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東北電氣發展股份有限公司

NORTHEAST ELECTRIC DEVELOPMENT CO.,LTD.

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

(Stock Code:00042)

ARTICLES OF ASSOCIATION

(as amended by a special resolution passed at the Company's Annual General Meeting on 28 Jun 2024)

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CHAPTER 1 GENERAL PROVISIONS

Article 1 The Company (or the “Company”) is a joint stock limited company established in accordance with the **The Company Law of the PRC (referred to as the Company Law), the Securities Law of the PRC (referred to as the Securities Law), and the Trial Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises** and other relevant laws and administrative regulations of the People’s Republic of China.

These Articles of Association are formulated by amendments to the former in accordance with **Company Law, Securities Law, and Securities Regulatory Rules of the Place where the Company is listed** and other relevant regulations in order to safeguard the legitimate rights and interests of the Company, shareholders and creditors as well as standardize the organization and activities of the Company.

Article 2 Pursuant to the approval of the Liaoning Province Shenyang Municipal Commission for Restructuring the Economic Systems under document [1992] No. (81), the Company was established on 18 February 1993 by private subscription method, registered with the Shenyang Municipal Administration of Industry and Commerce and obtained a business license. The current unified social credit code of the Company is 91210000243437397T. On 13 January 1995, the State Commission for Restructuring the Economic System issued a document, Ti Gai Sheng [1995] No. (13) approving the Company to implement restructuring in order to issue and list foreign shares in Hong Kong. On 3 July 1995, the Company initially offered 257,950,000 H shares and got listed on The Stock Exchange of Hong Kong, and on 29 November of the year, the Company initially offered 30,000,000 A shares and got listed on Shenzhen Stock Exchange.

The A-shares of the Company were delisted from the Shenzhen Stock Exchange on May 24 2022, and were listed and transferred on July 13 2022, in the Two Network Companies and Delisted Companies sectors established and managed by the National Equities Exchange and Quotations Co., Ltd (NEEQ) for Small and Medium sized Enterprises Co., Ltd. through the original securities company's proxy share transfer system.

Article 3 The promoters of the Company include Northeast Electric Transmission and Transformation Equipment Corporation, Shenyang Cables Factory, Shenyang Transformers Factory, Shenyang High-voltage Switchgears Factory, Fushun Electric Porcelain Factory, Jinzhou Power Capacitors Factory and Fuxin Enclosed Bus-bars Factory.

Article 4 The registered Chinese name of the Company: 东北电气发展股份有限公司
The English name of the Company: NORTHEAST ELECTRIC DEVELOPMENT COMPANY LIMITED

Article 5 The legal address of the Company: A1-1077 Room, 5 Floor, Building A, Business Incubation Center, National High-tech Zone, No. 266 Hainan Road, Haikou City, Hainan Province, the People’s Republic of China

Article 6 The Company’s chairman is the legal representative of the Company.

Article 7 The Company is a joint stock Limited company of perpetual existence. The lawful interests of the Company and its shareholders are governed and protected by the laws, regulations and other relevant governmental provisions of the PRC.

Article 8 The entire capital of the Company is divided into shares of equal value and the liability of the shareholders to the Company is limited to the shares held by them. The Company shall be liable for its debts to the extent of all its assets.

Unless otherwise provided by relevant laws and regulations of the PRC, provisions incorporated in these Articles pursuant to the **Trial Measures for the Administration of Overseas Issuance and Listing of Securities by Domestic Enterprises** shall not be amended or abrogated.

Article 9 These Articles shall be effective upon being passed by special resolution of a shareholders' general meeting and obtaining approval from the approval authority for company governance and competent department for securities of China.

From the effective date of these Articles of Association, these Articles shall constitute a legal document regulating the constitution and activities of the Company, the rights and obligations between the Company and its shareholders and between the shareholders.

These Articles are binding upon the Company and its shareholders, directors, supervisors, managers and other officers. The aforementioned persons may bring claims on matters related to the Company in accordance with these Articles.

The shareholders may bring actions against the Company, the shareholders, directors, supervisors, managers and other officers of the Company in accordance with these Articles; the Company may bring actions against the shareholders, directors, supervisors, managers and other officers of the Company in accordance with these Articles.

“Bring actions” referred to in the preceding provision includes initiation of proceedings in court and applying to arbitration tribunals to commence arbitration proceedings.

The manager of the Company set forth in its Articles of Association refers to the president, “Other officers” mean deputy **president**, secretary of the board of directors and the financial officer of the Company.

Article 10 The Company may invest in other limited liability companies and joint stock limited companies and shall be liable for the invested companies to the extent of its investment in those companies. The Company shall not become a shareholder with unlimited liability of any other economic organizations.

CHAPTER 2 OBJECTS AND SCOPE OF OPERATIONS

Article 11 The objects of the Company's operations are: to utilize public capital from within or outside the PRC, to enhance technology level, to develop production capacity, to extensively develop markets, focusing on quality, aiming at efficiency, integrating advanced scientific management and flexible production policies, so as to ensure the shareholders of the Company to obtain reasonable economic benefits.

Article 12 The scope of the Company's operations should be subject to the items approved by the company registration authority, including the manufacture and sale of transmission and transformation equipment and accessories; development, consulting, transfer and testing services in relation to transmission and transformation technology; the wholesale business in relation to metallic materials, rubber materials and products, insulating materials, ceramic materials and products, chemical materials and products (hazardous article excepted), electronic components, instruments, electro mechanical devices and spare parts (except the commodities subject to the special management in terms of the state-run trade, import and export quota and license, export quota tendering, and import and export license).(The projects subject to related authorization by law can only be operated upon approval of related competent authorities)

The Company shall carry on its operational activities within its registered scope of operations.

The Company may, in accordance with the changes of domestic and international markets, demands of business at home and abroad and its own development ability, change its scope of operations or investment direction and methods subject to a resolution passed at a shareholders' general meeting and upon the approval of authorities concerned.

CHAPTER 3 SHARES

Section 1 Issue of shares

Article 13 The shares of the Company adopt the form of share certificates. The issue of shares by the Company shall adopt the principles of openness, fairness and equality, and each share of the same class shall be of equal rights and benefits.

Each share of the same class issued at the same time shall be of the same offering conditions and price, and for subscription of each share by any unit or individual, the same price should be paid.

The certificates of shares issued by the Company shall be denominated in RMB.

The outstanding stocks of the Company are under centralized custody with China Securities Depository and Clearing Co., Ltd. **Beijing** Branch and Hong Kong securities registration institutions.

Article 14 The Company shall at all times have ordinary shares. The Company may, in accordance with its needs and upon approval by the company's supervisory department authorized by the State Council, create other types of share.

Article 15 The shares issued by the Company shall be in the form of registered ordinary shares, the shares issued by the Company shall all have a nominal value of RMB 1 per share.

Article 16 The Company may issue shares to foreign investors and domestic investors, **and file with the China Securities Regulatory Commission (CSRC) in accordance with relevant regulations.**

For the purpose of the preceding paragraph, "foreign investors" means overseas investors and investors from the territories of Hong Kong, Macau and Taiwan who subscribe for shares issued by the Company; "domestic investors" means investors who subscribe for shares issued by the Company from within the People's Republic of China other than from the aforesaid territories.

Article 17 The shares issued by the Company to domestic investors which are subscribed for in RMB are called domestic shares.

The shares issued by the Company to foreign investors which are subscribed for in foreign currencies are called foreign shares.

Foreign shares which are listed overseas are called overseas listed foreign shares.

"Foreign currency" referred to in the preceding paragraph means any legitimate currency of other countries and regions other than RMB, which are accepted by the responsible foreign currency department of China and may be used to pay for shares.

Article 18 Upon the approval of the company supervisory department authorized by the State Council, the total number of ordinary shares which may be issued by the Company is 873,370,000 shares, the nominal value of each share being RMB 1, of which:

- (i) Domestic shares total 615,420,000 shares, accounting for 70.46% of the total share capital of the Company;
- (ii) H shares total 257,950,000 shares, accounting for 29.54% of the total share capital of the Company.

Article 19 Of the total number of shares specified in an issue plan, if the Company issues overseas listed foreign shares and domestic shares respectively, there shall be one issue for each type of shares. Where there are extraordinary circumstances, multiple issues may be made subject to the approval of the State Council Securities

Commission.

Article 20 The Company's registered capital is RMB873, 370,000

Section 2 Increases of Shares

Article 21 According to the need of the operation and development and in compliance with the provisions of the applicable laws and regulations, the Company may increase its capital in any of the following ways respectively upon resolution by the meeting:

- (1) Issuing shares to unspecified parties;
- (2) Issuing shares to specific targets (Placement of shares);
- (3) Allotment of bonus shares to its existing shareholders;
- (4) Increase of equity shares with common reserves; or
- (5) Any other means specified by the applicable laws and administrative regulations of the PRC and approved by China Securities Regulatory Commission (CSRC).

When the Company increases its capital and issues new shares, after obtaining approval in accordance with the provisions of these Articles, the Company shall carry out the procedures prescribed by the relevant PRC laws and administrative regulations.

The Company shall not issue any preferred shares that are convertible to the ordinary shares.

Section 3 Transfer of Shares

Article 22 Unless otherwise prescribed by PRC laws and administrative regulations, the shares of the Company may be transferred freely. The Company shall not accept its own share certificates as the subject matter of a pledge.

Article 23 No shares of the Company held by any of its promoters may be transferred within one year of the date of its establishment. The shares issued before its public offering may not be transferred within one year of the date when its shares are listed on a stock exchange.

Article 24 The directors, supervisors and officers of the Company shall report to the Company its shares they hold and the changes of their shareholding. During his or her office term, a director, supervisor or officer may neither transfer more than 25% of his or her total holding of its shares, nor transfer its shares held by him or her within one year of the date when its shares are listed. Any of them may not transfer its shares he or she holds within 6 months after his or her leave from the Company.

Article 25 In case any director, supervisor or officer of the Company, or any of its shareholder who holds no less than 5% of its shares, sells its shares he/she/it holds within six months of acquiring the same, or buys such shares back within six months of selling the same, the gains there from shall belong to the Company and its board of directors shall recover such gains from him/her/it. However, a securities firm which underwrote shares on a firm commitment basis and which, after purchasing the shares remaining after offering, holds no less than 5% of the shares shall not be subject to such limit of six months in selling such shares.

If the board of directors of the Company fails to act in accordance with the preceding clause, its shareholders are entitled to request the board of directors to act in such manner within 30 days. If the board of directors of the Company fails to act in such manner within the above time period, shareholders are entitled to institute directly an action in the people's court in their own names to the interests of the Company.

If the board of directors of the Company fails to act in accordance with the first clause of this article, the

responsible directors shall be jointly and severally liable according to law.

Article 26 Domestic shares may, upon the approval of the board of directors and the relevant governmental authorities, be listed on stock exchanges within the PRC. With the approval of the board of directors and relevant governmental departments overseas listed foreign shares may be listed on the Hong Kong Stock Exchange or other stock exchanges outside the PRC.

Article 27 Provisions on transfer of shares

(1) All transfers of overseas listed foreign shares listed in Hong Kong shall be effected by a transfer document in writing in the usual or common form or in such other form as the board of directors may accept, and may be under hand or by machine imprinted signatures and there is no need to affix the Company's seal.

(2) All fully paid up overseas listed foreign shares listed in Hong Kong are freely transferable in accordance with these Articles, but the board of directors may refuse to recognize any transfer document without providing any reason, unless

(i) A fee of HK\$ 2, or such higher amount as may from time to time be agreed by the Exchange, is paid to the Company for the purpose of registering any transfer or other document relating to the ownership of the shares in question or the change of ownership of those shares;

(ii) The transfer document relates only to overseas listed foreign shares listed in Hong Kong;

(iii) Stamp duty payable on the transfer document is paid;

(iv) The relevant share certificates and such other evidence as the board of directors may reasonably require to show the right of the transferor to make the transfer have been presented;

(v) If the shares are transferred to joint holders, the number of joint holders shall not exceed four; and

(vi) The relevant shares are free from all liens.

(3) No shares shall be transferred to any person who is not of legal age or has mental incapacity or other legal incapacity.

Article 28 Following any increase or reduction in capital, the Company shall register such change with the Companies registration authority and issue a public announcement.

CHAPTER 4 REDUCTION OF SHARE CAPITAL AND REPURCHASE OF SHARES

Article 29 The Company may reduce its registered capital. And in case of reduction of its registered capital, the Company shall proceed according to the procedures specified by the Company Law of the PRC, and other relevant provisions and the provisions of these Articles of Association.

Article 30 When reducing its registered capital, the Company shall prepare a balance sheet and an inventory of its property.

The Company shall notify its creditors within 10 days from the date of the resolution to reduce its registered capital, and shall make a public announcement in newspapers within 30 days thereof. The creditors shall have the right, within 30 days from receipt of the notice or within 45 days from the date of the first public announcement if the notice has not been received, to require the Company to pay up its debts or provide corresponding security for the payment of the debts.

The registered capital of the Company after capital reduction shall not be lower than the lowest limit prescribed by law.

Article 31 In any of the following circumstances, the Company may acquire its own shares in accordance with the applicable laws, administrative regulations, departmental rules and these Articles of Association:

- (1) Reducing its registered capital;
 - (2) Merging with another company that holds shares of the Company;
 - (3) Utilising its shares in the employee share ownership scheme or for share incentive;
 - (4) A shareholder who opposes its resolution on merger or division passed at a general meeting requests the Company to purchase its shares.
 - (5) Utilising the shares for conversion to corporate bonds which are convertible into shares issued by the listed company;
 - (6) Where it is necessary to safeguard the value of the listed company and the interests of its shareholders;
 - (7) Other circumstances in accordance with the applicable laws and administrative regulations.
- Except the above circumstances, the Company shall not trade in its own shares.

Article 32 The Company may acquire its own shares in any of the following ways:

- (1) Centralized price auction on the stock exchange;
- (2) Tender offer; or
- (3) Other ways recognized by the CSRC.

Article 33 When the Company repurchases its own shares by an off-market agreement it shall obtain the prior approval of a shareholders' general meeting in accordance with these Articles. If prior approval of the shareholders' general meeting is given in the same manner, the Company may release or vary any agreement so entered into by the Company or waive its rights hereunder. An agreement to repurchase shares includes (but is not limited to) an agreement to assume an obligation to repurchase or to acquire the right to repurchase shares of the Company.

Article 34 The Company shall not assign an agreement for the repurchase of its share or any of the rights provided in that agreement.

Article 35 the purchase by the Company of its own shares for the reasons set forth in Items (1) to (2) of Article 32 shall be subject to the resolution by its general meeting. The shares purchased under provisions set out in Items (3), (5) and (6) of Article 32 shall obtain approval from a Board meeting where over two-thirds of the directors are present, in accordance with provisions of the Articles of Associations or the authorisation by the Board.

If the Company purchases its shares for the reason set forth in Item (1) of Article 32, it shall cancel such shares it purchased within 10 days as of the date of such purchase. In case the Company purchases its shares for the reasons set forth in Item (2) and Item (4) of Article 32, it shall transfer or cancel such shares within 6 months after it purchased. Those purchased under provisions set out in Items (3), (5) and (6), the total shares of the Company held by the Company itself shall not exceed 10% of its total shares in issue and shall be transferred or cancelled within 3 years. The fund used for such purchase shall be from its after-tax profits.

If the Company acquires its own shares under provisions set out in Items (3), (5) and (6) of Article 32 herein, the transaction shall be carried out in an open and centralized manner.

Article 36 Unless the Company has commenced liquidation, the Company shall repurchase its shares in accordance with the following provisions:

- (1) Where the Company repurchases its shares at nominal value, the moneys may be paid out of distributable profits of the Company or the proceeds of an issue of new shares made for the purpose of repurchasing those shares;
- (2) Where the Company repurchases its shares at a value in excess of their nominal value, the payment of the portion being the nominal value of those shares may be made out of the distributable profits of the Company or the proceeds of an issue of new shares made for the purpose of repurchasing those shares. Payment of the portion

in excess of the nominal value shall be made as follows:

(i) If the shares being repurchased were issued at nominal value, payment shall be made out of the distributable profits of the Company;

(ii) If the shares being repurchased were issued at a premium, payment shall be made out of the distributable profits of the Company or the proceeds of an issue of new shares made for the purpose of repurchasing those shares, provided that the amount paid out of the proceeds of the issue of new shares shall not exceed the aggregate of premiums received by the Company on the issue of the shares repurchased nor shall it exceed the amount in the share premium account (or capital reserve fund) of the Company (including the premiums if the new shares issued);

(3) The monies paid by the Company for the following purposes shall be paid out of the Company's distributable profits;

(i) The acquisition of the right to repurchase its own shares;

(ii) The variation of the agreement to repurchase its shares; or

(iii) The release of any of its obligations under any agreement to repurchase.

(4) The amount paid out of the distributable profits of the Company for the repurchase of shares shall, after deduction from the Company's registered capital of the aggregate nominal value of the cancelled shares in accordance with the relevant stipulations, be credited to the share premium account (or capital reserve fund) of the Company.

CHAPTER 5 SHARE CERTIFICATES

Article 37 The shares in the Company shall be in the form of registered share certificates. Share certificates are signed and issued by the Company evidencing the holding of shares by a shareholder. The Company may, in accordance with the relevant regulations, issue share certificates in paper form, and the share certificates shall contain matters prescribed by the Company Law and rules of the stock exchange on which the Company's shares are listed.

Article 38 The legal representative of the Company shall sign share certificates. If the stock exchange on which the Company's shares are listed requires the signature of other officers of the Company, the share certificates shall also be signed by other relevant officers. A share certificate shall become effective after it is affixed with the company seal or a machine-printed seal. The company seal shall only be affixed upon the board of directors' authorization. The signatures of the chairman or other officers of the Company on the share certificates may also be machine-printed signatures.

Under the conditions of paperless issuance and trading of Company stocks, separate provisions of the securities regulatory rules of the place where the Company is listed shall apply.

CHAPTER 6 REGISTERS OF SHAREHOLDERS

Article 39 The Company shall keep a register of shareholders and enter therein the following matters;

(1) The name, address (or residence), occupation and nature of each shareholder;

(2) The number of shares held by each shareholder;

(3) The serial number of the shares held by each shareholder;

(4) The date on which each shareholder acquired the shares.

Article 40 The Company may, in accordance with the understanding or agreements reached between the securities supervisory authority of the State Council and overseas securities supervisory authorities, place the register of holders of overseas listed foreign shares overseas, and appoint an overseas agent to maintain that

register. The original register of shareholders of foreign share listed in Hong Kong shall be maintained in Hong Kong.

Duplicates shall be made of the register of shareholders maintained pursuant to paragraphs (2) and (3) of the following Article and shall be maintained at the Company's legal address. The appointed overseas agent shall warrant at all times that the original register of holders of overseas listed foreign shares is consistent with the duplicate.

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

Article 41 The Company shall have a complete register of shareholders which shall comprise of the following parts:

(1) A part maintained at the Company's legal address, which shall be the register of all shareholders other than those registered in accordance with paragraphs (2) and (3) of this Article;

(2) The register of holders of overseas listed foreign shares listed in Hong Kong, the original of which shall be kept in Hong Kong and maintained by an agent in Hong Kong; and

(3) Such registers in such other places as the board of directors may deem necessary for listing purposes.

Article 42 Different parts of the register of shareholders shall not overlap. No transfer of shares registered in one part of the register of shareholders shall, during the continuance of the registration of those shares, be registered in any other parts of the register of shareholders.

Article 43 The alteration or rectification of each part of the register of shareholders shall be made in accordance with the laws of the place where that part of the register of shareholders is kept.

Article 44 No change of registration shall be made on the register of shareholders by reason of a transfer of shares within the 7 days prior to the holding of shareholders' general meeting or 5 days prior to the record date for the determination of divided distribution by the Company.

Where the relevant stock exchanges or regulatory authorities in the place where the shares of the Company are listed provide otherwise, such provisions shall be followed.

Article 45 When the Company convenes the general meeting, distributes dividends, proceeds with liquidation or conducts any other activities with the requirement for determining of the identity of its shareholders, the board of directors or the convener of such meeting shall determine the registration date of equity rights. Such persons as registered in the register of shareholders after the close of the registration date for equity rights are the shareholders entitled to the relevant rights and interests.

The time between the date of registration and the date of the meeting shall comply with the requirements of the relevant supervisory authorities of the place where the shares of the Company are listed.

Article 46 **If a registered stock is stolen, lost or destroyed, the shareholder may, in accordance with the public notice procedure stipulated in the Civil Procedure Law of the PRC, request the people's court to declare the stock invalid. After the people's court declares the stock invalid, shareholders can apply to the company for a replacement stock.**

Article 47 Any shareholder who is registered on the register of shareholders or any person who requests his name to be entered into the register of shareholders may, if he has lost his share certificate (the "original certificate"), apply to the Company for a new certificate in respect of the shares relating to that share certificate (the "relevant shares"). A holder of overseas listed foreign shares who has lost his share certificate and applies for

a replacement to be issued may do so in accordance with the laws and the regulations of the stock exchange or other relevant stipulations of the place where the register of overseas listed foreign shareholders is placed.

Article 48 A shareholder of overseas listed foreign shares listed in Hong Kong who has lost his share certificate and applies for a replacement to be issued shall comply with the following procedure:

(1) The applicant shall submit an application to the Company in the standard form prescribed by the Company accompanied by a notary's certificate or a statutory declaration, the contents of which shall include:

(i) The grounds upon which the applicant makes his application, the circumstances and evidence regarding the loss of the original certificate, and such other particulars as the actual circumstances may require in order to verify the grounds upon which the application is made; and

(ii) A declaration that no other person is entitled to be registered as a shareholder in respect of the relevant shares.

(2) Prior to the issue of a replacement share certificate, the Company must ensure that no other declaration has been received from any person other than the applicant seeking to be registered as a shareholder in respect of those shares.

(3) If the Company is prepared to issue a replacement share certificate to the applicant, it shall make an announcement of such intention at least once every 30 days in a period of 90 days prior to the issue in such publications as may be prescribed by the board of directors for this purpose. The prescribed publications shall be one Chinese and one English publication in Hong Kong.

(4) In order to render an announcement under paragraph (3) above effective, the Company shall, prior to publication of the announcement:

(i) Deliver to the stock exchange on which the relevant shares are listed a copy of the announcement to be published under paragraph (3) of this Article and have received a reply from such stock exchange confirming that the announcement proposed to be published is being exhibited on the stock exchange and will continue to be exhibited until the expiry of the 90-day announcement period referred to above; and

(ii) In the case of an application made without the consent of the registered holder of the relevant shares, the Company shall send to such registered shareholder by post a copy of the announcement proposed to be published.

(5) If, by the expiration of the 90-day period referred to in paragraphs (3), (4) of this Article, the Company shall not have received any objection to the issue of the replacement share certificate, the Company may issue a new share certificate for the relevant shares in accordance with the applicant's application.

(6) When the Company issues a new share certificate under this Article, it shall forthwith cancel the original certificate and enter the details of the cancellation and replacement issue in the register of shareholders.

(7) All expenses of the Company relating to the cancellation of an original certificate and the issuance of a new share certificate shall be borne by the applicant. The Company is entitled to refuse to take any action before reasonable security is provided by the applicant in respect of those expenses.

(8) After the Company has issued a new replacement share certificate in accordance with this Article:

(i) The name of a bona fide purchaser who obtains the new share certificate or a subsequent registered owner of the shares (if a bona fide purchaser) shall not be removed from the register of shareholders; and

(ii) The Company shall not be liable for any damages suffered by any person by reason of the cancellation of the original certificate or the issuance of the new share certificate, unless the claimant proves that the Company had acted fraudulently.

CHAPTER 7 RIGHTS AND OBLIGATIONS OF SHAREHOLDERS

Article 49 A shareholder of the Company is a person who lawfully holds shares of the Company and whose name is entered in the register of shareholders.

A shareholder shall enjoy the rights and assume the obligations attached to the class of shares held; shareholders

holding the same class of shares shall be entitled to the same rights and assume the same obligations.

Unless otherwise specified in this Articles of Association, domestic shareholders and overseas listed foreign shareholders are both common shareholders, enjoying equal rights and assuming the same obligations.

Article 50 The holders of ordinary shares of the Company shall enjoy the following rights:

- (1) Receiving dividends and distribution of interests in any other forms in proportion to their shareholding;
- (2) Requesting, convening, presiding over, attending or appointing a proxy to attend the general meeting according to law and exercising corresponding voting rights;
- (3) Supervising, making suggestions and raising questions on the business operation of the Company;
- (4) transferring, donating or creating pledge on shares held by them according to the applicable laws, administrative regulations and these Articles of Association;
- (5) Receiving relevant information prescribed in these Articles including:
 - 1) The right to a copy of these Articles upon payment of the cost thereof;
 - 2) The right to inspect and copy upon payment of reasonable charges:
 - (i) All parts of the register of shareholders;
 - (ii) The following personal particulars of each of the directors, supervisors, managers and other officers of the Company:
 - (a) His present and former name and aliases;
 - (b) His principal (residential) address;
 - (c) His nationality;
 - (d) His primary occupation, duties and all other occupations; and
 - (e) His identification document and its number;
 - (iii) The state of the Company's share capital;
 - (iv) A report showing the aggregate nominal value, the quantity and the maximum and minimum prices paid by the Company in respect of each class of shares repurchased by the Company since the end of the last financial year, and the aggregate amount paid by the Company for this purpose;
 - (v) Minutes of shareholders' meetings.
- (6) In the event of the termination or liquidation of the Company, participating in the distribution of surplus assets of the Company according to the number of shares held by them;
- (7) Requesting the Company to purchase their shares when they oppose a resolution on the merger or division of the Company adopted at a general meeting; and
- (8) Other rights conferred by the relevant PRC laws and administrative regulations and these Articles.

Article 51 Any shareholder who requests to read and inspect the information mentioned above or requests for access to materials shall submit to the Company written documents in support of the class and number of shares it holds. The Company shall provide the same based on the request by such shareholder after verifying the identity of the shareholder.

Article 52 In case a resolution of the general meeting or the board of directors violates the applicable laws or administrative regulations, a shareholder may file a petition with the people's court to invalidate such resolution. In case the procedures for convening or the methods of voting at a general meeting or a meeting of the board of directors violate the applicable laws, administrative regulations or these Articles of Association, or the contents of a resolution are in breach of these Articles of Association, a shareholder may file a petition with the people's court to revoke the resolution within 60 days as of the date when the resolution was adopted.

Article 53 In case a director or a officer has violated the applicable laws, administrative regulations or these Articles of Association during performance of his or her duties to the Company, hence causing losses to the

Company, a shareholder or shareholders of the Company who individually or collectively hold no less than one percent of its shares for no less than 180 days continuously may request in writing the board of supervisors to initiate an action with the people's court. If the board of supervisors has violated the applicable laws, administrative regulations or these Articles of Association in the course of performing its duties to the Company, hence causing losses to the Company, its shareholder(s) may request in writing the board of directors to initiate an action with the people's court.

In case the board of supervisors or the board of directors refuses to initiate an action upon receipt of a written request from such shareholder(s), fails to initiate an action within 30 days as of the date of receipt of the request, or under urgent circumstances where failure to promptly initiate an action would cause possibly irreparable damages to the interests of the Company, the shareholder(s) mentioned above are entitled to initiate directly an action in the people's court in their own names to the interests of the Company.

If any third party infringes on the lawful rights of the Company with losses to the Company, the shareholders mentioned above may initiate an action in the people's court according to the provisions of the two clauses above.

Article 54 In case a director or officer violates the applicable laws, administrative regulations or these Articles of Association with damages to the interests of any shareholder, such shareholder may initiate an action in the people's court.

Article 55 The holders of ordinary shares of the Company shall assume the following obligations:

- (1) to abide by the applicable laws, administrative regulations, and these Articles of Association;
- (2) to pay the capital fund based on the number of shares it subscribed to and the way of share participation;
- (3) not to withdraw his or her shares unless otherwise required by the applicable laws or regulations;
- (4) not to abuse their shareholders' rights to the detrimental of the interests of the Company or other of its shareholders; not to abuse the legal person status of the Company or its limited liability as a shareholder to the detrimental of the interests of the creditors of the Company.

In case a shareholder abuses its shareholder rights with losses to the Company or other of its shareholders, it shall be liable for damages in accordance with law.

If a shareholder abuses the legal person status of the Company or its limited liability as a shareholder in evading debts, thereby with serious damages to the interests of the creditors of the Company, it shall bear joint and several liability for the debts of the Company; and

- (5) Other obligations required to be assumed by a shareholder according the applicable laws, administrative regulations or these Articles of Association.

Article 56 Any shareholder who holds no less than 5% of the voting shares of the Company and creates pledge on the shares it holds shall report the same in writing to the Company on the date when such pledge is created.

Article 57 If any person obtains shares in the Company by virtue of the death or bankruptcy of another person, he may, in accordance with the relevant PRC laws and regulations, produce evidence and apply to the Company to register himself or any other specified person as the shareholder of the Company, and the Company shall be entitled to accept or reject that application in accordance with these Articles. That person shall be entitled, upon registration as shareholder in accordance with this Article, to such dividends to which he would have been entitled at the time he should have become a shareholder. If the Company refuses to register any person as a shareholder in accordance with this Article, it shall give written notice to that person, stating the reasons therefore, within 2 months of that person's application to be registered.

CHAPTER 8 OBLIGATIONS OF CONTROLLING SHAREHOLDERS TOWARDS OTHER SHAREHOLDERS

Article 58 A controlling shareholder referred to means a person who satisfies any one of the following conditions:

- (1) He alone or acting in concert with others has the power to elect more than half of the number of directors;
- (2) He alone or acting in concert with others has the power to exercise or to control the exercise of 30 per cent or more of the voting rights in the Company;
- (3) He alone or acting in concert with others holds 30 per cent or more of the issued shares of the Company; or
- (4) He alone or acting in concert with others in any other manner controls the Company in fact.

Article 59 The controlling shareholder or the de facto controller of the Company is under fiduciary duties to the Company and its shareholders holding its shares issued to the public. The controlling shareholder shall exercise its rights as an investor in strict accordance with law. It shall not cause damages to the lawful rights of the Company and the shareholders holding its shares issued to the public by such means as affiliated transaction, profit distribution, asset restructuring, investment, fund misappropriation, loan security, or any other ways. The controlling shareholder shall not cause damages to the interests of the Company or the shareholders holding shares issued to the public by use of its controlling position.

CHAPTER 9 SHAREHOLDERS' GENERAL MEETINGS

Article 60 The shareholders' general meeting is the institution of power in the Company and its powers shall be exercised in accordance with the law.

Article 61 The shareholders' general meeting shall exercise the following powers:

- (1) To determine the operational policy and investment plan of the Company;
- (2) To appoint and replace directors and to determine their remuneration;
- (3) To appoint and replace supervisors who are the representatives of the shareholders and to determine their remuneration;
- (4) To examine and approve any report submitted by the board of directors;
- (5) To examine and approve any report submitted by the supervisory committee;
- (6) To examine and approve the annual financial budget and report of the Company;
- (7) To examine and approve the profit distribution proposal and the proposal for making up losses of the Company;
- (8) To decide by resolution to increase or reduce the registered capital of the Company;
- (9) To decide by resolution matters including the merger, division, termination and liquidation of the Company;
- (10) To decide by resolution that the Company issues bonds;
- (11) To decide by resolution to appoint, dismiss or not re-appoint a firm of accountants;
- (12) To amend these Articles;
- (13) To consider any resolution proposed by shareholders representing **1%** or more of the shares bearing voting rights of the Company;
- (14) To review and approve the matters of security stipulated in **Article 62**;
- (15) To review and discuss the matters of purchase and/or sale by the Company within one year of material assets exceeding 30% of the latest audited total assets;
- (16) To review and approve the matters of changing the use of the proceeds raised;
- (17) To review and discuss the stock incentive plan;
- (18) Any other matters required by law, administrative regulations and these Articles to be dealt with in a shareholders' general meeting.
- (19) Repurchase of the Company's shares.

Article 62 regulations on provision of security to other parties:

(1) The following activities of providing security by the Company to other parties shall be submitted to the general meeting for review and discussion after being passed at the board meeting.

1. The secured amount of one single security exceeds 10% of the latest audited net assets;
2. Any security provided after the total amount secured by the Company and its controlled subsidiaries to third parties reaches or exceeds 50% of the latest audited net assets;
3. The security provided for the subject whose debt to asset ratio exceeds 70%;
4. The secured amount in twelve consecutive months exceeds 30% of the latest audited total assets;
5. The secured amount in twelve consecutive months exceeds 50% of the latest audited Net assets and the absolute amount exceeds RMB 50 million;
6. The security provided to a shareholder, de facto controller and their affiliated parties.

(2) The security provided by the Company to other parties should be agreed and signed by over two thirds of all members of the Board;

(3) The secured legal person must comply with the following criteria: having records on good bank credit, stable operating situation and reasonable financial structure without major acts that violate laws and regulations;

(4) The security provided by the Company to any other party must demand the party to provide countersecurity, and the provider of the countersecurity must have actual capacity to bear it;

(5) The Company must seriously perform its obligation of information disclosure in terms of providing security to other parties, and provide certificated public accountants with truthful reports on the Company's whole provision of security to other parties in accordance with the Articles of Association and relative provisions of the securities regulating department;

(6) The independent directors of the Company shall make special explanation of the Company's accumulative and current provision of security to other parties and the execution of the said provisions in the annual report and give their independent opinion.

Article 63 The Company shall not, without the prior approval of shareholders, enter into any contract with any person other than a director, supervisor, manager or other officer whereby the responsibility for the management of the whole or a substantial part of the business of the Company is given to such person.

Article 64 Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. Shareholders' general meetings shall be convened and the date and time of the meetings shall be decided by the board of directors. Annual general meetings shall be held once every year and shall be held within six months after each financial year end. Under any of the following circumstances, the board of directors shall convene an extraordinary general meeting within two months thereof:

- (1) When the number of directors is less than the number prescribed by the Company Law or two thirds of the number prescribed in these Articles;
- (2) When the unrecovered losses of the Company amount to one third of the total amount of its share capital;
- (3) Upon the requisition in writing of holders of 10 per cent or more of the issued shares of the Company;
- (4) When deemed necessary by the board of directors;
- (5) When the supervisory committee proposes to convene a shareholders' meeting; or
- (6) Other circumstances set forth in the applicable laws, administrative regulations, departmental regulations or these Articles of Association.

Article 65 The general meeting shall set up a place of meeting, which will be held in the form of on-site meeting. The Company shall also provide Internet or other means for facilitating the shareholders to attend the

meeting. The shareholders are deemed present at the meeting if they attend the general meeting by any of the above-mentioned means.

Article 66 When holding the general meetings, **if there are clear provisions in laws, regulations and securities regulatory authorities**, the Company shall engage (an) attorney(s) to issue legal opinions on the following matters and make a public announcement thereof:

- (1) Whether the procedures for convening and holding the meeting are in compliance with applicable laws, administrative regulations and these Articles of Association;
- (2) Whether the eligibility of the attendants and the convener of the meetings are lawful and valid;
- (3) Whether the voting procedures and voting results of the meeting are lawful and valid; and
- (4) The legal opinions on other relevant matters issued at the request of the Company.

Article 67 Where the Company convenes a general meeting, each shareholder shall be notified by public announcement at least 20 business days prior to the convening of such meeting; where the Company convenes an extraordinary general meeting, each shareholder shall be notified by public announcement at least 15 days (not less than 10 business days) prior to the convening of such meeting. Where the Company convenes a shareholders' class meeting, the notice period and notice method shall be subject to the provisions of the Article 138 to these Articles of Association.

In calculating the notice period, the date of issue of notice and date of meeting shall be excluded. The aforementioned business day shall mean the date on which the Hong Kong Stock Exchange opens for securities trading.

Article 68 A notice of a meeting of shareholders shall:

- (1) Be given in writing;
- (2) specify the place, the date and the time of the meeting;
- (3) State the matters and proposal to be discussed at the meeting;
- (4) Provide to the shareholders such information and explanation as are necessary for the shareholders to exercise an informed decision on the matters proposed to be discussed. This principle includes (but is not limited to) when the Company proposes to merge with another, repurchase shares, reorganize its share capital, or restructure in any other way, the details of the terms of and the contract (if any) for the proposed transaction shall be provided and the reason for and the effect of such proposal must be properly explained.
- (5) If any director, supervisor, manager or other officer has a material interest in the matter to be discussed, disclose the nature and extent of his interests; if the effect of the matters to be discussed on such director, supervisor, manager or other officer in his capacity as a shareholder is different from the effect on the other shareholders of the same class then such differences should be specified;
- (6) Contain the text of any special resolution to be proposed at the meeting;
- (7) Contain conspicuously a statement that a shareholder entitled to attend, and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not also be a shareholder;
- (8) Specify the time and place for lodging the written replies and proxy form.

Article 69 The notice of general meeting shall be delivered to shareholders (whether or not they are entitled to vote at the general meeting) by any modes agreed by the local securities exchange where the Company's shares are listed (including but not limited to mailing, e-mail, fax, public announcement and website of local securities exchange where the Company or the Company's shares are listed). The address of the recipient is that as shown in the shareholders' register.

When the Company issues notice of shareholders' meetings in the manner as required by the relevant stock exchange(s) or regulatory authority(ies) of the place where the shares are listed, the accidental omission to give

notice of meeting to, or non-receipt of notice of meeting by, any person entitled to receive notice shall not invalidate the meeting and the resolutions made at the meeting.

For shareholders of domestic shares, the notice of general meeting shall be delivered by mode of public announcement.

Announcements mentioned in the preceding paragraph shall be published in one or more publications specified by PRC State Council securities regulatory authority. Once the notice is published, all holders of domestic shares shall be deemed to have received notice of the relevant shareholders' general meeting.

Article 70 Any shareholder entitled to attend and vote at a shareholders' general meeting shall be entitled to appoint one or more persons (whether or not shareholder) as his proxy to attend and vote instead of him, and that proxy shall exercise the following rights in accordance with the authorization of the shareholder:

- (1) The same right as the shareholder to speak at a shareholders' general meeting;
- (2) The right to demand a poll on his own or together with others; and
- (3) The right to vote by hand or on a poll, but a proxy of a shareholder who has appointed more than one proxies may only vote on a poll.

Article 71 A shareholder shall appoint his proxy by an instrument in writing, signed by the appointer or his attorney duly authorized in writing. If the appointer is a legal person, then the instrument shall be under a legal person's chop or signed by its director or an attorney duly authorized in writing.

Article 72 The instrument appointing the proxy shall be deposited at the legal address of the Company or such other place prescribed in the notice convening the meeting 24 hours prior to the holding of the relevant meeting or 24 hours prior to the time at which the poll is to be conducted. If the instrument appointing the proxy is signed by a person authorized by the appointer, the power of attorney or other document of authority under which the instrument is signed shall be notarized. The notarized power of attorney or other document of authority shall be deposited together with the instrument appointing the proxy at the legal address of the Company or such other place prescribed in the notice convening the meeting.

If a proxy is a legal person, its legal representative or such person authorized by resolution of its directors or other governing body to act as its representative may attend at the general meeting.

Article 73 Any form issued to shareholders by the board of directors to be used for appointing proxies shall enable the shareholder to freely choose to instruct the proxy to vote in favor of or against each resolution of the meeting. Such a form shall contain a statement that in default of instructions the proxy may vote as he thinks fit.

Article 74 If, prior to a vote being given, the appointer has died or has lost capacity or has revoked the appointment or has revoked the authorization under which the proxy was given or the relevant shares were transferred, provided that no notice in writing of those matters shall have been received by the Company prior to the commencement of the relevant meeting, the vote of the proxy in accordance with the instrument of appointment shall remain effective.

Article 75 Resolutions of shareholders' general meetings shall be divided into ordinary resolutions and special resolutions.

To pass an ordinary resolution at a shareholders' general meeting, more than one half of the votes held by the shareholders (including proxies) present at the meeting must be exercised in favor of that resolution.

To pass a special resolution at a shareholders' general meeting, more than two thirds of the votes held by the shareholders (including proxies) present at the shareholders' general meeting must be exercised in favor of that resolution.

Article 76 When a shareholder (including his proxy) votes at a shareholders' general meeting, he shall exercise his voting rights according to the number of shares carrying the right to vote held by him, each share shall have one vote.

No voting rights shall be attached to the shares of the Company held by itself, and such shares shall be excluded for the purpose of calculating the total number of voting shares held by the shareholders present at the general meeting.

Article 77 The following matters shall be approved by ordinary resolution of a shareholders' general meeting:

- (1) Work reports of the board of directors and the supervisory committee;
- (2) Proposals formulated by the board of directors for distribution of profits and for making up losses;
- (3) Appointment and removal of the members of the board of directors and the supervisory committee, their remuneration (including but not limited to remuneration payable upon loss of office as director completion of term appointment) and method of payment;
- (4) Annual budget and results, balance sheet, profit and loss account and other financial reports of the Company;
- (5) Annual Report;
- (6) All matters required to be approved by a shareholders' general meeting other than those required to be approved by way of special resolution under PRC laws, administrative regulations or these Articles.

Article 78 The following matters shall be approved by special resolution of a shareholders' general meeting:

- (1) Issue of shares, convertible bonds, ordinary bonds and other financial instruments;
- (2) Changes in use of proceeds;
- (3) Repurchase of the Company's shares;
- (4) Increase or reduction of the registered capital of the Company;
- (5) Division, merger, dissolution and liquidation of the Company;
- (6) Amendment of these Articles of Association;
- (7) Material assets purchased or sold in one year or the amount of security provided for third party exceeding thirty percent of the latest audited total assets of the Company;
- (8) Stock incentive plan;
- (9) Other matters provided for by the applicable laws, administrative regulations and these Articles of Association, which may be of material impact on the Company and should be adopted by a special resolution as deemed by an ordinary resolution in a general meeting.

Article 79 Shareholders who individually or jointly hold no less than 10% of the shares of the Company shall have the right to request in writing the board of directors to convene a special general meeting. The board of directors shall, according to the applicable laws, administrative regulations and these Articles of Association, give written feedback whether consenting to or denying the convening of such special general meeting within 10 days upon receipt of the request.

If the board of directors consents to convening a special general meeting, it shall give notice of convening such general meeting within 5 days upon such resolution. The consent of the interested shareholders shall be obtained for any change to be made at the request in the notice.

If the board of directors does not agree on convening a special general meeting, or it fails to give feedback within 10 days upon its receipt of the request, the shareholders who individually or jointly hold no less than 10% of the shares of the Company shall have the right to request in writing the supervisory committee to convene the special general meeting.

If the supervisory committee consents to convening the special general meeting, it shall give the notice of convening the general meeting within 5 days upon its receipt of the request. The consent of the concerned

shareholders shall be obtained if any change is to be made to the original proposals in the notice.

If the supervisory committee fails to give notice of convening the general meeting within the provided time limit, the supervisory committee shall be deemed having failed to convene and preside the general meeting, and, upon expiration of a more than 90 days' continuous period, the shareholders who individually or jointly hold no less than 10% of the shares of the Company may at their own discretion convene and preside over such a meeting.

Article 80 Independent director(s) are entitled to propose to the board of directors of convening a special general meeting. The board of directors shall, according to the applicable laws, administrative regulations and these Articles of Association, give written feedback whether consenting to or denying the convening of such special general meeting within 10 days upon its receipt of the proposal on convening a special general meeting by such independent director(s).

If consenting to convening a special general meeting, the board of directors shall give notice on convening such special general meeting within 5 days upon such resolution; and in case of the board of directors does not consent to convening a special general meeting, reasons should be given in the public announcement.

Article 81 The supervisory committee is entitled to propose in writing to the board of directors on convening a special general meeting. The board of directors shall, according to the applicable laws, administrative regulations and these Articles of Association, give written feedback whether consenting to or denying the convening of such special general meeting within 10 days upon its receipt of such proposal.

If the board of directors consents to convening a special general meeting, it shall give notice of convening such general meeting within 5 days upon its receipt of such resolution. The consent of the supervisory committee shall be obtained if any change is to be made to the original proposal in the notice.

If the board of directors does not agree on convening a special general meeting, or it fails to give feedback within 10 days upon its receipt of the proposal, the board of directors shall be deemed unable to or have failed to perform its duty of convening the general meeting, and the supervisory committee may at its own discretion convene and preside over such a meeting.

Article 82 If the supervisory committee or shareholder(s), at its or their own discretion, convene the general meeting, it or they shall give written notice to the board of directors and concurrently file such information with the local office of the CSRC at domicile of the Company and the stock exchange.

Before announcement of the resolution by the general meeting, the shareholding percentage of the convening shareholder(s) shall be no less than 10%.

When the convening shareholder(s) give notice on the general meeting and make a public announcement of the resolution of the general meeting, the relevant evidential materials shall be submitted to the CSRC office at the domicile of the Company and the stock exchange.

Article 83 If the supervisory committee or the shareholder(s), at its or their own discretion, convene the general meeting, the board of directors and the secretary to the board of directors shall provide the relevant assistance. The board of directors shall provide the register of shareholders as of the registration date of equity shares.

If the supervisory committee or the shareholder(s), at its or their own discretion, convene the general meeting, all the expenses necessary therefore shall be borne by the Company.

Article 84 Shareholders' general meetings shall be convened and presided over by the chairman. If the chairman is unable to attend the meeting for any reason, the vice-chairman (if the Company has more than two vice chairmen, then one of them shall be jointly elected by at least one half of the directors) will preside over the meeting and act as the chairman. If the Vice Chairman of the Board fails or is unable to perform his or her duties, the meeting shall be presided over by the director jointly elected by at least one half of the directors.

If no chairman of the meeting is so designated, the shareholders present at the meeting may elect a person to act as chairman, and if for any reason, the shareholders are unable to appoint a chairman of the meeting, the shareholder or his proxy present at the meeting holding the largest number of shares carrying the right to vote shall be the chairman of the meeting.

At a general meeting convened by the Supervisory Committee, the chairman of the Supervisory Committee shall preside over the meeting. If the chairman of the Supervisory Committee fails or is unable to perform his or her duties, the meeting shall be presided over by the Vice Chairman. If the Vice Chairman of the Supervisory Committee fails or is unable to perform his or her duties, the meeting shall be presided over by one of the supervisors jointly elected by at least one half of the supervisors.

If a general meeting is convened by shareholders themselves, the meeting shall be presided over by the representative selected by the convener(s).

When a general meeting is held, if the chairman of the meeting violates the rules of procedure, making continuance of the general meeting impossible, with the consent of shareholders holding more than one half of the voting rights present at the meeting, the general meeting may elect a person to serve as the chairman of the meeting and the meeting shall continue.

In accordance with the regulatory rules, the Articles of Association and the voting results, the Chairman is responsible for deciding and announcing whether the proposals of the general meeting are adopted, which shall be conclusive, and be announced in the meeting, as well as recorded in the meeting minutes.

Articles 85 The presidency of the meeting may have the votes counted if in any doubt over the results of the resolution put to vote. In case the presidency of the meeting has not have votes counted, any shareholder or his/her proxies who object to the results announced by the presidency of the meeting may, immediately after the declaration of the results, demand that the votes be counted and as a response, the presidency of the meeting shall have the votes counted immediately.

Article 86 If a poll is carried out at a shareholders' general meeting, the result thereof shall be entered into the minutes of the meeting.

Article 87 Shareholders may, during business hours of the Company inspect without charge copies of the minutes of shareholders' general meetings. If any shareholder requests from the Company a copy of the relevant minutes, the Company shall send a copy to him by post within 7 days after having received reasonable charges therefore.

Article 88 The contents of proposals shall fall within the authorities of the general meeting, contain specific subjects for discussion and concrete matters to be resolved and be consistent with the relevant provisions of the applicable laws, administrative regulations and these Articles of Association.

Article 89 If the Company holds a general meeting, its board of directors, supervisory committee, and shareholders who individually or jointly hold no less than 1% of the shares of the Company, shall have the right to give proposals to the Company. The Company shall include in the agenda of that meeting those matters contained in the proposal which are within the scope of the duties of the shareholders in general meeting.

Shareholders who individually or jointly hold no less than 1% of the shares of the Company may give provisional proposals in writing to the convener prior to the date of general meeting. Within 2 days upon receipt thereof the convener shall issue a supplemental notice of the general meeting with announcement on the contents of such provisional proposals and make sure the supplemental notice should be published at least 10 business days before a shareholders' meeting is convened.

Except as provided above, the convener may not make any change(s) to the proposals set forth in the notice of the general meeting or add any additional proposals after the announcement of such notice of the general meeting. The general meeting may not vote on and pass resolution on any proposal not set forth in the notice of the general meeting or not consistent with **Articles of Association**.

Article 90 The notice of the general meeting shall set forth the following particulars:

- (1) Time, place and duration of the meeting;
- (2) Matters and proposals submitted to the meeting for consideration;
- (3) Statement made in distinct words: that all shareholders shall have the right to attend the general meeting and may authorize a proxy in writing to attend such meeting and participate in voting, who is not necessarily a shareholder of the Company;
- (4) The registration date of equity for the shareholders who are entitled to attend the meeting; and
- (5) Name and telephone number of the standing contact person of the meeting.
- (6) Miscellaneous

1. The notice of the general meeting and the supplementary notice shall fully disclose all specific contents of all motions, as well as all information or explanations required for shareholders to make reasonable judgments on matters to be discussed. Where opinions by independent shareholders are required for the matters to be discussed, such opinions and the reasons for them shall be disclosed in the notice and the supplementary notice of the general meeting.

2. If the general meeting is to be held online or by other means, the time of voting and the method of voting online or by other means shall be expressly stated in the notice of the general meeting. The starting time for voting online or by other means may not be earlier than 3:00 pm on the day immediately preceding the date on which the general meeting is to be held or later than 9:30 am on the day the general meeting is held and may not conclude earlier than 3:00 pm on the day the general meeting held is adjourned.

3. The interval between the date of record and the meeting date shall be not more than 7 working days. Once the date of record is determined, it shall not be changed.

Article 91 In case the matters concerning election of director(s) and supervisor(s) are to be discussed at the general meeting, the detailed information of the candidates of such director(s) and supervisor(s) shall be fully disclosed on the notice of such meeting, which shall include, among other things, the following:

- (1) Personal data, such as education background, working experience and part-time positions, etc.;
- (2) Whether he or she is of affiliated relationships with the Company or the controlling shareholder or de facto controller of the Company;
- (3) Number of shares of the Company held by such candidate;
- (4) Whether he or she has been punished by the CSRC or other relevant authorities or has been reprimanded by a stock exchange.

Except that the director(s) and supervisor(s) are elected through accumulative voting system, each candidate of director or supervisor shall be put forth in individual proposals.

Article 92 Without due causes, general meetings may not be postponed or cancelled and the proposals set forth in the notice of any general meeting may not be cancelled after issuance of such notice. In case of any postponement or cancellation thereof, the convener shall give a public announcement at least 2 business days prior to the date originally set for such meeting, with the reasons thereof specified.

Article 93 The board of directors and other conveners of the Company shall take necessary measures for ensuring the normal orders of the general meetings and shall take measures for preventing and reporting to the competent authorities for dealing with any behavior that creates disturbances in the general meetings and infringes

upon the lawful rights and interests of the shareholders.

Article 94 All the shareholders registered as of the registration date of equity or their proxies are entitled to attend a general meeting and exercise corresponding voting rights in accordance with the applicable laws, regulations and these Articles of Association.

Article 95 In case a natural person shareholder attends the shareholder's general meeting in person, he or she shall present his or her identity card or other certificate or evidence in support of his or her identity and share account card. If a proxy attends such a meeting on behalf of other person(s), his or her valid identity certificate(s) and shareholder's power of attorney shall be produced.

A legal person shareholder shall attend a general meeting by its legal representative or by a proxy authorized by such legal representative. The legal representative attending the meeting shall produce his or her identity card and valid evidences in support of his or her legal representative qualification; a proxy attending the meeting shall produce his or her identity card and the power of attorney lawfully issued by the legal representative of the legal person shareholder.

Article 96 The power of attorney issued by a shareholder authorizing another person to attend the general meeting shall set forth the following particulars:

- (1) Name of the proxy;
- (2) Whether voting rights are granted; Whether voting rights are granted for an interim proposal that may be included in the agenda of the general meeting;
- (3) Instructions on giving voting of approval, objection or abstention respectively on each matter to be considered that has been included in the agenda of the general meeting;
- (4) Issuance date of the power of attorney and the effective term thereof;
- (5) Signature (or seal) of the principal. If the principal is a legal person shareholder, seal of the principal shall be affixed.
- (6) The power of attorney shall specify that the proxy of a shareholder shall not vote according to her/his attention if the shareholder does not give specific instructions.

Article 97 The roster of the general meeting shall be prepared by the Company. Such roster of attendance shall set forth each attendant's name, ID number, address and number of voting shares held or represented by the attendant and the names of the principal (or unit) the attendant represents.

Article 98 The convener and attorney retained by the Company shall verify the legitimacy of the capacity of shareholders in accordance with the register of shareholders provided by the securities registration and clearing agency, and register the name of each shareholders and the number of voting shares held by it. Before the person who presides over the meeting announces the total number of shareholders and representatives at present and their voting shares the meeting registration shall be stopped.

Article 99 All directors, supervisors and the secretary to the board of directors shall attend the general meeting. The manager and other officers shall attend the general meeting as a non-voting attendant.

Article 100 The Company shall formulate the rules of procedures for the general meeting, which shall specify the convening procedures and voting procedure for the general meeting, including notice, registration, reviewing and discussion of the proposal, voting, vote calculation, announcement of voting results, the formation of meeting resolution, meeting minutes and their signing and announcement, principles for authorization by the general meeting to the board of directors (the authorization shall be specific and in details) .

Article 101 The board of directors and the supervisory committee shall report to the general meeting on their works of the previous year at the annual general meeting. Every independent director shall also report their work to such meeting.

Article 102 Directors, supervisors and senior management give explanations and instructions upon shareholders' inquiries on the general meeting of shareholders. Minority shareholders shall have the right to make suggestions or inquiries about the listed company's operation and relevant proposals. Relevant directors, supervisor senior management of the Company shall, subject to the fair information disclosure principle, truly and correctly reply the minority shareholders' inquiries.

Article 103 The general meeting shall adopt its meeting minutes in the charge of the secretary to the board of directors. The meeting minutes shall specify the following issues:

- (1) Time, place and agenda of the meeting and name of the convener;
- (2) Names of the presider of the meeting, the directors, supervisors, managers and other officers in attendance;
- (3) Number of the shareholders and proxies in attendance, total number of voting shares held by such shareholders and proxies and their proportion to total shares of the Company;
- (4) The process of consideration of every proposal, points of presentation and the voting results;
- (5) The inquiries and recommendations by the shareholders and the corresponding replies or explanations;
- (6) Names of the attorney(**if any**), votes calculator(s) and voting supervisor(s); and
- (7) Other matters to be recorded in the meeting minutes according to these Articles of Association.

Article 104 The convener shall ensure that the meeting minutes shall be true, accurate and complete. The directors, supervisors, secretary to the board of directors, conveners, or their representatives, and the presider shall sign on the meeting minutes. The meeting minutes shall be kept by secretary to the board of directors together with signature book of shareholders present at such meeting, powers of attorney held by proxy and other relevant valid materials concerning the voting methods such as online voting, and the term for such keeping is no less than ten years.

Article 105 The convener shall ensure that the general meeting is held continuously until reaching a final resolution. If the general meeting is suspended or fails to reach a resolution due to force major events or other unexpected reasons, the convener shall take necessary measures for resuming the meeting as soon as possible or directly terminate the general meeting, and promptly make public announcement. At the same time, the convener shall report to the local office of the CSRC where the Company is located as well as the stock exchange.

Article 106 When a general meeting considers the matters on a connected transaction, the connected shareholders shall not cast a vote on such matters and the number of voting shares they hold shall be excluded in calculating the total number of effective voting shares. The announcement of the resolution of the shareholder's meeting shall disclose in full the details on the voting by non-connected shareholders.

Article 107 While ensuring the lawfulness and validity of general meetings, the Company shall facilitate the participation of shareholders in general meetings by various means and ways, inter alia the provision of modern information technology means, such as an online voting platform, etc.

Article 108 Save as the Company were at peril or in some other special conditions, without the approval of the general meeting through special resolution, the Company shall not enter into the contract entrusting its management of the entire or major businesses to the person rather than the director, manager or other senior

executives.

Article 109 List of candidate directors and supervisors shall be submitted in the form of proposals to the general meeting for vote. When voting on the election of directors and supervisors, the general meeting may implement accumulative voting system according to these Articles of Association or the resolution of the shareholder's general meeting.

Accumulative voting system referred to hereby means a system whereby each share, at voting to elect directors or supervisors at a general meeting, carries the number of voting rights equivalent to the number of the directors or supervisors to be elected, and a shareholder may concentrate his or her voting rights. In other words, the number of votes owned by shareholders present at the shareholders' general meeting is equal to multiplying their total shares by the number of the directors or supervisors to be elected at the meeting. A shareholder may concentrate his or her voting rights, and shareholders present at the meeting may give all of their votes to certain candidate director or supervisor, separate their votes to all of candidate directors or supervisors, or give all of their votes to two or more candidate directors or supervisors. The number of directors or supervisors is decided in turn according to the number of votes they get, and those who get relative majority will be elected. The actual implementation should be in accordance with the Implementation Rules for Accumulative Voting System.

The Company's director candidates are nominated by the nomination committee of the Board and submitted to the Board for review and discussion. Nominators shall seek the consent of the nominees before nomination, and make public the detailed information of candidates, including but not limited, name, sex, age, nationality, educational background, working experience, the relationship with the nominee, the situation of whether or not the candidate is unfit for being a director and so on. Before the shareholders' general meeting, candidates shall make a written promise that they agree to accept the nomination, the public disclosure of their information is true and complete, and they will earnestly perform directors' duties. The nomination of independent directors must also be in accordance with the provisions of The Guiding Opinions on the Establishment of Independent Director System by Listing Companies.

The board of directors shall make public to the shareholders the resume and general information of its directors and supervisors to be elected.

Article 110 The general meeting shall vote on all proposals one by one except for accumulative voting system. When there are different proposals on the same matter, the vote shall be taken by the time sequence. The general meeting shall not shelve or refuse to vote on the proposals unless the general meeting is suspended or unable to reach a resolution due to unexpected conditions such as force major.

Article 111 The general meeting shall not make any amendment to any proposal under consideration. Otherwise the relevant amendment shall be deemed as a new proposal, which shall not be put to vote on the current general meeting.

Article 112 The same voting right shall be exercised by only one voting method (voting on spots, on website or by other voting methods). If there exists repeated voting for the same voting right, the result of the first one shall prevail.

Article 113 The vote at the general meeting shall be made by open ballot.

Article 114 Prior to voting on a proposal, the general meeting shall nominate two representative shareholders to participate in the calculation and supervision of votes. If a shareholder has any interests in the matter under consideration, the shareholder or its proxy shall not participate in the calculation or supervision of votes.

When a proposal is put forth to vote at the general meeting, the calculation and the supervision of votes shall be

jointly conducted by the attorney (**if any**), shareholder's representative and supervisor's representative. The results of voting shall be publicized on site and then recorded in the meeting minutes.

The shareholders of the listed Company and their proxies who vote through internet or by other voting methods are entitled to examine their voting results via the relevant voting system.

Article 115 The general meeting held on site shall not end earlier than the meeting held online or in other manners. The presider shall declare the voting results and voting details of each proposal put to vote and declare whether a proposal has been adopted based on the voting results.

Before formal announcement of the voting results, all the parties involved in the voting process (including voting at the site of the general meeting, voting online and voting by other methods), such as the listed company, votes calculator, voting supervisor, principal shareholders and online service providers, shall be obliged to keep the voting details confidential.

Article 116 Each shareholder present at the general meeting shall express its position on each proposal put to vote in one of the following ways: approval, objection and abstention, except that securities registration and settlement institutions, being the nominal holders of shares subject to the Stock Connect between the Mainland China and Hong Kong stock markets, may express opinions according to the intentions of actual holders.

Any voting ballot containing uncompleted parts, error information, illegible writing and any voting ballot not cast shall be deemed as an abstention of voting by the voter, and the voting results of the shares held by the voter shall be calculated as "abstention".

Articles 117 The resolution of general meeting shall be announced in a timely manner, with the following indicated: number of shareholders and proxies present at the meeting, total number of voting shares held by attending shareholders (and proxies) and its proportion to the total voting shares of the Company, voting methods, voting results of each proposal and the details of each resolution passed.

During the consideration of a major issue related to the interests of minority investors on the general meeting of shareholders, votes of the minority investors shall be counted separately. The separate counting result shall be disclosed publicly in time.

Article 118 If a proposal is not passed or a resolution passed at the previous general meeting is changed at the current general meeting; a specific statement shall be made in the announcement of the resolution of the general meeting.

Article 119 If the general meeting passes proposals in connection with dividend distribution, allotment of bonus shares, or conversion of capital common reserve into equity shares, the Company shall implement specific plans thereof within two months of the conclusion of such general meeting.

Article 120 The following matters shall not be executed or applied until they pass the voting at the general meeting of shareholders of the Company, which must be passed by affirmative votes representing at least fifty percent of the voting rights represented by the shareholders of social public shares.

1. The Company issues additional new shares (including the warrant of issuing overseas listed foreign shares or other shares), issues transferable corporate bonds, or ration stocks to the former shareholders (except for the circumstance that controlling shareholders promise to subscribe with full cash before the convening of the meeting.)
2. In the Company's major assets restructuring, the total assets purchased reaches or exceeds 20% of the audited net book value premiums of assets purchased by the Company;
3. Shareholders of the Company repay the Company their debts with the Company's shares they hold

4. Affiliated enterprises of the Company that have material impacts on the Company list overseas;
5. Relevant matters having material impacts on the interests of shareholders of social public shares in the development of the Company.

In case the Company convenes a general meeting of shareholders to review and discuss the above matters, an internet voting platform shall be provided for shareholders.

Article 121 In case of any of the circumstances as provided above, the Company shall, after publishing a notice of the general meeting of shareholders, publish the notice again within three days after the registration date for equity rights.

Article 122 The board of directors, independent directors and shareholders who meet the requirements of relevant provisions may collect voting rights at the general meeting of shareholders from shareholders of the Company. The collection of voting rights shall be conducted without payment, and full information disclosure shall be made to the collected shareholders. The Company shall not impose any limitation related to the minimum shareholding ratio on the solicitation of voting rights.

CHAPTER 10 BOARD OF DIRECTORS AND DIRECTORS

Article 123 The Company shall have a board of directors which is responsible for reporting on its work to shareholders. The board of directors shall fulfill its duty according to laws, ensure the Company's compliance with laws and regulations, and provisions of these Articles of Association and guarantee the legal rights and fair treatment of shareholders.

The board of directors shall be comprised of 9 directors, and 3 are non-executive directors who are not responsible for the daily operation of the Company. The board of directors shall have one chairman and two vice chairman which shall be elected by more than half the number of directors. A director need not hold shares of the Company.

Article 124 All directors shall be elected by a shareholders' general meeting. Directors shall be elected from the candidates nominated by the previous board of directors or by shareholders representing 1% or more of the issued shares of the Company. Notice in writing of the intention to nominate a candidate to be a director and a statement from that candidate that he is willing to accept the nomination shall be given to the Company 10 business days before the date of the shareholders' general meeting.

Candidates for the first board of directors shall be nominated by the promoter and elected at the inaugural meeting of the Company.

The directors of the Company shall be natural persons, who may not serve as director of the Company in case:

- (1) he or she has no or limited capacity of civil acts;
- (2) he or she has been sentenced to criminal punishment for corruption, bribery, seizing property, misappropriating property or disturbing the order of the socialist market economy and no more than five years has elapsed since the expiration of the execution period; or has been deprived of his or her political rights due to committing a crime and no more than five years has elapsed since the expiration of the execution period;
- (3) he or she has served as a director, factory head or manager of a company or an enterprise which went bankrupt and was liquidated, for which he or she bears personal liability, and no more than three years has elapsed since the date of completion of the bankruptcy liquidation;
- (4) he or she has served as the legal representative of a company or enterprise which had its business license revoked and was ordered to close up for violation of law, for which he or she bears personal liability, and no more than three years has elapsed since the date of revocation of such business license;
- (5) he or she has relatively large debts which have fallen due but have not been settled *to being listed as a dishonest debtor by the people's court*;

(6) he or she has been prohibited by the CSRC of access to the securities market, the penalty of which has not expired; or

(7) any other circumstances prescribed by the applicable laws, administrative regulations or departmental rules.

If the Company elects or appoints a director in violation of the provisions above, such election, appointment or engagement shall be invalid. If a director, during his or her office term, is involved in any of the circumstances set forth in this article, the Company shall dismiss him or her from his or her position.

Article 125 The office term of the chairman, vice chairman or other directors shall commence from the date when he or she takes his or her office with an office term of three years. After the expiration of his or her office term, he or she may serve consecutive terms if re-elected.

The office term of a director shall commence from the date when he or she takes his or her office to the expiration of the current board of directors. If no re-election is promptly carried out upon the expiration of the office term of a director, the original director shall perform his or her duties as director in accordance with the applicable laws, administrative regulations, departmental rules and these Articles of Association until a substitute director elected takes his or her office.

Managers or other officers may concurrently serve as director, provided that the aggregate number of the directors who concurrently serve as managers or other officers as well as the directors served by the representative(s) of the employees shall not exceed one half of all the directors of the Company.

Article 126 Subject to compliance with the relevant laws and administrative regulations, the Company shall have power to remove any director (including a managing director or other executive director, but without prejudice to any claim for damages under any contract) by ordinary resolution of a shareholders' general meeting before the expiration of his or her term of office, provided that the shareholders' general meeting shall not remove that director without reason.

Article 127 In case of failure to attend in person or by proxy the meetings of the board of directors for two consecutive times, a director shall be deemed as incapable of performing his or her duties and the board of directors shall propose to the general meeting to dismiss such director.

Article 128 A director may resign from his or her office prior to expiration of his or her office term. The resigning director shall submit a written report for such end to the board of directors.

If the number of the members of the board of directors falls below the quorum due to the resignation by a director from the board of directors, the original director shall perform his or her duties as director in accordance with the applicable laws, administrative regulations, departmental rule and these Articles of Association until a substitute director elected takes his or her office.

Except for the circumstance mentioned above, the resignation of a director shall take effect upon service of the resignation report to the board of directors.

Article 129 A director shall complete all of the handover procedures with the board of directors once his or her resignation becomes effective or his or her office term expires. The obligations of loyalty to the Company or the shareholders are not necessarily released upon end of his or her office term, which shall remain effective in a term of six months after his or her resignation becomes effective or his or her office term expires.

Article 130 In the absence of the relevant provisions in these Articles of Association or without the duly authorization of the board of directors, any of directors shall not act on behalf of the Company or the board of directors. When acting personally and deemed by a third party with sound reason that he or she is acting on behalf

of the Company or the board of directors, the director shall clarify his or her position and capacity in advance.

Article 131 In case of violation of the applicable laws, administrative regulations, departmental rules and these Articles of Association during performing his or her duties to the Company, with resulting damages to the Company, the director shall be liable for such damages.

Article 132 The rules concerning independent director(s) shall be implemented in accordance with the applicable laws, administrative regulations and departmental rules.

Article 133 The board of director may create a number of special committees (such as the Audit Committee) which shall assist the board of directors in the execution of its duties under the leadership of the board of directors. The members of the special committees all need be directors.

Of which, the main functions of the Audit Committee are:

- (1) To monitor and assess the performance of external audit, to make proposals regarding the appointment or replacement of the external auditor, *propose to hire or dismiss the financial manager*;
- (2) To monitor and assess the performance of internal audit, to coordinate internal audit and external audit;
- (3) To examine the financial information of the Company and the disclosure thereof;
- (4) To monitor and assess internal audit of the Company;
- (5) To be responsible for matters relating to laws and regulations and these Articles of Association and other matters authorized by the Board of Directors.

Article 134 The board of directors is responsible for the shareholders and shall exercise the following powers:

- (1) to convene shareholders' general meetings and to report on its work at the shareholders' general meetings;
- (2) to implement resolutions of shareholders' general meetings;
- (3) to decide on the Company's operational plan and investment proposals;
- (4) to formulate the annual budget and report of the Company;
- (5) to formulate the profit distribution proposals and proposals for making up losses of the Company;
- (6) to formulate plans for the increase or reduction of the registered capital, issuance of bonds or other securities as well as listing of shares of the Company;
- (7) to draw up plans for material acquisition, acquisition of stocks of the Company, merger, division, dissolution as well as change of corporate forms;
- (8) "Within the authority given by the general meeting, the Board base upon related listing Rules of the PRC and Hong Kong to determine investment, acquisition and disposal of Assets, mortgage on assets, provision of security, assets management under trust or connected Transactions of the Company."
- (9) To decide on the establishment of the internal management organization of the Company;
- (10) To decide on the engagement or dismissal of the managers and secretary to the board of directors of the Company, and, according to the nomination of the manager, to decide on the engagement or dismissal of officers including deputy general manager(s) and the financial officer as well as matters relating their remuneration, awards and punishment;
- (11) To formulate the basic management structure of the Company;
- (12) To formulate proposals for amendments of these Articles;
- (13) To manage the disclosure of information of the Company;
- (14) To propose to the general meeting on the engagement or change of the accounting firm which undertakes auditing work for the Company?
- (15) To listen to the work report and check work of the general manager; and
- (16) Other functions vested by the applicable laws, administrative regulations, departmental rules and these Articles of Association.

In case the board of directors determines resolutions on the above matters, except for Item 6, Item 7, Item 13 and the matter concerning providing security for a third party, which shall be passed by the affirmative votes of more than two-thirds of the directors, others shall be passed by the affirmative votes of more than half of all the directors.

Specific functions and powers of the Board of Directors shall be exercised by the Board collectively, and shall not be delegated to others. Moreover, such functions and powers shall not be changed or deprived by the Articles of Association or resolutions of the general meeting of shareholders.

If other functions and powers of the Board of Directors stipulated by Articles of Association relate to major businesses and issues, the decision-making and approval shall be implemented collectively and cannot be delegated to an individual or a few directors.

Article 135 Provisions on disposal of assets by the board of directors:

(1) The board of directors shall not, without the prior approval of shareholders, dispose or agree to dispose of any fixed assets of the Company if the aggregate of the value of the fixed assets proposed to be disposed of, and the consideration received by the Company on the disposal of fixed assets within the period of four months immediately preceding the proposed disposition, exceeds 33 per cent of the value of the Company's fixed assets as shown in the last balance sheet placed before the shareholders.

(2) For the purposes of this Article, a disposition of fixed assets includes an act involving the transfer of an interest in certain assets but does not include the provision of security in the form of fixed assets.

(3) The validity of a disposition of fixed assets by the Company shall not be affected by the breach of paragraph (1) of this Article.

Article 136 The chairman shall exercise the following powers and shall be assisted by the vice-chairman:

(1) To preside over shareholders' general meetings and to convene and preside over meetings of the board of directors;

(2) To inspect the implementation of the resolution of the board of directors;

(3) To sign share certificates and bond certificates issued by the Company;

(4) Other powers conferred by the board of directors.

The vice chairman shall assist the chairman in his or her work. When the chairman is unable or fails to perform his or her duties, the vice chairman (if the Company has two or more vice chairmen, the vice chairman jointly selected by a majority of the directors shall perform such duties) shall preside over the meetings. When the vice chairman is unable or fails to perform his or her duties, the director jointly selected by a majority of the directors shall preside over the meeting.

Article 137 The Board may authorize the chairman of the board to exercise part of the powers of the board of directors when it is in recess. The authorization shall be agreed by over two thirds of all directors and made in the form of a board resolution. The content of the authorization by the Board to the chairman should be clear and specific. The first, third and 15th item of the authority of the Board set forth in Article 151 of this Articles of Association shall not be authorized. The authorization shall be automatically terminated when the office term of the Board expires or the chairman can not perform his or her duties unless the authorization by the Board to the chairman has a clear term or the Board authorizes again. The chairman shall make a timely report to the Board in terms of the execution of authorization. All matters related to significant interests to the Company shall be decided by all members of the Board. If necessary, the Board has the right to convene a board meeting to cancel the authorization to the chairman by the consensus of more than half of all directors.

The Board may decide, the board members could hold a concurrent post of general manager or other senior management in addition to company supervisor.

Article 138 Regular Meetings of the Board of Directors shall be held at least four times a year, which shall be convened by the chairman of the board. Notice of the regular meeting of the board of directors shall be given at least 14 days (no less than 7 business days) in advance. It is expected that each regular meeting of the board of directors shall have a majority of directors who are entitled to attend the meeting attending in person, or participate actively through electronic communication methods.

However, in case of any of the following circumstances, a special meeting of the Board of Directors may be convened for the purpose of related matters.

- (1) When deemed necessary by the chairman;
- (2) Proposed by the shareholders representing no less than one-tenth of the voting rights;
- (3) Proposed by no less than one-third of the directors;
- (4) Proposed by the supervisory committee;
- (5) Proposed by a majority of the independent directors; or
- (6) Where the general manager makes a proposal.

The chairman of the board shall convene and preside over such a meeting within 10 days as of the receipt of such proposal.

Article 139 The Board of Directors shall give notice to all directors in advance of the meeting:

- (1) The method of giving notices: telephone, fax, email, express mail service and delivering in person. If the notice is given by telephone, a service notice in writing shall be supplemented afterwards.
- (2) The time of giving notices: the notice of considering the periodic performance report by the Board of Directors shall be served 14 days and no less than 7 business days (both dates exclusive) in advance; the extraordinary meeting shall be notified 2 business days in advance.
- (3) The notice of the meeting shall set forth the following particulars: time, place, duration of the meeting, matters and proposals submitted to the meeting for consideration, as well as the date of serving the notice.

Article 140 Provisions on the notice of the board of directors

- (1) No notice shall be required to be given if the time and place of ordinary meetings of the board of directors have been fixed by the board of directors in advance.
- (2) The notice shall be in Chinese and, where necessary, have attached thereto an English notice and shall include an agenda of the meeting and proposed resolutions.
- (3) If a director has attended a meeting and has not prior to the meeting or at the time of his attendance protested that notice of the meeting had not been received, a notice shall be deemed to have been sent to him.
- (4) Any ordinary or interim meetings of the board of directors may be held by telephone conference or similar communication equipment. During such meeting, so long as all directors participating in the meeting can clearly hear and communicate with other directors, all such directors shall be deemed to be present in person at the meeting.

Article 141 Meetings of the board of directors may be held only if half or more of the directors are present. Resolutions of the board of directors must be adopted by the affirmative votes of more than half of all the directors. Each director shall have only one vote when casting votes on board resolutions.

Article 142 If a director is of affiliated relationship with the enterprise that is the subject of a resolution at a meeting of the board of directors, such director may not cast a vote on such matter, nor may such director cast a vote on such matter as proxy of another director. Such a board meeting may be held only if half or more of the non-affiliated directors are present and resolution at such a board meeting must be adopted by the affirmative vote of the majority of the non-affiliated directors. If less than three non-affiliated directors are present at such a board

meeting, such matter shall be submitted to the general meeting for deliberation.

Article 143 Meetings of the board of directors shall in principle be held at the legal address of the Company provided that meetings of the board of directors may be held at any other place within or outside the PRC if the board of directors so resolves.

Article 144 The expenses incurred by the directors in attending board meetings shall be borne by the Company. These expenses include transportation fees between the location of the director and the place of meeting (if at a different place) and charges for accommodation and meals, rental for the venue of the board meeting and local transportation fees at the location of the board meeting.

Article 145 Meetings of the board of directors shall be conducted in Chinese, and, if necessary, an interpreter may be present to provide Chinese-English simultaneous translation.

Article 146 Provisions related to directors attending meetings of the board of directors:

(1) A meeting of a board of directors shall be attended by the directors in person. A director who is unable to attend a meeting of the board of directors for any reason may appoint in written another director to attend the meeting on his behalf. The written appointment shall specify the name of attorney, the matter concerned, expiration and the scope of authorization with the signature or seal of the appointer.

(2) The representative attending the meeting shall exercise the rights of the director who appointed him within the scope of authority conferred by such director.

(3) If a director fails to attend a meeting of the board of directors and has not appointed a representative to attend on his behalf, he shall be deemed to have waived his right to vote at that meeting.

Article 147 If a director is interested in a resolution of the board of directors, he shall abstain from voting. He shall not be counted in the quorum of directors present at the meeting.

Article 148 The board of directors shall keep minutes of its decisions on the matters under consideration at a board meeting. The directors attending the meeting shall sign the meeting minutes. The minutes of the board of directors' meetings, being the files of the Company, shall be kept with the Company for ten years at least. Resolutions passed at the meeting of the board of directors and the written resolutions of the board of directors shall be recorded in Chinese.

Article 149 The minutes of meetings of the board of directors shall set forth the following:

- (1) Time and place of the meeting and the name of the convener;
- (2) The names of the attending directors and the names of the directors (proxies) attending the meeting under authorization of other directors;
- (3) Meeting agenda;
- (4) Gist of the presentations of directors; and
- (5) The voting method and the voting results of each matter under consideration (the voting results shall set forth the respective number of affirmative votes, negative votes and waiver votes).

Article 150 Directors shall be responsible for the resolutions of the board of director. Directors participating in any resolution of the board of directors which contravenes laws, administrative regulations or these Articles and causes serious losses to the Company shall be liable to compensate the Company, but if it is proved that a director has stated his objection at the time the vote was taken and a record thereof was made in the minutes of the meeting, that director shall be relieved of his liability.

Article 151 Minutes of every meeting of the board of directors shall be presented to all directors for review as soon as possible.

Article 152 The board of directors may pass written resolutions in lieu of convening meetings of the board of directors. However, the draft of such resolutions shall be sent to every director by personal delivery, post, telex, or facsimile. If a resolution has been sent to all directors, and signatures of approval are obtained by the number of directors required to pass that resolution and sent to the secretary by one of the foregoing methods, then that resolution shall be a directors' resolution and a meeting of the board of directors need not be held.

Article 153 The Board of Directors shall provide explanations to the general meeting for the modified audit opinions issued by the CPA on the financial reports of the Company.

Article 154 The Board of Directors shall stipulate the rules of consideration and decide meeting convening and voting procedure so as to ensure the execution of resolutions from the general meeting, enhance work efficiency and secure a scientific decision. However, all shall be subject to the approval by the general meeting.

Article 155 The Board of Directors shall follow strict review and decision-making procedures when deciding such important matters as external investment, acquisition and disposal of assets, asset mortgage and pledge, external guarantee, entrusted asset management and connected transactions. For important investment projects, the Board shall organize the relevant experts and professionals for review. For the matters that shall be considered at the general meeting according to the applicable laws and regulations of related securities exchanges or the governing rules of the Company, the relevant matters shall be submitted to the general meeting for approval after being reviewed and approved by the Board of Directors.

CHAPTER 11 COMPANY SECRETARIES

Article 156 The Company shall have a company secretary who shall be appointed and dismissed by the board of directors.

Article 157 The company secretary is an officer of the Company whose primary responsibility is to ensure that the documentation and records of the Company are complete, to ensure that the Company prepares and submits to an administration of industry and commerce authority and other competent authorities the required reports and documents in accordance with law, to ensure that the Company's register of shareholders is properly established, to ensure that persons entitled to the relevant records and documents of the Company are promptly furnished with the same, and to discharge the obligations of a company secretary according to law and these Articles (including the reasonable requests of the board of directors).

Article 158 The Company secretary appointed by the board of directors should be a natural person who possesses requisite professional knowledge and experience to be the company secretary. One to three natural persons may act as the company secretary. If two or three persons are jointly appointed, the obligations of the company secretary shall be jointly borne by them; but any one of them shall have all the powers to act alone as the company secretary.

Article 159 The Company secretary shall prompt the Company to comply with the relevant PRC laws and the regulations of the stock exchange(s) on which shares of the Company are listed.

Article 160 Directors or other officers of the Company may concurrently serve as the Company secretary. The accountant engaged by the Company from an accounting firm shall not concurrently serve as the secretary. In case a director concurrently serves as the Company secretary, the director shall not act his or her dual status at a time when an act shall be done by a director and the secretary respectively.

CHAPTER 12 MANAGERS AND OTHER OFFICERS

Article 161 The Company shall have one **President**, and the number of deputy **Presidents** shall be determined as required. The **President** and deputy **Presidents and other senior management** shall be appointed and dismissed by and shall be accountable to the board of directors. The deputy **Presidents** shall assist the **President** in his work. The **President** of the Company, deputy **Presidents**, financial officer, and secretary to the board of directors are the officers of the Company.

The nomination committee of the Board makes a proposal on candidates, criteria, standards and procedures on the nominated directors, **President** , deputy **Presidents** and other senior management members of the Company.

Article 162 The provisions of Article 208 concerning the circumstances in which a person is prohibited to serve as a director shall also apply to an officer.

The provisions of Article 212 concerning the duty of loyalty of the directors and the provisions of Article 212(4), (5) and (6) concerning the duty of due diligence of the directors shall also apply to an officer.

Article 163 Any person who holds office other than as director in an entity of the controlling shareholder or de facto controller of the Company shall not serve as an officer of the Company.

Article 164 Each office term for **senior management** shall be three years and **senior management** may serve consecutive terms if re-engaged.

Article 165 The general manager shall be responsible to the board of directors and shall exercise the following functions:

(1) To be responsible for the production and operational management of the Company; to organize the implementation of the resolutions of the board of directors and to report on his work to the board of directors;

(2) To convene and chair meetings of the general manager's office personally or appoint a deputy general manager to do so; meetings of the general manager's office shall be attended by the general manager, deputy general managers and other officers;

(3) To organize the implementation of the annual operational plan and investment proposals of the Company;

(4) To formulate the plan for the establishment of the internal management structure, the basic management system and regulations of the Company and submit the same for approval by the board of directors;

(5) to appoint or dismiss management personnel (including persons in charge of management departments) who are not required to be appointed or dismissed by the board of directors as well as workers of the Company;; to recommend the dismissal of deputy general managers, financial controllers and other officers;

(6) To determine the imposition of any awards or penalties, promotion or demotion, increase or reduction in salaries/wages, appointment, employment, dismissal or resignation of staff and workers of the Company;

(7) To represent the Company externally in handling business matters within the scope of the authority conferred by the board of directors;

(8) Other powers conferred by these Articles and the board of directors.

Article 166 Unless otherwise provided by the board of directors, **President** who is not a director may attend

meetings of the board of directors and is entitled to receive notices of such meetings and the relevant documents. However, unless the **President** is also a director, he shall not have the right to vote at meetings of the board of directors.

Article 167 The **President** shall formulate the working rules of the **President**, which become effective upon approval by the board of directors.

Article 168 The working rules of the **President** shall include the following contents:

- (1) The convening requirements, procedures and attending persons of the **President** meetings;
- (2) The respective duties and division thereof of the **President** and other officers;
- (3) The power limit of use of the fund and assets of the Company and to reach material contracts, as well as the systems for reporting works to the board of directors and the supervisory committee; and
- (4) Other matters the board of directors deems necessary.

Article 169 The general manager shall, in exercising his powers, comply with law, administrative regulations and these Articles, and shall act in accordance with his fiduciary duties and the duty to act diligently.

Article 170 The general manager, deputy general managers and other senior officers shall give one-month prior written notice of resignation to the board of directors. The board of directors shall audit the operation situation during their terms of office before dismissal of the general manager or resignation of the general manager.

Article 171 The **senior management** may resign prior to expiration of his or her office term. The specific procedures and measures for the resignation of the **senior management** shall be provided for in the labor contract entered into by and between the **senior management** and the Company.

Article 172 The listed Company shall have a secretary to the board of directors who shall be responsible for preparations of the general meetings and meetings of the board of directors, safekeeping of documents, management of the information of the shareholders of the Company, and handling of information disclosures, etc. The secretary to the board of directors shall abide by the relevant provisions of laws, administrative regulations, departmental rules and these Articles of Association.

Article 173 In case of violation of the applicable laws, administrative regulations, departmental rules and these Articles of Association in performing his/her duties to the Company with damages caused to it, any officer shall be liable for such damages.

CHAPTER 15 SUPERVISORY COMMITTEE

Article 174 The provisions of Article 141 and Article 208 concerning the circumstances where a person is prohibited to serve as director shall apply to a supervisor.

Directors, the manager and other officers shall not concurrently serve as supervisor.

Article 175 The Company shall have a supervisory committee.

The supervisory committee shall consist of three supervisors. Two of the supervisors shall be representatives of the shareholders and one shall be representative of the staff and workers. The shareholders' representatives shall be elected and removed by shareholders' general meeting. The representatives of the staff and workers shall be democratically elected and removed by the staff and workers of the Company.

The supervisors shall be appointed for a term of three years and may be re-elected to serve consecutive terms.

The supervisory committee shall adopt a chairman and may adopt a vice chairman (men). Meetings of the supervisory committee shall be convened by the chairman of the supervisory committee at least once every six months. The supervisory committee shall adopt a chairman and may adopt a vice chairman (men), both of whom shall be elected by two-third of all the supervisors. The chairman of the supervisory committee shall convene and preside over meetings of the supervisory committee. In case the chairman of the supervisory committee is unable or fails to perform his or her duties, the vice chairman (men) shall convene and preside over such meetings. In case the vice chairman (men) of the supervisory committee is unable or fails to perform his or her duty, a supervisor jointly selected by a majority of the supervisors shall convene and preside over the meetings.

Article 176 A supervisor can tender his resignation before the expiration of his period of office. In such case, the supervisor shall submit a written resignation report to the Supervisory Committee.

If the number of members of the supervisory committee falls below the quorum due to failure to elect promptly a supervisor upon expiration of the office term of a supervisor or due to the resignation of a supervisor during his or her office term, the original supervisor shall continue to perform his or her duties as supervisor in accordance with the applicable laws, administrative regulations and these Articles of Association until the newly elected substitute supervisor takes his or her position.

In addition to the circumstances set out in the preceding paragraph, the resignation of the supervisor shall take effect when the resignation report is delivered to the Supervisory Committee.

Article 177 Supervisors shall ensure that the information disclosed by the Company is true, accurate and complete.

Article 178 Supervisors may attend meetings of the board of directors as non-voting attendants and pose questions and make suggestions in respect of matters that are the subject of board resolutions.

Article 179 Supervisors may not use his or her affiliated relationship to cause damages to the interests of the Company and shall be liable for the damages incurred by the Company due to violation of such provision.

Article 180 In case of violation of the applicable laws, administrative regulations, departmental rules and these Articles of Association in performing their duties to the Company, with damages caused to the Company, the supervisors shall be liable for such damages. Supervisors participating in any resolution of the supervisory committee which contravenes laws, administrative regulations or these Articles and causes serious losses to the Company shall be liable to compensate the Company, but if it is proved that a supervisor has stated his objection at the time the vote was taken and a record thereof was made in the minutes of the meeting, that supervisor shall be relieved of his liability.

Article 181 The supervisory committee shall formulate the rules of procedure of the supervisory committee and specify the procedures for discussion and voting of the supervisory committee so as to ensure its working efficiency and scientific decision-makings.

Article 182 Minutes shall be kept for the decisions made on the matters under consideration at a meeting of the supervisory committee and the supervisors in attendance shall sign such minutes.

The supervisors shall be entitled to require attaching certain statements of his or her presentations at a meeting of the supervisory committee to the minutes of such a meeting. The minutes of the supervisory committee meetings, as corporate files, shall be kept with the Company for ten years at least.

Article 183 Supervisors shall not concurrently serve as directors, the manager and other officers, including but

not limited to the financial officer of the Company.

Article 184 The supervisory committee shall exercise the following functions according to law:

- (1) To review the periodical reports of the Company prepared by its board of directors and issue written review reports;
- (2) To examine the financial affairs of the Company;
- (3) To supervise the directors and the officers in the performance of their duties to the Company and to propose on **dismissal** of directors or officers who violate the applicable laws, administrative regulations, these Articles of Association of the Company or resolutions of the general meeting;
- (4) To require a director or an officer to rectify his or her acts or behaviors that are detrimental to the interests of the Company;
- (5) To propose the holding of special general meetings and, in case the board of directors fails to abide by the Company Law and perform its duty of convening and presiding over a general meeting, to convene and preside over such a meeting;
- (6) To submit proposals to a general meeting;
- (7) To institute actions in a people's court against a director or officer in accordance with **Related regulations** of the Company Law; and
- (8) To conduct an investigation and, if necessary, engage, at the expense of the Company, such professional agencies as accounting firms and law firms to assist in its work in the event of discovering any irregularities in the operations of the Company.

Article 185 Supervisors may propose the convening of a special meeting of the supervisory committee and resolutions of the supervisory committee shall require the affirmative votes of a majority of the supervisors.

Article 186 A notice on a meeting of the supervisory committee shall include the following contents:

- (1) Time, place and duration of the meeting;
- (2) Reasons and agenda; and
- (3) The service date of the notice.

Article 187 If the board of supervisors exercises its power to engage such professional as attorney, registered accountant or practicing auditor, all the expenses reasonable therefore shall be borne by the Company.

Article 188 Supervisors shall abide by the applicable laws, administrative regulations and these Articles of Association and shall bear the duties of loyalty and due diligence to the Company. Supervisors may not accept bribes or other illegal gains by taking advantages of their functions, nor may they encroach on the property of the Company.

Article 189 In addition to obligations imposed by law or required by the stock exchanges on which shares of the Company are listed, each supervisor has the obligation, in the exercise of the powers conferred upon him by the Company, to:

- (1) Act in good faith and honestly in the best interests of the Company; and
- (2) Exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

CHAPTER 14 QUALIFICATIONS AND OBLIGATIONS OF DIRECTORS, SUPERVISORS AND OFFICERS OF THE COMPANY

Article 190 A person shall be disqualified from being a director, supervisor, manager or other officer of the Company in any of the following circumstances:

- (1) A person with no capacity or who has restricted civil capacity;
- (2) A person who has been sentenced to punishment having committed the offences of corruption, bribery, taking of assets, misappropriation of assets or destruction of social and economic order or who has been deprived of his political rights having committed an offence and a period of 5 years has not elapsed since the completion of the term of the sentence;
- (3) A person who was a director or factory manager or manager of a company or enterprise which was insolvent and liquidated because of unsound management and bore personal liability for the insolvency of that company or enterprise, and a period of not more than 3 years has elapsed since the completion of insolvency and liquidation of that company or enterprise;
- (4) A person who was a legal representative of a company or enterprise, the business license of which was revoked on the grounds of contravention of law, and bore personal responsibility therefore, and a period of not more than 3 years has elapsed since the revocation of the business license of that company or enterprise.
- (5) A person who has relatively large debts which have fallen due but have not been settled to being listed as a dishonest debtor by the people's court;
- (6) A person who has been prohibited by the CSRC of access to the securities market, the penalty of which has not expired; or
- (7) Any other circumstances prescribed by the applicable laws, administrative regulations or departmental rules.
- (8) A person who is not a natural person;

If the Company elects or appoints a director in violation of the provisions above, such election, appointment or engagement shall be invalid. If a director, during his or her office term, is involved in any of the circumstances set forth in this article, the Company shall dismiss him or her from his or her position.

The officers of the Company shall be honest, good in moral, and familiar with securities laws and administrative regulations, having competence and professional knowledge necessary for the performance of their duties as well as having the qualification of being an officer approved by the CSRC before taking their office term.

Article 191 The validity of an act of a director or officer on behalf of the Company vis-à-vis a bona fide third party shall not be affected by any irregularity in his election or appointment or any defect in his qualification.

Article 192 In addition to the obligations imposed by PRC laws, administrative regulations or by the rules of the stock exchange(s) on which shares of the Company are listed, each director, supervisor, manager and other officer when exercising the powers conferred upon him by the Company owes to each of the shareholders the following obligations:

- (1) Not to cause the Company to exceed the scope of the operations stipulated in its business license;
- (2) To act honestly in the best interests of the Company;
- (3) Not to take in any manner the Company's property, including but not limited to distribution and voting rights, but not including a restructuring of the Company submitted to and approved by the shareholders' general meeting in accordance with these Articles.

Article 193 Each director, supervisor, manager and other officer has the duty, in the exercise of his powers and the discharge of his obligations, to exercise such care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Article 194 The directors, supervisors, managers and other officers of the Company shall abide by the applicable laws, administrative regulations and these Articles of Association and shall bear the obligations of loyalty to the Company as follows:

- (1) He or she may not, by taking advantages of his or her functions, accept bribes or illegal incomes or encroach on the property of the Company;
- (2) He or she may not misappropriate the fund of the Company;
- (3) He or she may not deposit the property or fund of the Company into an account opened in his or her personal name or in the name of any other individual;
- (4) He or she may not breach the Articles of Association of the Company by lending its fund to a third party or using its property as security for a third party without consent of the general meeting or the board of directors;
- (5) He or she may not reach a contract or do transactions with the Company in breach of these Articles of Association or without consent of the general meeting;
- (6) He or she may not, without consent of the general meeting, by taking advantages of his or her functions, obtain for the benefits of himself or herself or others the commercial opportunities belonging to the Company or, for the benefits of himself or herself or others, engage in business identical to that of the Company;
- (7) He or she may not accept for the benefits of himself or herself the commissions for transactions with the Company;
- (8) He or she may not disclose the secrets of the Company without authorization;
- (9) He or she may not cause damages to the interests of the Company by taking advantages of his affiliated relationship with it; or
- (10) Other obligations of loyalty set forth in the applicable laws, administrative regulations, departmental rules and these Articles of Association.

Any income obtained by directors, supervisors, manager and other officers of the Company in violation of this Article shall belong to the Company. Directors, supervisors, manager and other officers of the Company who cause any loss to the Company in violation of this Article shall be liable for the compensation therefore.

Article 195 The directors shall abide by the applicable laws, administrative regulations and these Articles of Association and shall bear the obligations of due diligence to the Company as follows:

- (1) he or she shall exercise the rights vested by the Company prudentially, earnestly and diligently in an aim of assuring that the commercial conducts of the Company are in compliance with the requirements of the applicable laws, administrative regulations and economic policies of the State and that the commercial activities are carried out within the business scope set forth in the business license;
- (2) He or she shall treat all the shareholders equally;
- (3) He or she shall promptly acquaint himself or herself with the business operation and management of the Company;
- (4) he or she shall sign written opinions to confirm the regular reports of the Company and assure that the information disclosed by the Company is true, accurate and complete;
- (5) He or she shall provide true information and data to the supervisory committee and shall not interfere with the performance of duties by the supervisory committee or supervisor(s); and
- (6) Other obligations of due diligence set forth in the applicable laws, administrative regulations, departmental rules and these Articles of Association.

Article 196 In accordance with his fiduciary obligations, a director, supervisor, manger or other officer shall not cause a person connected with him to do what the director, supervisor, manager or other office is prohibited from doing. "A person connected with a director, supervisor, manager or other officer" refers to:

- (1) The spouse or minor child of that director, supervisor, manager or other officer;
- (2) A person acting in the capacity of trustee of that director, supervisor, manager or other officer or any person referred to in (1) above;
- (3) A person who is a partner of that director, supervisor, manager or other officer or any person referred to in (1) and (2) above;

(4) A company over which that director, supervisor, manager or other officer, alone has de facto control or a company over which the persons referred to in (1), (2) and (3) above or other directors, supervisors, managers or officers, together have de facto control: or

(5) A director, supervisor, manager or other officer of a controlled company referred to in (4) above.

Article 197 The fiduciary duty of a director, supervisor, manager or other officer does not necessarily cease with the termination of his tenure. The duty of confidence in relation to trade secrets of the Company survives the termination of his term of office. Other duties may continue for such period as fairness may require depending on the time lapsed between the termination of his term of office and the commission of the act concerned and the circumstances and terms under which the relationship with the Company was terminated.

Article 198 If a director, supervisor, manager or other officer has, directly or indirectly, a material interest in a contract, transaction or arrangement, entered into or proposed to be entered into with the Company (other than a contract of employment of the director, supervisor, manager or other officer), he shall declare the nature and extent of his interest to the board of directors as soon as possible, whether or not the above matters are normally subject to the approval of the board of directors.

Unless that director, supervisor, manager or other officer has disclosed his interests to the board of directors in accordance with the foregoing paragraph of this Article and the board of directors has not counted him in the quorum, and that matter has been approved by the board of directors at a meeting in which he has refrained from voting, the Company may cancel that contract, transaction or arrangement except as against a bona fide party there to acting without notice of the breach of duty by that director, supervisor, manager or other officer.

Article 199 If a director, supervisor, manager or other senior officer gives to the board of directors a notice in writing before the question of entering into the relevant contract, transaction or arrangement is first considered, stating that, by reason of the contents specified in the notice, he is interested in the contract, transaction or arrangement proposed to be entered into with the Company, then the relevant director, supervisor, manager or other officer shall be deemed to have made a disclosure under Article 217 of these Articles within the scope specified in that notice.

Article 200 The Company shall not in any manner pay taxes for or on behalf of a director, supervisor, manager or senior officer.

Article 201 The Company shall not directly or indirectly make a loan or provide guarantee for a loan to its director, supervisor, manager or other officer or a director, supervisor, manager or other officer of its holding company; and shall not make a loan to or provide any guarantee for a loan made to a person connected with the aforesaid persons.

The foregoing provisions shall not apply to the following circumstances:

(1) the provision of a loan by the Company to its subsidiary or the provision of a guarantee for a loan of the subsidiary;

(2) the provision by the Company to a director, supervisor, manager or other officer under an employment contract approved by the shareholders' general meeting of a loan or a guarantee for a loan or other funds to meet expenditure incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties;

(3) where the ordinary course of business of the Company includes the lending of money or the giving of guarantees, the Company may make a loan to or provide a guarantee for a loan to the relevant director, supervisor, manager or other officer or persons connected with them provided that the terms of the loan or guarantee for a loan shall be normal commercial terms.

Article 202 A loan made by the Company in breach of the preceding Article shall be repaid forthwith by the recipient of the loan regardless of the terms of the loan.

Article 203 A guarantee provided by the Company in breach of the first paragraph of Article 220 shall not be enforceable against the Company, except in the following circumstances:

- (1) The lender was not aware of the circumstances at the time the loan was advanced to the director, supervisor, manager or other officer of the Company or its holding company;
- (2) The security provided by the Company has been lawfully sold to a bona fide purchaser.

Article 204 The meaning of a guarantee in the foregoing Articles of this Chapter includes an undertaking of responsibility or provision of property by the guarantor to secure the performance of obligations by the obligor.

Article 205 In addition to the rights and remedies provided by law and administrative regulations, where a director, supervisor, manager or other officer is in breach of his obligations to the Company, the Company has a right to take the following measures:

- (1) To claim damages from that director, supervisor, manager or other officer in compensation for losses sustained by the Company as a result of such breach;
- (2) To cancel any contract or transaction entered into by the Company with that director, supervisor, manager or other officer and by the Company with a third party (where such third party knew or should have known that such director, supervisor, manager or other officer representing the Company was in breach of his obligations towards the Company);
- (3) To require the director, supervisor, manager or other officer to surrender the benefits obtained by the breach of his obligations;
- (4) To recover the monies received by the director, supervisor, manager or other officer which should have been received by the Company, including (but not limited) commissions;
- (5) to demand the return of the interest earned or which may have been earned by the director, supervisor, manager or other officer on monies which should have been paid to the Company; and
- (6) To institute legal proceedings for a declaration that the property acquired by the director, supervisor, manager or other officer in breach of his obligations belongs to the Company.

Article 206 The Company shall enter into a contract in writing with each director or supervisor in respect of his remuneration, with the prior approval of the shareholders' general meeting. The aforesaid remuneration includes:

- (1) Remuneration in respect of his service as director, supervisor, manager or other officers of the Company;
- (2) Remuneration in respect of his service as director, supervisor, manager or other officers of a subsidiary of the Company;
- (3) Remuneration in respect of other services provided in connection with the management of the affairs of the Company or its subsidiaries;
- (4) Monies payable as compensation for the loss of office or retirement from office of that director or supervisor.

Except under a contract referred to above, a director or supervisor shall not bring proceedings against the Company for any benefit due to him in respect of the matters specified above.

Article 207 The contract entered into between the Company and its director or supervisor shall stipulate that when the Company is about to be taken over, that director and supervisor is entitled, subject to obtaining the informed consent of the shareholders, to receive compensation or other payment by reason of his loss of office or retirement.

The aforementioned taking over of the Company refers to any of the following circumstances:

- (1) An offer made by any person to all shareholders of the Company; or
- (2) An offer made by any person, the purpose of which is for the offer or to become the controlling shareholder, such controlling shareholder shall be defined as provided in Article 63.

If the relevant director or supervisor does not comply with the provisions as stipulated in this Article, then any moneys received by him shall belong to those persons who have sold their shares by reason of their acceptance of that offer, and that director or supervisor shall bear the expenses incurred in distributing the money pro rata amongst those persons shall be borne by him and such expenses shall not be deducted out of those moneys.

CHAPTER 17 INDEPENDENT DIRECTORS

Article 208 The number of independent directors shall exceed one-third of the entire members of the board of directors of the Company, among which at least one of them is required to be accounting professional. Independent director(s) shall earnestly perform their duties, shall protect the overall interests of the Company, and shall be especially concerned with protecting the interests of minority shareholders from being infringed. Independent directors shall carry out their duties independently and shall not subject themselves to the influence of the Company's major shareholders, actual controllers, or other entities or persons who are interested parties of the Company.

Article 209 Except for meeting the qualification of being a director set forth in these Articles of Association, independent director(s) of the Company shall comply with the following basic conditions:

- (1) More than five years of working experience in law, economy or other fields deemed necessary for qualified performance as an independent director;
- (2) Fundamental knowledge of corporate operation, familiar with relevant laws, administrative regulations, rules and stipulations;
- (3) Adequate time and energy necessary to perform his/her duties;
- (4) Other conditions as prescribed by these Articles of Association with the independence as required in relevant provisions of the CSRC.

Persons in any of the following categories may not serve as an independent director of the Company:

- (1) Persons having a post in the Company, the subsidiaries of the Company or the affiliated enterprises of the Company as well as their family members and main social relations (family members refer to spouses, parents, sons and daughters; main social relations refer to brothers and sisters, mother/father-in-law, daughter/son-in-law, spouses of brothers and sisters, and brothers and sisters of spouse, etc.);
- (2) Natural persons who hold directly or indirectly no less than 1% of the issued stocks of the Company, natural person shareholders who rank in the top ten shareholders of the Company or natural persons who control no less than 5% of the issued stocks of the Company as well as their family members;
- (3) Persons having a post in corporate shareholders who directly or indirectly hold no less than 5% of the issued stocks of the Company or in top five corporate shareholders of the Company or in institutions that have relationship with the Company in business or interests as well as their family members and main social relations;
- (4) Persons who are giving financial, legal consulting and other services to the Company, the subsidiaries of the Company or the affiliated enterprises of the Company as well as their family members;
- (5) Persons who are of any of the above four circumstances in the latest one year;
- (6) Other persons as prescribed by these Articles of Association; or
- (7) Other persons recognized by the CSRC.

Article 210 The compensation terms involving the early dismissal of directors, supervisors and senior management personnel set out in the Articles of Association or related contracts shall be in compliance with the

principle of fairness and shall not prejudice the legitimate rights and interests of the listed company or transfer its interests.

Article 211 The Board of Directors, the supervisory committee and shareholders separately or jointly holding no less than 1% of the issued stocks of the Company have the right to nominate independent director candidates, which will be determined by voting at a general meeting of shareholders.

Article 212 Consent of a majority of the independent directors shall be gained before a major affiliated transaction of the Company or the engagement or dismissal of an accounting firm is submitted to the board of directors for discussion. Consent of a majority of the independent directors shall be gained before an independent director proposes to the board of directors on convening an extraordinary general meeting of shareholders, on convening a meeting of the board of directors or on collecting voting rights in public way from shareholders before a general meeting of shareholders is held. Upon the consent of all independent directors, they have the right to engage independent external auditing agency and consulting agency to conduct auditing and consulting to specific matters of the Company, in such case, all expenses so caused shall go to the Company.

Article 213 Independent directors shall, on schedule, attend meetings of the board of directors, have knowledge of the situation of the Company in production, business and operation, and shall, on their own initiative, investigate and gain the conditions and information necessary for making their decisions. Independent directors shall submit to the annual general meeting of shareholders of the Company the annual report made by all the independent directors and state the performance of their duties.

Article 214 The Company shall establish the work system of independent directors. The secretary to the board of directors shall actively assist independent directors in performing their duties. The Company shall give independent directors the same right to learn the truth as other directors, timely provide them with relevant material and information, regularly report to them the operation situation of the Company, and organize an on-site inspection for them when necessary.

Article 215 An independent director has the same term with other directors of the Company and may continue to serve as an independent director if re-elected upon the expiration of his or her term, provided that reappointment term may not exceed six years. An independent shall not be removed from his or her office without proper cause before the expiration of his or her term. In case an independent is removed from his or her office before the expiration, the Company shall disclose such removal as a special disclosure.

Article 216 An independent director may apply for resignation before the expiration of his or her term. Resignation made by an independent director shall be initiated by a written resignation report to the Board of Directors, in which explanations regarding anything relating to such resignation or deemed necessary that may causes attention of the shareholders and creditors of the Company shall be presented.

If the number of members of the independent directors falls below the quorum or the minimum number as stipulated in these Articles of Association due to the resignation of an independent director, the independent director shall continue to perform his or her duties as independent director in accordance with applicable laws, administrative regulations and these Articles of Association until the newly elected substitute independent director takes his or her office. The board of directors shall convene a general meeting of shareholders to re-elect a new independent director within two months. If the board of directors fails to convene the general meeting of shareholders within the time limit, the independent director may no long perform his or her duties as independent director.

CHAPTER 16 PROFIT DISTRIBUTIONS

Article 217 The Company shall pay attention to the investor's return on investment, and the profit distribution policy should maintain continuity and stability. The Company's profit distribution policy is as follows:

- (1) The Company may distribute dividends in the form of cash, shares or by the combination of cash and share;
- (2) The Company's profit distribution shall not exceed the scope of accumulated distributable profit;
- (3) The Company may conduct an interim cash dividend;
- (4) The Company's cash profit of cumulative distribution in the last three years is not less than 30% of the annual average distributable profit in the last three years;
- (5) The Company's profit is mainly distributed in cash; The Company may adopt share dividends when the Company has the share capital expansion capability or new investment projects, and the project investment needs substantial capital to meet long-term growth requirement and foster subsequent development and profitability in accordance with actual situations of long-term and sustainable development.
- (6) In the event of nil profit distribution in cash as recommended by the board of directors, relevant reasons for nil profit distribution and usage of retained capital in the Company shall be disclosed in the regular reports of the current year, and independent directors shall give independent opinion thereon.
- (7) The Company shall effectively protect the rights of its general public shareholders to participate in the general meeting. The Board, the independent directors and shareholders in compliance with relevant regulations and conditions may solicit from the listed company shareholders' votes which may be cast by them at the general meeting, but they shall not solicit on a paid basis or on a covertly paid basis. To exercise the abovementioned duties, the independent directors shall secure the consent of more than half (1/2) of the independent directors of the Company. **For the purpose of considering the abovementioned matters at a general meeting except onsite meetings, the Company shall provide shareholders with access to voting by virtue of network.**
- (8) In the event that a shareholder appropriated the funds of the Company against regulations, the Company shall deduct the distributed profit in cash entitled by such shareholder for recovery of the appropriated funds.
- (9) The Company's profit distribution policy shall not be adjusted arbitrarily to reduce shareholders' return. In the event of necessary adjustments in the dividend policy due to national laws and regulations and new provisions of the profit distribution policy of the listed company promulgated by securities regulatory authorities, or material changes occurred in the Company's external operating environment and its own operation situations, the adjusted profit distribution policy shall not violate the relevant requirements of China Securities Regulatory Commission and **Listed** Exchange. The proposal on adjustments in the profit distribution policy shall not be implemented unless it is demonstrated in detail, accessed to independent directors' opinions and proposed to the general meeting of the Company for consideration upon consideration by the board of directors, and is passed by two thirds of voting rights represented by shareholders present at the general meeting.
- (10) The Board of Directors shall take into account the features of the industry where the Company operates, development stage, operation model, profitability and arrangement of major capital expenditures and other factors, and put forward a policy of differentiated cash dividend distribution according to the following circumstances, pursuant to the procedures set forth in the Articles of Association:
 1. If the Company's development is in the phase of maturity and no material capital expenditure has been arranged, the minimum ratio of cash dividend in that profit distribution shall be 80%;
 2. If the Company's development is in the phase of maturity and material capital expenditure has been arranged, the minimum ratio of cash dividend in that profit distribution shall be 40%;
 3. If the Company's development is in the phase of growth and material capital expenditure has been arranged, the minimum ratio of cash dividend in that profit distribution shall be 20%.If it is difficult to identify the Company's phase of development but material capital expenditure has been arranged, it can proceed according to the previous provision.
- (11) Decision-making Mechanism for Profit Distribution Plan

1. The Company's profit distribution policy and proposals will be formulated by the Board of Directors, and the specific profit distribution plan will be proposed by the management of the Company and submitted to the Board of Directors and Supervisory Committee for consideration. The Board of Directors will conduct sufficient discussions on the reasonableness of the profit distribution plan, and prepare a specific proposal which shall be submitted to the general meeting for its consideration. The Board of Directors, independent directors and the shareholders who satisfied certain conditions may collect their votes for the general meeting via the shareholders of the Company.

2. The Board shall, during the formulation of the specific cash dividend payment plan, carefully study and analyze the timing, conditions, minimum ratio, adjustment condition and decision-making procedures regarding the cash dividend payment, and independent directors shall express their opinions explicitly;

3. Independent directors may solicit opinions from small and medium shareholders and put forward a dividend payment proposal which shall be submitted directly to the Board of Directors for its consideration;

4. Prior to the consideration of a specific cash dividend payment proposal at the general meeting, the Company shall communicate and exchange views with shareholders, especially small and medium shareholders, through various channels (including but not limited to online voting and inviting small and medium shareholders to meetings), in order to understand views and demands of small and medium shareholders. The concerns of small and medium shareholders shall also be addressed and replied to promptly;

5. Where the Company conducts the profit distribution or adjusts the profit distribution policy by means of shares bonus or the mix of shares and cash dividend payment, it shall be considered and approved through the special resolution at the general meeting.

Article 218 No dividends shall be distributed before the Company makes up its losses and makes allocations to the statutory common reserve.

Article 219 After the general meeting of the Company has resolved upon the plan of profit distribution, the board of directors of the Company shall complete the dividends (or shares) distribution affairs within 2 months after the convening of the general meeting.

Article 220 When distributing its after-tax profits for a given year, the Company shall allocate 10% of profits to its statutory common reserve. The Company shall no longer be required to make allocations to its statutory common reserve once the aggregate amount of such reserve exceeds 50% of its registered capital.

If the statutory common reserve of the Company is insufficient to make up its losses of previous years, such losses shall be made up from the profit for the current year prior to making allocations to the statutory common reserve pursuant to the preceding clause.

The Company may, as resolved by the general meeting, make allocations to the discretionary common reserve from their after-tax profits after making allocations to the statutory common reserve from its after-tax profits.

The Company shall set aside 5% to 10% of its after-tax profits for the Company's statutory common reserve, which is used for the collective welfare of the company's staff and workers.

After the Company has made up its losses and made allocations to its common reserve, its remaining profits shall be distributed in proportion to the shareholdings of its shareholders unless otherwise specified by these Articles of Association.

If the general meeting violates the preceding clause by distributing profits to shareholders before the Company has made up its losses and made allocations to the statutory common reserve, the shareholders must return to the Company such profits distributed in violation of the relevant provisions.

No profits shall be distributed to the corporate shares held by the Company itself.

Article 221 The Company shall only use its common reserve (including statutory common reserve,

discretionary common reserve and capital common reserve) in making up its losses, expanding its production and business operations, or increasing its capital by means of conversion.

To make up for the company's losses, the provident fund should be used first, including the discretionary provident fund and statutory provident fund; If it cannot be compensated, the capital reserve fund can be used in accordance with regulations.

When converting the Company's statutory common reserve into **an increase in registered** capital, the amount of such reserve remaining unconverted **must** not be less than 25% of the registered capital.

Article 222 Subject to a resolution of the general meeting of shareholders, the company may set aside funds from its profits for a discretionary common reserve.

Article 223 The Capital common reserve includes the following funds:

- (1) The premium the Company obtains when it issues shares at a price which exceeds par value; and
- (2) Any other income designated for the capital common reserve by the regulations of the responsible finance department of the State Council.

Article 224 Subject to the restrictions imposed by Articles 236, 237 and 240, dividends shall be paid proportionately to the shareholding of each shareholder, within 6 months after the end of each financial year however interim dividends declared by the board of directors shall not be subject to aforementioned time restriction.

Article 225 The Company may distribute dividends by way of cash or bonus shares (or by a combination of both ways). Dividends or other distributions on ordinary shares shall be declared and denominated in RMB. Dividends or other distributions payable on domestic shares shall be paid in RMB. Dividends or other distributions payable on overseas listed foreign shares listed in Hong Kong shall be paid in Hong Kong dollars. Cash dividends in respect of overseas listed foreign shares listed in Hong Kong shall be declared in RMB and paid in Hong Kong dollars at the average People's Bank of China rate for each day of the calendar week preceding the date of the dividend declaration.

Article 226 When distributing dividends to shareholders, the Company shall deduct there from the tax payable on dividend income in accordance with PRC tax law.

Article 227 The Company shall appoint a receiving agent for holders of overseas listed foreign shares. The receiving agent shall receive on behalf of the holders of overseas listed foreign shares dividends declared and all other monies payable by the Company in respect of those shares.

Article 228 The receiving agent appointed by the Company shall comply with the requirements of the law and the regulations of the stock exchange(s) of the place where the Company is listed. The receiving agent appointed by the Company for holders of overseas listed foreign shares listed in Hong Kong shall be a trust corporation registered under the Trustee Ordinance in Hong Kong.

Article 229 The Company is entitled not to send to a holder of overseas listed foreign shares dividend warrants by post if such dividend warrants have been left uncashed on two consecutive occasions. However, such power may be exercised after the first occasion on which such a dividend warrant is returned undelivered.

CHAPTER 17 FINANCIAL AND ACCOUNTING SYSTEMS AND INTERNAL AUDIT SYSTEM

Article 230 The Company shall establish its financial and accounting systems in accordance with laws, administrative regulations and the relevant state regulatory department.

Article 231 The Company shall submit an annual financial **results** and accounting report to the CSRC and the relevant stock exchange within **3** months after the end of each fiscal year, submit an interim financial **results** and accounting report to a local office of the CSRC and the relevant stock exchange within 2 months after the end of the first 6 months of each fiscal year.

The above-mentioned financial **results** and accounting reports shall be prepared in accordance with the relevant laws, administrative regulations and departmental rules.

Article 232 The financial year of the Company shall adopt the Gregorian calendar year, which is from 1st January to 31st December of each year.

Article 233 The Company shall use RMB as the currency unit in its accounts; all accounts shall be written in Chinese.

Article 234 The board of directors shall place before the shareholders at every annual general meeting a financial report required by the relevant laws, administrative regulations or normative documents promulgated by regional government and supervisory authorities to be prepared by the Company.

The financial reports of the Company shall be placed at the legal office of the Company 20 days prior to the holding of the annual general meeting of the Company for inspection by shareholders.

Article 235 The financial statements of the Company shall, in addition to being prepared in accordance with the PRC accounting standards and regulations, be prepared in accordance with either international accounting standards, or that of the place outside the PRC where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in the financial statements. When the Company is to distribute its after-tax profits, the lower of the after-tax profits as shown in the two financial statements shall be adopted.

Article 236 If the relevant securities of the Company are permitted to be listed on the Exchange, during the period on which its securities remain listed, the financial statements placed before the shareholders shall, **if the relevant securities of the Company are permitted to be listed on the Exchange, during the period on which its securities remain listed, the financial statements placed before the shareholders shall, Under the following conditions, it can also be prepared in accordance with Chinese accounting standards and regulations:**

(1) **The accounting firm hired by the company in accordance with these articles of association is a mainland accounting firm recognized to serve as an auditor for H-share companies.**

(2) **When appointing a mainland accounting firm that has been recognized as an auditor for H-share companies, the board of directors of the company has made a resolution and announced the preparation of financial statements in accordance with Chinese accounting standards and regulations.**

Article 237 Any interim results or financial information published or disclosed by the Company must also be prepared and presented in accordance with the PRC accounting standards and regulations, and also in accordance with either international accounting standards or that of the overseas place where the Company's shares are listed.

Article 238 The Company shall announce its financial and business reports **twice** in each financial year. The interim report shall be announced within 60 days after the end of the first six months of the financial year. The annual report shall be announced within 120 days after the end of the financial year.

Upon completion of the Company's interim reports and annual reports, the relevant procedures shall be effected and announcement be made in accordance with the relevant PRC securities law, regulations and the rules of the stock exchange(s) on which the shares of the Company is listed.

Article 258 The Company may not establish any account books in addition to those required by law. No accounts may be opened in the name of any individual for deposit of the corporate assets.

Article 259 The Company shall establish its internal auditing system and engage full-time professional auditors to undertake internal auditing of its financial income and expenditure and economic activities.

Article 260 The internal auditing system of the Company and duties of the auditors shall be implemented upon approval by the board of directors. The chief auditor shall be responsible for and report work to the board of directors.

CHAPTER 18 APPOINTMENTS OF ACCOUNTANTS

Article 242 The Company shall engage an accounting **Compliant with the provisions of the Securities Law** for auditing its accounting reports, conducting verification of net asset value and providing other relevant consulting services. The term of engagement shall be one year, which can be renewed if re-engaged.

The first accountants of the Company may be appointed at the inaugural meeting before the first annual general meeting and that firm of accountants shall hold office until the conclusion of the first annual general meeting.

If at the inaugural meeting the Company fails to exercise its powers stipulated in the preceding paragraph, those powers shall be exercised by the board of directors.

Article 243 Engagement of an accounting firm shall be determined by the general meeting. The board of directors shall not appoint an accounting firm prior to such determination.

Article 244 The Company shall provide true and complete accounting vouchers, account books, financial accounting reports and other accounting information to the accounting firm engaged and shall not refuse to provide, conceal or fraudulently report the same.

Article 245 The term of appointment of the firm of accountants appointed by the Company shall commence from the conclusion of the current annual general meeting until the conclusion of the next annual general meeting.

Article 246 The firm of accountants appointed by the Company shall have the following rights:

(1) to inspect at all times to the books and records and certificates of the Company, and the right to require the directors, managers and other officers of the Company to provide relevant information and explanation;

(2) to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanations as are necessary for the purposes of performing their duties;

(3) to attend shareholders' general meetings and **right to receive any shareholder meeting**, which a shareholder is entitled to receive and to speak at any shareholders' general meeting on any matter which concerns them as the firm of accountants of the Company.

Article 247 If a casual vacancy arises in the office of accountants, the board of directors may prior to the

holding of a shareholders' general meeting appoint a firm of accountants to fill the vacancy provided that during the continuance of the casual vacancy, if the Company has another firm of accountants in office, that firm of accountants may continue to act.

Article 248 The shareholders' general meeting may by ordinary resolution remove the firm of accountants before the expiration of their term of office notwithstanding the terms of the contract between the Company and the firm of accountants. If the firm of accountants has any right to claim against the Company arising from the termination of their office, that right shall not be affected by that termination.

Article 249 The remuneration and the method of remuneration of the firm of accountants shall be determined by the shareholders general meeting. The remuneration of the firm of accountants appointed by the board of directors shall be determined by the board of directors.

Article 250 The appointment, removal, or non re-appointment of a firm of accountants by the Company shall be decided by the shareholders general meeting and reported to the State Council securities regulatory authority for record. When a resolution is passed at a shareholders' general meeting to appoint a firm of accountants not currently in office to fill a casual vacancy in the office of accountants, or to reappoint a firm of accountants which were appointed by the board of directors to fill a casual vacancy, or to remove a firm of accountants before the expiration of their term of office, the following provisions shall apply:

(1) The relevant proposed resolution shall be sent, before notice of a shareholders' general meeting is given, to the firm of accountants proposed to be appointed or proposed to leave office or which have left office in the relevant financial year. Leaving office includes leaving by removal, resignation and retirement.

(2) If the firm of accountants leaving office makes representations in writing and requests the Company to notify the shareholders of its representations, the Company shall implement the following measures (unless the representations are received too late):

(i) State in the notice given in connection with the resolution the fact that representation have been made by the firm of accountants leaving office;

(ii) Send a copy of the representations to every shareholder entitled to receive notice of shareholders' general meetings.

(3) If the representations of the relevant firm of accountants have not been dispatched in accordance with (2) above, that firm of accountants may request that such representations be read at the shareholders' general meeting and that it may make further submissions.

(4) A firm of accountants leaving office shall be entitled to attend the following meetings:

(i) The shareholders' general meeting at which his term of office would expire;

(ii) The shareholders' general meeting at which it is proposed to fill the casual vacancy caused by his removal;

(iii) The shareholders' general meeting convened as a result of his resignation.

The firm of accountants leaving office is entitled to receive all notices and other information relating to the meetings referred to above, and to speak at any such meeting on any matter which concerns them as former accountants of the Company.

Article 251 The Company shall serve **ten business days'** prior notice to the accounting firm if it decides to dismiss or not to renew the engagement with the accounting firm. **When the Company's shareholders' meeting votes on the dismissal of the accounting firm**, the accounting firm shall be entitled to state its opinions at the general meeting of shareholders. If the accounting firm initiates its resignation, it shall make it clear to the general meeting whether there has been any impropriety on the part of the Company.

(1) A firm of accountants may resign from office by a notice in writing addressed to the company's legal address such notice shall contain either of the following statements:

(i) a statement to the effect that there are no circumstances connected with his resignation which he considers should be brought to the notice of shareholders or creditors of the Company; or

(ii) a statement of any such circumstances which should be accounted for.

Any such notice shall be effective on the date on which it is deposited at the legal address of the Company or on such later date as may be specified therein.

(2) The Company shall within 14 days after its receipt of the written notice referred to in (1) (ii) above send a copy of the notice to the relevant competent authority. If the notice contains a statement referred to in (1) (ii) above, the Company should place a copy of such statement at the Company for shareholders to review. **If shareholders have a demand**, the Company should also send a copy of the statement by pre-paid post to every overseas listed foreign shares shareholder, the recipients' addresses being those contained in the shareholder register.

(3) Where the notice of resignation of the firm of accountants contains a statement referred to in (1)(i) and (ii) above, the firm of accountants may require the board of directors to convene an extraordinary general meeting to hear their explanation of the circumstances connected with their resignation.

CHAPTER 19 LABOUR MANAGEMENT AND STAFF AND WORKER UNION ORGANISATION

Article 252 The Company shall formulate its labor management, personnel management, wages and welfare and social insurance systems in accordance with PRC laws, regulations and relevant administrative provisions.

Article 253 The Company adopts the labour contract system for all employees. The Company shall have autonomy in respect of the allocation of employees and has right to recruit and dismiss management personnel, staff and workers in accordance with laws and regulations and terms of contracts.

Article 254 The Company shall have the right to determine autonomously the levels of wages and welfare benefits for various levels of its management personnel and various types of staff and workers with reference to its own economic performance and within the scope of the relevant PRC administrative regulations.

Article 255 The Company conforms to laws, administrative regulations, rules of authorities and regulatory documents regarding engagement of labor forces, labor protection, social insurance and other social security aspects, and establish the sound market-oriented and standardized human resource management systems.

Article 256 The Company shall protect the lawful interests of workers, strengthen labor protection and implement safe production practices.

The Company will adopt various means to strengthen occupational education and on-the-job training of staff and workers of the Company and enhance the quality of staff and workers.

Article 257 The staff and workers of the Company may in accordance with law, organize workers unions, carry out workers union activities, and protect the lawful rights of staff and workers. The Company shall provide the necessary conditions for the activities of the workers union of the Company. The Company shall allocate a workers union fund and develop workers union activities in accordance with the relevant PRC laws.

Article 258 When the Company considers issues involving the personal interests of staff and workers relating matters such as salary, benefits, production safety and labor insurance of staff and workers, it shall first consider the opinions of the Company's workers union and of staff and workers and shall invite representatives of the workers union or representatives of the staff and workers to attend the relevant meeting. When the Company studies and decides on major issues relating to production and operation or formulates important regulations, it

shall consider the opinions and suggestions of the workers union and of staff and workers of the Company.

CHAPTER 20 MERGERS, DIVISION, CAPITAL INCREASE AND CAPITAL DEDUCTION OF THE COMPANY

Article 259 When the Company merges or divides the board of directors shall propose a proposal, and after it is approved in accordance with the provisions of these Articles, the relevant procedures to obtain governmental approvals shall be carried out. Shareholders who object to the merger or division of the Company are entitled to require the Company or the shareholders who agree to the merger or division proposals of the Company to purchase their shares at a fair price. The contents of the Company's resolution to merge or separation shall be contained in a specific document which shall be made available for inspection by the shareholders.

In respect of holders of overseas listed foreign shares listed in Hong Kong, the document referred to above shall be sent by post.

Article 260 The merger of the Company may adopt the methods of merger by absorption and merger by new establishment.

The absorption of one company by another company constitutes merger by absorption, whereby the absorbed company shall be dissolved. The merger of two or more companies into a new company constitutes merger by new establishment, whereby all the parties to the merger shall be dissolved.

When companies merge, the parties to the merger shall execute a merger agreement and prepare a balance sheet and property list. The companies shall notify their creditors within 10 days as of the date on which the merger resolution is adopted and, within 30 days, announce the merge in the newspaper at least three times. The creditors may, within 30 days as of the date of receipt of the written notice, or within 45 days as of the date of the announcement for those who have not received a written notice, require the Company to discharge its debts or provide corresponding security.

After the merger of the Company, the rights and liabilities of the merging parties shall be assumed by the Company continuing to exist after the merger or the new company which was established therefore.

Article 261 When the Company separate, its property shall be separated accordingly.

When the Company separate, all parties to the division shall sign a division agreement, and a balance sheet and an inventory of property shall be prepared.

The Company shall notify its creditors within 10 days and to make a public announcement at least 3 times in newspapers within 30 days of the date of the resolution to separate.

The companies established after a division shall bear liability for the debts existing prior to the division of the Company under the agreement thereof. (The companies established after a division shall bear joint and several liability for the debts existing prior to the division of the Company, unless otherwise agreed to in writing on the discharge of the debts between the Company and its creditors prior to such division.)

Article 262 When the Company merges or separates, in respect of the changes arising in respect of registered matters, a change of registration shall be affected at the company's registration authority in accordance with law. If the Company is dissolved, its registration shall be cancelled in accordance with law. If a new company is established, registration of such establishment shall be affected in accordance with law.

CHAPTER 21 DISSOLUTION AND LIQUIDATION

Article 263 The Company shall be dissolved and liquidated in any one of the following circumstances:

- (1) The term of operation set forth in these Articles of Association expires or other causes for dissolution set

forth in these Articles of Association arise;

- (2) The general meeting resolves to dissolve the Company;
- (3) Dissolution is necessary due to the merger or division of the Company;
- (4) Its business license has been revoked, or it has been ordered to close up, or revoked according to law;
- (5) In case serious difficulties arise in the operation and management of the Company and its continued existence would cause a material loss to the interests of its shareholders and such difficulties can not be solved through other means, shareholders holding no less than 10% of all shareholders' voting rights may petition the people's court to dissolve the Company.

Article 264 In case of the circumstances as set forth in Item (1) of Article 282, the Company may, by amending these Articles of Association, continue to exist. Any amendment to these Articles of Association in accordance with the preceding clause shall require the affirmative vote of no less than two-thirds of the voting rights of the shareholders present at a general meeting.

If the Company is to be dissolved pursuant to Items (1), (2), (4) and (5) of preceding article, a liquidation committee shall be established so as to commence the liquidation procedures within 15 days from the date on which the cause for dissolution arises. The liquidation committee shall be composed of persons determined by ordinary resolution at the board of directors or the general meeting. If the Company fails to establish the liquidation committee to carry out the liquidation within the time limit, its creditors may make an application to the people's court to designate the relevant persons to form a liquidation committee for the purposes of liquidation.

Article 265 If the board of directors decides to dissolve and liquidate the Company (other than at the liquidation of the Company because of a declaration of insolvency), the board of directors shall, in the notice convening a shareholders' general meeting for this purpose, include a statement to the effect that , after having made full inquiry into the affairs of the Company, it is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of liquidation.

Upon the passing of a resolution by the shareholders general meeting to commence liquidation, the powers of the board of directors of the Company shall cease.

Article 266 The liquidation committee shall comply with the instructions of the shareholders in general meeting, and report to the shareholders at least once a year on the income and expenditure of the liquidation committee, the progress of the Company's business and liquidation, and upon completion of liquidation submit a final report to the shareholders.

Article 267 The liquidation committee shall give notice to creditors within 10 days from the date of its establishment and, within 60 days, announce the liquidation in the newspaper at least three times. Creditors shall within 30 days from the date of receipt of the written notice, or within 45 days from the date of the announcement for those who have not received a written notice, declare their claims to the liquidation committee.

When declaring claims, creditors shall demonstrate the relevant particulars of their claims and provide supporting materials. Claims shall be registered with the liquidation committee.

During the claim declaration period, the liquidation committee may not discharge any debts of creditors.

Article 268 The liquidation committee shall exercise the following functions and powers during liquidation:

- (1) To thoroughly examine the property of the Company and prepare respectively a balance sheet and an inventory of property;
- (2) To inform creditors by notice or public announcement;
- (3) To dispose of and liquidate the relevant unfinished business of the Company;
- (4) To pay all outstanding taxes and taxes incurred in the course of liquidation;

- (5) To settle claims of creditors and debts;
- (6) To dispose of the assets remaining after full payment of the Company's debts;
- (7) To participate in civil litigation activities on behalf of the Company.

Article 269 After the liquidation committee has examined the property of the Company and prepared a balance sheet and an inventory of property; it shall formulate a liquidation proposal and submit it to the shareholders' general meeting or the people's court for confirmation.

Once the Company resolves to be liquidated, no one shall dispose of the assets of the Company without the permission of the liquidation committee. During liquidation, the Company shall not carry on new operational activities. After the Company has paid the costs of liquidation, the liquidation committee shall settle the following in order of priority:

- (1) to pay the wages, social insurance premiums and statutory compensation of employees in the previous three years as of the date of liquidation;
- (2) to pay outstanding taxes;
- (3) to pay the debts of the Company.

Article 270 Any assets remaining after the payment of debts by the Company in accordance with the preceding article shall be distributed by the liquidation committee to holders of ordinary shares in proportion to the number of shares held by them.

Article 271 Members of a liquidation committee shall be faithful in the discharge of their duties and perform their liquidation obligations according to law.

Members of a liquidation committee shall not use their powers to accept bribes or other illegal income and shall not take the property of the Company.

If a member of a liquidation committee willfully or through gross misconduct causes loss to the Company or its creditors, he shall be liable to make compensation.

Article 272 After putting the company's property in order and preparing a balance sheet and an inventory of property in connection with liquidation of the company resulting from dissolution, the liquidation group discovers that the company's assets are insufficient to repay the company's debts, the liquidation group shall immediately stop the liquidation and apply to the people's court for a bankruptcy declaration. Where the company is declared bankrupt according to law, bankruptcy liquidation shall be conducted in accordance with the law on enterprise bankruptcy.

Article 273 Once the People's Court has declared the Company insolvent, the liquidation committee shall hand over to the People's Court all matter relating to the liquidation.

Article 274 Liquidation costs, including remuneration payable to the members and advisers of the liquidation committee, shall be paid out of the assets of the Company before the claims of other creditors are paid.

Article 275 After the completion of liquidation of the Company, the liquidation committee shall prepare a liquidation report and the income and expenditure account and financial books during the period of liquidation, and after they are verified by an accountant registered in the PRC, submit them to the shareholders' general meeting or the People's Court for confirmation.

Article 276 The liquidation committee shall, within 30 days after obtaining confirmation from the shareholders' general meeting or the relevant supervisory authority, submit the documents mentioned in the proceeding Article

to the companies registration authority to apply to cancel the registration of the Company, and to publicly announce the termination of the Company.

CHAPTER 22 AMENDMENTS TO ARTICLES

Article 277 The Company shall amend these Articles of Association in any of the following cases:

- (1) Upon amendments to the Company Law or the relevant laws and administrative regulations, these Articles of Association are in conflict with the provisions of such amended laws and administrative regulations;
- (2) Inconsistent with these Articles of Association in case of changes to the Company; or
- (3) Decision having been made by the general meeting on amending these Articles of Association.

Article 278 Any amendment of these Articles which involves companies registration matters, change of registration shall be effected in accordance with law.

Article 279 The board of directors shall amend these Articles of Association pursuant to the resolution of the general meeting on amendments to these Articles of Association and the approval opinions of the competent authorities.

Article 280 If an amendment to these Articles of Association involves any matter required to be disclosed by the relevant laws and regulations, an announcement shall be made in accordance with the provision of such laws and regulations.

CHAPTER 23 NOTICES AND ANNOUNCEMENT

Article 281 Notices of the Company shall be served as follows:

- (1) By hand;
- (2) By post;
- (3) By public announcement; or
- (4) By such other means set forth in these Articles of Association.

Subject to the compliance with laws, regulations and listing rules of the place where the shares of the Company are listed and the Articles of Association, the Company can send, post, mail, issue, publish or provide any the Company's communication by electronic and other means provided by the Articles of Association, including without limitation email and CD, or through the Company's website and the stock exchange's website.

Article 282 Unless otherwise stipulated in the Articles of Association, corporate communication (as defined in Hong Kong Listing Rules), such as notices, information or written statements, sent to H shareholders by the Company may be delivered by hand or by prepaid post to the registered address of each H shareholder. The Company may deliver its corporate communication in electronic way in accordance with the provisions of Hong Kong Listing Rules, provided that the Company has made appropriate arrangements and is in compliance with the provisions of Hong Kong Listing Rules regarding delivery of corporate communication in electronic way.

By giving a written notice to the Company, H shareholders of the Company may select receiving corporate communication from the Company either in electronic way or by post. The shareholder may also select only receive corporate communication in either Chinese or English or both Chinese and English. The shareholder may also give a written notice to the Company in advance within reasonable time to amend his/her choice of the mean to receive the aforesaid communication and language version(s) according to the appropriate procedures.

"Company's communication" means any documents, which are referred or used to take actions by any holders of securities of the Company, are sent or will be sent by the Company. Such documents represent, including but not

limited to: (a) the report of the board of Directors, the annual accounts of the Company, together with the auditors' report and (if applicable) the summary of the financial report; (b) the interim report and (if applicable) the summary of the interim report; (c) notice of the meeting; (d) listing documents; (e) circulars; (g) Application Proofs; and (h) Post Hearing Information Pack or PHIP.

Notices to be given by the Company to holders of domestic shares shall be published in one or more publications or specify on the website specified by the PRC securities regulatory authority. Once published, all holders of domestic shares shall be deemed to have received such notice.

Article 283 Where a notice is sent by post, it shall be properly addressed and prepaid of postage, it posted in a letter containing the notice and it shall be deemed to have been received by the shareholder 5 days after the letter containing the same is posted.

Where the notice is served in person, the recipient shall sign (affix the seal) on the receipt of serving the notice, and the date of the signature shall be deemed as the date of notice service; where the notice is served by means of announcement, the date of the first such announcement issued shall be deemed as the date of notice service.

If an authorized person who is entitled to receiving such notice fails to receive due to accidental omission or carelessness, the meeting and the resolution of the meeting shall not be deemed as in vain.

Article 284 Any notice, document, information or written statement sent by shareholders or directors to the Company may be sent by personal delivery or registered mail to the Company's legal address.

Article 285 In seeking to prove that a shareholder or director have already sent notices, documents, information or written statement to the Company, evidence shall be produced to show that the notice, document, information or written statement was sent within the specified time in the ordinary manner and by prepaid post and is sent to the correct address.

Article 286 The Company designates media as the media for publishing the public announcement of the Company or other information required to be disclosed.

CHAPTER 24 RESOLUTIONS OF DISPUTES

Article 287 Whenever any dispute or claim arises or any rights or obligations provided in the Articles, the Company Law and other relevant laws and administrative regulations concerning the affairs of the Company between the parties set forth in Article 307, unless otherwise specified in these Articles, those parties shall submit that dispute or claim to arbitration to one of the arbitration tribunals specified below.

The applicant may choose to arbitrate before (a) the China International Economic and Trade Arbitration Center in accordance with its rules or (b) the Hong Kong International Arbitration Center in accordance with its Securities Arbitration Rules. Once the applicant refers a dispute or claim to arbitration, the other party must submit to the arbitral body elected by the claimant. If the party applying for arbitration chooses to arbitrate at the Hong Kong International Arbitration Center, then any party shall be entitled to request, in accordance with the stipulations of the Securities Arbitration Rules of the Hong Kong International Arbitration Center, that arbitration to be conducted in Shenzhen.

If arbitration is sought to resolve disputes or claims referred to in this Article and Article 308, the applicable law shall be PRC law, save as otherwise prescribed by law or administrative regulations. The ruling of such arbitration referred to above shall be final and conclusive and shall be binding on all parties.

Article 288 This Chapter applies to disputes or claims between the following parties:

- (1) A holder of overseas listed foreign shares and the Company;

(2) A holder of overseas listed foreign shares and the directors, supervisors, managers or other officers of the Company; and

(3) A holder of overseas listed foreign shares and a holder of domestic shares.

Article 289 Where a dispute or claim referred to in Article 306 involves parties set forth in Article 307, the entire claim or dispute must be referred to arbitration and all persons (being the Company or the shareholders, directors, supervisors, managers or other officers of the Company) who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim shall submit to arbitration in accordance with this chapter. Disputes in connection with the determination of whether a person is or is not a shareholder and the register of shareholders need not be resolved by arbitration.

CHAPTER 25 INTERPRETION AND DEFINITION OF ARTICLES

Article 290 These Articles shall be in Chinese and English and in the event of conflict, the Chinese version shall prevail.

Article 291 In these Articles the following words and expressions bear the following meanings unless the context otherwise requires:

“Articles”	The articles of association of the Company;
“Board of Directors”	The board of directors of the Company
“Chairman”	The chairman of the Company
“Director”	A director of the Company
“RMB”	The lawful currency of the PRC;
“Company Secretary”	Company secretary appointed by the board of directors;
“Exchange”	The Stock Exchange of Hong Kong Limited;
“State” or “PRC”	The People’s Republic of China;
“Minority investors”	Refer to the shareholders other than the company’s director, supervisor, senior management, and those who individually or collectively hold over 5% of the Company’s shares.

Article 292 References to a firm of accountants in these Articles shall have the same meaning as “auditors”.

Articles 293 Where the Articles of Association conflicts with the laws and administrative regulations, the laws and administrative regulations shall prevail.