



IRICO

彩虹集團新能源股份有限公司

IRICO GROUP NEW ENERGY COMPANY LIMITED*

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

(Stock Code: 0438)

ARTICLES OF ASSOCIATION

The present articles are hereby formulated in accordance to “Mandatory Provisions of the Articles of Association of the Companies to be Listed Overseas” (hereinafter referred as “Mandatory Provisions”), “Letter on the Opinion Regarding the Supplemental Amendments to the Articles of Association of the Companies to be Listed in Hong Kong” (Zheng Jian Hai Han [1995] No. 1) (hereinafter referred as “Zheng Jian Hai Han”), “Opinion on Further Promoting the Normative Operations and Deepening the Reform of Companies Listed Outside China” (hereinafter referred as “Opinion”) and “Rules Governing the Listing of Securities on The Hong Kong Stock Exchange” (hereinafter referred as “Listing Rules”).

* *For identification purposes only*

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ARTICLES OF ASSOCIATION OF IRICO GROUP NEW ENERGY COMPANY LIMITED

CHAPTER 1 GENERAL PRINCIPLES

Article 1 IRICO Group New Energy Company Limited (the “Company”) is a joint stock limited company established in accordance with the “Company Law of the People’s Republic of China” (the “Company Law”), the “Securities Law of the People’s Republic of China”(the “Securities Law”), the State Council’s Special Regulations on Overseas Offering and Listing of shares by Joint Stock Limited Companies” (the “Special Regulations”), and other relevant legislations and administrative regulations of the PRC.

Pursuant to the approval of the document entitled “The Approval of the Establishment of Irico Group Electronics Company Limited*” (《關於設立彩虹集團電子有限公司的批覆》) (Guo Zi Gai Ge [2004] No. 850) by the State-owned Assets Supervision and Administration Commission under the State Council, the Company was established on 9th September 2004. The Company was registered on 10th September 2004 with the Shaanxi Administration for Industry and Commerce of the People’s Republic of China, and obtained business license of enterprise legal person, the licence number is: 916100007663066019.

The Company is exclusively established by IRICO Group Corporation (彩虹集團公司) (renamed as IRICO Group Company Limited (彩虹集團有限公司)).

Article 2 The registered name of the Company:
Chinese: 彩虹集團新能源股份有限公司
English: IRICO GROUP NEW ENERGY COMPANY LIMITED

Article 3 Address of the Company: C6, No. 3 Xinghuo Avenue, High-Tech Industrial Development Zone, Xianyang, Shaanxi Province, the People’s Republic of China
Telephone No.: 8629-33825355
Postal Code: 712000

Article 4 The General Manager of the Company shall be the legal representative of the Company. A change in A change in legal representative requires to be registered with the corporate registration authorities in accordance with applicable laws.

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

The Company is an independent legal person, governed and protected by the laws, regulations and other relevant provisions of the PRC.

Article 6 The Articles of Association is enacted pursuant to the Company Law, the Special Regulations, the Mandatory Provisions, the Zheng Jian Hai Han, the Constitution of Communist Party of China and other relevant laws and regulations of the PRC for the purpose of standardizing the organization and behaviour of the Company, protecting the legitimate interests of the Company and its shareholders, adhering to and enhancing the Communist Party's guidance on the Company and improving the corporate governance structure. Save as the Company Law, the relevant laws and regulation require otherwise or approval of the authorized approval authorities of the State Council, the terms included in the Articles of Association in accordance with the requirement of the Mandatory Provisions shall not be amended or abolished.

Article 7 The Articles of Association of the Company is approved by company examination and approval department authorized by the State Council, take effect after the completion of initial public offering and replace the Articles of Association originally registered at the industrial and commercial administrative organization.

From the date when the Articles of Association take effect, the Articles of Association shall constitute a legally binding document regulating the structure and activities of the Company and governs the rights and obligations between the Company and its shareholders and among the shareholders.

Article 8 In accordance with the relevant provisions under the Constitution of the Communist Party of China, the Company shall establish an organisation of the Communist Party of China, carry out the activities of the Party, set up working organs for the Party, allocate sufficient competent staff to deal with Party affairs and guarantee sufficient funds to operate the Party organisation.

Article 9 The Articles of Association of the Company shall be binding on the Company, its shareholders, members of the Party Committee, Directors, supervisors, general manager, assistant general manager and other senior management. All the persons mentioned above may, pursuant to the Articles of Association, put forward claims concerning the affairs of the Company.

The shareholders may, in accordance with the Articles of Association, bring litigations against the Company. The Company may, in accordance with the Articles of Association, bring litigations against the shareholders. The shareholders may, in accordance with the Articles of Association, bring litigations against each other. The shareholders may, in accordance with the Articles of Association, bring litigations against the Directors, supervisors, manager and other senior management.

The above-mentioned prosecution includes suits brought up to the courts or arbitrations applied for to the arbitration institutions; the above-mentioned other senior management personnel mean chief financial officer and Secretary to the Board; the above-mentioned General Manager and Deputy General Manager can, in accordance with the needs of the Company's management, be referred to as the President and Deputy President.

Article 10 The Company may invest to other limited liability companies and joint stock limited companies, and shall take the corresponding responsibility in proportion of its investment amount.

Article 11 The Company is an independent corporation. All acts of the Company shall comply with the laws and regulations of China and the place outside China where the Company is listed as foreign investment shares, and protect the legitimate rights and interests of the shareholders. The Company's full capital shall be divided into equal shares, and the shareholder shall hold responsibility to the Company in accordance with its shares, while the Company shall be responsible for its debts with all its assets.

Under the premise of complying with Chinese laws and administrative regulations, the Company shall have the right to finance or loan. The financing or borrowing of the Company includes (but is not limited to) borrowing from financial institutions, and the issuance of corporate bonds and convertible bonds. The financing can be exercised through mortgage or pledge of the ownership or use rights of part or all of the Company's assets, or any other rights permitted by Chinese laws and administrative regulations; however, the Company shall, in the process of exercising the above-mentioned rights, not undermine or abolish the rights of shareholders of any kind.

CHAPTER 2 THE BUSINESS PURPOSE AND SCOPE

Article 12 The Company's business purpose is to enhance the core competitiveness of the products through continuous scientific and technological innovation, so as to build a world-class green energy enterprise, as well as make benefits for the shareholders thereof, well-being for the employees thereof, and contribution to the society.

Article 13 The Company's business scope shall be subject to the projects approved by the company registration authority.

The business scope of the Company is:

General items: manufacturing of glass; manufacturing of non-metallic mineral products; sales of non-metallic minerals and products; research and experimental development of engineering and technology; mineral washing and processing; mineral concentration; intelligent control system integration; import and export of goods; import and export agents; technology import and export (except for items subject to approvals required by the laws, business activities shall be conducted independently with the business license and in accordance with the laws). Licensed items: mining of mineral resources (non-coal mines); power generation, transmission and supply (distribution) business (for items subject to approval as required by the laws, approvals by the relevant departments should be obtained before carrying out business activities and the specific items of business shall be subject to the approval results).

The Company can adjust its investment direction and business scope and methods with reference to market trends at home and abroad, needs arising from business development in the PRC and its own development capability as well as needs arising from its performance, and subject to resolutions of the general meeting, as appropriate. Where the business scope is changed, such change shall be registered with the registration authorities of the Company.

CHAPTER 3 SHARE CAPITAL AND REGISTERED CAPITAL

Article 14 The Company may at any time create ordinary shares. Having regard to its requirements and upon the approvals of the State Council authorized approving authorities, the Company may create other class of shares.

Article 15 The shares issued by the Company shall have a par value of Renminbi 1 per share.

The aforesaid “Renminbi” shall mean the lawful currency of the People’s Republic of China.

Article 16 The Company may issue shares to domestic investors and overseas investors upon the approval of the authorities of the State Council responsible for securities.

The aforesaid overseas investors shall mean the investors from foreign countries and the regions of Hong Kong, Macau and Taiwan who subscribe for the shares issued by the Company; domestic investors shall mean the investors within the PRC other than those investors from the aforesaid regions.

Article 17 The shares issued by the Company to the domestic investors and subscribed in Renminbi shall be called domestic shares. The shares issued by the Company to the overseas investors and subscribed in foreign currency shall be called foreign shares. Those foreign shares listed overseas shall be called overseas listed foreign invested shares.

The aforesaid foreign currency shall mean the legal currency of other countries or areas other than Renminbi, recognized by the foreign exchange authority of PRC for the purpose of payment for the shares to the Company.

The overseas listed foreign invested shares issued by the Company in Hong Kong shall be called H shares. H shares shall mean the shares which have been admitted for listing on The Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Stock Exchange”) and the par value of which is denominated in Renminbi and are subscribed for and traded in Hong Kong dollars. H shares can also be listed in stock exchanges in the United States of America in the form of depositary securities.

Article 18 With the approval by the approving departments of the State Council, the Company can issue 1,500,000,000 ordinary shares, and 1,500,000,000 shares are issued to the founders when the Company was established, representing 100% of the aggregate authorized issued ordinary shares.

Article 19 After its establishment, the Company first issued 485,000,000 overseas listed foreign invested shares, in the event of exercising the over-allotment option, the Company will issue not more than 73,000,000 overseas listed foreign invested shares.

Article 20 Upon the plan for the issue by the Company of overseas listed foreign shares and domestic shares being approved by the authorities of the State Council responsible for securities, the Board of the Company may implement arrangement, for the respective issue thereof.

The plan for the issue of overseas listed foreign shares and domestic shares may be implemented respectively by the Company pursuant to the provisions as aforesaid within fifteen (15) months upon the approval of the securities authority of the State Council.

Article 21 If foreign investment shares listed outside the People’s Republic of China and domestic shares are issued separately within the total number of shares specified in the issue plan, every such issue shall be fully subscribed for in one time respectively; if every such issue is impossible to be fully subscribed for at one time due to special circumstances, the shares may also be issued in several stages, subject to the approval of the Securities Authority of the State Council.

Article 22 After the first issue of foreign investment shares listed outside the People’s Republic of China, the Company’s registered capital is RMB1,941,174,000, with the total number of shares being 1,941,174,000 shares, of which 1,455,880,000 shares are domestic shares, accounting for 75% thereof, and 485,294,000 shares are foreign investment shares, accounting for 25%.

As decided by the shareholders' general meeting of the Company, with the capitalization of the capital reserve by 1 share for every 10 shares, the Company's registered capital is changed into RMB2,135,291,400, and the total number of shares is changed into 2,135,291,400 shares, of which 1,601,468,000 shares are domestic shares, accounting for 75%, and 533,823,400 shares are foreign investment shares, accounting for 25%.

In accordance with the general mandate granted to the Board by the 2009 Annual General Meeting, the Company has completed the sales of 97,058,000 shares of H shares, with the registered capital being changed into RMB2,232,349,400, and the total number of shares being changed into 2,232,349,400 shares, of which 1,601,468,000 shares are domestic shares, accounting for 71.74%, and 630,881,400 shares are foreign investment shares, accounting for 28.26%.

In accordance with the approval at the extraordinary general meeting and the class meeting of the holders of H shares on 23 January 2019 and 20 January 2020, the Company has completed the placing of 1,294,092,000 shares, with the registered capital being changed into RMB3,526,441,400, and the total number of shares being changed into 3,526,441,400 shares, of which 1,601,468,000 shares are domestic shares, accounting for 45.41%, and 1,924,973,400 shares are foreign investment shares, accounting for 54.59%.

In accordance with the approval at the extraordinary general meeting, the class meeting of the holders of domestic shares and the class meeting of the holders of H shares on 28 December 2020, the Company has completed the reduction of every twenty (20) Shares with a par value of RMB1 each to one (1) reduced share with a par value of RMB1 each, with the registered capital being changed into RMB176,322,070, and the total number of shares being changed into 176,322,070 shares, of which 80,073,400 shares are domestic shares, accounting for 45.41%, and 96,248,670 shares are foreign investment shares, accounting for 54.59%.

Article 23 The Company may, based on its operation and business requirements, approve an increase in its capital in accordance with the relevant provisions of the Articles of Association.

The manners in which the capital of the Company may be increased are as follows:

- (1) offer of new shares to non-specific investors;
- (2) issue of new shares to existing shareholders by way of rights;

- (3) bonus issue of new shares to existing shareholders;
- (4) other methods as permitted by the laws and administrative regulations.

The increase in the capital of the Company by way of issuing new shares approved pursuant to the provisions of the Articles of Association shall be implemented in accordance with relevant laws and administrative regulations of PRC.

Article 24 Save as otherwise stipulated by the laws and administrative regulations, shares of the Company may be transferred freely and in circulation free of any lien.

Article 25 Under the premise of abiding by the Articles of Association and other applicable provisions of the Company, the transferee's name (name) shall, upon transfer of the shares of the Company, be included in the register of shareholders as the holder thereof.

Article 26 The issue or transfer of all the foreign investment shares listed outside the People's Republic of China shall be registered in the register of shareholders of foreign investment shares listed outside the People's Republic of China, which is deposited at the listing place in accordance with Article 42.

Article 27 The Company must ensure that all of its foreign investment shares listed outside the People's Republic of China contain the following statements, and provide instructions to its share Registry and promote the Registry to refuse to register any person as holder of the Company's shares subscribed, purchased or transferred, unless the said person provides the Registry with appropriate signed forms related to the following statements contained in the said shares:

- (1) The purchaser of the shares and the purchasing company and its shareholders, as well as the Company and its shareholders, all agree to comply with the Company Law and other relevant laws, administrative regulations and the Articles of Association;

- (2) The purchaser of the shares and the purchasing company with its shareholders, directors, supervisors, general manager, deputy general manager and senior management personnel agree, and the company and its shareholders on behalf of the Company itself and each director, supervisors, general manager, deputy general manager and senior management personnel also agree, that all disputes and claims arising due to the Articles of Association or the disputes, and claims of the Company's business arising due to the Company Law and the rights and obligations stipulated by other relevant Chinese laws and administrative laws, shall be submitted to arbitration in accordance with the provisions of the Articles of Association, and any submitted arbitration shall be deemed to authorize the arbitral tribunal to conduct a public hearing and announce its decision, and the arbitration shall be final ruling;
- (3) The purchaser of the shares and the purchasing company and its shareholders agree, that the shares of the Company can be freely transferred by the holders;
- (4) The purchaser of the shares authorizes the Company on behalf of the purchaser enter into a contract with the Company's directors and management staff, that such directors and management staff shall commit to abide by and comply with the Company the responsibility to shareholders stipulated in the Articles of Association.

CHAPTER 4 REDUCTION OF CAPITAL AND REPURCHASE OF SHARES

Article 28 The Company may reduce its registered capital pursuant to the provisions of the Articles of Association.

Article 29 Upon the reduction of registered capital, the Company shall prepare a balance sheet and a list of its assets.

The Company shall notify its creditors within ten (10) days from the date of passing of the resolution for the reduction of registered capital and shall publish the notice in a newspaper within thirty (30) days thereof. The creditors who have received the said notice shall have the right within thirty (30) days from the date of receiving the notice, and the creditors who have not received the notice shall have the right within forty-five (45) days of the notice being published to demand the Company to settle the debt or to provide corresponding security in respect of the debt.

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

Article 30 In the following circumstances, the Company may repurchase its issued shares in accordance with the procedures provided in the Articles of Association:

- (1) to reduce the capital of the Company by cancelling shares;
- (2) to amalgamate with other companies which own shares in the Company;
- (3) to utilize its shares in employee stock ownership plans or share incentive;
- (4) where the shareholders, who disagree with the resolution in relation to merger or division of the Company made at the general meeting, require the Company to repurchase the shares;
- (5) to utilize its shares to satisfy the conversion of convertible bonds issued by the Company;
- (6) to safeguard the value of the Company and the interests of the shareholders when necessary.

In the event that the Company purchases its shares under either circumstance as mentioned in item (1) and (2) of the above paragraph, a resolution thereon shall be made at the general meeting. Where the Company purchases its shares under either circumstance as mentioned in item (3), (5) and (6) of the above paragraph, a Board resolution thereon may, pursuant to the requirements of the Articles of Association or the mandate of the general meeting, be passed at a Board meeting that is attended by at least two-thirds of Directors.

In the event that the Company purchases its shares in accordance with the first paragraph of this Article under the circumstance as mentioned in item (1), the shares shall be cancelled within ten days from the date of purchase; in the event that the Company purchases its shares under either circumstance as mentioned in item (2) and (4), the shares shall be transferred or cancelled within six months; in the event that the Company purchases its shares under either circumstance as mentioned in item (3), (5) and (6), the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company and shall be transferred or cancelled within 3 years.

When the Company repurchases its own shares, it shall perform the information disclosure obligations in accordance with the requirements of the securities supervisory authorities. If the Company repurchases its shares under either circumstance as mentioned in item (3), (5) and (6) of the first paragraph of this Article, it shall be conducted through open centralized trading. The Company shall not accept its shares as the subject matters of a pledge.

Article 31 The Company may repurchase its shares in any of the following manner:

- (1) to make a repurchase offer to all shareholders in proportion to their respective shareholdings;
- (2) to repurchase shares in open trading on a stock exchange;
- (3) to repurchase shares by way of agreement other than through a stock exchange.

Article 32 Where the Company repurchases shares by way of agreement other than through a stock exchange, it shall obtain the prior approval of the shareholders in general meeting according to the provisions of the Articles of Association. Where prior approval has been obtained from the shareholders in general meeting in the same manner, the Company may release or modify the contract entered into in the aforesaid manner or waive any right granted under such contract.

The contract to repurchase shares referred to above shall include (but not limited) to agreements agreeing to undertake the obligations to repurchase shares or acquiring the rights to repurchase shares.

The contracts to repurchase shares on the repurchase of shares or any of the rights provided therein are not capable of being assigned by the Company.

Article 33 Where the Company repurchases the redeemable stock which it is entitled to do so otherwise in open-trade or by way of an offer, the price shall not exceed a certain price ceiling. If the repurchase is conducted in the form of an offer, then, the offer must be made to all the shareholders on the same conditions.

Article 34 After the Company has completed the repurchase of its shares, the Company shall cancel that part of shares within the period prescribed by the laws, administrative regulations and shall apply to the original company registration authority for registration of alteration of such registered capital and issue relevant announcement.

The registered capital of the Company shall be deducted by the total nominal value of the shares thus cancelled.

Article 35 Unless the Company is in the process of liquidation, the repurchase of issued shares by the Company shall be subject to the following provisions:

- (1) If the shares are repurchased at face value, payment may be made out of the balance of the distributable profits in the books of the Company and from the proceeds of fresh issue of new shares for the purpose of repurchase of issued shares;
- (2) If the shares are repurchased at a premium, payment up to the face value may be made out of the balance of the distributable profits in the books of the Company and from the proceeds of fresh issue of new shares for the purpose of repurchase. Payment of the portion in excess of the face value shall be effected in the following manner:
 1. if the repurchased shares were issued at par value, payment shall be made out of the balance of distributable profits in the books of the Company;
 2. if the repurchased shares were issued at a premium, payment shall be made out of the balance of distributable profits in the books of the Company and from the proceeds of fresh issue of new shares for the purpose of share repurchase provided that, the amount paid out of the proceeds of fresh issue of new shares shall not exceed the aggregate of premium received on the issue of the shares repurchased, nor the amount of premium account or capital surplus reserve fund account of the Company at the time of such repurchase (including the amount of the premium received on the fresh issue of new shares).
- (3) The payment for the following shall be made out of the distributable profits of the Company:
 1. to acquire rights to repurchase its shares;
 2. to amend the contract of the repurchase of its shares;
 3. to release any of its obligations under the repurchase contract.
- (4) After the registered capital of the Company has been diminished by the total nominal amount of the shares so cancelled pursuant to relevant provisions, the amount which has been deducted from the distributable profits and used for repurchasing the nominal value of the shares shall be credited to the premium account or the capital surplus reserve fund account of the Company.

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

Article 36 No financial assistance shall be provided at any time and in any manner by the Company and its subsidiaries to any person acquiring or intending to acquire the shares of the Company. The person(s) acquiring the shares of the Company aforesaid shall include the person(s) who undertake(s), directly or indirectly, obligations as a result of an acquisition of shares of the Company.

No financial assistance shall be provided at any time and in any manner by the Company and its subsidiaries to reduce or release the obligations of the said person(s) undertaking such obligations.

The article shall not apply to the circumstances stated in Article 38 in this Chapter.

Article 37 The financial assistance referred to in this Chapter shall include but not limited to the assistance in the following ways:

- (1) gift;
- (2) guarantee (including provision by the guarantor of an undertaking or property to secure the performance of obligations by the obligor), indemnity (other than an indemnity in respect of the Company's own neglect or default) or a release or waiver thereof;
- (3) provision of loan or making of a contract under which the obligations of the Company are to be fulfilled before the obligations of another party to the contract, the novation of the loan or changes of the parties to the contract and the assignment of rights under the loan and the contract;
- (4) any other financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

The undertaking referred to in this Chapter shall include the undertaking of obligations by the obligator of contract or arrangement (whether the contract or arrangement is enforceable or to be undertaken individually or jointly with others) or changes in his financial position in any manner.

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

- (1) the provision of financial assistance is given in good faith in the interests of the Company and the principal purpose in giving such assistance is not for acquisition of shares in the Company, or the giving of the assistance is but an incidental part of a master plan of the Company;
- (2) distribution of the assets of the Company by way of dividends lawfully declared;
- (3) the allotment of bonus shares as dividends;
- (4) a reduction of registered capital, repurchase of shares of the Company, adjustment of shareholding structure of the Company effected in accordance with the Articles of Association;
- (5) the lending of money by the Company in the ordinary course of its business where the lending of money is part of the scope of business (only if the Company has net assets which are not thereby reduced or to the extent that those assets are thereby reduced, if the financial assistance is provided out of the distributable profits of the Company);
- (6) the provision of money by the Company for contributions to the share option scheme for employees (only if the Company has net assets which are not thereby reduced or to the extent that those assets are thereby reduced, if the financial assistance is provided out of the distributable profits of the Company).

CHAPTER 6 SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS

Article 39 The shares issued by the Company shall be in registered form.

The share certificates of the Company shall contain the following major particulars:

- (1) name of the Company;
- (2) date of incorporation of the Company;
- (3) class of the shares, nominal value and number of shares represented;

- (4) serial number of the certificate;
- (5) other items to be contained as required by the Company Law, the Special Regulations and the stock exchange on which the shares of the Company are listed.

Article 40 Share certificates shall be signed by the Chairman and also be signed by other senior management of the Company if required by the stock exchange on which the shares of the Company listed. The share certificates shall come into effect upon the seal of the Company has been affixed or being affixed in the mode of printing. The affixing of the Company seal on the share certificates shall require the authority of the broad of Directors previously given. The signature of the Chairman or other relevant senior management of the Company may be affixed to share certificates in the mode of printing.

Article 41 The Company shall keep a register of shareholders and enter therein the following particulars:

- (1) name, address (residential), occupation or description of each Shareholder;
- (2) class and number of shares held by each Shareholder;
- (3) the amount paid or payable for the shares held by each Shareholder;
- (4) the serial number of the shares held by each Shareholder;
- (5) the date on which person was entered in the register as a Shareholder;
- (6) the date on which any person ceased to be a Shareholder.

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

Article 42 The Company may, in accordance with the agreement or understanding between the authorities of the State Council responsible for securities and overseas securities supervisory authorities, keep the register of shareholders in relation to overseas listed foreign shares outside the PRC and shall appoint overseas agencies to manage such register. The original register of shareholders of H shares shall be kept in Hong Kong.

Copies of the register of shareholders in relation to overseas listed foreign shares shall be kept at the seat of the Company. Appointed overseas agencies shall from time to time guarantee that the original register of shareholders in relation to overseas listed foreign shares and the copies thereof shall be consistent.

Where there is any inconsistency between the original register of shareholders of overseas listed foreign shares and the copies thereof, the original shall prevail.

Article 43 The Company shall have a complete register of shareholders.

The complete register of shareholders shall contain the following parts:

- (1) register of shareholders other than those provided in paragraphs (2) and (3) below kept at the seat of the Company;
- (2) register of shareholders in relation to overseas listed foreign shares kept at the place of the overseas stock exchange on which those shares are listed;
- (3) register of shareholders kept in other place(s) as the Board of the Company thinks fit for the purpose of listing the shares of the Company.

Article 44 Different parts of the register of shareholders shall not overlap. No transfer of any 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.

Changes or corrections to any part of the register of shareholders shall be made in accordance with the laws of the place where the register is kept.

Article 45 All the fully paid H shares shall be freely transferable pursuant to the Articles of Association of the Company. However, the Board may refuse to recognize any instrument of transfer without assigning any reason thereof, unless the following conditions are satisfied:

- (1) a sum of HK\$2.50 or such higher amount approved by the Hong Kong Stock Exchange has been paid to the Company for registering any instrument of transfer or other documents related to or affecting the ownership of any shares;
- (2) the instrument of transfer only involves overseas foreign shares listed in Hong Kong Stock Exchange;
- (3) the stamp duty in respect of the instrument of transfer has been paid;
- (4) relevant share certificates and such other evidence as the Board may reasonably require to show the right of the transferor to make the transfer have been produced;
- (5) if the shares are transferred to joint holders, the number of joint holders shall not exceed four (4);
- (6) the shares concerned are free of any lien in favour of the Company.

If the Company refuses to register any transfer of shares, the Company shall provide to the transferor or and the transferee of the shares a notification of refusal in relation to registration of shares within two (2) months from the date of due application for registration.

The shares held by the promoters cannot be transferred within three (3) year since the establishment of the Company.

The Directors, supervisors, general manager, assistant general manager and other senior management members shall report the Company of the shares of the Company held by them and changes therein and shall not transfer more than 25% of the total number of the same class shares of the Company held by them in each year during their terms of office. The shares of the Company held by them are not transferable within one year from the date on which the Company's shares are listed on the stock exchange. The aforesaid person(s) shall not transfer the shares of the Company held by them within six (6) months commencing from the termination of their service.

Any shareholder of the overseas listed foreign invested shares may transfer all or part of the Company's shares it holds by way of a written transfer deed as usually used at the location of the listing of the overseas listed foreign invested shares, or by way of signed or printed transfer deed. The above mentioned transfer may adopt the standard delivery form specified by the Hong Kong Stock Exchange. The transfer deed shall be signed in the form of handwriting or printed handwriting of the transferor and the transferee.

Article 46 If any provisions of the PRC laws and regulations and the securities regulatory rules of the place where the Company's shares are listed require a period of closure of the register of shareholders prior to the date of a shareholders general meeting or before the record date for determining the distribution of dividends, such provisions shall apply.

Article 47 In the event the Company decides to convene a general meeting, distribute dividends, liquidate or engage in activities which require determining shareholdings, the Board shall fix a date as a record date for determining the shareholdings. The shareholders of the Company shall be those shareholders registered on the register at the end of the record date.

Article 48 Any person who does not agree to the register of shareholders and requests to have his name registered thereon or removed therefrom may apply to the court of law having jurisdiction on the register for rectification of the register.

Article 49 Any Shareholder whose name is registered in the register of shareholders or any person who requests to have his name registered in the register of shareholders has lost his share certificate (the "Original Certificate"), may apply to the Company for issuing new share certificate in respect of such shares (the "Relevant Shares").

Domestic Shareholder who lost his share certificate may apply for the issue of new share certificate in accordance with Section 143 of the Company Law.

Holder of overseas listed foreign invested shares who lost his share certificate may apply for the issue of new share certificate in accordance with the laws, stock exchange rules and other relevant regulations of the place where the original register of shareholders in relation to overseas listed foreign shares is kept.

Application for replacement of lost share certificate made by a holder of H shares shall be subject to the following requirements:

- (1) Applicant shall submit the application in standard form prescribed by the Company together with a notarial certificate or statutory declaration. The notarial certificate or statutory declaration shall include the reason of the application made by the applicant, the circumstances under which the share certificate was lost and the supporting evidence and a declaration that no other person shall be entitled to register as a Shareholder in respect of the Relevant Shares.
- (2) No declaration made by other person other than the applicant has been received by the Company for registration as a Shareholder of the Relevant Shares prior to the determination of the Company to issue new certificate.
- (3) If the Company determines to issue new certificate to the applicant as replacement, it shall publish a notification for issuing new certificate for replacement purpose in the newspaper designated by the Board and the period for such notification shall be ninety (90) days and such notification shall be published at least once every thirty (30) days.
- (4) Prior to the publishing of the notification for issuing new certificate for replacement purpose, the Company shall submit a copy of the notification to be published to the stock exchange where its shares are listed. The notification may be published upon the reply of such stock exchange confirming that the said notification has been exhibited in such stock exchange. The period for the exhibition of the notification in such stock exchange shall be ninety (90) days.

If the consent for the application for replacement of the certificate has not been obtained from the registered Shareholder of the Relevant Shares, the Company shall send to the said Shareholder by post a copy of such notification to be published.

- (5) Upon the expiry of ninety (90) days for the publication and exhibition of the notification as provided in paragraphs (3) and (4) above and no objection has been received from any person against the replacement of certificate, new share certificate shall be issued to the applicant based on his application.
- (6) Where the Company issues new share certificate pursuant to this article, it shall forthwith cancel the Original Certificate and make such entry in the register of shareholders in order to record such cancellation and issue.
- (7) All expenses relating to the cancellation of Original Certificate and issuing new share certificate by the Company shall be borne by the applicant. The Company shall be entitled to refuse to take any action until the applicant can provide reasonable indemnity.

Article 50 Upon the issue by the Company of new share certificate pursuant to the provisions of the Articles of Association, the name of the bona fide purchaser who acquires the Relevant Shares or the person who subsequently registered as the Shareholder of the said shares (as a bona fide purchaser) shall not be removed from the register of shareholders.

Article 51 The Company shall assume no liability for any loss incurred by any person as a result of the cancellation of the Original Certificate or in issuing new share certificate, unless it can be proved by such person that the Company is fraudulent.

CHAPTER 7 RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Article 52 Shareholders of the Company shall be the persons who hold the shares of the Company in accordance with the laws and have their names registered in the register of shareholders.

Shareholders shall enjoy the rights and assume the obligations according to the class of and number of shares held by them. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

As for joint shareholders, if any of the joint shareholders dies, only the surviving joint shareholders shall be deemed by the Company as owners of the relevant shares, but the Board may, for the purpose of amending the shareholders' register, require the surviving joint shareholders to provide a death certificate as it deems appropriate. Of the joint holders of any shares, only the foremost joint Shareholder in the shareholders' register shall have the right to take possession of the relevant share certificates, receive notices from the Company, and attend and exercise the voting rights at general meetings, and any notice served to the said person shall be deemed as having been served to all the joint holders of the relevant shares.

Article 53 A holder of ordinary shares of the Company shall have the following rights:

- (1) to claim dividends and distribution in any other form in proportion to the number of shares held;
- (2) to attend or to appoint proxy to attend general meetings in accordance with the laws and to exercise his/her voting rights;
- (3) to supervise and manage the business activities of the Company and to put forward proposals and raise inquiries;
- (4) to transfer, give away or charge the shares held in accordance with the laws, administrative regulations and the Articles of Association of the Company;
- (5) to receive information as provided in the Articles of Association of the Company, including:
 1. the right to a copy of the Articles of Association upon payment of the cost thereof;

2. upon payment of reasonable charges, the right to inspect and make copies of:
 - (i) all parts of the register of shareholders;
 - (ii) personal particulars of the Directors, supervisors, general manager, assistant general manager and other officers of the Company, including:
 - (a) present forename and surnames and any former forename or surname and any aliases;
 - (b) principal address (residential);
 - (c) nationality;
 - (d) occupation and all other part-time occupation and positions;
 - (e) identification documents and its number.
 - (iii) state of the share capital of the Company;
 - (iv) reports showing the total nominal value and number of shares repurchased by the Company since the end of the last financial year, quantity, the highest and the lowest price paid and the aggregate amount paid by the Company in respect of each class of its shares repurchased;
 - (v) minutes of the general meetings.
- (6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of surplus assets of the Company in accordance with the number of shares held;
- (7) other rights conferred by the laws, administrative regulations and the Articles of Association of the Company.

The Company shall not, by reason only of the failure of persons who directly or indirectly have interests in the Company's shares to disclose their interests prior to the exercise of the rights attached to the shares, freeze or impair by other means the rights attached to the shares.

Article 54 Shareholders demanding inspection of the relevant information or copies of the materials mentioned in the preceding provision shall provide to the Company written documents evidencing the class and number of shares of the Company they hold. Upon verification of the Shareholder's identity, the Company shall provide such information at the Shareholder's request.

Article 55 A holder of ordinary shares of the Company shall undertake the following obligations:

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

Shareholder shall not be liable to make further contribution to the subsequent increase in share capital other than the terms as agreed by the subscriber of the relevant shares on subscription.

Article 56 In addition to the obligations imposed by the laws and administrative regulations or required by the listing rules of the stock exchange on which the shares of the Company are listed, the controlling Shareholder (as defined in accordance with the following article), in exercising the power as a Shareholder, shall not exercise his voting rights in a manner prejudicial to the interests of all or some part of the shareholders when making decision on the following matters:

- (1) to relieve a Director or supervisor of his duty to act honestly in the best interests of the Company;
- (2) to approve the expropriation by a Director or supervisor (for his own benefit or for the benefit of another), in any guise, the assets of the Company, including (but not limited to) an opportunity beneficial to the Company;
- (3) to approve the expropriation by a Director or supervisor (for his own benefit or for the benefit of another) the individual rights of other shareholders, including (but not limited to) rights to distributions and voting rights save and except restructuring of the Company submitted for approval by the shareholders in general meeting in accordance with the Articles of Association.

Article 57 A controlling Shareholder referred to in the preceding article means a person who satisfies any one of the following conditions:

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

CHAPTER 8 GENERAL MEETINGS

Article 58 The general meeting shall be the source of authority of the Company and shall exercise its powers according to the laws.

Article 59 The general meeting shall have the following powers:

- (1) to determine the business policies and investment plans;
- (2) to elect and replace Directors and to determine the remuneration of the Directors;
- (3) to elect and replace supervisors who are not the representatives of the employees and to determine the remuneration of such supervisors;
- (4) to consider and to approve the report of the Board;
- (5) to consider and to approve the report of the supervisory committee;
- (6) to consider and to approve the annual financial budgets and final accounts;

- (7) to consider and to approve the plan for profit distribution and plan for making up losses;
- (8) to approve the increase in or reduction of the registered capital of the Company;
- (9) to pass resolutions on the issues including consolidation, split, dissolution and liquidation of the Company;
- (10) to approve the issue of debentures of the Company;
- (11) to approve the appointment, dismissal or discontinuance of appointment of the accounting firm;
- (12) to amend the Articles of Association;
- (13) to consider the motions put forward by Shareholder(s) representing 3% (including 3%) or more of the Company's shares with voting rights;
- (14) to consider other issues that shall be determined by the general meeting as stipulated by the laws, administrative regulations and the Articles of Association.

The general meeting may authorize or entrust the Board to handle the authorized and entrusted matters.

Article 60 Without the prior approval of the shareholders' general meeting, the Company shall not enter into contract with any person other than directors, supervisors, general manager, deputy general manager and other senior managers, with the management of all or important business handed over to the said person.

Article 61 The shareholders' general meeting is divided into annual general meeting and extraordinary general meeting. The shareholders' general meeting shall be convened by the Board. Annual general meeting, held once a year, shall be held within six months after the end of the last fiscal year.

Under the following circumstances, extraordinary general meeting of shareholders shall be held by the Board within two months:

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

- (2) The accumulated losses amounted to one-third of the total share capital;
- (3) Shareholders solely or collectively holding more than 10% (including 10%) of publicly issued and voting shares of the Company request the convening of extraordinary general meeting in written form;
- (4) The Board considers necessary or Supervisory Committee proposes to convene;
- (5) More than two (including two) independent directors propose to convene.

In relation to (3), (4) and (5), the proposed topics of the meeting convener should be included in the agenda of the meeting.

Article 62 To hold an annual general meeting, the Company shall, in accordance with Article 66, issue a notice of the meeting to all shareholders at least twenty (20) days prior to the meeting. To hold an extraordinary general meeting, the Company shall issue a notice of the meeting to all shareholders at least fifteen (15) days prior to the meeting.

In calculating the notice period, the date of meeting shall be excluded.

The issuance date of the notice shall be the date of delivering the relevant notice to post office by the Company or the share registrar appointed by the Company.

Article 63 At annual general meeting of the shareholders, shareholders either solely or collectively holding more than three percent (including three percent) of the Company's total voting shares, shall have the right to put forward a new proposal in writing to the Board ten (10) days prior to the date of the shareholders' general meeting, and the Board should notify the shareholders of the proposed matters that are within the purview of the shareholders' general meeting within two (2) days from receipt of the proposal, and put the new proposal in the agenda of the meeting.

Article 64 The proposals at the shareholders' general meeting shall meet the following conditions:

- (1) The content has no conflict with the provisions of laws, regulations, and belongs to the Company's business scope and terms of reference of the general meeting;
- (2) There are clear topics and concrete matters for resolution;
- (3) It shall be submitted or served in writing to the Board.

Article 65 Resolution(s) should not be passed in general meetings on matters that are not stated in the notice of meeting.

Article 66 Notice of general meetings shall satisfy the following requirements:

- (1) it shall be in writing or by electronic means or such other means as provided or permitted by the relevant laws or regulations or listing rules or regulatory authorities of the place of listing of the Company;
- (2) it shall specify the place, date and time of the meeting;
- (3) it shall state the matters to be discussed at the meeting;
- (4) it shall provide such information and explanation as are necessary for the shareholders to make an informed decision on the matters to be discussed. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to repurchase shares of the Company, to reorganize the share capital, or to restructure the Company in any way, the terms of the proposed transaction must be provided in detail together with the proposed agreement (if any), and the causes and effects must be properly explained;
- (5) it shall contain a disclosure of the nature and extent, if any, of material interests of any Director, supervisor, general manager, assistant general manager or other senior management members in the matters to be discussed and the effect of the matters to be discussed on them in their capacity as shareholders in so far as it is different from the effect on the interests of the shareholders of the same class;

- (6) it shall contain the full text of any special resolution proposed to be passed at the meeting;
- (7) it shall contain conspicuously a statement that a shareholder entitled to attend and vote at the meeting shall be entitled to appoint one or more proxies to attend such meeting and to vote thereat instead of him and that a proxy need not be a shareholder;
- (8) it shall specify the time and place for lodging proxy forms for the relevant meeting.

Article 67 The notice of a general meeting shall be sent to shareholders, regardless of whether a shareholder is entitled to vote at the meeting, by hand or by pre-paid post, the service address shall be the address on the register of shareholders; or it shall be in writing or by electronic means or such other means as provided or permitted by the relevant laws or regulations or listing rules or regulatory authorities of the place of listing of the Company. As for domestic shareholders, the notice of a general meeting may be given in the form of announcement.

The announcement referred to above shall be published on the Company's website and the website of the stock exchange at least twenty (20) days prior to an annual general meeting and at least fifteen (15) days prior to an extraordinary general meeting. Once published, the shareholders shall be deemed to have received the relevant notice of the general meeting. In calculating the notice period, the date of meeting shall be excluded.

Subject to the laws, regulations, the listing rules of the place where the shares of the Company are listed and the Articles of Association, the notice of a general meeting, circular of shareholders and relevant documents may be published on the websites of the Company and the Hong Kong Stock Exchange.

Article 68 The accidental omission to give a notice of a meeting to or the non-receipt of notice of a meeting by any person who is entitled to receive notice shall not invalidate the meeting and the resolutions passed at such meeting.

Article 69 Any Shareholder who is entitled to attend the general meeting and to vote thereat shall be entitled to appoint one or more persons (whether a Shareholder) as his proxy to attend and vote on his behalf. Such proxy or proxies shall exercise the following rights pursuant to the appointment made by the appointing Shareholder:

- (1) the same right as the Shareholder to speak at the general meeting;
- (2) authority to demand or join in demanding a poll;
- (3) exercise the right to vote by a show of hands or a poll, but the Shareholder proxy may only exercise the right to vote by a poll when more than one proxy is appointed.

Where a Shareholder is a recognized clearing house (“Recognized Clearing House”)(or its nominee(s)) as defined in the laws of Hong Kong, it may authorize such person or persons as it thinks fit to act as its representative(s) at any general meeting of the Company or at any meeting of any class of shareholders provided that if one or more person is authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. Such authorized person shall be entitled to exercise the same rights and power on behalf of the recognized clearing house (or its nominee(s)) which he or they represent as if such person is an individual Shareholder of the Company.

Article 70 The instrument appointing a proxy by shareholders shall be in writing under the hand of the appointer or his attorney duly authorized in writing; where the appointer is a legal person, either under the seal of such legal person or under the hands of its Director or executive duly authorized or attorney duly authorized. Such written instrument shall specify the number of shares held by the appointer as represented by the proxy. In case an appointer appoints several proxies, the proxy form shall specify the number of shares as represented by each proxy.

Article 71 The instrument appointing a proxy shall be deposited at the seat of the Company or such other place as is specified in the notice of meeting not less than twenty-four (24) hours before the time appointed for the meeting at which the person named in the instrument proposes to vote or, twenty- four (24) hours before the time appointed for taking of the poll. Where such instrument is signed by a person under a power of attorney or other authority on behalf of the appointer, that power of attorney or other authority shall be notarized. A notarially certified copy of that power of attorney or other authority together with the instrument appointing a proxy shall be deposited at the seat of the Company or such other place as is specified in the notice of the meeting.

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

Article 72 Any form issued to a Shareholder by the board for use by him for appointing a proxy shall be in such as to enable the Shareholder, according to his intention, to instruct the proxy to vote in favor or against each resolution dealing with matters to be resolved at the meeting. Such a form shall contain a statement that in default of such instructions, the proxy may vote as he thinks fit.

Article 73 The Company is entitled to ask the proxy who represents an individual Shareholder to attend the general meeting to provide his identification document as well as the power of attorney signed by the appointer or the representative authorized by the appointer.

In the case of the Shareholder is a legal person and appoints its legal representative to attend the meeting, the Company is entitled to ask the legal representative to provide the corporate person's identification document and a valid copy of its qualification as a corporate person.

Article 74 Where the appointer has deceased, incapacitated to act, withdrawn the appointment or the power of attorney, or where the relevant shares have been transferred prior to the voting, a vote given in accordance with the letter of authorization shall remain valid provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting.

Article 75 Resolutions of the general meeting shall be divided into ordinary resolutions and special resolutions.

Ordinary resolution of a general meeting shall be passed by a majority of the voting rights held by the shareholders (including proxies) present at the meeting.

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

Article 76 For the purpose of voting at the general meeting, a Shareholder (including proxy) shall exercise voting rights in accordance with the number of shares carrying voting rights represented by him/her. Each share shall have one vote.

Article 77 The shareholders' general meeting shall be voted by hands, unless the following persons request to vote by ballot before or after voting by hands:

- (1) the Chairman of the meeting;
- (2) at least two voting shareholders or proxies thereof;
- (3) one or more of the shareholders (including proxies) solely or collectively holding more than 10% (including 10 percent) of the voting shares at the meeting.

Unless it was suggested to vote by ballot, the Chairman of the meeting shall announce the results of a vote by show of hands, and write down in the minutes, as a final basis, without having to prove for the adopted resolutions the number of votes for or against the resolution or the respective proportion.

The request of a poll can be withdrawn by the proposer.

- Article 78** If the matters to be voted for by ballot are the Election of the Chairman or the suspension of the meeting, the vote shall be immediately conducted; as for other matters that are required to vote by ballot, the President shall decide when to hold the vote. The meeting can proceed to discuss other matters. The voting results shall be still considered resolutions adopted by the meeting.
- Article 79** During the vote, shareholders (including proxies thereof) who hold two or more than two voting rights shall not necessarily vote all his votes for yes or no.
- Article 80** When the no votes and the yes votes are equal, whether by hands or by ballot, the Chairman of the meeting shall be entitled with one more vote.
- Article 81** The following matters shall require approval of an ordinary resolution at a general meeting:
- (1) the working reports of the Board and the supervisory committee;
 - (2) profit distribution plan and plan for making up losses prepared by the Board;
 - (3) the appointment and removal of the members of the Board and the supervisory committee as well as their remuneration and method of payment;
 - (4) annual financial budgets and statements of final accounts, balance sheets, profit statements and other financial statements of the Company;
 - (5) any other matters except those passed by special resolutions as prescribed by the laws, administrative regulations or the Articles of Association.

Article 82 The following matters shall require the sanction of a special resolution at general meetings:

- (1) the increase in and reduction of the share capital of the Company, and the issue of any class of shares, warrants or other similar securities;
- (2) the issue of debentures of the Company;
- (3) the demerger, amalgamation, dissolution and liquidation of the Company;
- (4) amendments to the Articles of Association;
- (5) any other matters that are deemed to have a significant impact on the Company as approved by an ordinary resolution of the general meeting and so necessitate a special resolution for approval.

Article 83 When shareholders request to convene extraordinary general meeting or any specific meeting, the following procedures shall be followed:

- (1) Two or more shareholders who collectively hold more than 10% (including 10 percent) of the voting shares at the proposed meeting, can sign one or a few copies of written requests with the same format and content, with the agenda of the meeting clearly stated, to be submitted to the Board to convene a temporary shareholders' general meetings or any specific meetings. Board shall, after receipt of the aforementioned written request, convene a temporary shareholders' general meeting or class meetings as soon as possible. The above-mentioned number of shares held by shareholders shall be calculated on the day of the written request.
- (2) If the Board, within thirty days after receipt of the aforementioned written request, fails to issue a notice to convene meetings, the shareholders who have made the said request shall have the right to convene the meeting by themselves within four months after the Board received the request, using the same procedure as the Board shall convene the meeting as possible.

If the shareholders convene the meeting by themselves due to the Board's failure to convene the meeting after receiving the aforementioned requirement, its reasonable costs incurred shall be borne by the Company, and the Company shall deduct it from the owed payment to negligent directors.

- Article 84** The shareholders' general meeting shall be convened by the Chairman of the Board and the Chairman of the Board shall also be the Chairman of the meeting; if the Chairman of the Board is unable to attend the meeting, a member of the Board of the Company shall be jointly recommended by half or more members of the Board to convene the meeting and serve as the Chairman of the meeting on its behalf; if no Chairman is appointed to the meeting, shareholders attending the meeting can elect a Chairman; if for any reason, shareholders cannot elect the Chairman, the Chairman should be the shareholder (including proxies thereof) present at the meeting and holding the most voting shares.
- Article 85** The chairman of the meeting shall be responsible for determining whether a resolution of the general meeting is passed or not and his decision shall be final and conclusive and the same shall be announced at such meeting and recorded in the meeting minutes.
- Article 86** If the chairman of the meeting has any doubt as the result of a resolution put to the vote at the meeting, he may take a poll vote. If the chairman of the meeting fails to take a poll vote any Shareholder who is present in person or by proxy and who objects to the results announced by the chairman of the meeting may demand a poll vote immediately after the declaration of the result, and the chairman shall take a poll vote forthwith.
- Article 87** Where there is vote counting at the general meeting, the counting results shall be recorded in the minutes. The minutes of the meeting together with the attendance book for shareholders' signing and the proxy forms for proxies attending the meeting shall be kept at the residence of the Company.
- Article 88** A Shareholder shall be entitled to inspect copies of minutes of any general meeting free of charge during the business hours of the Company. If the Shareholder demands from the Company a copy of such minutes, the Company shall send him the copy within seven (7) days after having received reasonable charges.
- Article 89** If any Shareholder who may not exercise any voting rights or shall only vote for or against a particular resolution under the Listing Rules casts a vote, in person or by proxy the vote of such Shareholder in violation of the above limitation and restriction shall not be taken into account when determining the voting results.

CHAPTER 9 SPECIAL PROCEDURES FOR VOTING BY CLASS SHAREHOLDERS

Article 90 Shareholders of different classes of shares shall be classified as class shareholders.

Class shareholders shall have rights and shall undertake obligations pursuant to the provisions of the laws, administrative regulations and the Articles of Association.

Article 91 The rights attached to any class of shares may be varied or abrogated with the sanction of a special resolution passed at the general meeting and by holders of shares of the affected class passed at a separate general meeting of the holders of shares of the class convened in accordance with Article 93 to Article 97 respectively.

Article 92 The following shall be considered as a variation or abrogation of the rights of class shareholders:

- (1) to increase or reduce the number of shares in that class or to increase or reduce the number of shares in a class of shares which have rights on voting, distribution or other privileges equal or superior to that class of shares;
- (2) to exchange all or a portion of shares of that class for shares of another class, or to exchange all or a portion of the shares of another class for shares of that class or to grant the rights to exchange the same;
- (3) to cancel or reduce the rights to claiming all the accrued dividends or cumulative dividends of shares of that class;
- (4) to reduce or cancel the preferential rights of that class to claim the dividends or the preference to distribution of assets upon the liquidation of the Company;
- (5) to increase, cancel or reduce the rights to conversation of shares, options, voting rights, rights of transfer, pre-emptive rights and the rights to acquire the securities of the Company of that class;
- (6) to cancel or reduce the rights to receive the monies payable by the Company in a particular currency of that class;

- (7) to create a new class of shares which have the rights to voting, distribution or other privileges equal or superior to that class of shares;
- (8) to restrict or to impose more restrictions on the transfer or ownership of that class of shares;
- (9) to issue options or rights on subscription for or conversion of shares into that class or another class of shares;
- (10) to increase the rights and privileges of another class of shares;
- (11) to re-structure the Company in such a way that different class shareholders will undertake disproportionate obligations under the proposed restructuring;
- (12) to vary or abrogate the provisions of in this Chapter.

Article 93 The class shareholders so affected, whether or not otherwise having voting rights at a general meeting, shall be entitled to vote at the class meeting involving matters provided in items (2) to (8) and (11) to (12) of Article 92, provided that any interested shareholders shall not be entitled to vote at that class meeting.

The meaning of “interested Shareholder” as referred to in the preceding paragraph shall be as follows:

- (1) Where the Company has made a repurchase offer to all shareholders in the same proportion in accordance with the provisions of Article 31 of the Articles of Association of the Company or repurchases its shares on a stock exchange through open transactions, “interested Shareholder” shall mean the controlling Shareholder as defined in Article 57 of these Articles of Association;
- (2) Where the Company repurchases its shares by way of an agreement otherwise than on a stock exchange in accordance with the provisions of Article 31 of the Articles of Association, “interested Shareholder” shall mean the Shareholder to which the agreement relates;
- (3) In the case of a restructuring of the Company, “interested Shareholder” shall mean a Shareholder who undertakes obligations by a lower proportion than that of other shareholders of the same class, or a Shareholder who holds interests different from those held by other shareholders of the same class.

Article 94 Resolution of a class meeting shall be passed by more than two-thirds of the shares with voting rights held by the class shareholders who, according to Article 93 are entitled to vote at that class meeting.

Article 95 The Company shall, in accordance with the requirements on convening a general meeting under Article 62 of the Articles of Association, send a notice of the class meeting and inform all registered shareholders of that class of the matters to be considered at the class meeting and the date and venue of the class meeting. In calculating the notice period, the date of meeting shall be excluded.

Article 96 The notice of a class meeting shall only be given to the shareholders who are entitled to vote at such meeting only.

The proceedings of a class meeting shall be as similar as possible as that of a general meeting. The provisions in the Articles of Association relating to the proceedings of a general meeting shall apply to the class meeting.

Article 97 In addition to holders of other classes of shares, domestic shareholders and shareholders of overseas listed foreign shares shall be deemed to be different classes of shareholders.

The special procedures for voting of class shareholders shall not apply to the following circumstances:

- (1) where, upon approval by a special resolution passed at a shareholders general meeting, the Company issues domestic shares and overseas listed foreign shares either separately or concurrently once every twelve (12) months, and the total amount of the domestic shares and overseas listed foreign shares so issued do not exceed 20% of their total issued amount, respectively;
- (2) where the Company plans to issue domestic shares and overseas listed foreign shares on establishment, to be implemented within fifteen (15) months from the date of approval by the securities authority under the State Council.

CHAPTER 10 PARTY COMMITTEE

Article 98 In accordance with the Constitution of the Communist Party of China and with the approval of higher-level Party organizations, the Company has established the Committee of the Communist Party of China of IRICO Group New Energy Company Limited* (the “Party Committee of the Company”). Meanwhile, the Company has also established the Discipline Inspection Commission of the Communist Party (the “Discipline Inspection Commission of the Company”) according to the relevant requirements. The Party Committee of the Company consists of seven members, one secretary and one deputy secretary. The secretary shall be the Chairman or the general manager of the Company and a deputy secretary shall be designated to be responsible for the Party construction works of the Company.

The Company shall adhere and improve the leadership mechanism of “Dual Entry and Cross Appointment”. Eligible members of the Party Committee are allowed to join the Board, the Supervisory Committee and the management through legal procedures. Eligible members in the Board, the Supervisory Committee and the management are allowed to join the Party Committee in accordance with relevant provisions and procedures.

Pursuant to relevant requirements, the Party Committee of the Company shall establish and optimize the grassroots organizations of the Party and carry out activities of the Party. The Party Committee of the Company shall be elected by the Party member representative congress, generally with each term of office of five years. Regular re-election shall be conducted upon the expiration of the term of office. Each term of office of the Discipline Inspection Commission of the Company shall be the same as the Party Committee.

Article 99

The Party Committee of the Company shall discharge its duties in accordance with the provisions under the Constitution of the Communist Party of China and the Regulations on the Work of Communist Party Grassroots Organizations of the State-owned Enterprises (Trial Implementation) (《中國共產黨國有企業基層組織工作條例(試行)》), and play a leading role, provide the directions, manage the overall situation, promote the implementation and discuss and make decisions on major issues of the Company in accordance with relevant regulations. The principal duties of the Party Committee of the Company include:

- (1) Strengthen the Party's political construction, improve the political awareness, enhance political leading role, improve political ability and guard against political risk of the Company, as well as educate and guide all Party members to resolutely safeguard the position of the Party Central Committee and the whole Party with Comrade Xi Jinping as the core, resolutely upheld the authority and unified leadership of the Party Central Committee;
- (2) Study and implement Xi Jinping Thought on Socialism with Chinese Characteristics for a New Era, carry out the principles and policies of the Party and ensure that the major decisions and deployment of the Party Central Committee and the resolutions of higher-level Party organizations are implemented in the Company, as well as promote the Company to undertake its responsibility and mission, focus on the main responsibilities and principal businesses and serve the material strategies of the country to fully fulfill economic, political and social responsibilities;
- (3) Consider and discuss the major operational and management issues of the Company, and support the shareholders general meeting, the Board, the Supervisory Committee and the management in performing their duties in accordance with laws;
- (4) Strengthen the leadership and gate keeping role in the selection and appointment of personnel of the Company and enhance the building of the leading team and talents team of management;
- (5) Assume the primary responsibility of the Company to govern the Party comprehensively with strict discipline, support the discipline inspection institutions to fulfil its supervisory responsibility and promote Party self-governance exercised fully and with rigor into the grassroots level;

- (6) Strengthen the construction of working style of the Party in the Company, strictly implement the spirit of the eight-point frugality code issued by the Party Central Committee and resolutely combat formalism, bureaucracy, hedonism and extravagance, especially the formalism and bureaucracy;
- (7) Strengthen the building of grassroots Party organisation and Party member team, and unite and lead officials and employees to devote themselves into the reform and development of the Company;
- (8) Lead the ideological and political work, the spirit and civilisation construction and the united front work of the Company, as well as lead mass organisations such as the Labour Union and Communist Youth League of the Company.

CHAPTER 11 THE BOARD

Article 100 Prior to making decisions on material issues of the Company, the Board shall hear the opinions from the Party Committee of the Company.

Article 101 The Company shall establish a Board, which shall comprise seven (7) Directors, including one (1) Chairman.

The Board is independent of the controlling organizations (here in meaning those corporations, enterprises or institutions with the status of legal person which control the Company), and discharges its duties of formulating strategies, making decisions and preventing risks.

The external Directors (herein meaning those Directors who do not hold office in the Company) shall represent 50% or more of the members of the Board, and not less than one-third of the members of the Board shall be Independent Directors (herein meaning those Directors who are independent of the shareholders and do not hold office in the Company).

Article 102 Directors shall be elected by the general meeting for a term of three (3) years. Upon the expiry of the term of office, the Directors may be eligible for re-election.

Directors elected as additional or supplemented Directors at a general meeting shall hold office from the effective date of such election to the expiry of the term of such session of the Board.

A written notice stating the intention to nominate a candidate for directorship and the nominee's consent to the nomination shall be submitted to the Company after the dispatch of the notice of general meeting at which the election of Directors will be held and which shall not be less than seven (7) days before the convening of general meeting, and the written notice period shall not be less than seven (7) days.

The Chairman shall be elected or removed by more than half of all Directors. The Chairman shall serve for a term of three (3) years from the date of appointment and may be re-elected and reappointed for consecutive terms.

Subject to the compliance with relevant laws and administrative regulations, any Director may be removed during his/her service term by way of an ordinary resolution at the general meeting (however, any claim for compensation pursuant to any contract shall not be prejudiced).

Any person who has been appointed by the Board to fill any casual vacancy in the office of the Board or serve as an additional Director, his term of office shall expire at the next annual general meeting and such person shall be eligible for election for successive terms.

Not more than two (2) persons of the Chairman and executive Directors of the Company may concurrently be senior management (Chairman, Vice Chairman and executive Director) of the controlling organizations.

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

Article 103 The Board shall be responsible to the general meeting and shall have the following powers and duties:

- (1) to be responsible for convening general meeting and to report on its work to the general meeting;
- (2) to implement resolutions of the general meeting;
- (3) to determine the business plans and investment proposals of the Company;
- (4) to prepare the annual financial budgets and final accounts of the Company;
- (5) to prepare plans for profit distribution and plans for making up losses for the Company;

- (6) to formulate the Company's plans for the increase or reduction of capital, issue of debentures of the Company;
- (7) to formulate proposals on amalgamation, demerger or dissolution of the Company;
- (8) to decide on the internal management structure of the Company;
- (9) to appoint or dismiss the general manager of the Company; to appoint or dismiss senior management including assistant general manager and other senior management members (including chief financial officer) based on the nomination by the general manager, as well as to determine their remuneration issues;
- (10) to formulate the basic management system of the Company; to establish the Company's risk prevention and control mechanism and evaluate its effectiveness; to decide on major issues of risk management of the Company;
- (11) to formulate proposals for amendments of the Articles of Association;
- (12) any other authorities granted by the Articles of Association or the general meeting.

When the Board passes the resolutions described in the previous Clause, except for the resolutions in respect of the matters specified in Subsections (6), (7) and (11) above which shall be voted and approved by more than two-thirds or more of the Directors, the remaining resolutions shall be voted and approved by more than half of the Directors.

Article 104 If the Board proposes to dispose of the Company's fixed assets, where the aggregate of the amount or value of the consideration for the proposed disposal and where any fixed assets of the Company have been disposed of in the period of four (4) months immediately preceding the proposed disposal, the amount or value of the consideration for any such disposal in that period exceeds 33% of the value of the fixed assets as shown in the latest balance sheet laid before the Company in general meeting held, the Board shall not dispose of or agree to dispose of the said fixed assets without the prior approval of the general meeting.

The proposed disposal of fixed assets referred to in this article shall include the acts of transferring certain interests in that assets but exclude the acts of charging that fixed assets by way of security.

The validity of the transaction on the disposal of fixed assets by the Company shall not be affected by the breach of paragraph 1 of this article.

Article 105 The Chairman shall have the following powers and duties:

- (1) to preside over the general meeting and to convene and preside over the meeting of the Board;
- (2) to examine the implementation of the resolutions of the Board;
- (3) to sign the securities issued by the Company;
- (4) other powers conferred by the Board.

Should the Chairman fail to perform his/her duties, one (1) Director of the Company shall be elected by half or more Directors to perform the duties.

Article 106 The Board shall establish special committees.

The duties of special committees of the Board shall be determined by relevant regulations of the State and resolutions of the Board.

Article 107 The Board meetings shall be held at least four times every year and shall be convened by the Chairman. The notice for such meeting shall be given to all Directors fourteen (14) days in advance. In case of emergencies, an extraordinary Board meeting may be convened if proposed by shareholders with more than one-tenth of voting rights, more than one-third of Directors, two (including two) independent Directors or supervisors or the general manager of the Company.

The reasonable expenses incurred by the Directors for attending board meeting shall be borne by the Company. Such expenses include traveling expenses incurred by the Directors for traveling from his place to the meeting venue (if a Director's place is different from the meeting venue), food and board expenses during the meeting period, rental for the meeting venue and transport expenses for traveling to the meeting venue.

Article 108 Meeting and extraordinary meeting of the Board shall be convened in the following manners:

- (1) Where the time and place of regular meeting of the Board have been fixed by the Board in advance, no notice shall be served.
- (2) Where the time and venue to convene the meeting of the Board have not been decided upon by the Board in advance, the Chairman shall inform the Directors and supervisors of the time and venue of the meeting by telex, telegram, facsimile, electronic mail, express courier service, registered mail or by hand at least ten (10) days before the meeting.
- (3) If there is a need to hold a Board meeting in case of emergency, the Chairman shall ask the Secretary to the Board to, not less than five (5) days and not more than ten (10) days prior to the day when the special Board meeting is held, inform all the Directors and supervisors the time and the place of the Board meeting by way of telegraph, telex, facsimile, electronic mail, courier, registered mail or by specially designated person.
- (4) The notice shall be in Chinese and, if necessary, an English version of the same shall be enclosed therein and the notice shall include agenda of the meeting. Any Director may waive the right to receive notice of the meeting of the Board.

Article 109 A Director shall be deemed to have received the notice of meeting if he is present at the meeting and does not raise the issue of the non-receipt of such notice prior to or at the time of the meeting commence.

Article 110 The meeting or extraordinary meeting of the Board may be held by conference telephone or similar communication equipment. So long as all the Directors participating at the meeting can clearly hear and communicate with each other, all such Directors present shall be deemed to be present in person at the meeting.

Article 111 The quorum of the meeting of the Board shall be more than one-half of the Directors (including those Directors who is entrusted to attend the meeting as stipulated by the Article 112 of the Articles of Association of the Company).

Each Director shall be entitled to cast one vote. Saved for the provisions stipulated otherwise in the Articles of Association of the Company, The Board shall pass a resolution upon the approval of more than half of the Directors.

Where the number of votes in favor and against are the same, the chair shall has to right the cast an extra vote.

Where a Director has any interest in the subject matter to be resolved at the meeting of the Board, such Director shall withdraw from the meeting, abstain from voting, shall not represent other Directors to exercise the voting right and shall not be taken into account in counting the quorum of Directors present at the meetings.

Article 112 A Director shall attend the meeting of the Board in person. Where the Director is unable to attend the meeting, he/she may appoint in writing another Director to attend the Board meeting on his/her behalf. The mandate shall be stated on the power of attorney.

The proxy Director at the meeting shall exercise the Director's right within the scope of authorization. Any Director who fails to attend a meeting of the Board without appointing any proxy is deemed to have waived his voting right at the particular meeting.

Article 113 Board shall put the decisions made on matters discussed at the meeting into minutes, sighed by the directors attending the meeting, Secretary of the Board and the recorder. The directors shall be responsible for the resolution of the Board. If the resolution of the Board is against the laws, administrative regulations or the articles of association, the resolution from the shareholders' general meeting and results in the Company's severe losses, the directors participating in the resolution shall bear compensation responsibility to the Company; however, if any director is proved that the opposition was filed at the vote and recorded in the minutes, the said director shall be exempted from liability.

The comments made by the independent directors should be listed clearly in the resolution of the Board.

The minutes of board meetings shall, as the company file, be saved by the Secretary to the Board. Retention of the Board minutes is for 15 years.

Article 114 Written motions can be used by the Board in lieu of the Board meeting, but the draft of the motion shall be served by hand, mail, or fax to every Director. if the written motion has been served to all directors and the number of directors who sign for consent on one or a few copies of the draft with the same format and content reaches the quorum for relevant decisions, the motion shall, after being served to the Secretary to the Board in the manners described above, become the resolution of the Board, and the Board meeting is no longer required to convene.

CHAPTER 12 SECRETARY TO THE BOARD OF THE COMPANY

Article 115 The Company shall have Secretary to the Board. The Secretary is a senior management of the Company.

The management of the controlling entity shall not serve as the Secretary to the Board concurrently.

Article 116 The Secretary to the Board shall be a natural person who has the requisite professional knowledge and experience. The Secretary to the Board shall be appointed by the Board. His/Her primary responsibilities shall be:

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

Article 117 Directors and other senior management members of the Company, may be appointed as the Secretary to the Board. Any accountants of the accountants firm appointed by the Company shall not be appointed as the Secretary to the Board.

Where the Secretary to the Board is also a Director and an act is required to be done by a Director and the Secretary to the Board separately, such person who is acting both as a Director and the Secretary to the Board shall not perform the act in both capacities.

CHAPTER 13 GENERAL MANAGER OF THE COMPANY

Article 118 The Company shall have one general manager who is nominated, hired or dismissed by the Board. The Company shall have a certain number of assistant general managers, to assist the work of the general manager. The Board shall decide member of the Board can act concurrently as General Manager.

The general manager exercises his functions and powers such as managing production and operation, organizing the implementation of resolutions of the Board, reporting to the Board, and playing the role of seeking operation development, ensuring implementation and strengthening management.

Article 119 The general manager of the Company shall be responsible to the Board and shall have the following powers and duties:

- (1) to be responsible for the production and management of the Company and to organize the implementation of the resolutions of the Board;
- (2) to organize the implementation of the annual business plans and investment proposals of the Company;
- (3) to prepare proposals for the internal management structure of the Company;
- (4) to prepare the management systems of the Company;
- (5) to draft the regulations of the Company;
- (6) to employ and dismiss other senior management personnel of the Company other than the Secretary to the Board;
- (7) to employ and dismiss senior management personnel of the Company other than the Secretary to the Board;
- (8) other powers conferred by the Articles of Association and the Board.

Article 120 The general manager may attend any meeting of the Board. The general manager who is not a Director shall not be entitled to vote at any meeting of the Board.

Article 121 When the general manager and assistant general managers performs his/her terms of reference, he/she shall not alter the resolutions of the general meetings or the Board or exceed his/her authorized power.

Article 122 The manager and the assistant general managers shall discharge their duties honestly and diligently in accordance with the laws, administrative regulations and the Articles of Association.

CHAPTER 14 SUPERVISORY COMMITTEE

- Article 123** The Company shall have a Supervisory Committee. The supervisory committee is the Company's standing internal supervisory organ. Its responsibilities are to exercise supervision over the Board and its members and the general manager, assistant general manager and other senior managements, to prevent any abuse of powers, infringement of the legitimate rights of the Company, its shareholders and workers.
- Article 124** The supervisory committee shall consist of five (5) members, one of whom shall act as the chairman of the committee. The term of office for the members of the committee shall be three (3) years and they shall be eligible for re-election.
- The appointment and removal of the chairman of the supervisory committee shall be made by a resolution passed by two-thirds or more of the members of the supervisory committee.
- Article 125** The Supervisory Committee is composed of three shareholder representatives and two representatives of the employees. The shareholder supervisors shall be elected and removed by the shareholders' general meeting, and the employee representatives shall be elected and dismissed by the workers democratically.
- As for supervisors added or by-elected by the shareholders' general meeting or employees of the Company, the term thereof shall be from the effective date of the election to the expiry date of the term of the session of the Supervisory Committee.
- More than half of the Supervisory Committee shall be external supervisors (referred to as supervisors not working within the Company, the same below), and external supervisors shall have the right to file an independent report to the general meeting shareholders about the performance of credibility and integrity of the senior managers.
- Article 126** The director, general manager, deputy general manager and chief financial officer of the Company shall not serve as supervisors at the same time.
- Article 127** The Supervisory Committee shall hold meetings at least once a year, convened by the Chairman of the Supervisory Committee.

Article 128 The Supervisory Committee shall be responsible to the shareholders' general meeting, and shall, in accordance with the law, exercise the following rights:

- (1) to check the Company's financial affairs;
- (2) to oversight the directors, general manager, deputy general manager and other senior managers on the matters of their violation of laws, administrative regulations or the articles of association while performing their duties at company;
- (3) to supervise the performance of the directors, general manager, deputy general manager and other senior managers, and to file a recall proposal of the aforementioned personnel in case of their violation of laws, administrative regulations or the articles of association, the resolutions of the shareholders' general meeting;
- (4) to check the financial report, the business report and profit distribution plan and other financial information intended to be presented to the shareholders' general meeting by the Board, and to commission certified public accountants and practicing auditors to help to review them in the name of the Company, with any doubt being found;
- (5) to propose the convening of extraordinary general meeting;
- (6) to negotiate with the directors or file a suit against the directors on behalf of the Company;
- (7) to propose to convene a temporary shareholders' general meeting, and to convene and preside over the shareholders' general meeting in case of the Board failing to fulfill its duty to convene and preside over the shareholders' general meeting in accordance with the provisions hereof;
- (8) any other functions and rights provided by laws and the articles of association.

Supervisors shall attend the Board meeting.

- Article 129** The procedure of the Supervisory Committee: each supervisor shall have one vote. The resolution of the Supervisory Committee shall be passed by more than two-thirds of members of the Supervisory Committee.
- Article 130** The reasonable expenses caused by the Supervisory Committee to hire lawyers, certified public accountants, practicing auditors and other professionals in the process of exercising its functions and rights, shall be borne by the Company.
- Article 131** Meetings of the Supervisory Committee shall have minutes, where the supervisors and recorders attending the meeting shall sign their names. The supervisors shall have the right to require some kind of descriptive records about their speech at the meeting to be made in the minutes. The minutes of the meetings of the Supervisory Committee shall, as the company file, be saved by the Secretary to the Board. Retention of the minutes shall be for 15 years.
- Article 132** Supervisors shall honestly discharge their duties in accordance with the laws, administrative regulations and the Articles of Association of the Company.

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

Article 133 A person shall be disqualified from being a Director, supervisor, general manager, assistant general manager or other senior management members of the Company in any one of the following circumstances:

- (1) the individual has no civil capacity or restricted civil capacity;
- (2) a period of less than 5 years has elapsed since the conviction of corruption, bribery, unauthorized appropriation of properties, embezzlement of properties or disrupting social and economic order; or a period of less than 5 years has elapsed since being deprived of political rights for commission of offences;
- (3) a period of less than 3 years has elapsed since the completion of the liquidation of any company or enterprise which was insolvent due to unsound business operation and management and where the person acted as a Director or factory manager, manager of such company or enterprise and was personally liable for such insolvency;
- (4) a period of not less than 3 years has elapsed since revocation of the business license of a company or enterprise due to illegal business operations where the person was the legal representative of such company or enterprise and for which he was personally liable;
- (5) the person is personally liable for a substantial loan which was due for payment but remains unpaid;
- (6) the person has been involved in criminal offences subject to investigation by judicial authorities and the case has yet to be settled;
- (7) the person is not eligible for acting in the leadership of a company or enterprise according to the laws or administrative regulations;
- (8) the person is not a natural person;
- (9) a period of less than five (5) years has elapsed since the person was adjudged by the relevant governing authority to be guilty of contravention of provisions of securities regulations involving fraud or dishonesty.

Article 134 The validity of an act of a Director, general manager, assistant manager or other senior management of the Company acting on behalf of the Company against any bona fide third party shall not be affected by any irregularity in his appointment, election or any defects in his qualification.

Article 135 In addition to the obligations imposed by the laws and administrative regulations or required by the listing rules of the stock exchange where the Company stock are listed, a Director, supervisor, general manager, assistant general manager or other senior management members owes a duty to each Shareholder for the following in the exercise of the powers entrusted to him:

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

Article 136 A Director, supervisor, general manager, assistant general manager or other senior management members of the Company, owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonable prudent person would be expected to exercise in comparable circumstances.

Article 137 A Director, supervisor, general manager, assistant general manager or senior management members owes a duty, in the exercise of powers of the Company entrusted to him, to observe obligations of a fiduciary not to place himself in a position where his interest and the obligations undertaken may conflict. This principle shall include, without limitation to the following obligations:

- (1) to act honestly in the best interests of the Company;
- (2) to exercise the powers vested in him and not to exceed the scope thereof;

- (3) to exercise the discretionary power granted to him personally and not allow himself to act under the direction of another and unless and to the extent permitted by the laws and administrative regulations or informed consent of shareholders in general meeting, not to delegate the exercise of this discretion;
- (4) to treat the shareholders of the same class equally and treat the shareholders of different classes fairly;
- (5) except in accordance with the Articles of Association or with the informed consent of shareholders in general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) without the informed consent of shareholders in general meeting, not to use the Company's property for his own benefit;
- (7) not to use his authority for obtaining bribes or other illegal income and not to expropriate in any guise the property of the Company including, without limitation to, not to usurp opportunities beneficial to the Company;
- (8) without the informed consent of the general meeting, not to accept commissions in connection with the Company's transaction;
- (9) to observe the Articles of Association; to perform the duties faithfully; to protect the interests of the Company; not to use his position and authority in the Company to make his own benefit;
- (10) without the informed consent of the general meeting, not to compete in any way with the Company;
- (11) shall not embezzle the funds of the Company or shall not make loans to others out of the funds of the Company; shall not deposit the assets of the Company into accounts under his name or any other name; shall not use assets of the Company as guarantee for loans to the Shareholder of the Company or their personal debts;
- (12) not to disclose confidential information of the Company acquired by him during the term of office without the informed consent of the general meeting; not to use the information other than in the interests of the Company; save and except that disclosure of such information to the court of law or other government authorities is permitted if:

1. disclosure is required by the laws;
2. there is a duty to the public to disclose;
3. it is in the personal interests of such Director, supervisor, general manager, assistant general manager or other senior management members to require disclosure.

Article 138 A Director, supervisor, general manager, assistant general manager and other senior management members of the Company shall not cause any of the following person or association (the “associates”) to do such things as such Director, supervisor, general manager, assistant general manager or other senior management is prohibited from doing so:

- (1) the spouse or minor child of that Director, supervisor, general manager, assistant general manager or other senior management members of the Company;
- (2) the trustee of that Director, supervisor, general manager, assistant general manager or other senior management of the Company or any person referred to in paragraph (1) of this article;
- (3) the partner of that Director, supervisor, general manager, assistant general manager or other senior management of the Company or any person referred to in paragraphs (1) and (2) of this article;
- (4) a company in which that Director, supervisor, general manager, assistant general manager or other senior management members of the Company alone or jointly with one or more of the persons referred to in paragraphs (1), (2) and (3) of this article or other Directors, supervisors, general managers or other senior management of the Company, has a de facto controlling interest;
- (5) a Director, supervisor, general manager, assistant general manager or other senior management of a company being controlled as referred to in paragraph (4) of this article.

Article 139 The fiduciary duty of a Director, supervisor, general manager, assistant general manager or other senior management members of the Company does not necessarily cease upon the termination of his tenure of office. The obligation of confidence in relation to the trade secrets of the Company shall survive after the termination of his tenure. Other obligations may continue for such period as to be determined under the principle of fairness, depending on the time lapse between the acts concerned and the termination and the circumstances and the conditions under which the relationship with the Company terminated.

Article 140 Except as provided in Article 56 of the Articles of Association of the Company, Directors, supervisors, general manager, assistant general manager or other senior management of the Company may be exempted from liabilities for specific breach of duties with informed consent by the general meeting.

Article 141 In case of having an important stake directly or indirectly with the contract, transaction and arrangement the Company has entered into or is planning (except the employment contract between the Company and the directors, supervisors, general manager, deputy general manager and other senior managers), the directors, supervisors, general manager, deputy general manager and other senior managers of the Company shall, regardless of whether the relevant matters under normal circumstances shall be approved by the Board, disclose to the Board the nature and extent of his interest as soon as possible.

Unless the aforesaid directors, supervisors, general manager, deputy general manager and other senior managers shall in accordance with the requirements of paragraph 1 make a disclosure to the Board, and the Board approve such matters with the said person neither being counted in the quorum nor participating in the vote, the Company shall have the right to cancel the contract, transaction or arrangement, in case of the counterparts thereof not knowing the obligations of the relevant directors, supervisors, general manager, vice general manager and other senior managers in good faith.

If any person related with the directors, supervisors, general manager, vice general manager and other senior managers of the Company has an interest in any contract, transaction or arrangement, the said directors, supervisors, general manager, deputy manager and other senior managers shall also be considered related.

Article 142 Where a Director, supervisor, general manager, assistant general manager or senior management members of the Company gives a general notice in writing to the Board before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company, stating that, by reason of facts specified in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, that notice shall be deemed for the purpose of the preceding article of this Article to be a sufficient declaration of interests of such Director, supervisor, general manager, assistant general manager or senior management members, so far as attributable to those facts in relation to any contract, transaction or arrangement of that description which may subsequently be made by the Company.

Article 143 The Company shall not, in any manner, pay tax for or on behalf of its Director, supervisor, general manager, assistant general manager or other senior management members.

Article 144 The Company shall not directly or indirectly, make a loan to or provide guarantee in connection with a loan made by any person to its Directors, supervisors, general manager, assistant general manager or other senior management members of the Company or of its holding company; or make a loan to or provide guarantee in connection with any loan made by any person to the associates of such person as aforesaid.

The preceding provision shall not apply to the following:

- (1) the provision of a loan or a guarantee for a loan by the Company to a company which is subsidiary of the Company;
- (2) the provision of a loan or a guarantee for loan by the Company to any of its Directors, supervisors, managers or other senior management under a service contract as approved by shareholders in general meeting or the provision of funds by the Company to him to meet expenditure incurred or to be incurred by him for the purpose of the Company or for the purpose of enabling him properly to perform his duties;
- (3) where the ordinary course of business of the Company includes the lending of money and the giving of guarantees, the Company may make a loan to or provide a guarantee in connection with a loan by another person to any of its Directors, supervisors, general manager, assistant general manager or senior management members and his associates on normal commercial terms.

Article 145 A loan made by the Company in breach of the preceding provisions, shall be forthwith repayable by the recipient regardless of the terms of the loan.

Article 146 A loan guarantee provided by the Company in breach of provision under paragraph (1) of Article 144 shall be unenforceable against the Company, except under the following circumstances:

- (1) a loan was made by a person to a person connected with Director, supervisor, manager or other senior management of the Company or of its holdings company, and at the time the loan was advanced the lender did not know of the relevant circumstances;
- (2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

Article 147 The guarantee referred to in the preceding article shall include an undertaking by the guarantor or property provided to secure the performance of obligations by the obligor.

Article 148 Where a Director, supervisor, general manager, assistant general manager and other senior management of the Company is in breach of his obligations to the Company, the Company shall have a right to take the following measures in addition to the various rights and remedies provided by the laws and administrative regulations:

- (1) to request such Director, supervisor, general manager, assistant general manager and other senior management to pay damages for the losses sustained by the Company as a natural consequence of his breach of duties;
- (2) to rescind any contract or transaction entered into by the Company with such Director, supervisor, manager or other senior management and any contract or transaction entered into by the Company with a third party (where such third party knew or should have known that such Director, supervisor, manager or other senior management representing the Company is in breach of the obligations to the Company);
- (3) to request such Director, supervisor, manager or other senior management to return the proceeds received as a consequence of the breach of the obligations;
- (4) to recover from such Director, supervisor, general manager, assistant general manager and other senior management members any monies which should otherwise have been received by the Company, including, without limitation to the commissions;
- (5) to request such Director, supervisor, general manager, assistant general manager and other senior management members to return such interests accrued or may be accrued from the monies which should otherwise have been paid to the Company.

Article 149 The Company shall, with the prior approval of the shareholders in general meeting, enter into a contract in writing with a Director or supervisor in respect of their remuneration. The emoluments referred to above shall include:

- (1) the emoluments in respect of his service as a Director, supervisor or other senior management of the Company;

- (2) the emoluments in respect of his service as a Director, supervisor or other senior management of a subsidiary of the Company;
- (3) the emoluments for provision of other services in connection with the management of the affairs of the Company and its subsidiaries;
- (4) payment for loss of office or as consideration for or in connection with his retirement.

Save pursuant to the contract aforesaid, no legal proceedings may be brought by a Director or supervisor against the Company in respect of the benefits ought to be received by him by reasons of the matters stipulated above.

Article 150 There shall be a provision in a contract made between the Company and a Director or supervisor in respect of their remuneration that the Director or the supervisor shall, with the prior approval of the shareholders in general meeting, be entitled to payment by way of compensation for loss of office or other amounts as consideration for his retirement from office in connection with the takeover of the Company.

A takeover of the Company referred above shall mean any of the following:

- (1) a takeover offer made to all shareholders by any person;
- (2) a takeover offer made by any person with a view to the offer of becoming the controlling Shareholder. The definition shall be the same as the one defined in Article 57 of the Articles of Association of the Company.

If the relevant Director or supervisor does not comply with this article, any sum received by him shall belong to the persons who have sold their shares as a result of accepting the offer made as aforesaid; and the expenses incurred by him in distributing that sum pro rata amongst those persons shall be borne by him and not deducted out of that sum.

CHAPTER 16 FINANCIAL SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Article 151 The Company shall formulate the financial and accounting system of the Company in accordance with the laws, administrative regulations and the provisions in the PRC accounting standards prepared by the authority governing financial matters under the State Council.

Article 152 At the end of each financial year, the Company shall prepare a financial report reviewed and certified with statutory requirements.

The financial year of the Company shall coincide with the calendar year, which commences from 1st January and ends on 31st December of the Gregorian calendar.

Article 153 At each annual general meeting of shareholders, the Board of the Company shall submit to shareholders the financial reports prepared by the Company as required by the relevant laws, administrative regulations and mandatory documents promulgated by the local government and other governing authorities.

Article 154 The financial reports of the Company shall be deposited at the Company for inspection by its shareholders not later than twenty (20) days before the general meeting. Each Shareholder of the Company shall be entitled to receive the financial statements referred to in this article.

The Company shall send by prepaid mail a copy of the aforesaid report together with the balance sheet (including every document required to be attached under relevant laws, administrative regulations and listing rules of stock exchange(s) on which the shares of the Company may be listed) and income statement or profit and loss account and Directors' report to each holder of foreign shares listed outside the PRC at the recipient's address shown in the register of members, no later than twenty-one (21) days prior to an annual general meeting.

Article 155 The financial statements of the Company shall be prepared in accordance with the PRC accounting standards and regulations.

Article 156 The interim/annual results or the financial information to be published or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations.

Article 157 The Company shall publish its financial reports at least twice in each financial year. The interim financial report shall be published within sixty (60) days after the end of the first six (6) months of the financial year and the annual financial report shall be published within one hundred and twenty (120) days after the end of the financial year.

Article 158 The Company shall not have other books of account other than the statutory books of account.

Article 159 Profit after taxation of the Company is used in the following order:

- (1) making up for losses;
- (2) allocation to statutory reserve fund;
- (3) allocation to discretionary reserve fund upon approval by a resolution of the shareholders in general meeting;
- (4) payment of dividends in respect of ordinary shares.

The Company shall not distribute dividends or proceed with other distributions in the form of bonus dividends before offsetting losses and making allocation for statutory reserve fund.

Article 160 When the Company distributes its yearly profits after tax, 10 percent of the profits shall be withdrawn as legal surplus. When the Company's legal surplus has accumulated up to the amount of more than 50 percent of the Company's registered capital, the withdrawal thereof can be stopped.

If the company's legal surplus is not sufficient to compensate for the loss of the previous year, the profits of the year shall, prior to the withdrawal for legal surplus in accordance with the provisions of the preceding paragraph, cover the losses first.

Profits left after making up for losses and the withdrawal of the legal surplus shall be allocated in accordance with the proportion of shares held by the shareholders.

If the shareholders' general meeting or the Board, in violation of the provisions of the preceding paragraphs, distributes profits to shareholders before covering the losses and the withdrawal of the legal surplus, the profits distributed against the provisions hereof shall be refunded to the Company.

Article 161 The additional paid-in capital fund includes the following amounts:

- (1) the amount of money from the premium which is more than the issued stocks' par value;
- (2) other income provided by the financial department of the State Council to be the additional paid-in capital.

Article 162 The Company's reserve fund shall be used only for the following purposes:

- (1) to make up for the losses; but the additional paid-in capital fund shall not be used to make up for the losses;
- (2) to expand production and operation of the Company;
- (3) to increase the capital. In case of the resolution of the shareholders' general meeting to transfer the reserve fund into the capital, new shares shall be delivered to shareholders in accordance with the original proportion of shares held by the shareholders or the par value of the shares shall be increased, but if the legal surplus is converted into capital, the remainder of the said fund shall be no less than 25 percent of the registered capital.

Article 163 Dividends shall, in accordance with the proportion of shares held by shareholders, be allocated within six months after the end of each fiscal year. The dividend distribution plan shall be approved by the shareholders' general meeting in terms of ordinary resolution. Unless otherwise determined by the shareholders' general meeting, the shareholders' general meeting may authorize the Board to assign interim dividends.

- Article 164** The Company may take the following forms of distribution of dividends:
- (1) cash;
 - (2) stocks.
- Article 165** The Board shall, within two months after the resolution on profit distribution plan achieved by the shareholders' general meeting, complete the distribution of the dividends (or shares).
- Article 166** The dividends and other payments paid to shareholders of domestic shares shall be accumulated, declared, and paid in RMB. The dividends and other payments paid to shareholders of foreign investment shares listed outside the People's Republic of China shall be accumulated and declared in RMB but paid in the currency of the listing place (if there is more than one listing place, paid in the currency of the main listing place determined by the Board).
- Article 167** Payment of the dividends and other payments to shareholders of foreign investment shares shall be handled in accordance with the provisions of the State on foreign exchange management.
- Article 168** The Company shall make withholdings and payments on behalf of the shareholders of such tax taxable on the dividends payable to individual shareholders in accordance with the provisions of the PRC taxation law.
- Article 169** The Company shall appoint a receiving agent for shareholders of overseas listed foreign shares. The receiving agent shall receive on behalf of such Shareholder the dividends distributed to and other amounts payable by the Company in respect of the overseas listed foreign shares.
- The receiving agent appointed by the Company shall satisfy requirements provided under the laws or the relevant provisions of the stock exchange at the place where the shares of the Company are listed.
- The receiving agent appointed by the Company for the shareholders of H shares shall be a trust company registered under the Trustee Ordinance of Hong Kong.

CHAPTER 17 APPOINTMENT OF ACCOUNTANTS FIRM

Article 170 The Company maintains an internal audit system, with professional audit personnel performing internal audit on the financial income and expenses and economic activities of the Company and its subsidiaries.

Article 171 The Company shall engage independent accountants firms which satisfy the relevant stipulations of the PRC to audit the annual financial reports and other financial reports of the Company.

The first accountants firm may be appointed by the founders meeting prior to the first annual general meeting and the accountants firm so appointed shall hold office until the conclusion of the first annual general meeting.

If the inaugural meeting fails to exercise its aforesaid powers, those powers shall be exercised by the Board.

Article 172 The certified public accountants' firm appointed by the Company shall hold office from the conclusion of the annual general meeting at which the appointment is made until the conclusion of the next annual meeting.

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

- (1) to inspect at any time the books and accounts, records and supporting documents of the Company and be entitled to request the Directors, general managers, assistant manager and other senior management members of the Company to provide relevant information and explanations thereof;
- (2) to request the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the performance of the duties of such accountants firm;
- (3) to attend any general meeting and to receive all notices of and other communications relating to any general meeting which any Shareholder is entitled to receive, and to be heard at any general meeting on any matter which concerns it as accountants firm of the Company.

Article 174 Where the office of the accountants firm is vacated, the Board may appoint another accountants firm to fill such vacancy prior to the holding of general meeting, but while any such vacancy continues, the surviving or continuing accountants firm or accountants firms, if any, may act.

Article 175 Notwithstanding anything in the agreement between the accountants firm and the Company, the shareholders in general meeting may by ordinary resolution remove an accountants firm before the expiration of the term of office of such accountants firm. Where the accountants firm so removed shall be entitled to claim against the Company for damages, if any, in respect of such removal, such entitlement shall not be prejudiced thereby.

Article 176 The remuneration or the determination of the remuneration of the accountants firm shall be fixed by the shareholders in the general meeting. In the case of the accountants firm appointed by the Board, the remuneration of the accountants firm may be fixed by the Board.

Article 177 The decisions of the Company regarding the engagement, dismissal or non- renewal of an accountants firm shall be made by the general meeting and file the case with the securities regulatory authorities of the State Council.

Where a resolution is proposed to be passed at the general meeting to appoint a firm other than an existing accounting firm to fill any vacancy in the office of the accountants firm, to reappoint an accountants firm who has been appointed by the Board to fill a vacancy or to dismiss an accountants firm before the expiry of its term of office, the following provisions shall apply:

- (1) A copy of the proposed resolution in respect of appointment or removal shall be sent before notice of meeting is given to the shareholders to the accountants firm proposed to be appointed or the accountants firm proposing to leave its post or the accountants firm who has left its post in the relevant financial year.

“Leaving” includes leaving by removal, resignation and retirement.

- (2) If the accountants firm leaving its post makes representations in writing and requests their notification to the shareholders, the Company shall take the following measures (unless the representations are received too late):
 1. in any notice of the resolution given to shareholders, state the fact of the representations having been made;
 2. send a copy of the representations as appendix to the notice to every Shareholder in accordance with the mode of service prescribed by the Articles of Association of the Company.
- (3) If the representations of the accountants firm are not sent out as required by paragraph (2) of this article, the accountants firm may require that the representations shall be read out at the general meeting and may have further rights of redress.
- (4) An accountants firm which is leaving its post shall be entitled to attend:
 1. the general meeting at which its term of office would otherwise have expired;
 2. any general meeting at which it is proposed to fill the casual vacancy caused by its removal;
 3. any general meeting convened on its resignation.

The leaving accountants firm is entitled to receive all notices of, and other communications relating to, any such meeting, and to be heard at any such meeting on any matter which concerns its as a former accountants firm of the Company.

Article 178 In the event of any dismissal or non-renewal of an accountants firm by the Company, a notice shall be served to inform the accountants firm 30 (thirty) days in advance and the accountants firm has the right to express its opinion at the general meeting. If an accountants firm tenders its resignation, it shall make statement to the general meeting whether there are any improper happenings of the Company.

An accountants firm may resign its office by depositing a notice in writing to that effect at the legal address of the Company. Such notice shall terminate its office on the date on which it is deposited at the legal address of Company or such later date as may be specified in the notice. Such notice shall include:

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

Where a notice is received by the Company as aforesaid, the Company shall within fourteen (14) days send a copy of the notice to the relevant governing authorities. If the notice contains a statement under paragraph (2) of this article, a copy of the notice shall also be deposited at the Company for the inspection of the shareholders. The Company shall send the copies of such statement to every Shareholder of overseas listed foreign shares by prepaid mail. The service address shall be the address on the register of shareholders.

Where the notice of resignation of the accountants firm contains a statement regarding any accountable affair, the accountants firm may require the Board to convene an extraordinary general meeting for the purpose of hearing an explanation of the circumstances connected with his resignation.

CHAPTER 18 INSURANCE

Article 179 The type of insurance of the Company shall be determined by the Board in accordance with the relevant insurance laws and regulations of the State.

CHAPTER 19 STAFF DEMOCRATIC MANAGEMENT AND LABOR AND PERSONNEL SYSTEM

Article 180 Appropriate staff democratic management and labor and personnel and salary system suitable for the specific circumstances of the Company shall be made in accordance with the relevant provisions of the Labor Law of the Peoples Republic of China and relevant laws to protect the legitimate rights and interests of employees.

The Company shall promote the publicity of its business and enable staff members to exercise their rights to know, to participate, to express and to supervise in accordance with the provisions of laws and regulations. Major decisions shall be made by listening to the opinions of employees, and major issues concerning the vital interests of employees shall be reviewed by the employee congress.

The Company shall adhere to and improve the system of employee supervisors and safeguard the rights of employee representatives to participate in corporate governance in an orderly manner.

Article 181 The Company shall improve the market-oriented selection and employment system, and establish a mechanism of open recruitment of employees, election and competition of management personnel, adjustment of the last one and exit of the incompetent.

Article 182 The Company shall improve the market-oriented remuneration distribution system and establish a market-competitive remuneration distribution system for core talents and a medium and long-term incentive mechanism in various ways.

Article 183 The Company shall make efforts to increase employee benefits, and continuously improve the working conditions and living conditions of the employees.

Article 184 The Company shall, in accordance with relevant state laws and regulations, extract medical, retirement, unemployment insurance fund for employees, and establish labor insurance system.

CHAPTER 20 LABOR UNION

Article 185 Employees shall have the right to organize labor union, carry out labor union activities and safeguard the legitimate rights and interests thereof in accordance with the provisions of the Labor Union Law of the People's Republic of China and relevant laws and regulations of the State. The Company shall provide the necessary conditions for the activities of the labor union thereof.

Article 186 The Company shall, in accordance with relevant Chinese laws and administrative regulations, develop the Company's system for labor management, personnel management, employee wages and benefits, social insurance and so on.

CHAPTER 21 AMALGAMATION AND DEMERGER

Article 187 The Board of the Company shall put forward proposals for amalgamation or demerger which shall be submitted to relevant approving authorities for approval in accordance with the laws after the same have been approved according to the procedures provided in the Articles of Association of the Company. Shareholders who oppose the proposals for amalgamation or demerger shall have the right to request the shareholders who are in favor of amalgamation or demerger to purchase their shares at a fair price.

The aforesaid reports of the resolution of amalgamation or demerger shall be prepared for the inspection by the shareholders, and shall be sent to the shareholders of overseas listed foreign shares by post.

Article 188 The amalgamation of the Company may take the form of either amalgamation by absorbing another company or amalgamation by establishing a new company.

In case of a consolidation of the Company, various parties involved shall sign the consolidation agreement and prepare the balance sheet and the property list. The Company shall, within ten (10) days upon passing the resolution for the consolidation, notify the creditors and publish an announcement in newspapers within thirty (30) days. The creditors who have received the said notice shall have the right within thirty (30) days from the date of receiving the notice, and the creditors who have not received the notice shall have the right within forty-five (45) days of the notice being published to demand the Company to settle the debt or to provide corresponding security in respect of the debt.

Upon amalgamation, all claims and liabilities of the parties to the amalgamation shall be taken over by the company which exists after the amalgamation or by the newly established company.

Article 189 In case of a demerger of the Company, its assets shall be divided correspondingly.

In case of a demerger by the Company, various parties involved shall sign the demerger agreement and prepare the balance sheet and the property list. The Company shall, within ten (10) days upon passing the resolution for the demerger, notify the creditors and publish an announcement in newspapers within thirty (30) days.

In accordance with the agreement made, the debts of the Company before the demerger shall be borne by the Company after the demerger.

Article 190 Changes in registration items arising from amalgamation or demerger shall be registered with companies registration department in accordance with the laws; in the case of dissolution, the dissolution shall be registered according to the laws; where new companies are established, the establishment shall be registered according to the laws.

CHAPTER 22 DISSOLUTION AND LIQUIDATION

Article 191 The Company shall be dissolved and liquidated upon the occurrence of any the following events:

- (1) where the general meeting resolves to dissolve the Company;
- (2) where dissolution of the Company is necessary for the amalgamation or demerger;
- (3) where the Company is adjudged insolvent in accordance with the applicable laws as a result of its inability to pay its debts when due;
- (4) the business registration is terminated, the business is forced to close or terminated;
- (5) in the event that there are serious difficulties with the operation and management of the Company and continuing the operation may seriously damage the interests of shareholders, whereas no further solution is available, the shareholders holding 10% of the total voting rights held by all shareholders of the Company may file a dissolution request with the People's Court for an order of dissolution.

Article 192 Where the Company is dissolved pursuant to the above paragraph (1), it shall within 15 days thereof establish a liquidation committee whose members shall be elected by shareholders at the general meeting by means of an ordinary resolution.

Where the Company is dissolved pursuant to the above paragraph (2) of this section, the liquidation shall be jointly undertaken by parties to the merger or division with reference to the contract entered into during the process of such merger or division.

Where the Company is dissolved pursuant to the above paragraph (3), the liquidation shall be carried out by a team of liquidation comprised of shareholders, relevant institutions and relevant professionals and established by the People's Court as stipulated under relevant laws.

Where the Company is dissolved pursuant to the above paragraph (4), the liquidation shall be carried out by a team of liquidation comprised of shareholders, relevant institutions and relevant professionals and established by competent authorities.

Article 193 Where the Board decides to liquidate the Company (except for the liquidation as a result of the insolvency of the Company), it shall specify in the notice convening the general meeting for such purpose that the Board has made a full inquiry 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 passing of the resolution for liquidation by shareholders in general meeting, the duties and powers of the Board shall cease forthwith.

The liquidation committee shall comply with the instructions of the general meeting and shall report to it at least once every year the receipts and payments of the liquidation committee, the business and the progress of liquidation of the Company. Upon the completion of liquidation it shall also give a final report to the general meeting.

Article 194 The liquidation committee shall notify the creditors within ten (10) days following its establishment and shall publish an announcement in newspapers within sixty (60) days.

Creditors should, within thirty (30) days after receipt of the notice, or for those who do not receive the notice, within forty-five (45) days from the date of the announcement, declare their claims to the liquidation committee. Any undeclared claims after the due date shall be deemed to have it waived. When declaring their claims, creditors shall explain relevant particulars of their claims and provide supporting materials. The liquidation committee shall register the claims. During the period when creditors declare their rights, no settlement shall be made to the creditors by the liquidation committee.

Article 195 The liquidation committee shall during the liquidation period perform the following duties:

- (1) to dispose of the Company's assets, to prepare balance sheets and an inventory of assets;
- (2) to give notices or make public announcements to the creditors;
- (3) to deal with the unfinished business of the Company in relation to the liquidation;
- (4) to settle all tax in arrear;
- (5) to repay all the claims and debts;
- (6) to deal with the remaining assets of the Company after the repayment of debts;
- (7) to represent the Company in civil proceedings.

Article 196 After the completion of the disposal of the assets of the Company and the preparation of the balance sheets and an inventory of assets, the liquidation committee shall prepare a liquidation proposal and submit the same to the general meeting or the people's court for their approval.

The Company's assets shall be applied to liquidation following the order under the legal requirements and if no laws are applicable, they shall be applied by the impartial and reasonable order as determined by the liquidation committee.

Any assets remaining after repayment of debts in accordance with the provisions above shall be distributed to shareholders in proportion to the class and number of shares held by them.

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

Article 197 If the Company is to be dissolved by liquidation, the liquidation committee discovers that after the liquidate the assets of the Company and preparation of the balance sheets and assets inventory of the assets of the Company are insufficient to repay its debts in full, it shall forthwith apply to the People’s Court for a declaration of insolvency.

Upon declaration of insolvency of the Company by the People’s Court, the liquidation committee shall hand over liquidation affairs of the Company to the People’s Court.

Article 198 Following the completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report and statement of receipts and expenditures and various financial records for the period of liquidation which shall, upon being audited by an accountant registered in the PRC, be submitted to the general meeting or the people’s court for their approval.

The liquidation committee shall, within thirty (30) days upon the approval of the general meeting and relevant governing authority, submit the said documents to the company registration department, and apply for the cancellation of registration of the Company and to make public announcement in respect of the termination of the Company.

CHAPTER 23 PROCEDURES FOR AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Article 199 The Company may amend the Articles of Association pursuant to the laws, administrative regulations and the provisions of the Articles of Association.

Article 200 The Articles of Association may be amended in accordance with the following procedures:

- (1) The Board, through passing a resolution in accordance with the requirements of the Articles, may draft the amended versions of the Articles or an amendment to the Articles may be proposed by the shareholders;

- (2) The shareholders shall be notified of the proposals for amendments and a general meeting shall be convened to vote on the amendments;
- (3) Under the premise of complying with the relevant provisions of the Articles of Association, the amendments put to the vote at a general meeting shall be passed by way of a special resolution.

Article 201 Should the amendments to the Articles involve anything set out in the “Mandatory Provisions”, the Amendments shall be effective upon the approval of the corporate approval departments authorized by the State Council and securities governing organizations by the State Council. Should the amendments to the Articles involve company registration subsections, a registration of the changes shall be made in accordance with the laws.

CHAPTER 24 SETTLEMENT OF DISPUTES

Article 202 The Company shall comply with the following rules for settlements of disputes:

- (1) Whenever any disputes or claims arising from the Articles of Association, or any rights or obligations conferred or imposed by the Company Law and other relevant laws or administrative regulations concerning the affairs of the Company between the shareholders of overseas listed foreign shares and the Company, between the shareholders of overseas listed foreign shares and any Director, supervisor, general manager, assistant general manager or other senior management members of the Company or between the shareholders of overseas listed foreign shares and shareholders of domestic shares, the parties involved shall refer such kind of disputes or claims for settlement by arbitration.

In referring the said disputes or claims to arbitration, the entire claims and disputes shall be referred; and all the persons having the same cause of action or all the parties whose participation is necessary for the settlement of the disputes or the claims, including the Company, shareholders, supervisors, general managers, assistant general manager or other senior management members of the Company, shall submit to arbitration.

As to the disputes on the definition of a Shareholder or register of the shareholders, it may be settled by methods other than arbitration.

- (2) At the election of the claimant, the disputes or claims shall be referred to arbitration at either China International Economic and Trade Arbitration Committee in accordance with the provisions of its arbitration rules, or Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant refers a disputes or claims to arbitration, the other party must submit to the arbitration body elected by the claimant.

If the claimant elects to proceed with the arbitration at Hong Kong International Arbitration Centre, either party may request to proceed with the arbitration in Shenzhen in accordance with the provisions of the securities arbitration rules of Hong Kong International Arbitration Centre.

- (3) The laws of the People's Republic of China shall be applicable to the settlement of disputes and claims by way of arbitration mentioned in paragraph (1) unless the laws and administrative regulations provide otherwise.
- (4) The award of the arbitration body is final and conclusive and is binding on all parties.

CHAPTER 25 NOTICE

Article 203 Unless otherwise provided hereby, the notice, information or written statement sent by the Company to the shareholders of foreign investment shares listed outside the People's Republic of China, shall, subject to such addresses as are recorded in the register of shareholders of foreign investment shares listed outside the People's Republic of China, be served by hand or by prepaid letter or by electronic communication or by other ways provided or permitted by relevant laws, regulations, the Listing Rules or the provisions of the regulators of the listing place of the Company.

The Company shall publish the notice sent to shareholders of domestic shares in one or more newspapers specified by the securities authority of the State Council, and once the notice is published, all shareholders of domestic shares shall be deemed to have received the notice.

Article 204 The notice sent by post shall be clearly stated in the address, prepaid, and placed inside an envelope. The notice letter shall be regarded as the shareholders have received five days after its delivery.

Article 205 Any notice, files, information or written statement sent by the shareholders or directors to the Company shall be served by hand or registered mail to the Company's legal address.

Article 206 In order to prove any notice, files, information or written statement has been served to the Company, the shareholders or directors shall provide certification material of serving the relevant notice, files, information or written statements in the usual way or by prepaid mail to the correct address within the specified time of delivery.

CHAPTER 26 SUPPLEMENTARY PROVISIONS

Article 207 In the Articles of Association of the Company, the terms “accountants firm” shall have the same meaning as “auditors”.

Article 208 Each of the figures referred to in this Articles of Association shall include the figure itself.

Article 209 This Articles of Association is written in Chinese and the Articles of Association in any other language creates discrepancy, the Chinese version shall prevail.