights as the candidates, and they can either concentrate all the votes to elect one person or separate the votes to elect a number of persons, but shall make explanations on such distribution of the voting rights. Article 106 of the Company Law
- Article 85** In case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the Board of the meeting shall have a casting vote. Article 69 of the Mandatory Provisions
- Article 86** The following matters shall be resolved by ordinary resolutions at general meetings: Article 70 of the Mandatory Provisions
Article 76 of the Mandatory Provisions
- (1) work reports of the Board and the supervisory board;
 - (2) plans formulated by the Board for distribution of profits and for making up losses;

- (3) the election and removal of members of the Board and the Shareholder representative supervisors and their remuneration and payment methods;
- (4) the Company's annual financial budgets and final accounts, balance sheets, income statements and other financial statements; and
- (5) matters other than these required by the laws, administrative regulations, the listing rules of the stock exchange on which the Company's Shares are listed or by the Articles of Association to be adopted by special resolutions.

Article 87

The following matters shall be resolved by special resolutions at general meetings:

Article 71 of the Mandatory Provisions

- (1) increase or reduction of the share capital, repurchase of the Company's Shares and issue of Shares of any class, stock warrants or other similar securities;
- (2) issuance of corporate bonds;
- (3) the division, merger, dissolution, liquidation or change of corporate forms of the Company;
- (4) amendments to the Articles of Association; and
- (5) any other matters considered and approved at a general meeting, by way of an ordinary resolution, to have a substantial impact on the Company and subject to approval by a special resolution.

Article 88

When requesting the convening of an extraordinary general meeting or a Class Meeting, Shareholders or the supervisory board shall comply with the following procedures:

Article 72 of the Mandatory Provisions

- (1) Two (2) or more Shareholders individually or jointly holding 10% or more of the Shares carrying the right to vote at the forthcoming meeting, or the supervisory board shall sign one (1) or more written requests of the same form stating the object of the meeting and demanding that the Board convene an extraordinary general meeting or a Class Meeting thereof. The Board shall, following the receipt of such written requests, convene the extraordinary general meeting or a Class Meeting as soon as practicable. The abovementioned number of Shares held shall be calculated as at the date when the written request was put forward by the Shareholders.
- (2) In the event that the Board fails to issue a notice to convene a meeting within thirty (30) days from the date of receipt of such request, Shareholder(s) individually or jointly holding 10% or more of the Shares carrying the right to vote at the forthcoming meeting shall be entitled to propose to the supervisory board in writing for the purpose of convening an extraordinary general meeting or a Class Meeting. The supervisory board may convene such meeting on its own within four (4) months upon receipt of such request by the Board; if the supervisory board does not convene and chair such meeting, Shareholder(s) individually or jointly holding 10% or more of the Company's Shares carrying the right to vote for more than consecutive ninety (90) days may convene such meeting on their own and in which case, the procedures for convening such meeting should follow those provided for convening a general meeting by the Board as closely as practicable.

Article 102 of the Company Law

In the event that Shareholders or the supervisory board convene, a meeting due to the failure by the Board to duly convene the same upon the above requests, all reasonable expenses so incurred shall be borne by the Company, by deducting from such sums owed by the Company to the Director who is in breach of his duty.

Save for the trade secrets of the Company, the Board and the supervisory board shall reply to or explain on enquiries and advice from the Shareholders at general meetings.

Article 70 of the Guidelines on Articles of Association

Article 89	A general meeting shall be convened and presided over by the Chairman of the Board; where the Chairman of the Board fails to attend the meeting, Vice Chairman of the Board shall convene and preside over the meeting; where both of Chairman of the Board and Vice Chairman of the Board fail to attend the meeting, one Director of the Company designated by the Board shall convene and preside over the meeting; where the Board fails to designate the Director to preside over the meeting, one person shall be elected by the Shareholders present to preside over the meeting; where the Shareholders fail to elect such person, the Shareholder (including the proxy) who holds the Shares carrying the most voting rights shall preside over the meeting.	Article 73 of the Mandatory Provisions
Article 90	The Chairman of the Board of the meeting shall determine whether or not a resolution of the general meeting shall be adopted. His decision shall be final and conclusive and shall be announced at the meeting and recorded in the minutes.	Article 74 of the Mandatory Provisions
Article 91	In the event that the Chairman of the Board of the meeting has any doubt as to the result of a resolution put forward for voting, he may have the votes counted. In the event that the Chairman of the Board of the meeting fails to have the votes counted, any Shareholder present in person or by proxy objects to the result announced by the Chairman of the Board of the meeting may demand that the votes be counted immediately after the declaration of the voting result, the Chairman of the Board of the meeting shall have the votes counted immediately.	Article 75 of the Mandatory Provisions Article 90 of the Guidelines on Articles of Association
Article 92	In the event that the votes are counted at the general meeting, the counting results shall be recorded in the minutes of the meeting. The minutes of the meeting together with the attendance book for Shareholders' signing and the proxy forms for proxies attending the meeting shall be kept at the domicile of the Company. The abovementioned minutes of the meeting, the attendance book and the proxy forms for proxies shall not be destroyed within ten (10) years.	Article 76 of the Mandatory Provisions Article 73 of the Guidelines on Articles of Association
Article 93	Copies of the minutes of the meeting shall be available for inspection during business hours of the Company by any Shareholder without charge. If a Shareholder demands from the Company a copy of such minutes, the Company shall send a copy to him within 7 days after receipt of reasonable charges.	Article 77 of the Mandatory Provisions Article 33 of the Guidelines on Articles of Association

CHAPTER 9 SPECIAL PROCEDURES FOR VOTING BY CLASS SHAREHOLDERS

Article 94 Shareholders holding different classes of Shares shall be class Shareholders.

Article 78 of the Mandatory Provisions

Class Shareholders shall be entitled to the rights and assume obligations pursuant to the provisions of laws, administrative regulations and the Articles of Association.

Where the capital of the Company includes Shares which do not carry voting rights, the words “non-voting rights” shall appear in the designation of such Shares.

Article 10(1) and Article 10(2) of Appendix 3 to the Main Board Listing Rules

Where the capital of the Company includes Shares with different voting rights, the designation of each class of Shares, other than those with the most favourable voting rights, shall include the words “restricted voting” or “limited voting”.

Article 95 Any variation or abrogation of the rights of any class of Shareholders proposed by the Company may only come into effect upon the adoption of a special resolution at a general meeting and approval by the affected Shareholders of that class at a separate meeting held in accordance with Articles 97 to 101.

Article 79 of the Mandatory Provisions

Transfer of all or part of the shares held by holders of domestic shares to overseas investors or conversion of domestic shares to foreign shares listed overseas, and arrange to deal with on overseas securities stock exchange, shall not be deemed to be a proposed variation or abrogation of the rights conferred on any class of shareholders.

Article 96 The following circumstances shall be deemed to be a variation or abrogation of the rights of Shareholders of a certain class:

Article 80 of the Mandatory Provisions

- (1) to increase or decrease the number of shares of a particular class, or increase or decrease the number of shares of another class having rights on voting, distribution or other privileges equal or superior to those of the shares of such class;

- (2) to effect an exchange of all or part of shares of such class into shares of other classes, or to effect an exchange or grant a right of exchange of all or part of the shares of other classes into shares of such class;
- (3) to remove or reduce rights to accrued dividends or cumulative dividends attached to shares of such class;
- (4) to reduce or remove the rights to a dividend preference or a liquidation preference to distribution of property attached to shares of such class;
- (5) to add, remove or reduce the rights to conversion, options, voting, transfer, pre-emptive rights to placement and acquire securities of the Company attached to shares of such class;
- (6) to remove or reduce rights to receive payment payable by the Company in particular currencies attached to shares of such class;
- (7) to create a new class of shares having rights on voting, distribution or other 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 increase such restrictions;
- (9) to issue subscription rights or share conversion rights for shares of such class or other classes;
- (10) to increase the rights and privileges of shares of other classes;
- (11) to restructure the Company where the proposed restructuring scheme will result in different classes of Shareholders bearing a disproportionate burden of obligations of such restructuring; and
- (12) to vary or abrogate the terms provided in this chapter.

Article 97 Shareholders of the affected class, whether or not having the right to vote at the general meeting, shall nevertheless have the right to vote at class Shareholders' meetings on matters referred to in clause (2) to (8) and (11) to (12) of Article 96 of the Articles of Association, but interested Shareholders shall not be entitled to vote at class Shareholders' meetings.

The interested Shareholders mentioned in the preceding paragraph shall have the following meanings:

- (1) in the case of a repurchase of its own shares by the Company by making offers to all Shareholders on a same pro rata basis or through public dealing on a stock exchange in accordance with Article 32 of the Articles of Association, "interested Shareholder" shall refer to the controlling Shareholders as defined in Article 60 of the Articles of Association;
- (2) in the case of a repurchase of its own shares by the Company through an off-market agreement in accordance with the provisions of Article 32 of the Articles of Association, "interested Shareholders" shall refer to the Shareholders to which the proposed agreement relates;
- (3) in the case of a restructuring of the Company, "interested Shareholder" shall refer to a Shareholder within a class who bears liabilities less than the proportion burden imposed on other Shareholders of that class or who has interests different from those held by Shareholders of the same class.

Article 98 A resolution of the class Shareholders' meeting shall be passed in accordance with Article 97 of the Articles of Association by Shareholders present in the meeting representing not less than two-thirds of voting rights.

Article 99 Period for written notice of a class Shareholders' meeting convened by the Company shall be the same as the period for written notice of the non-class Shareholders' meeting to be convened together with such class meeting. Written notice shall specify all Shareholders of such class whose names appear on the register of members of the matters to be considered and the date and place of the meeting.

Article 100

Notices of the class Shareholders' meeting only need to be served on Shareholders entitled to vote thereat.

Article 84 of the Mandatory Provisions

The procedures for holding the class Shareholders' meeting shall be similar to those for holding the general meeting as far as possible, and the provisions in the Articles of Association relating to the procedures for a general meeting shall apply to the class Shareholders' meeting.

Article 101

Save for Shareholders of shares of other classes, the holders of Domestic shares and holders of Overseas listed Foreign shares are deemed to be different classes of Shareholders.

Article 85 of the Mandatory Provisions

The special procedures for voting by class Shareholders shall not apply in the following circumstances:

Section 1(f) of Appendix 13D to the Main Board Listing Rules

- (1) where the Company issues, upon approval by a special resolution at a general meeting, Domestic shares and Overseas listed Foreign shares once every twelve (12) months, either separately or concurrently, and the respective numbers of Domestic shares and Overseas listed Foreign shares proposed to be issued do not exceed 20% of the respective numbers of the 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 incorporation is carried out within 15 months from the date of approval by the securities regulatory authorities of the State Council; or
- (3) transfer of shares held by holders of Domestic shares to overseas investors or domestic Shares to be converted into foreign shares listed overseas under the approval by the securities regulatory authority of the State Council, and are dealt with on overseas stock exchanges.

CHAPTER 10 BOARD

Section 1 Directors

- Article 102** The Company shall establish a Board. The Board consists of 9 Directors. The Board shall comprise one (1) Chairman, two (2) Vice Chairmen and three (3) independent non-executive Directors. Article 86 of the Mandatory Provisions
- Article 103** Directors shall be elected at the general meeting. The term of office of the Directors shall be three (3) years. Upon expiration of the current term of office, a Director shall be eligible to offer himself for re-election and reappointment. Article 87 of the Mandatory Provisions
Article 111 of the Guidelines on Articles of Association
- The Chairman of the Board and Vice Chairman of the Board shall be elected and removed by more than one-half of all Directors. The term of office of the Chairman shall be three (3) years, renewable upon re-election. The term of office of Vice Chairman of the Board shall be three (3) years, renewable upon re-election.
- The Directors shall not be required to hold shares of the Company.
- Article 104** The intention to nominate a candidate as a Director and the written notice of such candidate regarding his willingness to accept the nomination shall be given to the Company on or after the date of notice of the relevant general meeting but not later than seven (7) days prior to the date appointed for such general meeting. The period for such nomination and acceptance of nomination shall not be less than seven (7) days. Section four of the Letter of Opinions on Supplementary Amendment
Article 4(4) and Article 4(5) of Appendix 3 to the Main Board Listing Rules
- Article 105** Directors may resign before expiry of their terms of office. The Directors who resign shall submit to the Board a written report in relation to their resignation. Article 100 of the Guidelines on Articles of Association
- If the number of Directors fall below the statutory limit when a Director resigns, the notice of resignation of the resigning Director will only become effective until a new Director is appointed to fill the vacancy. The remaining members of the Board should convene an extraordinary general meeting to elect a new Director to fill the vacancy as soon as possible.

Save for the circumstances referred to in the preceding paragraph, the resignation of a Director becomes effective upon submission of his/her resignation report to the Board.

Article 106

Upon submission of his resignation or expiration of his term of office, his obligation of confidentiality in respect of the Company's trade secrets survives upon the expiration of his term of office until the same falls into public domain.

Article 101 of the Guidelines on Articles of Association

Article 107

No Directors shall act, in their personal capacity, on behalf of the Company or the Board beyond provisions of the Articles of Association or without appropriate authorization by the Board. The Director(s) shall, when acting in his/her personal capacity, state his/her standings and identities in advance if a third party has reasons to believe that the said Director is acting on behalf of the Company or the Board.

Article 102 of the Guidelines on Articles of Association

Article 108

Any Director who violates any laws, regulations or the Articles of Association during the course of performing his duties and causes losses to the Company shall be liable for compensation to any loss caused to the Company.

Article 103 of the Guidelines on Articles of Association

Article 109

Any Director who has withdrawn from his office without authorization prior to the expiration of his term of office, and whereby a loss is incurred to the Company, shall be liable for compensation of such loss.

The general meeting may, dismiss by way of an ordinary resolution any Director whose term of office has not yet expired, subject to provisions of the relevant laws and administrative regulations and without prejudice to any potential claim which may be made under any contract.

Section four of the Letter of Opinions on Supplementary Amendment

Article 4(3) of Appendix 3 to the Main Board Listing Rules

Any Director who has been absent from two consecutive Board meetings and failed to designate other Directors as proxies shall be regarded as having failed to fulfill his/her/ its duty. The Board may propose to the general meeting to dismiss and replace such Director.

Article 99 of the Guidelines on Articles of Association

Section 2 Independent Directors

Article 110 The Company shall establish an independent director system. Independent Directors are Directors who do not hold any positions in the Company other than as Director and do not maintain with the Company and its substantial Shareholders a connection which may possibly hamper their independent and objective judgments.

An independent Director shall serve a term of office of three years and is eligible for reelection but shall not serve for more than nine years, except required by relevant laws, regulations and the listing rules of the stock exchange with which the Company is listed.

Code provision A.4.3 of
Appendix 14 to the Main
Board Listing Rules

Article 111 An independent Director shall meet the following basic conditions:

- (1) qualified as independent Director of a listed company pursuant to relevant laws, administrative regulations, the listing rules of the stock exchange on which the Company is listed, and other regulations;
- (2) independent as specified in the listing rules of the stock exchange with which the Company is listed;
- (3) having the basic knowledge about operations of listed companies, and proficient in relevant laws, administrative regulations and rules;
- (4) having more than five years' experience in legal and economic work or other work required for fulfilling duties as independent Director;
- (5) other conditions specified in the Articles of Association.

Article 112 In addition to those powers vested to independent Directors by the Company Law, other relevant laws and regulations and the listing rules of the stock exchanges on which the Company's shares are listed, independent Directors shall have the following special functions and powers:

- (1) proposing to the Board with respect to the engagement or dismissal of accounting firms;

- (2) proposing to the Board with respect to the holding of extraordinary general meetings;
- (3) proposing the holding of Board meetings;
- (4) with the consensus of all independent Directors, the independent Directors can appoint external audit firms and consultancies to carry out audits and provide consultancy on specific issues, the Company shall bear all related expenses.

Saved as aforementioned sub-clause (4), independent Directors shall obtain the unanimous consents of not less than one half of all independent Directors before exercising other powers referred to above. If any of the aforesaid proposals are not adopted or any of the aforesaid powers could not be exercised properly, the Company shall disclose the details thereof.

Article 113 The office of an independent Director cannot be terminated without any reason before expiration. In case of termination of a Director's office prior to expiration, it shall be disclosed as a special issue by the Company.

If any independent Director fails to attend Board meetings in person for three (3) consecutive times, the Board shall propose to the general meeting to replace the said Director.

Article 114 In relation to provisions of the system of independent Director which are not provided in this section, are handled with relevant laws and regulations and the listing rules of the stock exchanges on which the Company's shares are listed.

Section 3 The Board

Article 115 The Board shall report to the general meeting and exercise the following powers:

- (1) to be responsible for the convening of general meetings and report its work to the general meeting;
- (2) to implement the resolutions of general meetings;
- (3) to decide on the Company's business plans and investment plans, specific annual business goals as well as financing plans other than the issue of debentures or other securities and listing by the Company;

Article 88 of the Mandatory Provisions
Article 105 of the Guidelines on Articles of Association
Article 107 of the Guidelines on Articles of Association

- (4) to formulate the Company's plans on annual financial budgets and final accounts;
- (5) to formulate the Company's profit distribution plans and plans on making up losses;
- (6) to formulate the proposal for increase or decrease of the registered capital of the Company and issue and listing of bonds or other securities of the Company and listing thereof;
- (7) to formulate plans for substantial acquisition, repurchase of shares of the Company or merger, division, dissolution and alteration of corporate form of the Company;
- (8) to decide on the establishment of an internal management organization of the Company; decide the establishment or revocation of the subsidiaries or branches of the Company;
- (9) to elect Chairman of the Board and Vice Chairman of the Board of the Company, nominate, appoint or dismiss general manager of the Company;
- (10) according to the nomination of the Chairman, appoint or dismiss the Board secretary, appoint or dismiss the Director of each special committee of the Board;
- (11) upon the nomination of the general manager, appoint or dismiss Board secretary of the Company, appoint or dismiss deputy manager and the chief accountant of the Company, and decide their remunerations, incentives and punishments;
- (12) to formulate the basic management system of the Company;
- (13) to formulate proposals for amendment to the Articles of Association;
- (14) to formulate stock option incentive plan of the Company;
- (15) to manage information disclosure of the Company;

- (16) to decide the establishment of the special committee;
- (17) to decide upon the risk management system of the Company, including risk assessment, financial control, internal audit, legal risk control, and supervise its enforcement;
- (18) to propose to the general meeting to appoint or change accounting firm in charge of the audition of the Company;
- (19) to listen to the report of work by the general manager or senior management members appointed by him on a regular or irregular basis, and to approve the report of work by the general manager;
- (20) issue of guarantee made by the Company which is not necessary for the examination of the general meeting, as provided in the Articles of Association.
- (21) to decide upon projects for which the investment amount for each project will not exceed RMB1 billion and is not within the budget;
- (22) to authorize the managing staff of the Company to decide expense out of budget which will not exceed RMB50 million accumulatively in twelve (12) months;
- (23) other authorities provided by laws and regulations, and listing rules of the stock exchange where the stock of the Company is listed, and by general meeting of the Shareholder and the Articles of Association.

Except for the Board resolutions in respect of the matters specified in sub-clauses (6), (7) and (13) of the preceding sub-section which shall be passed by not less than two-thirds of the Directors, the Board resolutions in respect of all other matters may be passed by more than one half of the Directors. The Board shall perform its duties in accordance with laws, administrative regulations, the Articles of Association and Shareholder's resolution.

The Board shall explain to the general meeting when a registered accountancy firm issues an audit report with reservations regarding the Company's financial report.

Article 116 Prior to making decisions on material issues of the Company, including directions of reform and development, key objectives, and priority operational arrangements of the Company, the Board shall seek advice from the Party Committee of the Company.

Article 117 The Board may establish certain special committees such as the audit committee, remuneration and assessment committee, nomination committee and strategic committee to assist the Board to execute its duties under the leadership of the Board, or to provide advice or consultation for the decision of the Board. Its composition and rules of procedure are to be determined by the Board in separate.

Article 118 Unless otherwise required by the laws and regulations or rules of listing of the stock exchanges on which the Company's shares are listed, the provision of guarantees by the Company for other corporate investments or third parties shall be resolved by the Board. However, the provision of guarantees to any Shareholder of the Company or its beneficial controllers shall be resolved and approved at general meetings.

Any Shareholder referred to in the preceding clause or any Shareholder controlled by the actual controller referred to in the preceding clause 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 has established a strict internal control system over external guarantee. All members of the Board shall cautiously handle and strictly control the risk of debt created by external guarantee.

The external guarantee of the Company shall be arranged under risk avoidance measures such as a counter guarantee given by the guaranteed party, and the party giving the counter guarantee shall have actual ability to perform its obligation under the counter guarantee.

Where the provision of external guarantees violates relevant laws, regulations, rules and Articles of Association of the Company and result to losses, the responsible Directors should bear joint responsibility.

Article 119 In cases where the expected value of fixed assets proposed for disposal by the Board, when aggregated with value of fixed assets disposed within four month before the proposed disposal, exceeds 33% of the fixed assets value set out in the latest balance sheet considered by the general meetings, the Board shall not dispose or consent to dispose such fixed assets without prior approval by the general meeting.

The term “fixed assets disposal” referred to in this Article represents (among other things) transferring certain interests in assets, but not including provision of guarantees by way of fixed assets.

The validity of transactions regarding fixed assets disposal by the Company shall not be affected due to a breach of the first paragraph of this Article.

Article 120 The Chairman of the Board is entitled to the following powers:

- (1) to preside over general meetings and to convene and preside over Board meetings;
- (2) to procure and check on the implementation of resolutions of the Board and listen to relevant report of work;
- (3) to procure and to arrange for and formulate various rules and systems for the operation of the Board, and to coordinate the work of the Board;
- (4) to sign the securities certificates issued by the Company;
- (5) to sign important documents of the Board;
- (6) to sign important legally binding documents on behalf of the Company;
- (7) to exercise special rights of disposal over the Company’s affairs that are in line with the requirements under the laws and the interests of the Company in the event of emergency caused by natural disasters or other force majeure and significant crises and under the critical situation where a Board meeting cannot be held timely, and to report at Board meetings and general meetings afterwards;

- (8) to exercise other powers conferred by the laws and regulation, the Articles of Association and the Board.

Should the Chairman of the Board is unable to exercise his functions or powers, the Vice Chairman of the Board shall exercise such functions or powers

Article 121

The Vice Chairman of the Board of the Company shall assist the Chairman of the Board with his work. In the event of inability of the Chairman to perform his duties; where the Chairman fails to designate a Vice Chairman of the Board for such purpose, the Vice Chairman of the Board shall perform the duties of Chairman. If there are two or more Vice Chairmen of the Board, a Vice Chairman of the Board jointly elected by not less than half of the member of the Board shall perform the duties of Chairman.

Article 113 of the Guidelines on Articles of Association

Article 122

At least four meetings of the Board shall be convened every year by the Chairman of the Board, notice of the meeting shall be served on all of the Directors ten (10) days before the date of the meeting.

Article 91 of the Mandatory Provisions
Article 114,115 of the Guidelines on Articles of Association

In the event of any of the following circumstances, the Board shall convene extraordinary meetings:

- (1) when proposed by three (3) or more (including three (3)) Directors;
- (2) when proposed by the Supervisory Board;
- (3) when proposed by not less than one half of the independent Directors;
- (4) whenever the Chairman deems necessary;
- (5) when proposed by the Shareholders representing not less than 10% of the voting rights;
- (6) when proposed by the general manager.

Article 123

Notices of the Board and extraordinary Board meetings should be served by phone, facsimile or email. Time limit for notice: fourteen (14) days prior to the date of the meeting. The notice requirement is not applicable to extraordinary Board meetings.

The time and place of a meeting of the Board may be prescribed in advance, and recorded in the minutes, which are distributed to all Directors at least 14 days prior to the convening of the next Board meeting. No further notice shall be required to be served to the Directors in respect of the convening of the meeting.

Directors who have attended the meeting will be deemed to have been issued a notice of Board meeting if he had not raised any issues of not having received such notice before or during the Board meeting.

A meeting or extraordinary Board meeting may be convened by means of telephone conference or other similar communications equipment through which Directors participating in the meeting can communicate with each other simultaneously and instantaneously and such participation shall constitute presence at a meeting as if those participating were present in person.

Article 124

In addition to the circumstance stipulated in Article 126 herein that the Board to consider connected transaction, the Board meeting may be not be held unless not less than half of the Directors are present.

Each Director shall have one vote. Unless otherwise stipulated in Article 126 herein for connected transactions, resolutions of the Board must be passed by more than half of the Directors.

When the number of votes cast for and against a resolution equals, the Chairman of the Board shall have an additional casting vote.

Resolution signed by each and every Director and where the number of affirmative votes meet the requirements of laws and regulations and the Articles of Association shall be equally effective as the resolution passed at a Board meeting convened according to laws. Such written resolutions may consist of several counterparts each signed by one or more Directors. A resolution signed by a Director and transmitted to the Company by post, facsimile or personal delivery and a resolution bearing the name of a Director and transmitted to the Company by telegram or telex shall be deemed to be a document signed by him for the purposed of this Article.

Article 125

Directors shall attend a meeting of the Board in person. If they are not able to attend the meeting due to certain reasons, they may authorise other Directors in writing to attend the meeting on their behalf. A letter of authorization shall indicate the scope of authorization.

Article 94 of the Mandatory Provisions
Article 121 of the Guidelines on Articles of Association

The appointed Director attending the meeting shall exercise the rights of a Director within the scope of authorization. If a Director does not attend a meeting of the Board in person, and does not authorize any representatives to attend the meeting, he/she shall be deemed to have waived the voting right in the meeting.

Article 126

In the event that a Director is connected to companies (it means that the Director acts as a Director or senior management of the counterparty, or can exercise direct or indirect control over a legal person entity of the counterparty, or acts as a Director or senior management in a legal person entity under direct or indirect control of the counterparty) associated with matters to be resolved at the Board meeting, such Director shall not exercise his/her voting rights on such resolution, nor shall he/she votes on behalf of other Directors. The Board meeting may be convened with a majority of the independent Directors. Resolutions shall be approved by a majority of independent Directors at the Board meeting. When there are less than three (3) independent Directors present at the Board meeting, such matter shall be submitted to the general meeting for consideration.

Article 119 of the Guidelines on Articles of Association

Article 127 The Board shall keep minutes of resolutions on matters discussed at meetings. The minutes shall be signed by the Directors, secretary to the Board present at the meeting (person who recorded the minutes). Custody period of minutes shall be ten (10) years. The Directors shall be liable for the resolutions of the Board. If a resolution of the Board violates the laws, administrative regulations or the Articles of Association and results in the Company sustaining serious losses, the Directors participating in the resolution shall be liable to compensate the Company. However, if it can be proved that a Director expressly objected to the resolution when the resolution was voted on, and that such objection is recorded in the minutes of the meeting, such Director may be released from such liability.

The minutes of the Board shall consist of the following:

- (1) the date and venue for the convention of meeting and name of person summoning the meeting;
- (2) the name of the Director present and name of Director (attorney) being appointed to attend on the other's behalf;
- (3) the agenda;
- (4) the main point of Director's speech;
- (5) the voting result of each agenda and the result (the result shall state the number of votes for and against).

Article 128 For matters which would need to be passed at an extraordinary meeting, if the content of the proposed resolution to be passed has been sent to all the Directors in writing (including by fax and email) and each Director is ensured to be able to fully express his opinions, voting could be made by means of telecommunications without convening a Board meeting. A resolution is effective only when the number of Directors who signed such resolution meets the required number provided under Article 115 to the Articles of Association.

Article 129 In principle, the Board meeting shall be held at the statutory address of the Company, however, with resolutions adopted by the Board, it could be held elsewhere inside or outside of China.

Article 130 Costs reasonably incurred by Directors in attending the meeting of the Board are borne by the Company. These cost of transportation between the place of the Directors and the venue of the meeting (in the event that the location of venue is not where the Directors are located), accommodation expenses during the period of meeting, rental of the premises for holding the meeting and local transportation costs, etc.

CHAPTER 11 THE PARTY COMMITTEE

Article 131 The Company shall establish a Party Committee. In accordance with the requirements of the Constitution of the Communist Party of China, the Company shall set up Party working organs, and maintain sufficient staff to deal with Party affairs and guarantee sufficient funds to operate the Party organizations. The Party Committee shall perform its duties pursuant to the Constitution of the Communist Party of China and other rules of the Party.

CHAPTER 12 SECRETARY TO THE BOARD OF THE COMPANY

Article 132 The Company shall have one (1) Board secretary. The secretary shall be a senior management member of the Company accountable to the Board.

Article 96 of the Mandatory Provisions

Article 133 Secretary to the Board of the Company shall be a natural person with the requisite professional knowledge and experience, and shall be appointed by the Board. His/her primary responsibilities are:

Article 97 of the Mandatory Provisions
Guidelines on the Work of Secretary to Board of Directors of Overseas Listed Companies

- (1) to be responsible for communication and coordination between the Company and the related parties, stock exchange and the securities regulatory authority, to ensure that the Company legally prepares and submits reports and documents as required by the regulatory authorities;
- (2) to be responsible for information disclosure of the Company, to procure the Company to formulate and implement the information disclosure system and material information internal reporting system, to procure the Company and the related parties to fulfill the information disclosure obligation in accordance with laws and to submit regular reports and temporary reports to the stock exchange;

- (3) to coordinate the relationship between the Company and its investors, to handle visits of the investors, to answer questions raised by the investors, and to provide the investors with information disclosed by the Company;
- (4) to preparations for General meetings and Board meetings following the specific procedure and to prepare and submit relevant documents of the meetings;
- (5) to attend Board meetings and prepare and sign the minutes of the meetings;
- (6) to be responsible for confidentiality issues relating to information disclosure of the Company, formulate confidentiality measures, procure the Directors, supervisors and other senior management members and related informed persons to keep confidential all information before disclosure thereof, make prompt responsive remedies in the event of divulgence of inside information and report to the stock exchange;
- (7) to be responsible for keeping Shareholders' register, Directors' register, data about shareholdings of major Shareholders, Directors, supervisors and other senior management members, and documents and minutes of the general meeting and Board meetings, to ensure the Company has complete organizational documents and records, and to ensure the persons with right of access to relevant records and documents of the Company can have the said records and documents in time;
- (8) to help Directors, supervisors and other senior management members learn about information disclosure related laws, regulations, rules, listing rules and other rules of the stock exchange, and the Articles of Association, and the provisions in the listing agreements concerning their legal liabilities;

- (9) to procure the Board to exercise functions and powers in accordance with law; to remind the attending Directors where the resolutions to be made by the Board do not comply with the relevant laws, regulations, rules, listing rules of the stock exchange, and the Articles of Association, and request the supervisors present at meeting to express their opinions; to record the opinions of relevant supervisors and persons in the minutes if the Board insists on making the aforesaid resolutions, and report to the stock exchange;
- (10) to fulfill other duties specified in the applicable laws, regulations, rules, listing rules of the stock exchange, and the Articles of Association.

Article 134

Directors or senior management members other than general manager of the Company and chief accountant may also act as the Secretary to the Board. The accountant(s) of the certified public accountants' firm appointed by the Company shall not act as the Secretary to the Board.

Article 98 of the Mandatory Provisions

Provided that where the office of the Secretary to the Board is held concurrently by a Director, and an act is required to be made by a Director and the Secretary to the Board separately, the person who concurrently holds the offices of Director and Secretary to the Board shall not perform the act in dual capacity.

CHAPTER 13 GENERAL MANAGER OF THE COMPANY

Article 135

The Company shall have one general manager, a few deputy general managers who shall assist the general manager in his work, and one chief accountant. The general manager, deputy general manager and chief accountant shall be appointed and dismissed by the Board.

Article 99 of the Mandatory Provisions
Article 124 of the Guidelines on Articles of Association

The term of office of the general manager and other senior management members shall be 3 years and they shall be eligible to offer themselves for reappointment.

Article 127 of the Guidelines on Articles of Association

Article 136 The general manager of the Company shall be accountable to the Board and exercise the following powers:

- (1) to lead the Company's production, operation and management, and report to the Board;
- (2) to organize resources to carry out the Board's resolutions;
- (3) to organize the implementation of the Company's annual business plan, invest plan and financing plan formulated by the Board;
- (4) to draft plans for the establishment of the Company's internal management structure;
- (5) to draft plans for the establishment of subsidiaries and other branches of the Company;
- (6) to draft the Company's basic management system;
- (7) to formulate detailed rules and regulations of the Company;
- (8) to propose the appointment or dismissal of the Company's deputy general manager(s) and chief accountant to the Board, and make recommendation on the remuneration;
- (9) to appoint or dismiss other management members other than those required to be appointed or dismissed by the Board, and decide on their assessment, remuneration and incentive and punishment;
- (10) to exercise other powers conferred by the Articles of Association or the Board.

Article 137 The general manager of the Company shall attend Board meetings.

Article 138 The general manager of the Company shall, as required by the Board and the supervisory board, report to the Board and the supervisory board on the signing and performance of material contracts and use of proceeds. The general manager shall guarantee the truthfulness of such report.

The general manager of the Company shall seek opinions from labour union and employee representatives' meeting of the Company in determining matters which are closely related to employees such as the wages, fringe benefits, safe production, labour insurance, dismissal (or discharge) of employees of the Company.

Article 139 The general manager of the Company shall formulate the detailed working rules of the general manager, which shall be submitted to the Board for approval before implementation.

Article 129 and 130 of the Guidelines on Articles of Association

Article 140 In performing his job duties, the general manager of the Company shall act honestly and diligently in accordance with the laws, administrative regulations and requirements under the Articles of Association.

Article 102 of the Mandatory Provisions

CHAPTER 14 SUPERVISORY BOARD

Article 141 The Company shall establish a supervisory board.

Article 103 of the Mandatory Provisions

Article 142 The supervisory board shall be composed of three supervisors. The term of office of a supervisor shall be three years, renewable upon re-election and re-appointment.

Article 104 of the Mandatory Provisions

Rule (d)(i) of Section 1 of Appendix 13D to the Main Board Listing Rules

The supervisory board shall have one chairman, the appointment and dismissal of the chairman of the supervisory board shall be passed by at least two-thirds (including two-thirds) of its members.

Section five of the Letter of Opinions on Supplementary Amendment

Article 143 Appointment and removal of non-employee representative supervisors shall be subject to election at the general meeting, while appointment and removal of employee representative supervisors shall be subject to democratic election by the staff, The number of employee representative supervisors of the Company shall not be less than one-third of the supervisors.

Article 105 of the Mandatory Provisions

Article 52 of the Company Law

Article 144 The Directors, general managers and other senior management members of the Company shall not assume the position of supervisors.

Article 106 of the Mandatory Provisions
Article 135 of the Guidelines on Articles of Association

Article 145

The supervisory board shall hold at least two meetings each year, with at least one meeting held every six months, which are convened and presided over by the chairman of the supervisory board. The supervisors may propose to convene extraordinary meetings of the supervisory board. Where the chairman of the supervisory board is incapable of performing or fails to perform his/her duties, a supervisor elected by not less than half of the supervisors shall convene and preside over the supervisory board meeting.

Article 107 of the Mandatory Provisions
Article 145 of the Guidelines on Articles of Association

Article 52 of the Company Law

Article 146

The supervisory board shall be accountable to the general meeting and exercise the following powers in accordance with the laws:

Article 108 of the Mandatory Provisions
Article 144 of the Guidelines on Articles of Association

- (1) to examine the Company's financial affairs;
- (2) to supervise Directors and other senior management members in performing their duties to the Company and to propose dismissal of Directors and senior management members who violate any laws, administrative regulations, the Articles of Association or resolutions of general meetings;
- (3) to demand rectification from a Director, the general manager and any other senior management members when the acts of such persons are harmful to the Company's interest;
- (4) to examine the financial information such as the financial report, business report and plans for profits distribution to be submitted by the Board to the general meetings and, should any queries arise, to engage, in the name of the Company, certified public accountants and practicing auditors to conduct a re-examination;
- (5) to propose the convening of an extraordinary general meeting and to convene and preside over the general meeting when the Board fails to perform such duties;
- (6) to put forward proposals to the general meeting;
- (7) to deal with or take legal actions against Directors and senior management members on behalf of the Company;
- (8) to propose the convening of an extraordinary Board meeting;

- (9) to elect the chairman of the supervisory board;
- (10) to exercise other powers specified in the Articles of Association.

Supervisors shall attend Board meetings.

Article 147

Given for proper reasons, supervisors are entitled to demand the chairman of the supervisory board for convening the extraordinary meeting of the supervisory board. A notice, which includes the date, venue, duration, agenda of meeting, together with the issue date of notice, shall be given 10 days prior to the convening of each meeting of the supervisory board by way of telephone or facsimile.

Article 109 of the Mandatory Provisions

Section six of the Letter of Opinions on Supplementary Amendment

Rule (d)(ii) of Section 1 of Appendix 13D to the Main Board Listing Rules

A meeting of the supervisory board shall not be conducted unless it is attended by more than two-thirds of the supervisors. Voting at the meeting supervisory board shall be carried out by poll and each supervisor shall have one vote. A supervisor shall attend meetings of the supervisory board in person, or appoint in writing another supervisor to attend the meeting on his/her behalf due to his/her absence. The letter of authorization shall specify the extent of authorization.

Both resolution at regular meetings and extraordinary meetings of the supervisory board are resolution of meeting of the supervisory board, which shall be approved by the votes of at least two-thirds (including two-thirds) of members of the supervisory board.

Article 148

Detailed minutes shall be recorded for the meeting of the supervisory board. Supervisors are entitled to request that an explanation of their comments made at the meetings be noted in the minutes. Attending supervisors and the recorder shall sign on the minutes of meeting. The minutes of meetings of the supervisory board shall be maintained as corporate archives by the Secretary to the Board for a period of 10 years.

Article 147 of the Guidelines on Articles of Association

Article 149

The supervisory board shall establish a recording system for its implementation of the resolutions. Each resolution of the supervisory board shall have designated supervisor to implement or supervise the implementation of such resolution. The designated supervisor shall record the status of the implementation and report the results thereof to the supervisory board.

Article 150 Supervisors and the supervisory board shall not be liable for resolutions of the Board. However, if the supervisory board considers that the Board resolution is in violation of the laws, regulations and the Articles of Associations or harming the interests of the Company, the supervisory board may resolve to propose a re-consideration to the Board.

Article 151 All reasonable expenses incurred in respect of the employment of professionals such as lawyers, certified public accountants or practicing auditors as are required by the supervisory board in discharging its duties shall be borne by the Company.

Article 110 of the Mandatory Provisions

Reasonable expenses incurred by supervisors in attending meeting of the supervisory board shall be borne by the Company. Such expenses shall include the travelling expenses from the place of domicile of the supervisors to the place of the meeting (if it is not at the place of domicile of the supervisors). Catering and accommodation expenses during the meeting, rental of the venue and local transportation expenses.

Article 57 of the Company Law

Article 152 A supervisor shall carry out his duties honestly and faithfully in accordance with the laws, administrative regulations and the Articles of Association.

Article 111 of the Mandatory Provisions

CHAPTER 15 QUALIFICATIONS AND DUTIES OF THE DIRECTORS, SUPERVISORS, GENERAL MANAGER AND OTHER SENIOR MANAGEMENT MEMBERS OF THE COMPANY

Article 153 A person may not serve as a Director, supervisor, general manager or any other senior management members of the Company if any of the following circumstances applies:

Article 112 of the Mandatory Provisions
Article 95 of the Guidelines on Articles of Association

- (1) a person without legal or with restricted legal 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 offence; or who has been deprived of his political rights, in each case where less than five (5) years have elapsed since the date of the completion of implementation of such punishment or deprivation;

- (3) a person who is a former director, factory manager or general manager of a company or enterprise which has entered into insolvent liquidation and he is personally liable for the insolvency of such company or enterprise, where less than three (3) years have elapsed since the date 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 (3) years has 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 or prosecution by a judicial organization for violation of the criminal law where said investigation or prosecution 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;
- (9) a person convicted of the contravention of provisions of relevant securities regulations by a relevant competent authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than five (5) years has elapsed since the date of the conviction;
- (10) other circumstances required by relevant laws and regulations of places where the Company's Shares are listed.

Persons who hold positions other than Directors in any entity of the controlling Shareholders or beneficial controller shall not be appointed as senior management members of the Company.

Article 154	The validity of an act of a Director, general manager or any other senior management member 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.	<small>Article 113 of the Mandatory Provisions</small>
Article 155	<p>In addition to obligations imposed by laws, administrative regulations or required by the stock exchanges on which the Company's Shares are listed, each of the Company's Directors, supervisors, general manager and other senior management members owes a duty to each Shareholder, in the exercise of the functions and powers of the Company entrusted to him:</p> <ol style="list-style-type: none"> (1) not to cause the Company to exceed the scope of the business stipulated in its business license; (2) to act honestly in the best interest of the Company; (3) not to expropriate in any guise the Company's property, including (without limitation) usurpation of opportunities advantageous to the Company; (4) not to expropriate the individual rights of Shareholders, including (without limitation) rights to distribution and voting rights, save pursuant to a restructuring of the Company submitted to Shareholders for approval in accordance with the Articles of Association. 	<small>Article 114 of the Mandatory Provisions</small>
Article 156	Each of the Company's Directors, supervisors, general manager and other senior management members 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.	<small>Article 115 of the Mandatory Provisions Article 98 of the Guidelines on Articles of Association</small>
Article 157	<p>Each of the Company's Directors, supervisors, general manager and other senior management members shall exercise his powers or carry on his duties in accordance with the principle of fiduciary and shall not put himself in a position where his duty and his interest may conflict. This principle includes (without limitation) discharging the following obligations:</p> <ol style="list-style-type: none"> (1) to act honestly in the best interests of the Company; 	<small>Article 116 of the Mandatory Provisions Article 97 of the Guidelines on Articles of Association</small>

- (2) to exercise powers within the scope of his powers and not to exceed those powers;
- (3) to exercise the discretion vested in him personally and not to allow himself to act under the control of another and, unless and to the extent permitted by laws, administrative regulations or with the informed consent of Shareholders given in a general meeting, not to delegate the exercise of his discretion;
- (4) to treat Shareholders of the same class equally and to treat Shareholders of different classes fairly;
- (5) except in accordance with the Articles 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 by any means;
- (7) not to exploit his position to accept bribes or other illegal income, misappropriate the Company's funds or expropriate the Company's property by any means, including (without limitation) opportunities advantageous to the Company;
- (8) without the informed consent of Shareholders given in general meeting, not to accept commissions in connection with the Company's transactions;
- (9) to abide by the Articles of Association, faithfully execute his official duties and protect the Company's interests, and not to exploit his position and power in the Company to advance his own private interests;
- (10) without the informed consent of Shareholders given in general meeting, not to compete with the Company in any form or not to exploit the connected relationship to harm the interest of the Company;

- (11) not to misappropriate the Company's funds or lend the Company's 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 the Shareholder(s) of the Company or other personal debts with the Company's assets; and
- (12) unless otherwise permitted by informed Shareholders in general meeting, to keep in confidence information relating to the Company acquired by him in the course of and during his tenure and not to use such information in purposes other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental authorities is permitted if:
 - (1) disclosure is made under compulsion of law;
 - (2) the interests of the public require disclosure;
 - (3) the interests of the relevant Director, supervisor, general manager or other senior management members require disclosure.

Article 158

Each Director, supervisor, general manager or other senior management member of the Company shall not cause the following persons or institutions ("relevant persons") to do what he is prohibited from doing:

- (1) the spouse or minor child of that Director, supervisor, general manager and other senior management members;
- (2) a person acting in the capacity of trustee of that Director, supervisor, general manager or other senior management members or any person referred to in paragraph (1) of this Article;
- (3) a person acting in the capacity of partner of that Director, supervisor, general manager or other senior management members or any person referred to in paragraphs (1) and (2) of this Article;

Article 117 of the Mandatory Provisions

- (4) a company in which that Director, supervisor, general manager or other senior management member, alone or jointly with one or more persons referred to in paragraphs (1), (2) and (3) above or other Directors, supervisors, general manager and other senior management members of the Company have a de facto controlling interest; and
- (5) the Directors, supervisors, general manager and other senior management members of the controlled company referred to in paragraph (4) of this Article.

Article 159

The fiduciary duties of the Directors, supervisors, general manager and other senior management members of the Company do not necessarily cease with the termination of their tenure. The duty of confidence 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 lapse between the termination of tenure and the occurrence of the event concerned and the circumstances under which the relationships between them and the Company are terminated.

Article 118 of the Mandatory Provisions

Article 160

Except for circumstances prescribed in Article 59 of the Articles of Association, a Director, supervisor, general manager and other senior management members of the Company may be relieved of liability for specific breaches of his duty by the informed consent of Shareholders given at a general meeting.

Article 119 of the Mandatory Provisions

Article 161

Where a Director, supervisor, general manager and other senior management members 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, (other than his contract of service with the Company), he shall declare the nature and extent of his interests to the Board at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal thereof is otherwise subject to the approval of the Board.

Article 120 of the Mandatory Provisions

A Director shall not be entitled to vote on (nor shall be counted in the quorum in relation to) any resolution of the board in respect of any contract, transaction or arrangement in which he or any of his close associates as defined in the applicable listing rules in effect from time to time has any material interest or any other relevant proposals.

Unless the interested Director, supervisor, general manager or other senior management member discloses his interests in accordance with the preceding paragraph of this Article and the contract, transaction or arrangement is approved by the Board at a meeting in which the interested Director, supervisor, general manager or other senior management member is not counted in the quorum and refrains from voting, a contract, transaction or arrangement in which that Director, supervisor, general manager or other senior management member is materially interested is voidable at the instance of the Company except as against a bona fide party thereto acting without notice of the breach of duty by the interested Director, general manager or other senior management member.

A Director, supervisor, general manager or other senior management member of the Company is deemed to be interested in a contract, transaction or arrangement in which relevant persons or close associates of him are interested.

Article 162

Where a Director, supervisor, general manager or other senior management member of the Company gives to 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 for the purposes of the preceding paragraph of this Article to be a sufficient declaration of his interests, 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.

Article 121 of the Mandatory
Provisions

Article 163

The Company shall not in any manner pay taxes for or on behalf of its Directors, supervisors, general manager or other senior management members.

Article 122 of the Mandatory
Provisions

Article 164 The Company shall not directly or indirectly make a loan to, or provide any guarantee in connection with, the making of a loan to a Director, supervisor, general manager or other senior management member of the Company or of the Company's parent company or any of their respective associates.

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

- (1) the provision by the Company of a loan or a guarantee for a loan to a company which is a subsidiary of the Company;
- (2) the provision by the Company of a loan or a guarantee in connection with the making of a loan or any other funds to any of its Directors, supervisors, general manager or other senior management members to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of a service contract approved by the Shareholders in general meeting; and
- (3) The Company may make a loan or provide a guarantee in connection with the making of a loan to any of the relevant Directors, supervisors, general manager or other senior management members or their respective associates in the ordinary course of its business on normal commercial terms, provided that the ordinary course of business of the Company includes the lending of money or the giving of guarantees.

Article 165 A loan made by the Company in breach of the above provisions shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

Article 166 A loan guarantee provided by the Company in breach of provision under paragraph (1) of Article 164 shall be unenforceable against the Company, provided that:

- (1) a loan was advanced to an associate of any of the Directors, supervisors, general manager and other senior management members of the Company or of the Company's parent company where the lender did not know the relevant circumstances; or
- (2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

Article 167 For the purposes of the foregoing provisions of this Chapter, guarantee includes an undertaking or property provided to secure the performance of obligations by the obligor.

Article 168 In addition to any rights and remedies provided by the laws and administrative regulations, where a Director, supervisor, general manager and other senior management members 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, general manager and other senior management members 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, general manager and other senior management members or with a third party (where such third party knows or should know that there is such a breach of duties by such Director, supervisor, general manager and other senior management members);
- (3) demand the Director, supervisor, general manager and other senior management members to surrender the profits made by him in breach of his duties;
- (4) recover any monies received by the Director, supervisor, general manager and other senior management members which should have been otherwise received by the Company, including (without limitation) commissions;

- (5) demand payment of the interest earned or which may have been earned by the Director, supervisor, general manager and other senior management members on the monies that should have been paid to the Company; and
- (6) to execute legal procedures judging that the interest of a Director, supervisor, the general manager or other senior management members earned through his breach of duty should belong to the Company.

Article 169

The Company shall enter into a contract in writing with a Director, supervisor and other senior management member, which shall at least include the following provisions:

Rule 19A.54 and Rule 19A.55 to the Main Board Listing Rules

- (1) a Director, supervisor and senior management member shall undertake in favour of the Company to comply with the Company Law, the Special Regulations, the Articles of Association and other regulations as stipulated under the Hong Kong Stock Exchange, and agree that the Company is entitled to remedies provided by the Articles of Association, and such contract and his position were not transferable;
- (2) a Director, supervisor and senior management member shall undertake in favour of the Company to perform the duties to Shareholders pursuant to and as required by the Articles of Association; and
- (3) an arbitration provision stipulated under Article 218 of the Articles of Association.

Article 170

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, including:

Article 128 of the Mandatory Provisions

- (1) emoluments in respect of his service as Director, supervisor or senior management member of the Company;
- (2) emoluments in respect of his service as Director, supervisor or senior management member 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 or any of its subsidiaries; and
- (4) 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 any benefits in respect of the matters mentioned in this Article.

Article 171

The contract for emoluments entered into between the Company and its Directors or supervisors should provide that in the event of a takeover of the Company, the Company's Directors and supervisors shall, subject to the prior approval of the Shareholders in general meeting, have the right to receive compensation or other payment for loss of office or retirement.

Article 129 of the Mandatory Provisions

A takeover of the Company as referred to above means:

- (1) a takeover offer made by any person to all Shareholders;
or
- (2) an offer made by any person with a view to the offer or becoming a "controlling Shareholder" within the meaning of Article 60.

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

CHAPTER 16 FINANCIAL AND ACCOUNTING SYSTEM AND PROFIT DISTRIBUTION

- Article 172** 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. Article 130 of the Mandatory Provisions
Article 149 of the Guidelines on Articles of Association
- Article 173** At the end of each fiscal year, the Company shall prepare a financial report which shall be audited by an accountants' firm in compliance with the laws. Article 131 of the Mandatory Provisions
- The fiscal year of the Company shall coincide with the calendar year, i.e. from January 1 to December 31 on the Gregorian calendar.
- Article 174** The Board shall place before the Shareholders at every annual general meeting such financial reports as are required by any laws, administrative regulations or directives promulgated by competent regional and central governmental authorities to be prepared by the Company. Article 132 of the Mandatory Provisions
- Article 175** The Company's financial reports shall be made available for Shareholders' inspection at the Company twenty (20) days before the date of every annual general meeting. Each Shareholder shall be entitled to obtain a copy of the financial reports referred to in this Chapter. Article 133 of the Mandatory Provisions
- The Company shall at least deliver or send to each Shareholder of overseas listed foreign Shares by prepaid mail the copy of financial report together with balance sheet (including all documents to be attached thereto as required under applicable laws and regulations), profit and loss account or the statement of income and expenditure or financial summary report not later than twenty-one (21) days before the date of convening the annual general meeting, to the registered address of each Shareholder shown in the register of members. Section seven of the Letter of Opinions on Supplementary Amendment
Article 5 of Appendix 3 to the Main Board Listing Rules

Article 176	The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or that of the overseas place where the Company's Shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, explanations shall be made in 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.	<small>Article 134 of the Mandatory Provisions</small>
Article 177	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 that of the overseas place where the Company's Shares are listed.	<small>Article 135 of the Mandatory Provisions</small>
Article 178	The Company shall publish its financial reports twice every fiscal year, that is, the interim financial report shall be published within sixty (60) days after the expiration of the first six (6) months of each fiscal year and the annual financial report shall be published within one hundred and twenty (120) days after the expiration of each fiscal year.	<small>Article 136 of the Mandatory Provisions</small>
Article 179	The Company shall not keep accounts other than those provided by law. Assets of the Company shall not be deposited in an account maintained in the name of any individual.	<small>Article 137 of the Mandatory Provisions Article 151 of the Guidelines on Articles of Association</small>
Article 180	The Company shall set up a fund of the Board, which is to be drawn once each year. The maximum amount drawn shall be 0.1% of the profits before taxation of the year. The fund of the Board will be primarily used as incentives for special contributions made by Directors, supervisors, general manager and other management members and staff of the Company, or as a source of the risk fund for Directors, supervisors, general manager and other management members, and the details of its management procedures shall be formulated separately by the remuneration committee.	

Article 181 Capital reserve fund includes the following items:

- (1) premium received when Shares are issued at a premium to their par value; and
- (2) any other income required to be included in the capital reserve fund by the governing finance department of the State Council.

Article 182 When distributing each year's after-tax profits, the Company shall set aside 10 per cent of its after-tax profits for the Company's statutory surplus reserve fund. When the aggregate balance in the statutory surplus reserve fund has reached 50 per cent or more of the Company's registered capital, the Company need not make any further allocations to that fund.

Where the Company's statutory surplus reserve fund is not enough to make up losses of the Company for the preceding year, the current year's profits shall be applied firstly to make up the losses before being allocated to the statutory surplus reserve fund in accordance with the preceding paragraph.

Subject to a resolution of the general meeting, after allocation has been made to the Company's statutory surplus reserve fund from its after-tax profits, the Company may set aside funds for the discretionary reserve fund.

The remaining profit after taxation, after recovery of losses and appropriation of reserve fund shall be distributed to Shareholders in proportion to their shareholdings except the part of profit that is not to be distributed in proportion to shareholdings as stipulated in the Articles of Association.

If a general meeting violates the provisions in the preceding paragraph of this Article and profits are distributed to the Shareholders before the Company makes up losses or makes allocations to the statutory reserve fund, the profits distributed in violation of the provisions must be returned to the Company.

No profit shall be distributed in respect of the Shares of the Company which are held by the Company.

Article 183 The Company may distribute dividends by the following ways (or a combination of both):

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

Dividends and other payments declared by the Company to be payable to holders of domestic Shares shall be declared and calculated in RMB, and paid in RMB within three months after the date of dividend declaration. Those payable to holders of overseas listed foreign Shares shall be declared and calculated in RMB, and paid in foreign currency within three months after the date of dividend declaration. The exchange rate shall be based on the relevant average closing price of foreign exchange rate announced by the People's Bank of China for the five working days prior to the date on which such dividends or other payments are declared. Foreign currency, for which the Company requires to pay cash dividends and other monies to holders of overseas listed foreign Shares, shall be obtained pursuant to relevant state regulations on the administration of foreign exchange. The dividend distribution of the Company shall be executed by the general meeting through authorizing the Board by way of ordinary resolution.

Article 184 Any amount paid up by Shareholders in advance of calls on any Shares may carry interest but the holder of such Shares shall not be entitled to participate in respect thereof in a dividend subsequently declared.

Article 3(1) of Appendix 3 to the Main Board Listing Rules

Article 185 The Company shall appoint receiving agents on behalf of the holders of overseas listed foreign Shares to receive on behalf of such Shareholders dividends declared and all other monies owing by the Company in respect of such Shares.

Article 140 of the Mandatory Provisions

The receiving agents appointed by the Company shall satisfy the relevant requirements of the laws of the place and relevant regulations of the stock exchange where the Company's Shares are listed.

Section eight of the Letter of Opinions on Supplementary Amendment

Rule (c) of Section 1 of Appendix 13D to the Main Board Listing Rules

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

Article 3(2) of Appendix 3 to the Main Board Listing Rules
Article 13(1) of Appendix 3 to the Main Board Listing Rules

In relation to the receipt of dividends by Shareholders, the Company is entitled to forfeit unclaimed dividends, provided that such power shall be exercised in accordance with the relevant PRC laws, regulations and requirements under the Hong Kong Stock Exchange and after the expiration of the applicable limitation period.

The Company shall have the right to terminate delivery of dividend vouchers by mail to certain holders of overseas listed foreign Shares, but the Company may exercise such right only after two vouchers have not been cashed consecutively. However, if the first voucher failed to reach the recipient and was returned, the Company may also exercise the said right.

In the case of exercising general mandate to issue warrants to holders, no new warrants shall be issued to replace the lost ones unless the Company confirms the destroy loss of the original warrants.

The Company shall have the right to sell the Shares of holders of overseas listed foreign Shares whom the Company has failed to contact by means regarded as appropriate by the Board, but the following provisions must be met:

- (1) dividends on the related Shares have been delivered at least 3 times within 12 years and have not been claimed; and
- (2) the Company place advertisements in one or more newspapers of the Company listing location after the 12 years have elapsed, stating its intention to sell the Shares and informing the Stock Exchange of such intention.

Article 13(2) of Appendix
3 to the Main Board Listing
Rules

CHAPTER 17 APPOINTMENT OF ACCOUNTANTS' FIRM

- Article 186** The Company shall appoint an independent firm of certified public accountants which is qualified under the relevant regulations of the State to audit the annual financial statements and other financial reports of the Company. Article 141 of the Mandatory Provisions
Article 158 of the Guidelines on Articles of Association
- Article 187** The certified public accountants' firm appointed by the Company shall hold office from the conclusion of the annual general meeting at which the appointment is made until the conclusion of the next annual general meeting. Article 142 of the Mandatory Provisions
- Article 188** The certified public accountants' firm appointed by the Company shall have the following rights: Article 143 of the Mandatory Provisions
- (1) a right to inspect at any time the books, records and vouchers of the Company, and to require the Directors, general manager and other senior management members of the Company to provide any relevant information and explanation thereof;
 - (2) a right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the performance of duties of such accountants' firm; and
 - (3) a right to attend general meetings and to receive all notices of, and other communications relating to, any general meeting which any Shareholder is entitled to receive, and to be heard at any general meeting in relation to matters concerning its role as the accountants' firm of the Company.
- Article 189** Before the convening of the 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. Article 144 of the Mandatory Provisions
- Article 190** 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. Article 145 of the Mandatory Provisions
Article 159 of the Guidelines on Articles of Association

Article 191

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. The remuneration of a certified public accountants' firm appointed by the Board shall be determined by the Board.

Article 146 of the Mandatory Provisions
Article 161 of the Guidelines on Articles of Association

Article 192

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

Article 147 of the Mandatory Provisions

Where it is proposed that any resolution be passed at a 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, or to reappoint a retiring certified public accountants' firm which was appointed by the Board to fill a casual vacancy, or to remove the certified public accountants' firm before the expiration of its term of office, the following provisions shall apply:

Section nine of the Letter of Opinions on Supplementary Amendment

Rule (e)(i) of Section 1 of Appendix 13D to the Main Board Listing Rules

- (1) A copy of the proposal about appointment or removal 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 relevant fiscal year before notice of meeting is given to the Shareholders.

Leaving includes leaving by removal, resignation and retirement.

- (2) If the leaving firm 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 given to Shareholders about a resolution to be made, state the representations that has been made by the accountants' firm which is about to leave; and
 - (ii) attach a copy of the representations 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 paragraph (2) above, the relevant firm may require that the representations be read out at the 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 general meeting relating to the expiry of its term of office;
 - (ii) any general meeting at which it is proposed to fill the vacancy caused by its removal; and
 - (iii) any 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 meeting in relation to matters concerning its role as the former certified public accountants' firm of the Company.

Article 193

Prior to the removal or the non-renewal of the appointment of a certified public accountants' firm, notice of such removal or non-renewal shall be given to the certified public accountants' firm concerned and such firm shall be entitled to make representation at the general meeting. Where the certified public accountants' firm resigns from its post, it shall make clear to the general meeting whether there has been any impropriety on the part of the Company.

Article 148 of the Mandatory Provisions
Article 162 of the Guidelines on Articles of Association

- (1) Where any certified public accountants' firm intends to resign from its office, it may deposit at the Company's legal residence a resignation notice which shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the following:
 - (i) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the Shareholders or creditors of the Company; or
 - (ii) a statement of any matters of which an account should be given.

Section ten of the Letter of Opinions on Supplementary Amendment
Rules (e)(ii) of Section 1 of Appendix 13D to the Main Board Listing Rules

- (2) Where a notice is deposited under the paragraph (1) of this Article, the Company shall within fourteen (14) days send a copy of the notice to relevant competent authority. If the notice contains a statement referred to in subparagraph (ii) under paragraph (1) of this Article, a copy of such statement shall be placed at the Company's registered office for Shareholders' inspection. The Company shall also send a copy of such statement to Shareholders who are entitled to be informed of the financial conditions of the Company by prepaid post, to the registered addresses shown in the register of members.
- (3) Where the notice of resignation of a certified public accountants' firm contains a statement referred to in subparagraph (ii) under paragraph (1) of this Article, the certified public accountants' firm may require the Board to convene an extraordinary general meeting for the purpose of giving an explanation of the circumstances connected with its resignation.

CHAPTER 18 INSURANCE

Article 194 Various types of the Company's insurance shall be decided at a meeting of the Board in accordance with the relevant insurance law in PRC.

Article 195 The Company shall establish a liability insurance system for its Directors, supervisors, general manager and other senior management members.

CHAPTER 19 LABOUR SYSTEM

Article 196 The Company may at its discretion employ and dismiss employees and enter into employment contracts with such employees based on the business development needs of the Company and in accordance with relevant requirements under laws and regulations in PRC.

Article 197 The Company shall determine the labor wages system and method of payment according to relevant requirement in PRC, the Articles of Association of the Company and its economic efficiency.

Article 198 The Company shall spare no efforts to improve staff welfare, with a view to improving the labor conditions and living conditions of the staff continuously.

Article 199 The Company shall set aside staff medical, retirement and unemployment insurance funds, and set up labor insurance system in accordance with relevant laws and regulations in PRC.

CHAPTER 20 TRADE UNION

Article 200 Employees of the Company may form a trade union in accordance with the law, participate in union activities and protect workers' legal rights and interests. The Company shall provide all necessary conditions for the activities of any such trade union.

CHAPTER 21 MERGER AND DIVISION OF THE COMPANY

Article 201 In the event of the merger or division of the Company, a plan shall be proposed by the Board of the Company and shall be approved in accordance with the procedures stipulated in the Articles of Association and the relevant examining and approving formalities shall be processed as required by law. Shareholders who oppose the plan of merger or division of the Company shall have the right to request that the Company or the Shareholders who consent to such plan purchase their Shares at a fair price. A special document of the Company's resolution on the merger or division should be prepared for inspection by the Shareholders.

Article 149 of the Mandatory Provisions

The aforesaid document should also be dispatched to the holders of overseas listed foreign Shares by mail.

Article 202

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

Article 150 of the Mandatory Provisions
Article 171 of the Guidelines on Articles of Association

In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten (10) days of the date of the Company's resolution on merger and shall make newspaper announcement within thirty (30) days of the date of the Company's resolution on merger. Creditors may, within thirty (30) days after receipt of such notice from the Company, or within forty-five (45) days of the date of the newspapers announcement for those who do not receive such notice, to demand that the Company repay their debts to that creditor or provide a corresponding guarantee for such debts.

After the merger, claims and liabilities of parties to the merger shall be taken over by the continuing company or the newly established company.

Article 173 of the Guidelines on Articles of Association

Article 203

When the Company is divided, its assets shall be split up accordingly.

Article 151 of the Mandatory Provisions
Article 172 of the Guidelines on Articles of Association

In the event of a division of the Company, all the parties involved shall execute a division agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten (10) days of the date of the Company's resolution on division and shall make an announcement on a newspaper approved by the stock exchange on which the Shares of the Company are listed within thirty (30) days of the date of the Company's resolution on division.

Unless otherwise agreed by the Company and creditors on settling liabilities in writing prior to the division, debts incurred by the Company before its division shall be jointly borne by the companies after the division.

Article 175 of the Guidelines on Articles of Association

Article 204

When the merger or division of the Company involves changes in registered particulars, such changes shall be registered with the company registration authority in accordance with the law. When the Company dissolves, the Company shall cancel its registration in accordance with the law. When a new company is established, its establishment shall be registered in accordance with the law.

Article 152 of the Mandatory Provisions
Article 177 of the Guidelines on Articles of Association

CHAPTER 22 DISSOLUTION AND LIQUIDATION OF THE COMPANY

Article 205

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

Article 153 of the Mandatory Provisions
Article 178 of the Guidelines on Articles of Association

- (1) a resolution on 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 bankrupt due to its failure to repay debts due;
- (4) the Company's business license is revoked or it is ordered to close down or it is cancelled according to law;
- (5) where the Company gets into serious trouble in operations and management and its continuation may cause substantial loss to the interests of its Shareholders, and no solution can be found through any other channel, Shareholders representing 10% or more of the total voting rights of the Company may request the people's court to dissolve the Company;
- (6) other circumstances where the Company shall be dissolved pursuant to laws and regulations.

Article 206

Where the Company is dissolved under subparagraph (1) of the preceding Article, a liquidation committee shall be set up within fifteen (15) days, and its members shall be determined by Shareholders at a general meeting by way of ordinary resolution.

Article 154 of the Mandatory Provisions
Article 180 of the Guidelines on Articles of Association

Where the Company is dissolved under subparagraph (3) and (5) of the preceding Article, the people's court shall, according to the relevant laws, organise to form a liquidation committee comprising the Shareholders, relevant authorities and relevant professionals to carry out liquidation procedures.

Where the Company is dissolved under subparagraph (3) of the preceding Article, the competent authority shall organize to form a liquidation committee comprising the Shareholders, relevant authorities and relevant professionals to carry out liquidation procedures.

Article 207

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 general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the Board is of the opinion that the Company will be able to pay its debts in full within twelve (12) months from the commencement of the liquidation.

Article 155 of the Mandatory Provisions

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 accordance with the instructions of the general meeting to make a report at least once every year to the general meeting on the committee's receipts and payments, the business of the Company and the progress of the liquidation and to present a final report to the general meeting on completion of the liquidation.

Article 208

The liquidation committee shall notify creditors within ten (10) days from the date of its establishment and make newspaper announcement within sixty (60) days of that date. Creditors shall, within thirty (30) days after receipt of the notice, or for those who do not receive the notice, within forty-five (45) days from the date of the announcement, declare their claims to the liquidation committee. The liquidation committee shall register the creditor's claims in accordance with laws. During the period of declaration of claims, the liquidation committee shall not repay any debts to the creditors.

Article 156 of the Mandatory Provisions

Article 186 of the Company Law

Article 209

During the liquidation period, the liquidation committee shall exercise the following functions and duties:

Article 157 of the Mandatory Provisions

Article 181 of the Guidelines on Articles of Association

- (1) to ascertain the Company's assets and separately prepare a balance sheet and an inventory of assets;
- (2) to notify creditors by sending notice or by making announcement;
- (3) to deal with and settle the Company's outstanding business deals in relation to the liquidation;
- (4) to settle outstanding taxes as well as taxes arising in the course of liquidation;

- (5) to ascertain all claims and debts;
- (6) to dispose of the remaining assets of the Company after the repayment of debts; and
- (7) to represent the Company in any civil proceedings.

Article 210

After checking the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit the same to a general meeting or relevant competent authorities for confirmation.

Article 158 of the Mandatory Provisions
Article 183 of the Guidelines on Articles of Association

After the resolution of the general meeting to dissolve the Company or after the Company's declaration as bankrupt or ordered to close down in accordance with the law, no one shall distribute the Company's assets without the approval of the liquidation committee.

The assets of the Company shall be applied for liquidation in the following order of priority: payment of liquidation costs, staff salaries, social insurance premiums and statutory compensation, payment of outstanding taxes and settlement of debts of the Company.

The remaining assets of the Company after repayment of its debts in accordance with the provisions above shall be distributed to the Shareholders of the Company according to the class of Shares held by them and in proportion to their respective shareholdings.

During the liquidation period, the Company shall continue to exist but shall not carry out any business activities not relating to liquidation.

Article 211

In the event of Company's liquidation owing to dissolution, if the liquidation committee, after ascertaining the Company's assets and preparing a balance sheet and an inventory of assets, discovers that the Company's assets are insufficient to repay its debts, it shall immediately apply to the people's court for a declaration of bankruptcy.

Article 159 of the Mandatory Provisions
Article 184 of the Guidelines on Articles of Association

After the Company is declared bankrupt by a ruling of the people's court, the liquidation committee shall transfer the liquidation matters to the people's court.

Article 212 Following the completion of liquidation, the liquidation committee shall present a report on liquidation and prepare a statement of the receipts and payments and the financial accounts for the period of the liquidation which shall be audited by PRC certified public accountants and then submitted to the general meeting or relevant competent authorities for confirmation.

Article 160 of the Mandatory Provisions
Article 185 of the Guidelines on Articles of Association

The liquidation committee shall also within thirty (30) days after such confirmation, submit the documents referred to in the preceding paragraph to the company registration authority and apply for cancellation of registration of the Company, and announce the termination of the Company.

CHAPTER 23 PROCEDURES FOR AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Article 213 The Company may amend the Articles of Association under the requirements of laws, administrative regulations and the Articles of Association.

Article 161 of the Mandatory Provisions

Article 214 Any amendment to the Articles of Association involving anything set out in the Mandatory Provisions shall become effective upon approval by the department in charge of company approval affairs authorized by the State Council and by the securities regulatory authorities under the State Council. 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 the laws.

Article 162 of the Mandatory Provisions

CHAPTER 24 NOTICE

Article 215 Unless otherwise provided for in Articles of Association, notices issued by the Company to holders of overseas listed foreign shares in the form of announcement shall be published on the website of Stock Exchange of Hong Kong through the Electronic Publication System of the Hong Kong Stock Exchange on the same date as required by the relevant listing rules. Such announcement shall also be published on the website of the Company. In addition, such announcement shall be lodged with the registered address of each Shareholder on the register of holders of overseas listed foreign shares by way of hands or pre-paid postage. As such, Shareholders will be given full notice and adequate time to exercise their rights or act as instructed by the notice.

Article 7(1) and Article 7(3) of Appendix 3 to the Main Board Listing Rules

Holders of overseas-listed foreign shares of the Company may opt in writing for receiving corporate communications that shall be dispatched to Shareholders by electronic means or by post and opt for the Chinese or English version or both. Such Shareholders may also give the Company a prior notice in writing within a reasonable time frame to alter the ways of receiving the abovementioned information and language versions subject to proper procedures.

Article 216 Where a notice is to be sent by post, it shall be placed in an envelope properly addressed with postage prepaid, and any such notice is deemed to be served forty-eight (48) hours after the date of dispatch when it is deposited at the post box.

An announcement on the notice to be sent to holders of domestic shares by the Company shall be published on one or several newspapers designated by the regulatory authorities under the State Council. All the holders of domestic shares are deemed to have received such notice upon the publication of such announcement.

Article 217 As specified in the preceding provision, corporate communications shall be provided and/or delivered to Shareholders in writing. However, for the ways of provision and/or delivery of corporate communications to Shareholders by the Company under the requirements of the Hong Kong Listing Rules, the Company may, upon obtaining the prior written consent or tacit consent of Shareholders, deliver or provide corporate communications to the Shareholders of the Company by electronic means or by publication of such information on the website of the Company, subject to the requirements of relevant laws and regulations as well as the Hong Kong Listing Rules as amended from time to time. Corporate communications include but are not limited to, among others, circulars, annual reports, interim reports, quarterly reports, notices of general meetings and other types of corporate communications as set out in the Hong Kong Listing Rules.

CHAPTER 25 SETTLEMENT OF DISPUTES

Article 218

The Company shall act according to the following principles to settle disputes:

Section eleven of the Letter of Opinions on Supplementary Amendment
Article 163 of the Mandatory Provisions

- (1) Whenever any disputes or claims arise (i) between the Company and its Directors or senior management members; and (ii) between holders of the overseas-listed foreign shares and the Company, holders of the overseas-listed foreign shares and the Company's Directors, supervisors, general managers or other senior management members, or holders of the overseas-listed foreign shares and holders of domestic-invested shares, based on the Articles of Association or any rights or obligations conferred or imposed by the PRC 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 abovementioned is referred to arbitration, the entire claim or dispute must be referred to arbitration and any person (being the Company or a Shareholder, Director, supervisor, general manager or other senior management members of the Company) who has 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.

Disputes in relation to the identification of Shareholders and disputes in relation to the register of Shareholders need not be referred to arbitration.

- (2) 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.

- (3) If any disputes or claims of rights prescribed in subparagraph (1) above are referred to arbitration, the laws of the People’s Republic of China shall apply, save as otherwise provided in laws and administrative regulations.
- (4) The award of an arbitration body shall be final and conclusive and binding on all parties.

CHAPTER 26 APPENDICES

- Article 219** In these Articles of Association, the terms “not less than”, “within” and “not more than” include the figure itself, while “less than”, “other than”, “lower than”, “more than” do not include the figure itself. Article 195 of the Guidelines on Articles of Association
- Article 220** In these Articles of Association, “senior management members” refer to the Company’s general managers, deputy general managers, chief accountant, Secretary to the Board and other personnel engaged by the Board. “General manger”, “deputy general manager” and “chief accountant” herein refer to “manger”, “deputy manager” and “financial controller” as defined in the Company Law. Article 11 of the Guidelines on Articles of Association
- Article 221** In these Articles of Association, “accounting firm” shall have the same meaning as “auditor”. Article 165 of the Mandatory Provisions
- Article 222** These Articles of Association are written in Chinese. In case of any discrepancies among the various versions in different languages, the latest Chinese version approved by and registered with the registered management department of the Company shall prevail. In case of any discrepancies between other language versions and the Chinese version, the Chinese version shall prevail. Article 194 of the Guidelines on Articles of Association
- These Articles of Association shall be interpreted by the Board of the Company, and any matters not covered herein shall be proposed at Shareholders’ general meetings by the Board for consideration and approval. Article 196 of the Guidelines on Articles of Association