



CHINA ISOTOPE & RADIATION CORPORATION
中國同輻股份有限公司

(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1763)

Articles of Association of China Isotope & Radiation Corporation

Chapter 1 General Rules

Article 1 China Isotope & Radiation Corporation (hereinafter referred to as the “Company”) is a joint stock limited liability company founded under the Company Law of the People’s Republic of China (hereinafter referred to as the “Company Law”), Securities Law of the People’s Republic of China, the Special Regulations of the State Council on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (hereinafter referred to as the “Special Provisions”), the Mandatory Provisions for the Articles of Association of Companies to be Listed Overseas (hereinafter referred to as the “Mandatory Provisions”), the Letter of Opinions of Overseas Listing Department of CSRC and Production System Department of the State Commission for Restructuring the Economic System on the Supplemental Amendments to the Articles of Association of Companies to be Listed in Hong Kong (hereinafter referred to as the “CSRC Overseas Letter”), the Reply of the State Council on the Adjustment of the Notice Period of the General Meeting and Other Matters Applicable to Overseas Listed Companies (hereinafter referred to as the “Applicable Adjustment Reply”), the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”) as well as other relevant laws and administrative rules of the People’s Republic of China.

As a corporation established through the overall alteration from China Isotope Co., Ltd., the Company was registered and licensed at the former State Administration for Industry and Commerce on December 6, 2011. The Company’s unified social credit code is: 91110000100001019X.

The founders of the Company are China National Nuclear Corporation (hereinafter referred to as “CNNC”), China Institute of Atomic Energy (hereinafter referred to as “CIAE”), and Nuclear Power Institute of China (hereinafter referred to as “NPIC”).

Article 2 Registered company name:

Chinese full name: 中國同輻股份有限公司 (hereinafter referred to as “中國同輻” for short)

English full name: China Isotope & Radiation Corporation (hereinafter referred to as “CIRC” for short)

Article 3 The Company's domicile is: Room 418, South 4th Floor, Building 1, No. 66, Changwa Middle Street, Haidian District, Beijing, 100089; phone: 86-10-68522774; fax: 86-10-68512374.

Article 4 The legal representative of the Company is the chairman of the Board of Directors.

Article 5 The Company is a joint stock limited liability company with perpetual existence.

Article 6 As the code of conduct of Company, the Articles of Association (hereinafter referred to as the "Articles") are approved by the special resolution of the shareholders' general meeting. Once the Articles become effective, they shall constitute a legally binding instrument regulating the Company's organization and activities and the rights and obligations between the Company and each shareholder and between the shareholders.

Article 7 The Articles are binding on the Company and its shareholders, directors, supervisors and senior management officers, all of whom have the rights to make claims in connection with any matters of the Company pursuant to the Articles.

A shareholder may take legal action against the Company in accordance with the Articles; the Company may take legal action against any shareholder in accordance with the Articles; a shareholder may take legal action against another shareholders in accordance with the Articles; a shareholder may take legal action against the directors, supervisors and senior management officers of the Company in accordance with the Articles.

The legal action referred to in the preceding paragraph includes filing a lawsuit with competent courts or applying to arbitral bodies for arbitration.

Article 8 All the Company assets are divided into equal shares. The liability of a shareholder of the Company shall be limited to the shares held by each shareholder. The Company shall hold liable for its debt with all of its assets.

The Company may invest in other limited liability companies and joint stock limited liability companies or other entities, and assume liability towards the invested companies to the extent of the capital contributions so made, and shall not be jointly and severally held liable for the debts of the investees except otherwise provided by laws.

Article 9 According to the Constitution of the Communist Party of China, the Company shall set up the organization of Communist Party of China. The Party Committee shall give full play to its leading role by controlling the direction, managing the overall situation and ensuring the implementation of policies. The Company shall establish the working organs of the Party, provide the Party organization with enough working personnel and guarantee its working funds.

Article 10 The Company implements a chief legal officer system. The chief legal officer is a senior management officer who shall be engaged by the Board of Directors and be responsible for the overall legal affairs of the Company. The Legal Affairs Committee of the Board of Directors is responsible for promoting the corporate governance construction and supervising over the governance compliance by management. For the matters discussed or reviewed by the Party Committee, the Board of Directors and the Office of General Manager that involve legal issues, the chief legal officer shall attend the relevant meeting and propose his/her legal opinions accordingly.

Article 11 The reference to senior management officers in the Articles includes the general manager, deputy general managers, chief accountant, chief engineer, chief legal officer and secretary to the Board of Directors of the Company.

Chapter 2 Business Objective and Scope

Article 12 The business objective of the Company is to develop nuclear technology applications in order to benefit the human society.

Article 13 The scope of business of the Company: sales of in vivo radioactive medicines and in vitro radioactive diagnostic reagents; sales of Class I, II, III, IV and V radioactive sources; sales of Class II and III irradiation facilities; sales of unsealed radioactive substances; venue for operation of Class C unsealed radioactive substances; sales of Class I, II and III medical appliance; import and export businesses; sales of electronics, communication equipment, light industrial products, automotive accessories, chemical materials and chemical products (excluding hazardous chemicals), steel, paper sheet, textiles, articles of daily use and cultural products; property management; cultural exchange; and technology consulting and services related to the above businesses.

The business scope of the Company is subject to such items as approved by the company registration authority.

Chapter 3 Shares and Registered Capital

Article 14 There must, at all times, be ordinary shares in the Company. If required, it can create other classes of shares upon approval by the company approving department that the State Council authorizes.

Article 15 All the shares issued by the Company are par value stock, each with a par value of Renminbi one yuan.

Renminbi referred to in the preceding paragraph means the lawful currency of the People's Republic of China.

Article 16 Shares of the Company shall be issued in a transparent, fair and equal manner and shares of the same class shall rank pari passu in all aspects.

Each of the shares of the same class shall be issued under the same conditions and at the same price in each issuance, and the same price shall be paid for each of the shares subscribed for by any entity or individual.

Article 17 With the permission of the securities regulatory authority under the State Council, the Company may issue shares to domestic investors and foreign investors.

The reference to foreign investors in the preceding paragraph indicates the investors subscribing for the shares issued by the Company and residing in foreign countries and in the regions of Hong Kong, Macao and Taiwan. Domestic investors are those subscribing for the shares issued by the Company but residing in the People's Republic of China other than in the above- mentioned regions.

Article 18 Shares that the Company issues to domestic investors for subscription in Renminbi shall be referred to as domestic shares. Shares that the Company issues to foreign investors for subscription in foreign currencies shall be referred to as foreign shares. Foreign shares that are listed overseas shall be referred to as overseas-listed foreign shares.

Foreign currencies referred to in the preceding paragraph mean the lawful currencies (other than Renminbi) of other countries or regions that are recognized by the foreign exchange authority of the PRC and that can be used to pay for the shares subscribed.

Foreign shares issued by the Company that are listed in the Hong Kong Stock Exchange shall be referred to as "H shares". H shares are shares that have been approved for listing on the Hong Kong Stock Exchange, the par value of which are denominated in Renminbi and which are subscribed for and traded in Hong Kong dollars.

Article 19 After approval by the department authorized by the State Council, the Company issued 200,000,000 shares to the promoter on date of the establishment, which shares are all subscribed for and held by the promoters, comprising 103,860,000 shares held by CNNC, representing 51.93% of the total number of ordinary shares issued by the Company on establishment, 53,840,000 shares held by CIAE, representing 26.92% of the total number of ordinary shares issued by the Company on establishment, and 42,300,000 shares held by NPIC, representing 21.15% of the total number of ordinary shares issued by the Company on establishment.

Article 20 As approved by the securities authority of the State Council, the Company may issue no more than 91,964,006 overseas-listed foreign shares. After the completion of the above issuance, the shareholding structure of the Company is composed of 319,874,900 ordinary shares, of which 106,676,903 shares shall be held by CNNC (中國核工業集團有限公司), 58,534,835 shares shall be held by CIAE, 46,994,835 shares shall be held by NPIC as promoters, 27,699,527 shares for all the other domestic shareholders, and 79,968,800 shares shall be held by holders of overseas-listed foreign shares.

Article 21 The Board of Directors of the Company may implement, through separate offerings, the proposals for the issuance of overseas-listed foreign shares and domestic shares as approved by the securities authority of the State Council.

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

Article 22 Where the total number of shares stated in the proposal includes issuance of overseas-listed foreign shares and issuance of domestic shares, shares under such issuances should be fully subscribed at a time separately. If the shares cannot be fully subscribed at a time due to special circumstances, the shares may, subject to the approval of the securities authority of the State Council, be issued in separate tranches.

Article 23 The registered capital of the Company is RMB319,874,900.

Article 24 The Company may approve the increase of capital according to this Articles based on the needs of operation and development.

The Company may increase its capital in the following ways:

- (I) Offering new shares to non-specially-designated investors;
- (II) Placing new shares to existing shareholders;
- (III) Distributing bonus shares to existing shareholders;
- (IV) Converting capital reserves into share capital;
- (V) Other ways permitted by laws and administrative regulations.

After the Company's increase of share capital by means of the issuance of new shares has been approved in accordance with the provisions of the Articles, it shall be made in accordance with the procedures provided in the relevant laws and administrative regulations of PRC.

Article 25 Unless otherwise specified by laws and administrative regulations, the shares of the Company can be freely transferred without any additional liens.

Article 26 The Company shall not accept any of its own shares as the subject of pledge.

Chapter 4 Capital Reduction and Repurchase of Shares

Article 27 The Company may reduce its registered capital. The reduction in registered capital shall be made in accordance with the procedures provided in the Company Law, other relevant laws, regulations and normative documents, and the Articles.

Article 28 When reducing its registered capital, the Company must prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within ten (10) days from the date of the Company's resolution to reduce registered capital and shall publish an announcement in a newspaper within thirty (30) days from the date of such resolution. The creditors are entitled to ask the Company to repay its debts or provide corresponding repayment guarantee for such debts within thirty (30) days from the date of receiving the notice, or in the case of not receiving such notice within forty-five (45) days from the date of announcement.

The registered capital of the Company following such capital reduction shall not be less than the minimum level set by law.

Article 29 In the following circumstances, the Company may repurchase its issued shares in accordance with the listing rules of the stock exchange where shares of the Company are listed or other securities laws and rules and upon passing the procedures provided in the Articles, subject to the approval of the relevant governing authorities of the PRC:

- (I) Cancellation of shares for the purpose of reduction of registered capital of the Company;
- (II) Merger with another company which holds the shares of the Company;
- (III) Shares used for the employee share ownership scheme or equity incentives;
- (IV) Request to the Company to acquire the shares from shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or division of the Company;
- (V) Shares used for conversion of corporate bonds issued by the Company that may be convertible into shares;
- (VI) Protection of the value of the Company and shareholders' interests.

Article 30 Upon approval by the relevant governing authorities of the PRC, the Company may repurchase its shares in any of the following ways:

- (I) Making a pro rata general offer of repurchase to all its shareholders;
- (II) Repurchasing shares at the stock exchange through public trading;
- (III) Repurchasing shares by an off-market agreement outside a stock exchange;
- (IV) Other circumstances permitted by laws and administrative regulations, and approved by the regulatory authorities.

Article 31 The Company must obtain the prior approval of the shareholders' general meeting, in the manner stipulated in the Articles, before it can repurchase shares by means of an off-market agreement outside a stock exchange. The Company may, by obtaining the prior approval of the shareholders' general meeting in the same manner, rescind or vary the contract it has entered into, or waive any rights in the contract.

A contract for the repurchase of shares referred to in the preceding paragraph includes (but not limited to) an agreement to become obliged to repurchase shares or acquire to have the right to repurchase shares.

The Company shall not assign a contract to repurchase its shares or any right provided in such contract.

Article 32 For the redeemable shares the Company has the rights to repurchase, their price shall be limited to a maximum price if they are not repurchased through the market or by tender. If those shares are repurchased by tender, the tender shall be available to all the shareholders on the same terms.

Article 33 The Company must obtain the prior approval of the shareholders at a general meeting, before it can repurchase shares by reason of those mentioned in subclauses (I) to (III) of Article 29 of the Articles. If the Company repurchases shares for reasons set out in sub-clauses (V) and (VI) of Article 29, it shall obtain approval by two-thirds of the directors who attend the meeting of the board of directors. Unless otherwise provided by the listing rules of the stock exchange which shares of the Company are listed or other securities laws and rules, shares repurchased by the Company under sub-clause (I) of Article 29 hereto shall be cancelled within ten (10) days from the date of acquisition; the shares repurchased under sub-clauses (II) and (IV) of Article 29 hereto shall be transferred or cancelled within six (6) months; and the aggregate number of shares acquired by the Company in accordance with sub-clauses (III), (V) and (VI) of Article 29 hereto shall not exceed 10% of the Company's issued shares, and the shares acquired shall be either transferred or cancelled within three years.

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

Article 34 Unless the Company is in the course of liquidation, it shall comply with the following provisions in relation to the repurchase of its issued shares:

- (I) Where the Company repurchases its shares at par value, payment shall be deducted from the book surplus distributable profits of the Company or from the proceeds from any issue of new shares made for the purpose of the repurchase of old shares;
- (II) Where the Company repurchases its shares at a premium to its par value, payment up to the par value may be deducted from the book surplus distributable profits of the Company or from the proceeds of a fresh issue of shares made for the purpose of the repurchase of old shares. Payment of the portion in excess of the par value shall be effected as follows:
 - 1. If the shares being repurchased were issued at par value, payment shall be deducted from the book surplus distributable profits of the Company;
 - 2. If the shares being repurchased were issued at a premium to its par value, payment shall be deducted from the book surplus distributable profits of the Company or from the proceeds of any issue of new shares made for the purpose of the repurchase, provided that the amount paid from the proceeds of the new issuance shall neither exceed the aggregate amount of premiums received by the Company on the issue of the shares repurchased nor the book value of the Company's share premium account (or capital reserve account) (including the premiums from the new issuance) at the time of the repurchase;
- (III) The Company shall make the following payments out of the Company's distributable profits:
 - 1. Acquisition of the right to repurchase its shares;
 - 2. Variation of any contract to repurchase of its shares;
 - 3. Release of its obligations under any contract to repurchase of its shares.
- (IV) After the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with the relevant regulations, the amount deducted from the distributable profits for payment of the par value of shares that have been repurchased shall be transferred to the Company's share premium account (or capital reserve account).

Chapter 5 Financial Assistance for Acquisition of Shares of the Company

Article 35 The Company or its subsidiaries shall not provide any kind of financial assistance to a person who acquires or is proposing to acquire shares of the Company at any time. The aforesaid person acquiring shares of the Company includes a person who has directly or indirectly incurred any obligations as a result of the acquisition of shares of the Company.

The Company or its subsidiaries shall not provide any financial assistance to the aforesaid person for the purpose of reducing or discharging his obligations.

This Article shall not apply to the circumstances described in Article 37 of the Articles.

Article 36 The financial assistance referred to in the Articles includes (but not limited to):

- (I) Gifts;
- (II) Guarantees (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), indemnity (other than indemnity arising from the Company's own default) or release or waiver of any rights;
- (III) Provision of loans, or entering into other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, and a change in parties to, or the assignment of rights arising under, such loan or agreement; and
- (IV) Any other kind of financial assistance provided by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

For the purpose of the Articles, the expression "assumption of obligations" includes the assumption of obligations by way of contract or by way of arrangement (irrespective of whether or not such contract or arrangement is enforceable, and irrespective of whether or not such obligations are to be borne by the obligor solely or jointly with other persons), or by any other means which results in a change in his financial position.

Article 37 The following acts shall not be deemed to be acts as prohibited by Article 36:

- (I) The provision of financial assistance by the Company where the financial assistance is given in good faith in the interests of the Company, and the principal purpose of which is not for the acquisition of shares of the Company, or the giving of financial assistance is an incidental part of the overall plan of the Company;
- (II) The lawful distribution of the Company's assets as dividends;
- (III) The allotment of bonus shares as dividends;
- (IV) The reduction of registered capital, repurchase of shares or reorganization of share capital structure of the Company effected in accordance with the Articles;
- (V) The lending of money by the Company within its business scope and in the ordinary course of its business, provided that the net assets of the Company are not thereby reduced or, to the extent that the assets are thereby reduced, the financial assistance is provided from the Company's distributable profits; and
- (VI) The contributions made by the Company to the employee ownership schemes, provided that the net assets of the Company are not thereby reduced or, to the extent that the assets are thereby reduced, the financial assistance is provided from the Company's distributable profits.

Chapter 6 Share Certificates and Register of Shareholders

Article 38 Share certificates of the Company shall be in registered form.

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

Article 39 During the time the Company's H shares remain listed on the Hong Kong Stock Exchange, the Company shall ensure that all title documents relating to its securities listed on Hong Kong Stock Exchange (including H share certificates) at any time include the following statements. It shall instruct and procure its share registrar not to register the subscription, purchase or transfer of any of its shares in the name of any particular holder, unless and until such holder submits to the share registrar a signed form in respect to such shares which bear statements to the following effect:

- (I) The share purchasers agree with the Company and each of its shareholders, and the Company agrees with each shareholder, to observe and comply with Company Law and other relevant laws, administrative regulations, the Special Provisions and the Articles;

- (II) The share purchasers agree with the Company and each of its shareholders, directors, supervisors and senior management officers, and the Company acting for itself and for each of its directors, supervisors and senior management officers agrees with each shareholder, that all disputes and claims arising from the Articles or any rights or obligations conferred or imposed by Company Law or other relevant laws or administrative regulations concerning the affairs of the Company shall be submitted for arbitration pursuant to the Articles. Any submission to arbitration shall be deemed as authorizing the arbitration tribunal to conduct hearing in open session and to publish its award, which shall be deemed as final;
- (III) The share purchasers agree with the Company and each of its shareholders that the shares of the Company are freely transferable by the holder thereof;
- (IV) The share purchasers authorize the Company to enter into, on behalf of them, an agreement with each director and senior management officer whereby such directors and senior management officers undertake to observe and comply with their obligations to shareholders stipulated in the Articles.

Article 40 The share certificates shall be signed by the chairman of the Board of Directors. If required by the stock exchange where the shares of the Company are listed, to be signed by other senior management officers of the Company, the share certificates shall also be signed by other relevant senior management officers. The share certificates shall take effect after being affixed, or affixed by way of printing, with the Company's seal. The share certificates shall only be affixed or printed with the Company's seal under the authorization of the Board of Directors. The signature of the chairman of the Board of Directors or other relevant senior management officer of the Company on the share certificates may also be in printed form.

Article 41 The Company shall maintain a register of shareholders and register the following particulars:

- (I) Name, address (residence), occupation or nature of each shareholder;
- (II) Class and number of shares held by each shareholder;
- (III) The amount paid or payable in respect to shares held by each shareholder;
- (IV) Serial numbers of the shares held by each shareholder;
- (V) The date on which each shareholder was registered as a shareholder;
- (VI) The date on which each shareholder ceased to be a shareholder.

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

Article 42 The Company may maintain the original copy of the register of holders of overseas-listed foreign shares outside China and entrust an overseas agent to maintain such register in accordance with the memorandum of understanding and agreements between the securities authority of the State Council and the overseas securities regulatory authorities. The original copy of the register of holders of overseas-listed foreign shares listed in Hong Kong shall be kept in Hong Kong.

The Company shall maintain a duplicate of the register of holders of overseas-listed foreign shares in the Company's domicile. The entrusted overseas agent shall ensure the consistency between the original copy and the duplicate of register of holders of overseas-listed foreign shares at any time.

In case of inconsistency between the original copy and the duplicate of register of holders of overseas-listed foreign shares, the original copy shall prevail.

Article 43 Subject to compliance with the Articles and other applicable requirements and upon transfer of the Company's shares, the transferees will become the holders of such shares with their names being entered in the register of shareholders.

Any transfer document and other documents relating to or affecting the title to any H-shares shall be registered. If the registration is not free, the registration fees shall not exceed the maximum fees prescribed by the Hong Kong Stock Exchange.

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

- (I) Where power is granted to limit the number of shareholders in a joint account, the maximum number of shareholders to be registered as joint holders shall be restricted to four;
- (II) All joint holders of any shares shall jointly and severally assume obligation for all amounts payable for Relevant Shares;
- (III) If one of the joint holders dies, only the surviving joint holder(s) shall be deemed by the Company as having ownership of the Relevant Shares. However, the Board of Directors shall have the right, for the purpose of making amendments to the register of shareholders, to demand the death certificate of such holder or other documentary proof it deems appropriate; and
- (IV) In the event of there being joint holders of any share, any of them may attend a shareholders' general meeting of the Company or exercise the voting rights of the shares (regardless of attendance in person or by proxy). If more than one of the joint holders attend the shareholders' general meeting in person, or by proxy, only the attendee whose name appears first in the register of shareholders among such joint holders is entitled to vote for such shares.

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

The register of shareholders shall include the following:

- (I) The register of shareholders kept at the Company's domicile, other than those registers of shareholders as described in sub-paragraphs (II) and (III) of this paragraph;
- (II) The register of shareholders of overseas-listed foreign shares of the Company kept at the place of the overseas stock exchange on which the shares are listed;
- (III) The register of shareholders kept at such other place as the Board of Directors may deem necessary for the purpose of listing of the Company's shares.

Article 45 Different parts of the register of shareholders shall not duplicate one another. No transfer of the shares registered in any part of the register of shareholders shall, during the continuance of that registration, be registered in any other part of the register of shareholders.

Each part of the stock transfer book shall be altered or corrected according to the laws of the place where such part of the register of shareholders is maintained.

Article 46 All overseas-listed foreign shares listed in Hong Kong whose capitals are paid up can be freely transferred in accordance with the Articles. However, any transfer document may be refused to be recognized by the Board of Directors for no reason, unless the following conditions are met:

- (I) A fee of HKD2.5 dollars (for each transfer document) or a higher fee approved by the Hong Kong Stock Exchange has been paid in order to register the share-transferring document and other transfer documents and documents relating to or affecting the title to any shares;
- (II) The instrument of transfer involves only the overseas-listed foreign shares listed in Hong Kong;
- (III) The stamp duty payable on the instrument of transfer has been paid;
- (IV) The relevant share certificates and evidence reasonably requested by the Board of Directors showing that the transferor has the right to transfer such shares shall be provided;
- (V) If the shares are to be transferred to the joint holders, the number of joint holders shall not exceed four;
- (VI) The Company does not have any liens over the Relevant Shares; and
- (VII) Shares shall not be transferred to any minors or any persons of unsound mind or other persons under a legal incapacity.

Article 47 If the Company refuses the registration of share transfer, the Company shall give the transferor and the transferee a notice of refusal in relation to registration of shares within two months from the date when the transfer application is formally filed. Where the PRC laws and regulations and the Hong Kong Listing Rules contain provisions which stipulate on the period of closure of the register of shareholders prior to a shareholders' general meeting or on the reference date set by the Company for the purpose of distribution of dividends, such provisions shall prevail.

Article 48 The Board of Directors shall set a date for ascertainment of the shareholding when the Company convenes shareholders' general meetings, distributes dividends, liquidates, or carries out other activities requiring the determination of shareholdings. Upon the close of such date, the shareholders appearing in the register of shareholders shall be deemed as the shareholders of the Company.

Article 49 Any person who requests to have his name entered to, or removed from, the register of shareholders may apply to the relevant court of authority for rectification of the register of shareholders.

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 (hereinafter referred to as "Original Certificates") are lost, apply to the Company for a replacement share certificate in respect to such shares (hereinafter referred to as "Relevant Shares").

If any holder of domestic shares loses his share certificates and applies for their replacement, it shall be dealt with in accordance with the relevant requirements of the Company Law.

If any holder of overseas-listed foreign shares loses his share certificates and applies for replacement, it may be dealt with in accordance with the laws, the rules of the stock exchange, as well as other relevant regulations of the place where the original copy of the register of shareholders of these shares is kept.

Any H-share holder losing his share certificate shall apply for replacements in accordance with the following requirements:

- (I) The applicant shall file an application in the standard format specified by the Company, to which a notarization or statutory declaration is attached. The contents of this notarization or statutory declaration shall include the reason for application, the condition and proof of share certificate missing, and the statement that none of the others can be registered as shareholder according to the requirements for the Relevant Shares.
- (II) Before deciding to issue new share certificates, the Company receives no statement from anyone, other than the applicant, requiring the registration as the holder of the Relevant Shares.
- (III) Before deciding to issue new share certificates to the applicant, the Company shall announce its planned issuing of new share certificates on the newspaper appointed by the Board of Directors; this announcement shall last ninety (90) days and shall be republished at least once every thirty (30) days.

- (IV) Before publishing this announcement, the Company shall submit a copied announcement ready for publishing to the Hong Kong Stock Exchange. This announcement can be published after receiving a reply from the Hong Kong Stock Exchange and confirming that the announcement has been displayed in the Hong Kong Stock Exchange. This announcement shall be displayed for ninety (90) days. If the application for replacements receives no permission from the registered shareholder of the Relevant Shares, the Company shall mail the copied announcement ready for publishing to that shareholder.
- (V) If the Company receives no objection to replacements when ninety (90) days of announcement and display, as specified in the sub-paragraphs (III) and (IV) under this article. (IV) of this Article, expire, it can issue new share certificates to the applicant according to his application.
- (VI) When issuing new share certificates in accordance with this Article, the Company shall cancel original ones and register the cancellation and reissue matters on the registers of shareholders.
- (VII) All the costs for cancelling the Original Certificates and issuing new ones shall be borne by the applicant. Before the applicant provides a reasonable guarantee, the Company has the right to refuse any action.

Article 51 Where the Company issues a replacement certificate in accordance with the Articles, the name of a bona fide purchaser who obtains the aforesaid replacement certificate or a shareholder who thereafter registered as the owner of such shares (in the case where he is a bona fide purchaser) shall not be removed from the register of shareholders.

Article 52 The Company shall not be liable to any person for any damages caused by the cancellation of the Original Certificate or the issuance of the replacement certificate, unless the claimant is able to prove that the Company has acted fraudulently.

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. A shareholder shall enjoy rights and assume obligations according to the class and numbers of shares held by that shareholder. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

All classes of shareholders of the Company shall have equal rights in any distribution in the form of dividend or any other forms.

Article 54 Holders of ordinary shares of the Company shall have the following rights:

- (I) To obtain dividends and other forms of distributions in proportion to the number of shares held;
- (II) To attend or appoint a proxy to attend and vote on their behalf at shareholders' general meetings;
- (III) To supervise the operation of the Company, and to put forward proposals or raise enquiries;
- (IV) To transfer, give as gift or pledge the shares held in accordance with the laws, administrative regulations and the Articles; and
- (V) To obtain the relevant information in accordance with the laws and the Articles, including:
 - 1. a copy of the Articles after paying a reasonable fee;
 - 2. the right to inspect and after paying a reasonable fee, to copy:
 - (1) A copy of the register of all classes of shareholders;
 - (2) Personal particulars of directors, supervisors, general manager and other senior management officers of the Company, including:
 - (a) Current and previous name and alias;
 - (b) Main address (domicile);
 - (c) Nationality;
 - (d) All the full-time and part-time occupations and titles;
 - (e) ID document and its number.
 - (3) The state of share capital of the Company;
 - (4) Reports showing the total nominal value, quantity, maximum and minimum prices of each class of shares the Company has repurchased since last accounting year, and on all the fees the Company has therefore paid;
 - (5) The minutes of the shareholders' general meeting;
 - (6) Corporate bond counterfoils, resolutions of meetings of the Board of Directors, resolutions of meetings of the Board of Supervisors, and financial statements (for shareholders' review only).
 - 3. The shareholder proposing to inspect the information related to the preceding Article or to request for information shall provide the Company with written documents proving the class and number of shares held. After checking the identity of that shareholder, the Company shall provide him with the information in accordance with his requests.

- (VI) A shareholder who votes against any resolution adopted at the shareholders' general meeting on the merger or division of the Company may request the Company to repurchase the shares held;
- (VII) When the Company is terminated or liquidated, the right to participate in the distribution of the remaining assets of the Company in proportion to the percentage of the shares held;
- (VIII) Other rights conferred by laws, administrative regulations and the Articles.

Article 55 The resolutions of the shareholders' general meeting and meetings of the Board of Directors that are contrary to laws and administrative regulations are invalid.

If the convening procedure and voting method of a shareholders' general meeting or a meeting of the Board of Directors violate relevant laws, administrative regulations or the Articles, or the contents of any resolution violate the Articles, the shareholders shall have the right to request the people's court to cancel such resolution within sixty (60) days from the date of such resolution.

Article 56 Where a director or an senior management officer violates any laws, administrative regulations or the Articles in the course of performing his duties and thereby causes losses to the Company, the shareholders individually or jointly holding more than 1% of the Company's shares for one hundred and eighty (180) consecutive days or more shall have the right to request, in written form, the Board of Supervisors to initiate a legal proceeding in the people's court. Where the Supervisors violates any laws, administrative regulations or the Articles in the course of performing its duties and thereby causes losses to the Company, the shareholders may request, in written form, the Board of Directors to initiate a legal proceeding in the people's court.

In the event that the Board of Supervisors and the Board of Directors refuse to initiate legal proceedings upon receiving the written request from a shareholder, as specified in the preceding paragraph, or fails to initiate such legal 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 cause irreparable damage to the Company's interests, shareholders mentioned in the preceding paragraph shall have the right to initiate legal proceedings in the people's court directly in their own names for the benefit of the Company.

Where the legitimate rights and interests of the Company are damaged and the Company thereby suffers any loss, the shareholders described in the first paragraph of this Article may initiate a legal proceeding in the people's court in accordance with the provisions of the preceding two paragraphs.

Where any director or a senior management officer damages the shareholders' interests by violating any laws, administrative regulations or the Articles, the shareholders may initiate a legal proceeding in the people's court.

Article 57 Holders of ordinary shares of the Company shall assume the following obligations:

- (I) To abide by the laws, administrative regulations and the Articles;
- (II) To pay for the shares in accordance with the shares subscribed for and the method of subscription;
- (III) Not to withdraw the shares unless otherwise stated by laws and administrative regulations;
- (IV) Not to abuse their shareholders' rights to damage the interests of the Company or other shareholders; nor to abuse the status of the Company as an independent legal person and the limited liability of shareholders to damage the interests of any creditors of the Company;

Where shareholders of the Company abuse their shareholders' rights and thereby cause any loss to the Company or other shareholders, such shareholders shall be liable for compensation in accordance with the law.

Where shareholders of the Company abuse the Company's status as an independent legal person and the limited liability of shareholders to evade repayment of debts, thereby materially damaging the interests of creditors of the Company, such shareholders shall be jointly liable for the debts of the Company.

- (V) Other obligations imposed by laws, administrative regulations and the Articles.

Unless otherwise specified, shareholders are not liable for making any further contribution to the share capital other than as agreed by the subscribers of the Relevant Shares on subscription.

Article 58 In addition to the obligations required by laws, administrative regulations or listing rules of the stock exchange on which the shares of the Company are listed, a controlling shareholder shall not exercise his voting rights in respect to the following matters in a manner prejudicial to the interests of all or some of the shareholders of the Company:

- (I) To relieve a director or supervisor of his duty to act honestly in the best interests of the Company;
- (II) To approve a director or supervisor (for his or other parties' interest) to deprive the Company of its assets in any form, including (but not limited to) any opportunity favorable to the Company;
- (III) To approve a director or supervisor (for his or other parties' interest) to deprive other shareholders of their personal interests, including (but not limited to) any allocation right and voting right, exclusive of any corporate restructuring proposal made at the shareholders' general meeting in accordance with the Articles.

Article 59 The “controlling shareholder” mentioned in the above Article is a shareholder who satisfies any one of the following conditions:

- (I) Any person acting on his own or in concert with other parties has the power to elect not less than half of the directors;
- (II) Any person acting on his own or in concert with other parties who has the power to exercise or control the exercise of 30% or more of the Company’s voting rights;
- (III) Any person acting on his own or in concert with other parties who holds 30% or more of the issued shares of the Company;
- (IV) Any person acting on his own or in concert with other parties who has actual control over the Company in any other manner.

The term “acting in concert” referred to in this Article represents an act that any two or more persons obtain the voting rights of the Company by way of their agreement thereon (whether in oral or written form), so as to control or consolidate their control over the Company.

Chapter 8 Shareholders’ General Meeting

Section 1 General Rules

Article 60 The shareholders’ general meeting is the power of authority of the Company and shall exercise its functions and powers in accordance with the laws.

Article 61 The shareholders’ general meeting shall have the following functions and powers:

- (I) To decide the Company’s operation policies and investment plans;
- (II) To elect and replace the directors who are not the employee representatives, and to determine matters relating to the remuneration of the directors;
- (III) To elect and replace the supervisors who are not the employee representatives and to determine matters relating to the remuneration of such supervisors;
- (IV) To consider and approve the reports of the Board of Directors;
- (V) To consider and approve the reports of the Board of Supervisors;
- (VI) To consider and approve the annual financial budgets and final accounts of the Company;
- (VII) To consider and approve the profit distribution plans and plans for recovery of losses of the Company;
- (VIII) To make resolutions on increase or reduction of the Company’s registered capital;

- (IX) To make resolutions on the merger, division, reorganization, dissolution, liquidation and other matters of the Company;
- (X) To make resolutions on the issuance of debentures by the Company;
- (XI) To make resolutions on the appointment, dismissal or stopping reappointment accounting firm for annual auditing;
- (XII) To amend the Articles;
- (XIII) To consider the proposal of a shareholder holding 3% or more of the voting rights in the shares;
- (XIV) To consider and approve the matters in relation to purchase or disposal of material assets or provision of guarantee by the Company of a value exceeding 30% of the Company's latest audited total assets within one year;
- (XV) To consider and approve the external guarantees specified in Article 62;
- (XVI) To consider and approve the share incentive plan;
- (XVII) To consider and approve the change in the use of proceeds;
- (XVIII) Other matters which are required to be determined at the shareholders' general meeting in accordance with the laws, administrative regulations and the Articles.

Article 62 The provision of any external guarantee by the Company shall be considered and approved by the Board of Directors or the shareholders' general meeting.

The guarantee offered by the Company to a shareholder or de facto controller of the Company shall be approved in a shareholders' general meeting. When the shareholders' general meeting is considering a proposal to provide guarantee for any shareholder or de facto controller, the said shareholder or the shareholders controlled by the said de facto controller shall abstain from voting on the proposal, and the proposal shall be subject to approval by more than half of the voting rights of the other attending shareholders.

Article 63 The Company shall not, without the prior approval at a shareholders' general meeting, enter into any contract with any party (other than the directors, supervisors, general manager and other senior management officers) pursuant to which such party shall be in charge of management of all of the Company's businesses or the Company's major businesses.

Article 64 A general meeting shall either be an annual general meeting or an extraordinary general meeting. Annual general meetings shall be held once every year and within six (6) months from the close of the preceding accounting year.

The Board of Directors shall convene an extraordinary general meeting within two (2) months from the occurrence of any of the following circumstances:

- (I) When the number of directors is less than the statutory minimum number stipulated in the Company Law or two-thirds of the number specified in the Articles;
- (II) When the unrecovered losses of the Company amount to one third of the total amount of its paid-in share capital;
- (III) When any shareholder individually or jointly holding 10% or more of the total voting shares of the Company requests in writing for the convocation of an extraordinary general meeting;
- (IV) When deemed necessary by the Board of Directors;
- (V) When requested by the Board of Supervisors;
- (VI) Any other circumstances stipulated in the laws, administrative regulations or the Articles.

Article 65 The shareholders' general meeting shall be held on site in a convention hall.

While ensuring the legitimacy and validity of shareholders' general meeting, the Company can provide convenience to the shareholders to attend such meeting by means of all kinds of modern information technologies provided that the conditions are in place. The shareholders attending the meeting through the aforesaid means are deemed present.

Section 2 Convocation of Shareholders' General Meetings

Article 66 The proposal to the Board of Directors on the convocation of an extraordinary general meeting shall be made in written form by the Board of Supervisors. The Board of Directors shall, in accordance with the laws, administrative regulations and the Articles, provide a written feedback on whether to agree or not to convene such meeting within ten (10) days after receiving the proposal.

In the event that the Board of Directors agrees to convene the extraordinary general meeting, a notice on the convening of such meeting shall be given within five (5) days after the resolution being made by the Board of Directors. Changes made to the original proposal in the notice shall be approved by the Board of Supervisors.

In the event that the Board of Directors refuses to convene the extraordinary general meeting, or gives no feedback within ten (10) days after receiving the proposal, it shall be deemed that the Board of Directors is unable or fails to perform its duty to convene such meeting, and the Board of Supervisors can convene and preside over such meeting on its own.

Article 67 To convene an extraordinary general meeting or a shareholders' class meeting, the shareholders shall follow the following procedures:

- (I) The shareholders individually or jointly holding more than 10% of the voting shares at the meeting sought to be held (hereinafter referred to as the "Proposing Shareholders") may sign one or several written requests of identical form of content requesting the Board of Directors to convene an extraordinary general meeting or a class meeting and stating the subject of the meeting. The abovementioned shareholding shall be calculated as of the day on which the written request is made. The Board of Directors shall, in accordance with laws, administrative regulations and the Articles, provide a written feedback on whether to agree or not to convene such extraordinary general meeting within ten (10) days upon receipt of such proposal.
- (II) In the event that the Board of Directors agrees to convene the extraordinary general meeting, a notice on the convocation of such meeting shall be given within five (5) days after the resolution being made by the Board of Directors. Changes made to the original proposal in the notice shall be approved by relevant shareholders.
- (III) In the event that the Board of Directors refuses to convene the extraordinary general meeting, or gives no feedback within ten (10) days after receiving the proposal, the proposing shareholders shall have the right to propose, in written form, the convocation of an extraordinary general meeting to the Board of Supervisors.
- (IV) In the event that the Board of Supervisors agrees to convene the extraordinary general meeting, a notice on the convocation of such meeting shall be given within five (5) days after receiving the proposal. Changes made to the original proposal in the notice shall be approved by relevant shareholders.
- (V) If the Board of Supervisors fails to give a notice on the convocation of extraordinary general meeting within time limit, it shall be deemed having no intention to convene and preside over the meeting. In this case, the shareholders individually or jointly holding more than 10% of the Company's shares for more than ninety consecutive days shall have the right to convene and preside over the meeting by themselves. The convocational procedure shall, to the extent possible, be identical to procedures according to which meeting is to be convened by the Board of Directors.

All reasonable expenses incurred for such meeting convened by the shareholders as a result of the failure of the Board of Directors and the Board of Supervisors to convene a meeting at the above requests shall be borne by the Company and deducted from the amount owned by the Company to the delinquent directors and supervisors.

Section 3 Proposal and Notice on the Shareholders' General Meeting

- Article 68** To convene the shareholders' general meeting, the shareholders individually or jointly holding more than 3% of the total voting shares shall be entitled to propose new resolutions in writing to the Company. The Company shall incorporate the matters falling within the scope of duties of the shareholders' general meeting into the agenda of such meeting for the consideration.
- Article 69** The contents of the aforesaid proposal shall be in conformity with relevant laws, administrative regulations and the Articles, within the scope of duties of the shareholders' general meeting and with a clear agenda and specific resolutions.
- Article 70** To convene the annual general meeting, the Company shall give a written notice twenty (20) business days before the date of meeting, and to convene the extraordinary general meeting, the Company shall give a written notice ten (10) business days or fifteen (15) days (whichever is longer) before the date of meeting, informing all registered shareholders of the matters proposed to be considered at the meeting and of the date and place of the meeting.
- Article 71** The extraordinary general meeting shall not transact business not stated in the notice of meeting.
- Article 72** Notice of the shareholders' general meeting shall:
- (I) Be in written form;
 - (II) Specify the place, date and time of this meeting;
 - (III) Set out the matters to be considered at the meeting;
 - (IV) Specify the record date when the shareholders entitled to attend the shareholders' general meeting have their shares registered;
 - (V) Provide shareholders with such information and explanation as necessary for them to make informed decisions on the matters to be discussed. The principle includes, but not limited to, a merger proposal, share repurchase, share capital restructuring or other restructuring. The specific terms and contract (if any) of the proposed transaction shall be provided, and the cause and effect of such proposal shall be properly explained;
 - (VI) Disclose the nature and extent of the material conflict of interest, if any, of any director, supervisor, general manager and other senior management officer in the matters to be considered; and provide an explanation of the differences, if any, between the way in which the matter to be considered will affect such director, supervisor, general manager and other senior management officer in his capacity as shareholders and the way in which such matter will affect other shareholders of the same class;
 - (VII) Contain the full text of any special resolution proposed to be passed at the meeting;

- (VIII) Contain a clear statement that a shareholder entitled to attend and vote has the right to appoint one or more proxies to attend and vote on his behalf and that such proxy need not be a shareholder of the Company;
- (IX) Specify the time and place for lodging proxy forms for the relevant meeting;
- (X) Set out the name and phone number of the standing contact person for meeting affairs.

Article 73 Unless otherwise specified by laws, administrative regulations, the listing rules of the stock exchange where the shares of the Company are listed, as well as the Articles, the notice of the shareholders' general meeting shall be delivered by hand or prepaid mail to the shareholders (whether or not such shareholders have a voting right at the shareholders' general meeting). The address of the recipient shall be the address registered in the register of shareholders. For the holders of domestic shares, notice of the shareholders' general meeting may be issued by way of public announcement.

The public announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authority of the State Council. Upon the publication of the announcement, all holders of domestic shares shall be deemed to have received the notice of the relevant shareholders' general meeting.

Article 74 The accidental omission to give notice of the meeting to, or the non-receipt of notice of the meeting by, any person entitled to receive notice shall not invalidate the meeting or the resolutions passed at the meeting.

Section 4 Convening of Shareholders' General Meeting

Article 75 Any shareholder who is entitled to attend and vote at a shareholders' general meeting shall be entitled to appoint one or more persons (whether a shareholder or not) as his proxy to attend and vote on his behalf. A proxy so appointed can exercise the following rights pursuant to the authorization from such shareholder:

- (I) Such shareholder's right to speak at the meeting;
- (II) The right to demand a poll alone or jointly with others;
- (III) The right to vote by a show of hands or by a poll. However, when more than one proxy are entrusted, they can only vote by a poll.

If the shareholder is a recognized clearing house (or its proxy), such shareholder may authorize one or more persons it thinks fit to act as its proxy at any shareholder's meeting (or any class of any shareholder's meeting); however, if more than one person is authorized, the power of attorney shall specify the number and class of the shares with respect to such persons so authorized. The power of attorney shall be executed by a person authorized by such recognized clearing house. The person so authorized may attend the meeting and exercise any rights on behalf of such recognized clearing house (or its proxy) (without producing any share certificate, notarized power of attorney and/or further evidence to prove that the person has been so authorized) as if such person were an individual shareholder of the Company.

Article 76 Shareholders shall entrust their proxies by written instruments, which shall be made under the hand of the appointer or his agent entrusted in writing. Where the appointer is a legal person, the instrument shall be made additionally under the seal of a legal person or under the hand of duly authorized agent.

Article 77 Any form issued to a shareholder by the Board of Directors of the Company for appointing a proxy of shareholder shall allow the shareholder to freely instruct the proxy to cast an affirmative or negative vote and to give separate instructions on each matter to be voted at the meeting.

The power of attorney shall state that a proxy of shareholder may vote at his/her own discretion in the absence of any indication from the shareholder.

Article 78 If the appointer has passed away or became incapacitated to act, withdrawn the appointment or the power of attorney, or transferred the Relevant Shares before voting, the proxy's vote based on the power of attorney shall remain valid until written notice of such event has been received by the Company.

Article 79 The proxy form shall be deposited in the Company domicile or such other place specified in the notice of the meeting not less than twenty-four (24) hours before the meeting at which the proxy is authorized to vote. If the proxy form is signed by a person authorized by the appointer, the power of attorney or other authorization instruments shall be notarized. The notarized power of attorney or other authorization instruments shall be deposited, along with the proxy form, in the Company domicile or such other place specified in the notice of the meeting.

If the appointer is a legal person, its legal representative or the person authorized by the resolutions of the Board of Directors or other decision-making body shall attend the shareholders' general meeting on behalf of the appointer.

Article 80 The shareholders' general meeting shall be presided over and chaired by the chairman of the Board of Directors. If the chairman is unable to attend the meeting for some reason, the vice chairman of the Board of Directors designated by the chairman of the Board of Directors shall preside over the meeting and act as the chairman of the meeting. If the vice chairman is unable or fails to perform his duties, a director jointly elected by more than half of the directors shall preside over the meeting and act as the chairman of the meeting. If no director is elected to take the chair, the shareholders present at the meeting may elect a chairman. If for any reason the shareholders fail to elect a chairman of the meeting, the shareholder (including his proxy) attending the meeting and holding the largest number of shares with voting rights shall chair the meeting.

The shareholders' general meeting convened by the Board of Supervisors shall be presided over and chaired by the chairman of the Board of Supervisors. If the chairman of the Board of Supervisors is unable or fails to perform his duties, one supervisor shall be elected jointly by half or more of the supervisors to preside over the meeting.

The shareholders' general meeting convened by the shareholder(s) itself/themselves shall be presided over by a representative elected by the convener.

Section 5 Voting and Resolutions at Shareholders' General Meeting

Article 81 Shareholders (including proxies) shall exercise their voting rights in accordance with the number of shares with voting rights represented by them, and each share entitles the shareholder one voting right at the shareholders' general meeting. However, the shares held by the Company that carry no voting rights shall not be counted in the total number of shares with voting rights held by shareholders present at the shareholders' general meeting.

Where any shareholder is, under the applicable laws and regulations and the Hong Kong Listing Rules, 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 in the total number of shares with voting rights held by shareholders present at the shareholders' general meeting.

Article 82 Any voting at the shareholders' general meetings shall be conducted by a poll, except that the proposals relating to procedural or administrative matters of the shareholders' general meeting can be voted upon a show of hands as decided by the chairman of the meeting in the principle of honesty and credibility.

Article 83 If chairman of the meeting decides to elect chairman of the meeting or adjourn the meeting through voting upon a show of hands, this voting shall be taken immediately. A poll determined by chairman of the meeting on any other matter shall be taken at such time as the chairman deems appropriate, and the meeting may proceed to discuss other matters. The result of voting upon a show of hands shall still be deemed as a resolution passed at that meeting.

Article 84 On a poll taken at a meeting, a shareholder (including his proxy) entitled to two or more votes need not cast all his votes in the same way.

Article 85 When the number of negative votes is equal to that of affirmative votes, regardless whether the vote is taken upon a show of hands or by poll, the chairman of the meeting shall have right to cast one more vote.

Article 86 Resolutions of the shareholders' general meetings are classified as ordinary resolutions and special resolutions.

Ordinary resolutions of the shareholders' general meeting shall be passed by more than one half of the voting rights represented by the shareholders (including proxies) present at the meeting.

Special resolutions of the shareholders' general meeting shall be passed by more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting.

Article 87 The following matters shall be resolved by way of ordinary resolutions at the

shareholders' general meetings:

- (I) Work reports of the Board of Directors and of the Board of Supervisors;
- (II) Profit distribution plans and loss recovery plans prepared by the Board of Directors;
- (III) Appointment or removal, remuneration and payment method of members of the Board of Directors and the Board of Supervisors;
- (IV) The Company's annual budgets and final accounts, balance sheets, income statements and other financial statements;
- (V) Any matters other than those required by the laws, administrative regulations or the Articles to be approved by special resolution.

Article 88 The following matters shall be approved by special resolutions at the shareholders' general meetings:

- (I) Increase or reduction of the share capital, and issue of any class of shares, warrants and other similar securities of the Company;
- (II) Issuance of debentures of the Company;
- (III) Division, merger, dissolution and liquidation of the Company;
- (IV) Change of corporate form of the Company;
- (V) Purchase or disposal of material assets or provision of guarantee by the Company within one year of a value exceeding 30% of the Company's latest audited total assets;
- (VI) Amendment to the Articles;
- (VII) Any other matters prescribed by the laws, administrative regulations or the Articles, and those matters approved by ordinary resolution at a shareholders' general meeting as having a material impact on the Company and are required to be approved by a special resolution.

Article 89 When a shareholders' general meeting considers matters related to any connected transaction, the connected shareholder shall not participate in voting on his own behalf or as the proxy of another shareholder. When voting on matters relating to such connected transaction, the shares held by the connected shareholder shall not be counted in the total number of valid shares with voting rights.

When the relevant connected transaction is considered at a shareholders' general meeting, the connected shareholder shall abstain from voting. If required to attend the meeting for explanation, the connected shareholder shall have the responsibility and obligation to attend the meeting and make truthful statement.

The matters for which the connected shareholder shall abstain from voting shall be announced by chairman of the meeting when the meeting starts.

Article 90 The chairman of the meeting shall be responsible for determining whether a resolution at a shareholders' general meeting has been passed. His decision, which is final and conclusive, shall be announced at the meeting and recorded in the minutes of the meeting.

Article 91 If the chairman of the meeting has any doubt as to the resolution result put to vote, he may have the votes counted. If the chairman does not have the votes counted, any attending shareholder or proxy who objects to the result announced by the chairman of the meeting may require the votes to be counted immediately after the declaration of the voting result, and the chairman of the meeting shall have the votes counted immediately.

Article 92 If votes are counted at the shareholders' general meeting, the counting result shall be recorded in the minutes of the meeting.

The meeting minutes shall be kept at the Company's domicile, along with the attendance records signed by the attending shareholders and proxy forms.

Article 93 Copies of the minutes of the meeting shall, during business hours of the Company, be open for inspection by any shareholder without charge. If a shareholder demands from the Company a copy of such minutes, the Company shall send a copy to him within seven (7) days upon the receipt of reasonable fees.

Article 94 Resolutions of the shareholders' general meetings shall be publicized timely. The announcement thereof shall state the number of attending shareholders and their proxies, the total number of their voting shares and the percentage in the total voting shares of the Company, the total number of the shares which, as required by securities regulatory authority where the Company's securities are listed, shall abstain from voting for and/or abstain from voting on individual proposals (if any), the voting methods, the voting result of every proposal, the details of every approved resolution, as well as the identities of poll counter and supervisor of vote-counting.

Chapter 9 Special Procedures for Voting by Class Shareholders

Article 95 Shareholders holding different classes of shares are referred to as class shareholders. A class shareholder shall enjoy the rights and obligations as specified in the laws, administrative regulations and the Articles.

In addition to holders of other classes of shares, holders of domestic shares and overseas-listed foreign shares are deemed to be different classes of shareholders. Where the share capital of the Company includes shares that do not carry voting rights, the words "non-voting" must appear on the name of such shares.

Where the share capital includes shares with different voting rights, the name of every class of shares (except for those with the most favourable voting right) must include the words "restricted voting" or "limited voting".

Article 96 Rights conferred to class shareholders may not be varied or abrogated unless approved by way of a special resolution at a shareholders' general meeting or at the meeting separately convened by the affected class shareholders in accordance with the Articles.

Article 97 The following circumstances shall be deemed to be a variation or abrogation of the rights of shareholders of a particular class:

- (I) Increasing or decreasing the number of the shares of such class or the number of a class having voting rights, distribution rights and other privileges equal or superior to the shares of such class;
- (II) Effecting a change of all or part of the shares of such class into those of another class, or effecting an exchange or creating a right of exchange of all or part of the shares of another class into those of such class;
- (III) Removing or reducing the rights in respect to accrued dividends or the accumulated dividends attached to shares of such class;
- (IV) Reducing or removing the preferential rights attached to shares of such class to receive dividends or to the distribution of assets in the event that the Company is liquidated;
- (V) Adding, removing or reducing the share conversion rights, options, voting rights, transfer rights, pre-emptive rights or rights to acquire securities of the Company attached to shares of such class;
- (VI) Removing or reducing the rights to receive payables from the Company in a particular currency attached to shares of such class;
- (VII) Creating a new class of shares with voting right, distribution right or other privileges equal or superior to those of the shares of such class;
- (VIII) Restricting the transfer or ownership of shares of such class or to impose additional restrictions thereto;
- (IX) Granting the right to subscribe for, or convert into, shares of such or another class;
- (X) Increasing the rights and privileges of other classes of shares;
- (XI) Making a restructuring scheme which will result in the holders of different classes of shares bearing a disproportionate burden of obligations under such restructuring; and
- (XII) Varying or abrogating the provisions in this chapter.

Article 98 Shareholders of the affected class, whether or not otherwise entitled to vote at the shareholders' general meetings, shall nevertheless be entitled to vote at class meetings in respect to matters concerning sub-paragraphs (II) to (VIII) and (XI) to (XII) of Article 97 hereof, but the interested shareholder(s) shall not be entitled to vote at class meetings.

"Interested shareholder(s)" mentioned in the preceding paragraph has the following meanings:

- (I) In the case of a repurchase of shares by the Company by pro rata offers to all shareholders or by way of on-market dealing on the Hong Kong Stock Exchange under Article 29 hereof; an "interested shareholder" shall mean a "controlling shareholder" as defined in Article 59 hereof;
- (II) In the case of a repurchase of shares by the Company outside the Hong Kong Stock Exchange by way of agreement under Article 29 hereof, an "interested shareholder" shall mean a shareholder who is related to the agreement;
- (III) In the plan of company reorganization, an "interested shareholder" shall mean a shareholder within a class who bears less than a proportionate liability than other shareholders of such class or who has an interest different from those of other shareholders of such class.

Article 99 A resolution of a class meeting shall be passed in accordance with Article 88 of the Articles of Association by at least a two-thirds majority calculated on the basis of the voting rights held by the shareholders present and entitled to vote at the class meeting.

Article 100 In the event that the Company convenes a shareholders' class meeting, a written notice shall be issued to shareholders whose names appear on the register of shareholders of such class in accordance with the notice period for the convening of a general meeting as required in the Article 70 of the Articles, specifying the matters proposed to be considered and the date and place of the meeting.

Article 101 The notice of the shareholders' class meeting shall only be served to shareholders entitled to vote at the meeting.

A shareholders' class meeting shall be held under procedure as similar as possible to a shareholders' general meeting. The provisions of the Articles which relate to the convening of shareholders' general meeting shall apply to a shareholders' class meeting.

Article 102 In addition to holders of other classes of shares, the holders of domestic shares and overseas-listed foreign shares are deemed to be different classes of shareholders. The special voting procedures of class shareholders shall not apply to the following circumstances:

- (I) Where the Company issues, upon approval by a special resolution of a shareholders' general meeting, domestic shares and overseas-listed foreign shares either separately or concurrently every twelve (12) months, not more than 20% of each of the existing issued domestic shares and overseas-listed foreign shares;
- (II) Where the Company's plan to issue domestic shares and overseas-listed foreign shares at the time of its establishment is implemented within fifteen (15) months from the date of approval by the securities regulatory authority under the State Council.

Chapter 10 Board of Directors

Article 103 The Company shall establish the Board of Directors, which shall comprise eleven (11) directors and the number of independent non-executive directors shall not be less than four (4), and one (1) shall be an employee representative director. The Board of Directors shall have one chairman and may have a vice chairman. The chairman and vice chairman shall be elected by more than half of all directors.

Article 104 The directors who are not employee representative directors shall be elected by the shareholders' general meeting, and the employee representative directors shall be elected democratically by the employee meeting for a term of three (3) years. Upon maturity of the term of office, a director may be re-elected and serve consecutive terms.

The written notice on the intention of nominating a director candidate and on the candidate's willingness to accept nomination shall be given to the Company seven (7) days before the shareholders' general meeting/employee meeting.

Subject to the relevant laws and regulations, a director whose tenure does not fall due may be removed at a shareholders' general meeting/employee meeting; an ordinary resolution shall be adopted at a shareholders' general meeting, and the removal of an employee representative director shall comply with the provisions of the employee meeting.

The directors do not need to hold the shares of the Company.

Article 105 The term of office of a director shall start from the date on which the said director assumes office to the expiry of the current term of the Board of Directors.

If the term of office of a director expires but re-election is not made in a timely manner, the said director shall continue to perform his duties as director according to the laws, administrative regulations and the Articles until the elected director assumes his office.

Article 106 A director may resign before the expiration of his term of office. The resigning director shall submit a written resignation to the Board of Directors.

In the event that the resignation of any director results in the number of members of the Board of Directors less than the statutory minimum requirement, the said director shall continue to perform his duties according to the laws, administrative regulations and the Articles until a new director is elected and assumes his office.

Except for the circumstance referred in the preceding paragraph, the resignation of a director shall become effective upon submission of his resignation to the Board of Directors.

Article 107 The Company shall have independent non-executive directors. An independent non-executive director is a director assuming no posts other than independent non-executive director and having no relation with the Company and major shareholders thereof which may hinder his independent objective judgment. The number of the independent non-executive directors shall be more than one-third of the number of members of the Board of Directors and shall not be less than four (4), at least one of whom shall have appropriate professional qualification or the accounting or related financial management expertise and meet the requirements of Article 3.10(2) of the Hong Kong Listing Rules.

Independent non-executive directors shall have the independence required by the Article 3.13 of the Hong Kong Listing Rules.

Article 108 Independent non-executive directors shall meet the following basic requirements:

- (I) Being qualified as the director of a listed company according to the laws and regulations, normative documents as well as the rules of the securities regulatory authority of the place where the Company stocks are listed;
- (II) Independently performing their duties, without being influenced by major shareholders, de facto controllers of the Company or other entities or individuals who are interested in the Company;
- (III) Ensuring enough time and energy to effectively perform their duties, and promising to duly perform duty of loyalty and diligence.

Article 109 The Board of Directors is accountable to the shareholders' general meeting and shall exercise the following functions and powers:

- (I) To convene and report to the shareholders' general meeting;
- (II) To implement the resolutions adopted at shareholders' general meetings;
- (III) To decide on the Company's business plans and investment plans;
- (IV) To formulate the Company's annual financial budgets and final accounts;
- (V) To formulate the Company's proposal on profit distribution and plan for recovery of losses;
- (VI) To formulate proposals for increases or reduction of the Company's registered capital and proposals for the issue of corporate bonds;
- (VII) To formulate plans for repurchase of the Company's shares, or merger, division, dissolution, or change of corporate formation of the Company;
- (VIII) To appoint or dismiss the Company's general manager, and to decide on the appointment or dismissal of senior management officer such as deputy general manager, chief accountant, chief legal officer and chief engineer pursuant to the nomination of the general manager result and decide on the appointment or dismissal of the secretary to the Board of Directors pursuant to the nomination of the chairman of the Board of Directors;

- (IX) To decide on the matters relating to the remuneration of the aforesaid senior management officers;
- (X) To formulate the Company's basic management system; (XII) To formulate proposals for amendment to the Articles;
- (XI) To formulate proposals for amendment to the Articles;
- (XII) To decide on the setup of internal management institutions of the Company;
- (XIII) To decide on the setup and adjustment of the special committees of the Board;
- (XIV) Matters such as investments, acquisitions or disposals of assets, financing and connected transactions that require decisions to be made by the Board of Directors in accordance with the Hong Kong Listing Rules;
- (XV) To evaluate and determine the nature and degree of risk acceptable for the Company in achieving the strategic target, to ensure that the Company establishes and maintains an appropriate and effective risk management and internal monitoring system, to continuously supervise this system, and to ensure that check is conducted at least once a year, on whether the system of the Company and its subsidiaries is effective;
- (XVI) To decide on other major affairs of the Company, save for matters required to be resolved at shareholders' general meeting as specified under the Company Law and the Articles;
- (XVII) To exercise other functions and powers conferred by the laws, administrative regulations, the Articles and the shareholders' general meetings.

With the exception of matters specified in sub-paragraphs (VI), (VII) and (XI), which shall be passed by two-thirds or more of the directors by voting, the resolutions of the Board of Directors in respect to any other aforesaid matters may be passed by more than half of all directors.

A resolution made by the Board of Directors on a connected transaction must take effect only after consideration and approval by independent non-executive directors.

Article 110 The Board of Directors shall not, without the approval of shareholders' general meeting, dispose of or agree to dispose of any fixed assets of the Company where the expected amount or value of the fixed assets proposed for disposal, and the amount or value of the consideration for any such disposal of any fixed assets that has been completed within four (4) months before the proposed disposal, exceed 33% of the value of the Company's fixed assets as shown in the last balance sheet tabled before the shareholders' general meeting.

For the purpose of this Article, the term "disposal of fixed assets" includes an act involving the transfer of an interest in certain assets, but does not include the provision of guarantees with fixed assets.

The validity of a transaction for disposal of fixed assets by the Company shall not be affected by breach of the first paragraph of this Article.

Article 111 The chairman of the Board of Directors shall exercise the following functions and powers:

- (I) To preside over the shareholders' general meetings, and to convene and preside over the meetings of the Board of Directors;
- (II) To supervise and inspect the implementation of resolutions of the Board of Directors;
- (III) To sign the securities issued by the Company;
- (IV) To exercise the special power of verdict and disposal on the matters of the Company in accordance with laws and in the interest of the Company in the event of occurrence of force majeure, serious crisis or very urgent circumstances and to report to the Board of Directors and the Shareholders' Meeting of the Company subsequent thereto; and when necessary, to authorize the general manager of the Company to exercise the special power of disposal;
- (V) To exercise other functions and powers conferred by the Board of Directors.

Article 112 The meetings of the Board of Directors shall be divided into regular meetings of the Board of Directors and extraordinary meetings of the Board of Directors. The Board of Directors shall notify the supervisors to attend the meetings of the Board of Directors as non-voting delegates.

Regular meetings of the Board of Directors shall be held at least four (4) times each year, approximately once a quarter and convened by the chairman of the Board of Directors. The written notice of meeting shall be sent to all the directors fourteen (14) days before the date of the meeting. The approval of directors for the regular meetings of the Board of Directors shall not be obtained through the adoption of written resolutions. A regular meeting of the Board of Directors may be held by way of communication and all participating Directors shall be deemed as having attended the meeting in person. The extraordinary meeting of the Board of Directors may be approved by Directors by written resolution.

The chairman of the Board of Directors shall convene an extraordinary meeting of the Board of Directors within ten (10) days after receiving the proposal under the following circumstances:

- (I) When proposed by shareholders holding more than one-tenth of the voting shares;
- (II) When proposed by the chairman of the Board of Directors;
- (III) When proposed by more than one-third of the directors;
- (IV) When proposed by more than two (2) independent non-executive directors;
- (V) When proposed by the Board of Supervisors;
- (VI) When proposed by the general manager.

Article 113 Notice shall be given to all the directors and supervisors within a reasonable period prior to an extraordinary meeting of the Board of Directors. The office of the Board of Directors shall serve written notice of the meeting to all the directors and supervisors by hand, fax, express mail service or other means of electronic communication. Notices that are not served by hand shall be confirmed by telephone and record shall be made accordingly.

In an emergency and an extraordinary meeting of the Board of Directors is required to be convened as soon as possible, the notice of meeting may be given by telephone or by other verbal means at any time, but the convener shall provide an explanation at the meeting.

Article 114 The meetings of the Board of Directors are convened and presided over by the chairman of the Board of Directors. If the chairman is unable to or does not perform his duties, his duties shall be performed by the vice chairman of the Board of Directors. If the vice chairman is unable to or does not perform his duties, his duties shall be performed by a director jointly elected by more than half of the directors.

Article 115 The meetings of the Board of Directors are valid only when more than half of the directors or their authorized representatives are present.

Each director shall have one vote. All the resolutions made by the Board of Directors require the affirmative votes of more than half of the directors, unless otherwise specified by the laws, administrative regulations and the Articles.

When the number of negative votes is equal to that of affirmative votes, the chairman of the Board of Directors has the right to cast one more vote.

Article 116 A director shall attend the meetings of the Board of Directors in person. If a director is not able to attend the meeting for any reason, he may appoint in writing other directors to attend the meeting on his behalf. The scope of authorization shall be specified in the proxy.

The director attending the meeting on other's behalf shall only exercise the rights of director within the scope of authorization. If a director fails to attend a meeting of the Board of Directors or appoint a representative to attend on his behalf, such director shall be deemed to have waived his right to vote at such meeting.

Article 117 The Board of Directors shall keep minutes of resolutions on matters discussed at the meeting. The attending directors or their authorized representatives and the recorder of meeting minutes shall sign the minutes of such meetings.

Directors shall be liable for the resolutions of the Board of Directors. If the resolutions of the Board of Directors violate the laws, administrative regulations or the Articles, and the Company suffers a material loss as a result thereof, the directors participating in the resolutions are liable to the Company for the losses. However, directors may be exempted from such liability if it is verified that such director has stated his objection when voting and the same was recorded in the minutes.

Article 118 If a director or any of his associates (as defined in the Hong Kong Listing Rules) has a material interest in or connected relation with the matters to be discussed at the meeting of the Board of Directors, such director shall not exercise the voting right for himself or on behalf of another director when the Board of Directors considers that matter. Nor shall he be counted in the quorum present at the meeting. A meeting of the Board of Directors can be held provided that more than half of the unaffiliated directors are present. Any resolution made by the Board of Directors shall be approved by more than half of the unaffiliated directors. If no more than three (3) unaffiliated directors attend the meeting of the Board of Directors, the Company shall submit this proposal to the shareholders' general meeting for consideration. When submitting this proposal to the general meeting for approval, the Board of Directors shall explain its consideration on the proposal and record the opinions of unaffiliated directors.

Article 119 The Board of Directors consists of the Audit and Risk Management Committee, the Nomination Committee, the Remuneration and Appraisal Committee, the Strategy Committee and the Legal Affairs Committee. If needed, the Board of Directors can set up other special committees and adjust the existing committees.

As far as the makeup, responsibilities and rules of procedure of every special committee are concerned, the Board of Directors will separately establish the terms of reference thereof.

Chapter 11 Secretary to the Board of Directors

Article 120 The Company shall have a secretary to the Board of Directors who is accountable to the Board of Directors. The secretary to the Board of Directors is a senior management officer of the Company.

Article 121 The secretary to the Board of Directors shall be a natural person with the requisite professional knowledge and experience, and shall be nominated by the chairman of the Board of Directors and appointed or dismissed by the Board of Directors.

The main responsibilities of the secretary to the Board of Directors are:

- (I) To ensure that the Company has a complete set of organization documents and records; to keep and manage the information on the shareholders; and to assist the directors in addressing the routine tasks of the Board of Directors;
- (II) To act as the liaison between the Company and the securities regulatory authorities, to be responsible for organizing the preparation and prompt submission of the reports and documents required by the regulatory authorities, and for accepting and organizing the implementation of any assignment from the regulatory authorities;
- (III) To make preparations for the meetings of the Board of Directors and the shareholders' general meetings, and to take and keep the minutes;
- (IV) To ensure the proper maintenance of the Company's register of shareholders, so as to ensure the persons who are entitled to obtain the relevant records and documents of the Company are able to obtain the same on a timely basis;
- (V) To be responsible for coordinating and organizing the Company's disclosure of information, establish and improve the information disclosure system, participate in all of the Company's meetings involving the disclosure of information, and keep informed of the Company's material operation decisions and related information in a timely manner.

Article 122 Directors or other senior management officers of the Company may concurrently act as the secretary to the Board of Directors. The accountants of the accounting firm which has been appointed by the Company shall not concurrently act as the secretary to the Board of Directors.

If a director concurrently serves as the secretary to the Board of Directors, in the event that an action must be carried out by a director and a secretary to the Board of Directors respectively, the person who holds the offices of director and secretary to the Board of Directors shall not act in dual capacity.

Chapter 12 General Manager and Other Senior Management Officers

Article 123 The Company shall have one general manager, several deputy general managers, one chief accountant, one chief legal officer, one chief engineer. They are appointed or dismissed by the Board of Directors.

Article 124 The general manager is accountable to the Board of Directors and exercises the following functions and powers:

- (I) To take charge of the production and operation of the Company, and to arrange proper resources to implement resolutions of the Board of Directors;
- (II) To arrange proper resources to implement the Company's annual business plans and investment plans;
- (III) To draft the plans for establishment of the internal management organization;
- (IV) To draft the plans for establishment of the Company's basic management system;
- (V) To formulate the rules and regulations of the Company;
- (VI) To employ or dismiss the management officers other than those required to be employed or dismissed by the Board of Directors;
- (VII) To propose to the Board of Directors the employment and dismissal of deputy general managers, chief accountant, chief legal officer and chief engineer;
- (VIII) To exercise other functions and powers authorized by the Articles or by the Board of Directors.

Article 125 The general manager shall attend meetings of the Board of Directors and, if the general manager is not a director, he shall not have voting right at the meeting.

Article 126 In the exercise of their functions and powers, the general manager and other senior management officers shall comply with the laws, administrative regulations and the Articles, and fulfil his duties in good faith and of due diligence.

Chapter 13 Board of Supervisors

Article 127 The Company shall establish the Board of Supervisors composed of five (5) supervisors. The term of office of supervisors shall be three (3) years, renewable upon re-election and re-appointment. The Board of Supervisors has one chairman, whose appointment and dismissal shall be approved by more than two-thirds of the supervisors through voting.

Article 128 Members of the Board of Supervisors shall comprise of three (3) representatives of shareholders and two (2) representatives of staff and workers. The supervisors of representatives of shareholders are elected and dismissed by the shareholders' general meeting; and the supervisors of representatives of staff and workers are democratically elected and dismissed by the Company's staff.

Article 129 Any director, general manager or other senior management officers of the Company shall not concurrently act as supervisors.

Article 130 The Board of Supervisors shall be accountable to the shareholders' general meeting and exercise the following functions and powers:

- (I) To review the Company's financial position;
- (II) To monitor any acts on the part of directors and senior management officers in their performance of duties, and to propose dismissal of any directors and senior management officers who violate the laws, administrative regulations, the Articles or resolutions of shareholders' general meetings;
- (III) To demand directors and senior management officers to make rectification if their conduct has damaged the Company's interest;
- (IV) To review financial information such as financial reports, operation reports and profit distribution plans to be submitted by the Board of Directors to the shareholders' general meetings; to conduct investigation if there is any doubt in the company's operations, and engage certified public accountants and practicing auditors in the name of the Company to assist their review if necessary;
- (V) To propose the convening of an extraordinary general meeting, and convene and preside over the shareholders' general meeting when the Board of Directors fails to perform such duties specified under the Articles;
- (VI) To submit proposals to the shareholders' general meeting;
- (VII) To bring an action against a director and senior management officer in accordance with the Company Law;
- (VIII) To exercise other functions and powers authorized by the Articles or by the shareholders' general meetings.

The supervisors have the right to attend the meetings of the Board of Directors as non-voting participants and to raise questions or suggestions on the matters to be decided by the Board of Directors.

Article 131 The reasonable costs attributable to the engagement of lawyers, certified public accountants, practicing auditors and other professionals when the Board of Supervisors exercises its functions and powers shall be borne by the Company.

Article 132 The Board of Supervisors shall convene at least once meeting every six (6) months, which shall be convened by the chairman of the Board of Supervisors. The supervisors can propose to convene extraordinary meetings of the Board of Supervisors. The meeting notice shall be sent to all the supervisors in written form ten (10) days before the meeting. The office of the Board of Supervisors shall submit the written notice to all the supervisors by hand, fax, express mail service or other means of electronic communication. Notices that are not served by hand shall be confirmed by telephone and record should be made accordingly.

In case of urgency and an extraordinary meeting of the Board of Supervisors is required to be convened as soon as possible, the notice of meeting may be delivered by telephone or by other verbal means at any time, but the convener shall make explanations at the meeting.

Article 133 The meeting of the Board of Supervisors shall be convened and presided over by its chairman. If the chairman of the Board of Supervisors is unable or fails to perform his duties, a supervisor who has been elected by more than half of the supervisors shall convene and preside over the meeting of the Board of Supervisors.

Article 134 The meeting of the Board of Supervisors shall be attended by more than two thirds of the supervisors. If a supervisor is not able to attend the meeting for any reason, he may appoint in writing other supervisors to attend the meeting on his behalf. The scope of authorization shall be specified in the proxy.

Article 135 Each supervisor shall have one vote. Resolutions of the Board of Supervisors shall be passed by the affirmative votes of two-thirds or more of the members of Board of Supervisors.

Article 136 A supervisor shall carry out his supervisory duties honestly and faithfully in accordance with the law, administrative regulations and the Articles.

Chapter 14 The Qualification and Obligations of Directors, Supervisors and Senior Management Officers

Article 137 The following persons may not serve as a director, supervisor, the general manager, or other senior management officer of the Company:

- (I) A person without or with limited capacity for civil conduct;
- (II) A person who has been sentenced for corruption, bribery, infringement of property, misappropriation of property or damaging the social economic order, where less than five (5) years have elapsed since the sentence was served, or who has been deprived of his political rights due to criminal offense, where less than five (5) years have elapsed since the sentence was served;
- (III) A person who is a former director, factory manager or manager of a company or enterprise which has become insolvent and has been liquidated and who is personally liable for the insolvency of such company or enterprise, and where less than three (3) years have elapsed since the date of completion of the insolvency and liquidation of such company or enterprise;
- (IV) A person who is a former legal representative of a company or enterprise the business license of which was revoked and ordered to close down due to violation of law and who is personally liable for such violation, where less than three (3) years have elapsed since the date of the revocation of business license of such company or enterprise;
- (V) A person who has a relatively large amount of debts which have become overdue;
- (VI) A person who is currently under investigation by the judicial authorities for violation of criminal law, and the legal procedures are pending;
- (VII) A person who, according to law and administrative regulations, is not permitted to be the leader of an enterprise;
- (VIII) A person who is not a natural person;
- (IX) A person who has been convicted by the competent authority for violation of relevant securities regulations and such conviction involves a finding that such person has acted fraudulently or dishonestly, where less than five (5) years have elapsed since the date of such conviction;
- (X) Other persons stipulated in the relevant laws and regulations of the place where the Company's shares are listed.

Article 138 The validity of an act carried out by a director, general manager and other senior management officer on behalf of the Company as against a bona fide third party shall not be affected by any irregularity in his employment, election or qualification.

Article 139 In addition to the obligations imposed by law, administrative regulations or the listing rules of the stock exchange where the Company's shares are listed, each of the Company's directors, supervisors, general manager and other senior management officers owes the following obligations to each shareholder, in the exercise of the functions and powers entrusted to him by the Company:

- (I) Not to exceed the Company's scope of business specified in its business license;
- (II) To act bona fide in the best interests of the Company;
- (III) Not to expropriate the Company's property in any way, including (but not limited to) opportunities beneficial to the Company;
- (IV) Not to expropriate the personal rights and interests of shareholders, including (but not limited to) rights to distribution and voting rights, except in a restructuring of the Company which has been submitted to the shareholders' general meeting for approval in accordance with the Articles.

Article 140 Each of the Company's directors, supervisors, general managers and other senior management officers owes the duty that in the exercise of his powers or discharge of his obligations, to exercise the care, diligence and skill that a reasonably prudent person would exercise under similar circumstances.

Directors must satisfy the required levels of skill, care and diligence. Delegating their functions is permissible but does not absolve them from their responsibilities or from applying the required levels of skill, care and diligence.

Article 141 Each of the Company's directors, supervisors, general manager and other senior management officers shall perform his duties on the principle of fiduciary, and shall not put himself in a position where his interests and his duties may conflict. This principle includes (but is not limited to) discharging the following obligations:

- (I) To act bona fide in the best interests of the Company;
- (II) To exercise his powers within his terms of reference and not to act ultra vires;
- (III) To exercise the discretion vested in him personally and not to allow himself to act under the control of any other party; and unless permitted by laws, administrative regulations or with the informed consent of the shareholders given in a general meeting, not to delegate the exercise of his discretion;
- (IV) To treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (V) Unless otherwise provided in the Articles or except with the informed consent of the shareholders given in a general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (VI) Not to use the Company's property in any way for his own benefit without the informed consent of the shareholders given in a general meeting;

- (VII) Not to exploit his position to accept bribes or to obtain other illegal income, expropriate the Company's property in any way, including (but not limited to) opportunities beneficial to the Company;
- (VIII) Not to accept commissions in connection with the Company's transactions without the informed consent of the shareholders given in a general meeting;
- (IX) To comply with the Articles, perform his duties faithfully, protect the Company's interests and not to exploit his position and power in the Company for his own benefit;
- (X) Not to compete with the Company in any way without the informed consent of the shareholders' general meeting;
- (XI) Not to misappropriate the Company's funds, not to open any account in his own name or in any other name for the deposit of the Company's assets or funds, not to violate the provisions of the Articles by lending the Company's funds to others or using such assets to provide guarantee for the debts of shareholders of the Company or other individuals without the consent of the shareholders' general meeting or the consent of the Board of Directors;
- (XII) Not to disclose any confidential information in relation to the Company which he has obtained during his term of office without the informed consent of the shareholders' general meeting; nor shall he use such information other than for the Company's benefit, save that disclosure of such information to the court or other governmental authorities is permitted if:
 1. The law so requires;
 2. Public interest so warrants;
 3. The interests of the relevant director, supervisor, general manager and other senior management officers so requires.

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

Article 142 Each director, supervisor, general manager or other senior management officer of the Company shall not direct the following persons or institutions (herein after referred to as "related parties") to do anything that is not permitted:

- (I) The spouse or minor child of the Company's director, supervisor, general manager or other senior management officers;
- (II) The trustee of the Company's director, supervisor, general manager or other senior management officers or any person referred to in sub- paragraph (I) of this Article;
- (III) The partner of the Company's director, supervisor, general manager or other senior management officers or any person referred to in sub- paragraphs (I) and (II) of this Article;

- (IV) A company in which the Company's director, supervisor, general manager or other senior management officers, whether alone or jointly with the persons referred to in sub-paragraphs (I), (II) or (III) of this Article or other directors, supervisors, general managers and other senior management officers of the Company, has de facto control; and
- (V) The directors, supervisors, general managers and other senior management officers of the controlled company referred to in sub-paragraph (IV) of this Article.

Article 143 The fiduciary duties of a director, supervisor, general manager and other senior management officers of the Company do not necessarily cease upon termination of their tenure. The duty of confidentiality in respect to trade secrets of the Company survives the termination of their tenures. Other duties may continue for such period as the principle of fairness may require, depending on the length of time that has elapsed between termination and the act concerned and the circumstances and terms under which their relationship with the Company have been terminated.

Article 144 Except for circumstances prescribed in Article 58 hereof, a director, supervisor, general manager and other senior management officers of the Company may be relieved of liability for specific breaches of his duty with the informed consent of the shareholders 'general meeting.

Article 145 Where a director, supervisor, general manager or other senior management officer of the Company is, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (except for the employment contract reached between the Company and that director, supervisor, general manager or other senior management officers), he shall disclose the nature and extent of his interest to the Board of Directors at the earliest opportunity, whether or not such matters are subject to the approval of the Board of Directors under normal circumstances.

Except for the cases mentioned in the Note 1 to Annex 4 of the Hong Kong Listing Rules or allowed by the Hong Kong Stock Exchange, a director shall not vote on any resolution of the Board of Directors approving any contract, transaction or arrangement or any other relevant proposal in which he or any of his associates (as defined under the Hong Kong Listing Rules, as amended or supplemented from time to time) has a material interest nor shall he be counted in the quorum present at the meeting. Unless the interested director, supervisor, general manager or other senior management officer of the Company has disclosed his interest to the Board of Directors as required by the first paragraph of this Article and relevant matters have been approved by the Board of Directors at a meeting in which he was not counted in the quorum and has abstained from voting, the contract, transaction or arrangement is voidable at the instance of the Company except as against a bona fide party thereto who does not have notice of the breach of duty by the interested director, supervisor, general manager or other senior management officer.

A director, supervisor, general manager or other senior management officer of the Company is deemed to be interested in a contract, transaction or arrangement in which his related party is interested.

Article 146 Where a director, supervisor, general manager or other senior management officer of the Company gives the Board of Directors a notice in writing stating that, by reason of the facts specified in the notice, he is interested in the contract, transaction or arrangement which may subsequently be made by the Company, such notice shall be deemed to be a disclosure for the purpose of the preceding Article of this Chapter, so far as the content stated in such notice is concerned, provided that such notice shall have been given before the date on which the relevant contract conclusion, transaction or arrangement is first taken into consideration by the Company.

Article 147 The Company shall not in any manner pay taxes for its directors, supervisors, general manager and other senior management officers.

Article 148 The Company shall not directly or indirectly make a loan to or provide any guarantee for a loan to a director, supervisor, general manager or other senior management officer of the Company or the Company's controlling shareholders or any of their respective related parties.

The foregoing provision shall not apply to the following circumstances:

- (I) The provision by the Company of a loan or a guarantee for a loan to its subsidiaries;
- (II) The provision by the Company of a loan or a guarantee for a loan or any other funds to any of its directors, supervisors, general managers or other senior management officers pursuant to their employment contracts which were approved by the shareholders in a general meeting for him to settle expenditures incurred by him for expenses incurred in performing his duties and responsibilities; and
- (III) If the ordinary scope of business of the Company is expanded to include the provision of loans or guarantees for loans, the Company may provide a loan or a guarantee for a loan to any of the relevant directors, supervisors, general managers or other senior management officers or their respective related parties, provided that the provision of loans or guarantees for loans is on normal commercial terms.

Article 149 A loan made by the Company in breach of the preceding Article shall be repayable forthwith by the recipient of the loan regardless of the terms of the loan.

Article 150 A guarantee for a loan provided by the Company in breach of the first paragraph of Article 148 shall not be enforceable against the Company, unless:

- (I) The lender was not aware of the relevant circumstances when he provided a loan to a related party of any of the directors, supervisors, general managers and other senior management officers of the Company or of the Company's controlling shareholders;
- (II) The collateral provided by the Company has already been lawfully disposed of by the lender to a bona fide purchaser.

Article 151 For the purposes of the foregoing provisions of this Chapter, a guarantee includes an act of undertaking or property provided by the guarantor to secure the performance of obligations by the obligor.

Article 152 Where a director, supervisor, general manager or other senior management officer of the Company is in breach of his obligations owed to the Company, the Company has, in addition to any rights and remedies provided for in the laws and administrative regulations, the right to take the following measures:

- (I) To demand such director, supervisor, general manager or other senior management officer compensate for losses sustained by the Company as a result of such breach;
- (II) To rescind any contract or transaction that has been entered into by the Company with such director, supervisor, general manager or other senior management officer, or with a third party (where such third party has known or should have known that such director, supervisor, general manager or other senior management officer that represents the Company has breached his duties owed to the Company);
- (III) To demand such director, supervisor, general manager or other senior management officer to surrender profits obtained as a result of the breach of his obligations;
- (IV) To recover any monies received by the director, supervisor, general manager or other senior management officer that should have been received by the Company, including (without limitation) commissions;
- (V) To demand the return of interest earned or which may have been earned by such director, supervisor, general manager or other senior management officer on the monies that should have been paid to the Company.

Article 153 The Company shall, with the prior approval of shareholders' general meeting, enter into a written contract with its director and supervisor regarding his remuneration. The aforesaid emoluments include:

- (I) Emoluments in respect to his service as director, supervisor or senior management officer of the Company;
- (II) Emoluments in respect to his service as director, supervisor or senior management officer of any subsidiary of the Company;
- (III) Emoluments in respect to the provision of other services in connection with the management of the affairs of the Company and any of its subsidiaries; and
- (IV) Payment to the director or supervisor as compensation for loss of office or as consideration in connection with his retirement.

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

Article 154 The contracts entered into between the Company and its directors or supervisors concerning emoluments shall prescribe that in the event that the Company is being acquired, the Company's directors and supervisors shall, subject to the prior approval of shareholders' general meeting, have the right to receive compensation or other payment in respect to his loss of office or retirement. For the purposes of the preceding paragraph, the acquisition of the Company includes any of the following:

- (I) An offer made by any person to all shareholders; or
- (II) An offer made by any person such that the offeror will become the controlling shareholder. The term "controlling shareholder" has the same meaning as defined in the Article 59 of the Articles.

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

Article 155 To decide on major operational and management matters of the Company, the Board of Directors and the managers shall firstly listen to the Party committee of the Company.

Chapter 15 Party Committee

Article 156 The Company sets up a Party committee, which consists of one secretary and several members. In principle, the positions of both the chairman of the Board of Directors and the secretary of the Party committee are held by one person. Eligible Party committee members can join the Board of Directors, the Board of Supervisors and the management through legal procedures, and eligible members of the Board of Directors, the Board of Supervisors and the management can join the Party committee in accordance with the relevant regulation and procedure. At the same time, the Disciplinary Committee and one secretary to the Disciplinary Committee are set up as required.

Article 157 The Party committee of the Company performs the following duties in accordance with the internal regulations of the Party, such as the Constitution of the Communist Party of the PRC:

- (I) To ensure and supervise the implementation of the Party and national policies in the Company, and to implement the significant strategic decisions of the Party Central Committee and the State Council as well as the relevant important work deployment of national ministries and commissions, group companies and higher Party organization;
- (II) To adhere to the principle of the Party in charge of cadres in combination with the selection of operating managers by the Board of Directors in compliance with the law and the operating managers' exercise the right of staff deployment in compliance with the law. The Party committee deliberates the candidates nominated by the Board of Directors or the general manager and provides suggestions. Alternatively, it may recommend and nominate the candidates to the Board of Directors or the general manager, investigate the candidates to be appointed with the Board of Directors, and provide suggestions through brainstorming;

- (III) To study and discuss the Company's reform, development and stability, the significant matters relating to operation management, and the major issues involving the employees' interests, and to provide suggestions;
- (IV) To assume the principle responsibility for comprehensive and strict Party governance. To lead the Company's ideological and political work, united front work, spiritual civilization and corporate culture construction, and the work of such groups as the labor union and the Communist Youth League. To promote the Party's political construction, ideological construction, organizational construction, working style construction, and discipline construction in a comprehensive way, and carry out system construction throughout them, deepen the anti-corruption campaign, constantly improve the quality of the Party's construction, lead and support the Disciplinary Commission in performing its supervision responsibility.

Chapter 16 Financial and Accounting System and Profit Distribution

Article 158 The Company shall establish its financial and accounting system in accordance with the law, administrative regulations and the provisions of Chinese Accounting Standards stipulated by the department in charge of financial affairs under the State Council.

Article 159 At the end of each accounting year, the Company shall prepare a financial report which shall be audited and verified according to law.

Article 160 The Company's Board of Directors shall make available before every the shareholders' general meeting such financial reports prepared by the Company in accordance with the relevant laws, administrative regulations and regulatory documents promulgated by the local government and the competent authorities.

Article 161 The Company's financial reports shall be made available for shareholders' inspection at the Company twenty (20) days prior to the date of the annual general meeting. Each shareholder of the Company has the right to receive a copy of such financial reports mentioned in this Chapter.

The financial report mentioned in the preceding paragraph shall comprise the directors' report, together with the balance sheet (including all other documents to be annexed as required by the PRC or other laws and administrative regulations) and the profit and loss statement (the profit statement) or the statement of income and expense (the statement of cash flow), or (subject to the relevant laws of the PRC) the summary.

Unless otherwise stipulated by laws, administrative regulations, the listing rules of the place where the shares of the Company are listed, as well as the Articles, the Company shall deliver or send by prepaid mail the abovementioned reports to each holder of overseas-listed foreign shares at the address recorded in the register of shareholders at least twenty-one (21) days before the annual shareholders' general meeting is convened.

- Article 162** The financial statements of the Company shall be prepared in accordance with accounting standards and regulations of the PRC, as well as in accordance with international accounting standards, or the accounting standards required by the securities regulatory authorities of the jurisdiction in which the Company's shares are listed. In the event that the financial statements prepared in accordance with those two accounting standards have significant discrepancy, it shall be specified in the notes to the financial statements. In distributing its after-tax profits of the relevant accounting year, the lower of the after-tax profits as shown respectively in the abovementioned two financial statements shall be adopted.
- Article 163** The interim results or financial materials to be published or disclosed by the Company shall be prepared in accordance with accounting standards and regulations of the PRC and international accounting standards, or the accounting standards required by the securities regulatory authorities of the jurisdiction in which the Company's shares are listed.
- Article 164** The Company shall publish its financial reports twice every accounting year prepared in accordance with either international accounting standards or those required by the securities regulatory authorities of the jurisdiction in which the Company's shares are listed. Namely, the interim financial report shall be published within two (2) months after the end of the first six (6) months of each accounting year and the annual financial report shall be published within four months after the end of each accounting year.
- Article 165** The Company shall not maintain books of accounts other than those provided for by law.
- Article 166** In distributing the profit after tax of the current year, the Company shall allocate 10% of its profit into its statutory reserve fund. When the aggregate amount of the statutory reserve fund of Company is more than 50% of its registered capital, further appropriations are not required.

Where the statutory reserve fund of the Company is insufficient to make up for the losses of the previous year, the profits of the current year shall be used to make up for such losses before making allocation to its statutory reserve fund in accordance with the preceding paragraph.

After allocation of its profits after tax to its statutory reserve fund, the Company may, subject to the approval of the shareholders at the shareholders' general meeting allocate its profits after tax to its discretionary reserve fund.

After making up for the losses and making allocations to the reserve fund, any remaining profits after tax shall be distributed by the Company to shareholders in proportion to their respective shareholdings according to the resolution adopted at the shareholders' general meeting.

If the shareholders' general meeting has, in violation of the provision of the preceding paragraph, distributed profits to shareholders before the Company has made up for its losses and made allocations to its statutory reserve fund, the shareholders shall return to the Company the profit distributed in violation of the provision.

The Company's shares held by the Company are not entitled to any profit distribution.

Article 167 Capital reserve fund includes the following items:

- (I) Premium received when shares are issued at a premium to their par value;
- (II) Any other income required by the finance regulatory department of the State Council to be included in the capital reserve fund.

Article 168 The reserve fund of the Company can be applied for making up for losses of the Company, expansion of the Company's production and operation or increasing the capital of the Company, but the capital reserve fund cannot be applied for making up for losses of the Company.

Where the statutory reserve fund is converted into capital, the balance of the reserve fund shall not fall below 25% of the Company's registered capital prior to such conversion.

Article 169 The Company may distribute dividends in the form of (or a combination of both) cash or shares.

Article 170 The Company shall appoint a receiving agent for holders of overseas- listed foreign shares. The receiving agent shall receive on behalf of such shareholders any dividends or other amounts payable by the Company to them in respect to the overseas-listed foreign shares, and such payment shall be kept by the receiving agent on such shareholders' behalf for any payment to them.

The receiving agent appointed by the Company shall satisfy requirements under the laws of the jurisdiction where the Company's shares are listed or the rules of relevant stock exchange.

The receiving agent appointed by the Company for holders of overseas- listed foreign shares listed on the Hong Kong Stock Exchange shall be a trust company registered under the Trustee Ordinance of Hong Kong.

Subject to the relevant laws and regulations of the People's Republic of China, the Company may exercise its right to claim over unclaimed dividends, provided that such right shall not be exercised until after the expiration of the applicable limitations period.

The Company has the power to cease sending dividend warrants by post to a holder of overseas-listed foreign shares if such warrants have been left uncashed. The Company shall only exercise such power until such warrants have been so left uncashed on two consecutive occasions. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered.

In relation to the exercise of right to issue share warrants to bearer, no new share warrant shall be issued to replace one that has been lost unless the Company is satisfied beyond a reasonable doubt that the original share warrant has been destroyed. The Company has the right to sell, by means considered appropriate by the Board of Directors, the shares of a holder of the overseas- listed foreign shares who is untraceable under the following circumstances:

- (I) During a period of twelve (12) years at least three (3) dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and
- (II) Upon expiry of the twelve (12) years, the Company gives notice of its intention to sell the shares by way of an announcement published in one or more newspapers in the place where the Company's shares are listed and notifies the Hong Kong Stock Exchange of such intention.

Chapter 17 Appointment of Accounting Firm

Article 171 The Company shall appoint an independent accounting firm which is qualified under the relevant national regulations to audit the Company's annual financial reports and verify other financial reports of the Company.

Article 172 The term of appointment of such an accounting firm shall commence from the end of this annual general meeting and expire after the end of the next annual general meeting.

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

- (I) The right to review the books, records and documents of the Company, and the right to require the directors, general managers or other senior management officers of the Company to provide relevant information and explanation;
- (II) The right to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as necessary for the discharge of its duties;
- (III) The right to attend the shareholders' general meetings and to receive all notices of, and other information relating to, any shareholders' general meeting which any shareholder is entitled to receive, and to speak at any general meeting in relation to matters concerning its role as the Company's accounting firm.

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

Article 175 The shareholders in a general meeting may, by ordinary resolution, remove an accounting firm before the expiration of its term of office, irrespective of the provisions in the contract between the firm and the Company. However, the accounting firm's right to claim for damages which arise from its removal shall not be affected thereby.

Article 176 The remuneration of an accounting firm or the manner in which such remuneration is to be decided shall be determined by the shareholders' general meeting. The remuneration of an accounting firm appointed by the Board of Directors shall be determined by the Board of Directors.

Article 177 The Company's appointment, removal and non-re-appointment of an accounting firm shall be resolved by a shareholder's general meeting. Such resolution shall be filed with the securities authority of the State Council.

Where a resolution at a shareholders' general meeting is passed to appoint an accounting firm other than the incumbent accounting firm to fill a casual vacancy in the office of the accounting firm, or to re-appoint an accounting firm that was appointed by the Board of Directors to fill a casual vacancy, or to remove an accounting firm before the expiration of its term of office, the following provisions shall apply:

- (I) Before notice of shareholders' general meeting is given to the shareholders a copy of the appointment or removal proposal shall be sent to the accounting firm proposed to be appointed or proposed to leave its post or the accounting firm which has left its post in the relevant accounting year. Leaving includes leaving by removal, resignation and retirement.
- (II) If the accounting firm leaving its post makes representations in writing and requests the Company to notify its shareholders of such representations, the Company shall (unless the written representations were received too late) take the following measures:
 1. In any notice of meeting held for making the resolution, state the fact that the departing accounting firm has made such representations; and
 2. Attach a copy of the representations to the notice and send it to every shareholder entitled to notice of shareholders' general meeting in the manner stipulated in the Articles.
- (III) If the Company fails to send out the accounting firm's representations in the manner set out in sub-paragraph (II) of this Article, such accounting firm may require that the representations to be read out at the shareholders' general meeting and may make further complaint.

- (IV) An accounting firm that is leaving its post shall be entitled to attend:
1. The shareholders' general meeting at which its term of office would otherwise have expired;
 2. The shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal; and
 3. The shareholders' general meeting that is convened as a result of its resignation.

The accounting firm leaving its post shall be entitled to receive all notices of, and other information relating to, such meetings, and to speak at such meetings in relation to matters concerning its role as the former accounting firm of the Company.

Article 178 If the Company proposes to remove the accounting firm or not to renew the appointment thereof, it shall notify the accounting firm in advance, and the latter has the right to state its opinions to the shareholders' general meeting. If the accounting firm resigns, it shall make clear to the shareholders' general meeting whether there is any impropriety on the part of the Company.

The accounting firm may resign from its office by depositing the written notice of resignation at the registered address of the Company. The notice shall become effective on the date of such deposit or on such later date as may be stated in the notice. The notice shall contain the following statements:

1. A statement to the effect that there are no circumstances connected with its resignation that, as it considers, must be brought to the attention of the shareholders or creditors of the Company; or
2. A statement of any such circumstances that should be explained.

The Company shall, within fourteen (14) days of the receipt of the written notice referred to in the above sub-clause 2 of this Article, send a copy of the notice to the relevant competent authority. If the notice contains a statement referred to in sub-paragraph two of the previous paragraph of this Article, a copy of such statement shall be placed at the Company for shareholders' inspection. The Company shall also send a copy of such statement by prepaid mail to every holder of overseas-listed foreign shares at the address recorded in the register of shareholders.

If the accounting firm's notice of resignation contains a statement that is required to be contained, the accounting firm may request the Board of Directors to convene an extraordinary general meeting for the purpose of giving an explanation of the circumstances in connection with its resignation.

Chapter 18 Labor System and Labor Union

Article 179 According to the needs of business development, the Company may employ or dismiss its employees at its own discretion within the scope set by relevant national laws and regulations, implement the labor contract system and shall set up social insurance for its employees in accordance with the relevant national laws and regulations.

Article 180 The employees of the Company may establish a trade union according to the Trade Union Law of the People's Republic of China to carry out trade union activities and safeguard their legitimate rights and interests. The Company shall provide necessary conditions for the trade union to carry out its activities.

Chapter 19 Notices

Article 181 Notices of the Company may be delivered through the following means:

- (I) By hand;
- (II) By mail;
- (III) By fax or electronic mail;
- (IV) By way of publishing information on websites designated by the Company and the Hong Kong Stock Exchange, subject to the laws, administrative regulations and the listing rules of stock exchange of the jurisdiction where the Company's shares are listed;
- (V) By way of announcement;
- (VI) By any other means as agreed by the Company or the recipient or as accepted by the recipient after the notice is received;
- (VII) By any other means as approved by the relevant regulatory authorities of the jurisdictions where the Company's shares are listed or as specified in the Articles.

Unless the context otherwise specifies, the “notices” referred to in the Articles shall mean, in respect to announcements made to the holders of domestic shares or the announcements to be published in the PRC as required by the relevant requirements and the Articles, the publication of an announcement in newspapers in the PRC, and such newspapers shall have been prescribed under the laws and administrative regulations of the PRC or by the securities regulatory authority of the State Council. For notices issued by the Company to the holders of overseas-listed foreign shares by way of announcement, the Company shall on the same day submit an electronic version to the Hong Kong Stock Exchange through the e-submission system of the Hong Kong Stock Exchange for immediate release on the website of the Hong Kong Stock Exchange in accordance with the local listing rules, or publish an announcement in newspapers (including the publication of an advertisement in newspapers) in accordance with the local listing rules. The announcement shall at the same time also be published on the Company’s website. In addition, unless otherwise required in the Articles, the notice shall be delivered to each of the registered addresses as set forth in the register of holders of overseas- listed foreign shares by personal delivery or prepaid mail, so as to give the shareholders sufficient notice and time to exercise their rights or act in accordance with the terms of the notice.

The Company’s holders of overseas-listed foreign shares can, in writing, select to receive corporate communication by electronic means or by prepaid mail that the Company will send to shareholders, and they can also select to receive Chinese or English version only, or both. Shareholders can give written notice in advance to the Company within reasonable time to revise the method and language version of receiving foregoing information under appropriate procedures.

Shareholders or directors who wish to prove that certain notices, documents, information or written statements have been served on the Company shall provide evidence showing the same has been served to the correct address by ordinary means or by prepaid mail within the specified period of time.

Notwithstanding the aforesaid provision which specifies providing and/or dispatching written corporate communication to shareholders, as for the means by which the Company provides and/or dispatches its corporate communication to shareholders according to the Listing Rules of the Hong Kong Stock Exchange, if the Company has obtained shareholders’ prior written consent or deemed consent according to the relevant laws and regulations and the Hong Kong Listing Rules as amended from time to time, the Company may dispatch or provide corporate communication to its shareholders by electronic means or via its website. Corporate communication includes, but not limited to circulars, annual reports, interim reports, quarterly reports, notices of shareholders’ general meetings, and other types of corporate communication as specified in the Hong Kong Listing Rules.

Chapter 20 Merger and Division of the Company

Article 182 In the event of the merger or division of the Company, the Company's Board of Directors shall put forward a proposal. The Company shall then go through the relevant approval formalities pursuant to the law after the proposal is approved in accordance with the procedures stipulated in the Articles. Shareholders who oppose the plan of merger or division of the Company shall have the right to request the Company or the shareholders who consent to such plan to purchase their shares at a fair price. The content of the resolution of on the merger or division of the Company shall be contained in special documents which shall be available for inspection by the shareholders.

The aforesaid documents shall be sent to each holder of overseas-listed foreign shares by post.

Article 183 The merger of the Company may take the form of either merger by absorption or merger by establishment of a new entity.

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 from the date on which the resolution in favour of the merger is adopted and shall publish an announcement in a newspaper within thirty (30) days from the date of such resolution. A creditor has the right within thirty (30) days of receipt of notice or within forty-five (45) days of the date of announcement if notice is not received, to require the Company to settle its debts or to provide a corresponding guarantee for such debt.

Upon the merger, claims and debts of each of the merged parties shall be assumed by the company which survives the merger or the newly established company resulting from the merger.

Article 184 In the event of a division of the Company, its properties shall be divided up accordingly.

In the event of a division, the parties involved shall enter into a division agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten (10) days from the date on which a resolution is adopted in favour of the division and shall publish an announcement in a newspaper within thirty (30) days from the date of such resolution.

Unless otherwise agreed in writing between the Company and its creditors in relation to the repayment of debts before the division, the surviving companies after the division shall jointly assume the indebtedness of the Company which has been incurred before such division.

Article 185 The Company shall, in accordance with law, apply for change in its registration with the company registration authority where a change in any item in its registration as a result of any merger or division. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with law. Where a new company is established, the Company shall apply for registration thereof in accordance with law.

Chapter 21 Dissolution and Liquidation of the Company

Article 186 In any of the following circumstances, the Company shall be dissolved and liquidated according to law:

- (I) The business term of the Company expires;
- (II) The shareholders' general meeting dissolves the Company by resolution;
- (III) Dissolution is necessary due to a merger or division of the Company;
- (IV) The Company is announced bankruptcy in accordance with law for failing to pay off its debts;
- (V) Its business license is revoked, it is ordered to close or is wound up according to law;
- (VI) The Company has experienced material difficulties in operation and management, and the continuous operation would lead to substantial losses to the interests of shareholders and there are no other solutions to resolve the matters. Shareholders holding 10% or more of the total voting rights of the Company may appeal to the People's Court for dissolution of the Company.

Article 187 Where the Company is to be dissolved pursuant to sub-paragraphs (I), (II), (IV) and (V) of the preceding Article, a liquidation committee shall be formed within fifteen (15) days from the date of occurrence of such grounds for dissolution, consisting of the members chosen by the general meeting through an ordinary resolution. In case no such committee is established to timely proceed with liquidation, the creditors may make an application to a People's Court for appointing relevant persons to form the liquidation committee for liquidation.

Where the Company is to be dissolved pursuant to sub-paragraph (IV) of the preceding Article, the People's Court shall organize the shareholders, the relevant bodies and professionals to form a liquidation committee for liquidation in accordance with relevant law.

Where the Company is to be dissolved pursuant to sub-paragraph (V) of the preceding Article, the competent authority shall organize the shareholders, the relevant bodies and professionals to set up a liquidation committee for liquidation.

Article 188 Where the Board of Directors decides to liquidate the Company for any reason other than the Company's declaration of its own bankruptcy, the Board of Directors shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that the Board of Directors has conducted a comprehensive investigation into the affairs of the Company and 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.

Upon the establishment of a liquidation committee, the authority of the Board of Directors shall immediately cease. During liquidation, the Company shall not carry out new business activities.

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

Article 189 The liquidation committee shall exercise the following functions and powers during liquidation:

- (I) To liquidate the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (II) To notify creditors by sending notice or making public announcement;
- (III) To deal with and settle any outstanding businesses of the Company;
- (IV) To pay outstanding taxes as well as taxes arising in the course of liquidation;
- (V) To settle claims and debts;
- (VI) To dispose of the remaining assets of the Company after the repayment of debts;
- (VII) To represent the Company in any civil proceedings.

Article 190 The liquidation committee shall notify creditors within ten (10) days from the date of its establishment and publish announcements in newspapers within sixty (60) days. The creditors may declare their claims to the liquidation committee within thirty (30) days from the date it receives the above notice or within forty-five (45) days from the date of announcement if no such notice is received.

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

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

Article 191 After sorting out the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit to the shareholders' general meeting or to the relevant competent authorities for confirmation.

The remaining assets of the Company after repayment of liquidation expenses, staff wages and social insurance expenses and statutory compensation, payment of outstanding taxes and payment of the Company's debts 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 liquidation, the Company shall not commence new business activities and the business activities unrelated to liquidation. No assets of the Company shall be distributed to the shareholders prior to full payments as stipulated by the preceding paragraph.

Article 192 In circumstances where the company is dissolved due to liquidation, if, after sorting out the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, the liquidation committee shall immediately apply to a People's Court for declaration of bankruptcy.

After the Company is declared bankruptcy by a ruling from a People's Court, the liquidation committee shall handover the liquidation matters to the People's Court.

Article 193 Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report, a statement of the income and expenses during the liquidation period and financial accounts, which shall be verified by a certified public accountant of the People's Republic of China, and then submitted to the shareholders' general meeting or the relevant competent authority for confirmation.

Within thirty (30) days of the date of confirmation by the shareholders' general meeting or the relevant competent authority, the aforesaid documents shall be submitted to the company registration authority for application for cancelling the registration of the Company and a public announcement shall be made for the termination of the Company.

Article 194 Members of the liquidation committee shall be devoted to their duty and fulfill their obligation of liquidation according to law, and shall not take advantage of their functions and powers to accept bribes or other illegal income, or to take illegal possession of the property of the Company.

Where a member of the liquidation committee causes losses to the Company or its creditors intentionally or through gross negligence, he shall be liable for compensation.

Chapter 22 Revision Procedure of the Articles of Association

Article 195 The Company may amend the Articles according to the provisions of laws, administrative regulations and the Articles.

Article 196 Amendments to the Articles that involve the contents of the Mandatory Provisions shall become effective after approval by a shareholders' general meeting upon approval by the approving department authorized by the State Council and securities regulatory authority of the State Council. Where amendments involve the registered particulars of the Company, application shall be made for alteration of registration in accordance with the law.

Chapter 23 Settlement of Disputes

Article 197 The Company shall abide by the following principles for settlement of disputes:

- (I) Whenever any disputes or claims of rights arise between holders of overseas-listed foreign shares and the Company, holders of overseas listed foreign shares and the Company's directors, supervisors, general manager or other senior management officers, or holders of overseas-listed foreign shares and holders of domestic shares, in respect to any rights or obligations arising from the Articles, Company Law and other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims of rights shall be referred by the relevant parties to arbitration.

Where the aforesaid disputes or claims of rights are referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the disputes or claims or whose participation is necessary for the resolution of such disputes or claims, shall, where such person is the Company or the Company's shareholders, directors, supervisors, general manager or other senior management officers, comply with the decisions made through arbitration.

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

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

- (III) If any disputes or claims of rights arising from the sub-paragraph (I) above are settled by way of arbitration, the laws of the People's Republic of China (excluding the Special Administrative Region of Hong Kong, the Special Administrative Region of Macau and Taiwan region) shall apply, unless otherwise provided in the laws and administrative regulations.
- (IV) The award of an arbitral body shall be final and conclusive and binding on all parties.

Chapter 24 Supplementary Provisions

- Article 198** In the Articles, the meaning of the term “accounting firm” is the same as that of “auditor”.
- Article 199** The Articles are written in Chinese. Should there be any discrepancy between the versions in other languages and the Chinese version, the Chinese version most recently filed with the company registration authority shall prevail.
- Article 200** The “above”, “within” and “below” as referred to in the Articles are inclusive of the stated figure, while the “less than” and “beyond” are not inclusive of the stated figure.
- Article 201** The power of interpretation of the Articles shall be vested in the Company's Board of Directors.