

南京三寶科技股份有限公司

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

(Amended at the Extraordinary general meeting of the Company
held on 27 November 2017)

(The Articles of Association are formulated in accordance with the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (“Mandatory Provisions”), the Letter of Opinions on Supplementary Amendment to Articles of Association of Companies to be Listed in Hong Kong (“Zheng Jian Hai Han[1995]No.1”), Further Standardizing Operations and Reform of Companies Listed Outside China Opinion (the “Opinion”), the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (“Hong Kong Listing Rules”).

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Nanjing Sample Technology Co., Ltd. (the “南京样本”) is a joint stock limited company incorporated pursuant to the Company Law of the People’s Republic of China (the “公司法”), the Securities Law of the People’s Republic of China, the Special Regulations of the State Council on the Overseas Offer and Listing of Shares by Joint Stock Limited Companies (the “境外上市公司特别规定”) and other relevant laws and administrative regulations and listed on the Main Board of the Stock Exchange of Hong Kong Limited (“香港交易所”).

The Company was established by way of promotion with the approval of the People’s Government of Nanjing City, Jiangsu Province, People’s Republic of China, as evidenced by the approval document Ning Zheng Fu [2000] No.119 Approval of the Municipal Government regarding the conversion of Nanjing Sample Computer Technology Company Limited to Nanjing Sample Technology Co., Ltd. dated 29 December 2000. It was registered with the Nanjing Administration for Industry and Commerce and was granted the Company’s Business License for Enterprises as a Legal Person on 29 December 2000. The number of the Company’s business license is: 3201082000869.

The promoters of the Company include Nanjing Sample Technology Group Company Limited, Nanjing Zhongbei (Group) Company Limited, Nanjing Huadong

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The Company's legal representative is the chairman of the Board of the Company.

Mandatory Provisions Article 4

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

Mandatory Provisions Article 5

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These amendments to the Articles of Association shall become effective from the date of listing of the Company on the Main Board of the Hong Kong Stock Exchange.

Mandatory Provisions Article 6

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

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

Mandatory Provisions Article 7

The Articles of Association are actionable by a shareholder against the Company and vice versa; shareholders may sue shareholders according to the Articles of Association; and shareholder may sue the Directors, supervisors, president, general managers, deputy general managers and other senior management members of the Company.

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

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The Company may invest in other limited liability companies and joint stock limited companies, to which the Company shall be liable to the extent of the amount of its capital contribution. However, the Company shall not be the shareholder of any other economic organizations with unlimited liabilities.

Mandatory Provisions Article 8

Article 9

The Company is an independent legal entity, all acts of the Company shall comply with the laws and regulations of the PRC and the place of listing of overseas listed foreign shares, and the Company shall protect the shareholders' legal rights. All capital of the Company is divided into shares with same par value per share. The rights and liabilities of the shareholders of the Company are limited to the shares held by them, and the Company is liable for its debts to the extent of its entire assets.

On condition of compliance with applicable laws and administrative regulations of PRC, the Company has the power to raise or borrow money which power includes (but without limitation) the issue of corporate bond, the charging or pledging of part or whole of the ownership or usage right of the Company's assets and other rights permitted by PRC laws and administrative regulations. Subject to the provisions under the laws and regulations of PRC and/or place of listing and in compliance with the provisions under the laws and regulations of PRC and/or place of listing and the corporate procedures stipulated herein, the Company may provide various forms of guarantee against any third party (including but not limited to the Company's subsidiaries or associated companies); however, the Company shall not prejudice or abolish the rights of holders of shares of any class when exercising the said rights.

Article 10

Article 10

The business purposes of the Company are: to serve and rejuvenate the country through industry development and provide the country and the community with system solutions and services regarding, inter alias, computer and communication technology and application software, to provide the users with high quality, efficient and professional services, to achieve the objectives of user satisfaction, investors' benefits and sustainable and stable corporate development by the advantages in technology and talents.

Mandatory Provisions Article 9

Article 11

The scope of business of the Company shall be based on the items approved by the company registration authorities.

Major scope of business of the Company: computer networks, industrial automation engineering design, installation; electronic products, electronic computer development, manufacture, testing, production for product sales, system integration; electronic computer technology consulting and information services; technology testing of electronic products and technical services; computer software development; security engineering design, construction, maintenance; research and development

of ITS-based basic information collection technology and equipment (excluding commodities under the special control of the State and projects with special approval). (Projects that require approval under law, business can be carried out after the approval by the relevant departments)

According to the domestic and international market trends, business needs in the PRC and its own growth capability and its business performance, the Company may adjust its investment policies and business scope and mode on a timely basis; as well as set up branches and offices in the PRC and areas including Hong Kong, Macau and Taiwan (whether wholly-owned or not), subject to approvals by resolution of the general meeting and relevant governmental authorities.

第 12 条

第 12 条

The Company shall have ordinary shares at all times. It may have other kinds of shares according to needs, upon approval of the company approval authorities that are authorized by the State Council.

Mandatory Provisions Article 11

第 13 条

All the shares issued by the Company shall have a par value which shall be RMB1.00 for each share.

Mandatory Provisions Article 12

For the purposes of the above paragraph, the term “RMB” shall refer to the legal currency of the People’s Republic of China.

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

Where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the preferential voting rights, must include the words “restricted voting right” or “limited voting right”.

第 14 条

Subject to the approval of China Securities Regulatory Commission (“证监会”), the Company may issue shares to domestic and foreign investors.

Mandatory Provisions Article 13

For the purposes of the preceding paragraph, the term “foreign investors” shall refer to investors from foreign countries or from Hong Kong, Macau or Taiwan that subscribe for shares issued by the Company, and the term “domestic investors” shall refer to investors inside the People’s Republic of China, excluding the above-mentioned regions, that subscribe for shares issued by the Company.

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

Mandatory Provisions Article 14 Hong Kong Listing Rules Appendix 3 paragraph 9

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

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

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Upon approval of the company approval authorities that are authorized by the State Council, the total number of issuable ordinary shares of the Company upon its incorporation is 45,000,000 domestic shares of RMB1.00 each. The number of shares issued to the promoters upon the Company's incorporation was 45,000,000 shares, representing 100% of the total number of issuable ordinary shares of the Company, all of which were subscribed by the promoters as follows:

Mandatory Provisions Article 15 Hong Kong Listing Rules Appendix 3 paragraph 9

18,000,000 shares subscribed by Nanjing Sample Technology Group Company Limited representing 40.00% of the total number of issuable ordinary shares of the Company upon its incorporation.

12,000,000 shares subscribed by Nanjing Zhongbei (Group) Company Limited representing 26.67% of the total number of issuable ordinary shares of the Company upon its incorporation.

12,000,000 shares subscribed by Nanjing Huadong Electronics Information & Technology Company Limited representing 26.67% of the total number of issuable ordinary shares of the Company upon its incorporation.

1,650,000 shares subscribed by Nanjing Sample Technology Commerce City Company Limited representing 3.66% of the total number of issuable ordinary shares of the Company upon its incorporation.

900,000 shares subscribed by Nanjing Daily Newspaper Office representing 2.00% of the total number of issuable ordinary shares of the Company upon its incorporation.

450,000 shares subscribed by Sha Min representing 1.00% of the total number of issuable ordinary shares of the Company upon its incorporation.

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Mandatory Provisions Article 16 Hong Kong Listing Rules Appendix 3 paragraph 9

(1) The number of ordinary overseas listed foreign shares issued for the first capital increase after incorporation of the Company was 20,400,000 shares (including 19,500,000 new shares and 900,000 exiting sale shares), accounting for 31.63% of the issuable ordinary shares of the Company.

The equity structure of the Company is: 64,500,000 ordinary shares, including 44,100,000 shares held by the promoters, representing 68.37% of the issuable ordinary shares of the Company, and 20,400,000 overseas listed foreign shares held by H shares holders, representing 31.63% of the issuable ordinary shares of the Company.

(2) With the approval of the examination and approval authority authorized by the State Council, 12,000,000 shares acquired by the promoter namely Nanjing Zhongbei (Group) Co., Ltd. at the time of incorporation of the Company were all transferred to Jiangsu Century Gold Bull Technology and Trading Co., Ltd.

(3) With the approval of the examination and approval authority authorized by the State Council, 12,000,000 shares acquired by the promoter namely Nanjing Huadong Electronics Information & Technology Co., Ltd. at the time of incorporation of the Company were all transferred to Active Gold Holding Limited.

(4) With the approval of the examination and approval authority authorized by the State Council, 4,515,000 shares held by the Company's shareholder namely Jiangsu Century Gold Bull Technology and Trading Co., Ltd. were all transferred to foreign shareholder Active Gold Holding Limited.

(5) With the approval of the examination and approval authority authorized by the State Council, the Company issued 96,750,000 bonus shares (15 bonus shares for every 10 shares) and increased 32,250,000 shares by way of capitalization of capital reserve (5 capitalization shares for every 10 shares), thereafter the total equity of the Company changed to 193,500,000 shares, with 132,300,000 shares (68.37% of the total number of the ordinary shares issued by the Company) held by domestic shareholders, including:

54,000,000 shares held by Nanjing Sample Technology Group Co., Ltd., representing approximately 27.91% of the total number of the ordinary shares issued by the Company.

22,455,000 shares held by Jiangsu Century Gold Bull Technology and Trading Co., Ltd., representing approximately 11.60% of the total number of the ordinary shares issued by the Company.

49,545,000 shares held by Active Gold Holding Limited, representing approximately 25.60% of the total number of the ordinary shares issued by the Company.

4,950,000 shares held by Nanjing Sample Technology Commerce City Company Limited, representing approximately 2.56% of the total number of the ordinary shares issued by the Company.

1,350,000 shares held by Sha Min, representing 0.70% of the total number of the ordinary shares issued by the Company.

61,200,000 overseas listed foreign shares held by H shareholders, representing 31.63% of the total number of the ordinary shares issued by the Company.

(6) With the approval of the extraordinary general meeting of the Company held on 3 August 2009, the Company issued additional ordinary shares of 30,600,000 overseas listed foreign shares, thereafter the total equity of the Company changed to 224,100,000 shares, with 132,300,000 shares (59.04% of the total number of the ordinary shares issued by the Company) held by domestic shareholders, including:

54,000,000 shares held by Nanjing Sample Technology Group Co., Ltd., representing approximately 24.10% of the total number of the ordinary shares issued by the Company.

22,455,000 shares held by Jiangsu Century Gold Bull Technology and Trading Co., Ltd., representing approximately 10.02% of the total number of the ordinary shares issued by the Company.

49,545,000 shares held by Active Gold Holding Limited, representing approximately 22.11% of the total number of the ordinary shares issued by the Company.

4,950,000 shares held by Nanjing Sample Technology Commerce City Company Limited, representing approximately 2.21% of the total number of the ordinary shares issued by the Company.

1,350,000 shares were subscribed by Sha Min, representing 0.60% of the total number of the ordinary shares issued by the Company.

91,800,000 overseas listed foreign shares held by H shareholders, representing 40.96% of the total number of the ordinary shares issued by the Company.

(7) With the approval of the examination and approval authority authorized by the State Council, 6,770,000 shares held by the Company's shareholder namely Jiangsu Century Gold Bull Technology and Trading Co., Ltd. were transferred to the Company's shareholder Nanjing Sample Technology Group Co., Ltd.

(8) With the approval of Jiangsu Administration for Industry and Commerce, the Company's shareholder Jiangsu Century Gold Bull Technology and Trading Co., Ltd. changed its name to Jiangsu Red Stone Technology Corporation.

(9) With the approval of the examination and approval authority authorized by the State Council, 15,000,000 shares held by the Company's shareholder namely Jiangsu Red Stone Technology Corporation were transferred to the Jiangsu Ruihua Investment Holding Group Company Ltd.

(10) With the approval of the extraordinary general meeting of the Company, the H shareholders class meeting and the domestic shareholders class meeting, the Company issued 92,723,400 new domestic shares, the total number of shares of the Company is changed to 316,823,400 shares, with 225,023,400 shares (accounting for approximately 71.02% of the total number of the ordinary shares issued by the Company) held by domestic shareholders, including:

153,493,400 shares held by Nanjing Sample Technology Group Company Ltd., accounting for approximately 48.45% of the total number of the ordinary shares issued by the Company.

15,000,000 shares held by Jiangsu Ruihua Investment Holding Group Company Ltd., accounting for approximately 4.73% of the total number of the ordinary shares issued by the Company.

685,000 shares held by Jiangsu Hongshi Technology Industry Company Ltd., accounting for approximately 0.22% of the total number of the ordinary shares issued by the Company.

49,545,000 shares held by Active Gold Holding Limited, accounting for approximately 15.64% of the total number of the ordinary shares issued by the Company.

91,800,000 overseas listed foreign shares held by H shareholders, accounting for 28.98% of the total number of the ordinary shares issued by the Company.

(11) With the approval of Nanjing City Administration for Industry and Commerce, Xuanwu Sub-branch, the Company's shareholder Nanjing Sample Technology Commerce City Company Limited changed its name to Nanjing Sample Investment Development Company Limited.

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

Mandatory Provisions Article 20

The Company may increase its capital in the following manners:

- (1) by offering new shares for subscription by unspecified investors;
- (2) by placing new shares to its existing shareholders;
- (3) by allotting bonus shares to its existing shareholders;
- (4) by any other means which is permitted by laws and administrative regulations.

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

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Unless otherwise provided by laws and administrative regulations, shares of the Company are freely transferable and are not subject to any lien.

Mandatory Provisions Article 21 Hong Kong Listing Rules Appendix 3 paragraph 1(1) and (2)

Domestic shares and overseas-listed foreign shares of the Company shall be purchased, sold, donated, inherited and pledged in accordance with PRC laws and the Articles of Association. The transfer and assignment of shares of the Company shall be registered in the registration office of shares entrusted by the Company and be handled in accordance with the transfer procedures provided for in relevant regulations.

23

Upon transfer of the Company's shares, the transferees of the shares will become the holders of such shares with their names being entered in the register of shareholders.

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All issues and transfers of overseas-listed foreign shares shall be registered in the register of holders of overseas-listed foreign shares kept in Hong Kong in accordance with Article 41.

Hong Kong Listing Rules Appendix 13 paragraph 9 Part D Section 1(b)

25

The transfer of all or part of the shares by any holders of overseas-listed foreign shares shall be effected by the standard transfer form and instrument of transfer specified by the Hong Kong Stock Exchange. The instrument of transfer shall be signed by hand or in a machine-imprinted format by the transferor or transferee.

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The Company shall ensure that the share certificates of all overseas-listed foreign shares carry the following representations, and instruct and cause the share registrar of the Company to refuse to register any person as holder of any shares of the Company subscribed, purchased or transferred unless and until the person has produced to the share registrar a share certificate carrying the following representations and has signed proper forms:

- (1) The purchaser agrees with the Company and each shareholder, and the Company agrees with each shareholder, to observe and comply with the Company Law and other relevant laws, administrative regulations as well as the Articles of Association;
- (2) The purchaser agrees with the Company, each shareholder, Director, supervisor and management of the Company, and the Company on behalf of itself and each Director, supervisor and management, agrees with each shareholder, to refer to arbitration all the disputes and claims concerning the Articles of Association or any rights or obligations provided for in the Company law and other relevant laws and administrative regulations, and to authorize the arbitration to be exposed to public hearing and the result of the arbitration to be publicly announced;
- (3) The purchaser and the Company and the shareholders of the Company have agreed that shares of the Company can be transferred freely by shareholders;
- (4) The purchaser authorizes the Company to re437 Twny to9.84149 0 TD.001 Tc.244 Tw[him/with

The Company may cease sending dividend warrants by post, if:

- (1) such warrants have been left uncashed on two consecutive occasions; or
- (2) the first occasion on which such warrants are returned undelivered.

The registered share capital of the Company following the reduction of capital shall not fall below the minimum statutory requirement.

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The Company may, in accordance with the procedures set out in the Articles of Association and with the approval of the relevant governing authority of the State, repurchase its outstanding shares under the following circumstances:

Mandatory Provisions Article 24

- (1) cancellation of shares for the purposes of reducing its capital;
- (2) merging with another company that holds shares in the Company;
- (3) other circumstances as permitted by laws and administrative regulations.

31

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

Mandatory Provisions Article 25

- (1) to make an offer of repurchase to all of its shareholders at the same proportion;
- (2) to repurchase shares through public trading on a stock exchange;
- (3) to repurchase through an off-market agreement;

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

Mandatory Provisions Article 26

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

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

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Where the Company has the power to repurchase redeemable share, purchases not made through the market or by tender shall be limited to a maximum price; if purchases are by tender, tenders shall be available to all shareholders alike.

Hong Kong
Listing Rules
Appendix 3
Paragraph 8(1)
and (2)

Shares repurchased in accordance with the laws by the Company shall be cancelled within the period prescribed by laws and administrative regulations, and the Company shall apply to the original company registration authority for registration of the change of its registered capital and make relevant announcements.

Mandatory
Provisions
Article 27

The amount of the Company's registered share capital shall be reduced by the aggregate par value of those cancelled shares.

34

Unless the Company is in the course of liquidation, it must comply with the following provisions in respect of repurchase of its outstanding shares:

Mandatory
Provisions
Article 28

(1) where the Company repurchases its shares at par value, payment shall be made out of book balance of the distributable profits of the Company or out of proceeds of a fresh issue of shares made for that purpose;

(2) where the Company repurchases its shares at a premium to their par value, payment up to the par value shall be made out of the book balance of distributable profits of the Company or out of the proceeds of a fresh issue of shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:

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

(b) if the shares being repurchased were issued at a premium to their par value, payment shall be made out of the book balance of the distributable profits of the Company or out of the proceeds of a fresh issue of shares made for that purpose, provided that the amount paid out of the proceeds of the fresh issue shall not exceed the aggregate of premiums received by the Company on the issue of the shares repurchased nor the current amount of the Company's share premium account (or capital reserve account) (including the premiums on the fresh issue);

(3) payment by the Company in consideration of the following shall be made out of the Company's distributable profits:

(a) acquisition of rights to repurchase shares of the Company;

(b) variation of any contract for repurchasing shares of the Company;

(c) release of its obligation under any contract for repurchasing its shares;

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

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

The expression “assuming an obligation” referred to in this Chapter includes the assumption of obligations by the changing of the obligor’s financial position by way of contract or the making of an arrangement (whether enforceable or not, and whether made on its own account or with any other persons), or by any other means.

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The following activities shall not be deemed to be activities as prohibited in Article 35:

(1) the provision of financial assistance by the Company where the financial assistance is given in good faith in the interest of the Company, and the principal purpose of giving the financial assistance is not for the acquisition of shares of the Company, or the giving of the financial assistance is an incidental part of a master

) the lawful distribution of the Company’s assets by way of dividend;

) the allotment of bonus shares as provided;

(4) (reduction of registered capital,) (purchase of shares) (reorganization) etc.

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Share certificates of the Company shall be in registered form.

Mandatory
Provisions
Article 32

The following major items shall be specified on the share certificate of the Company:

- (1) the Company's name;
- (2) the date of registration of the Company;
- (3) the class of the share certificate, the par value and the number of shares represented by the share certificate;
- (4) the serial number of the share certificate;
- (5) In addition to those provided in the Company Law and Special Regulations, a share certificate of the Company shall also contain other items required to be specified by the stock exchange(s) on which the shares of the Company are listed.

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

Mandatory
Provisions
Article 33
Zheng Jian Hai
Han
[1995]No.1
Article 1
Hong Kong
Listing Rules
Appendix 3
Paragraph 2(1)

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

Mandatory
Provisions
Article 34

- (1) the name, address (domicile), occupation or nature of each shareholder;
- (2) the class and number of shares held by each shareholder;

- (3) the amount paid-up or payable in respect of shares held by each shareholder;
- (4) the serial numbers of the shares held by each shareholder;
- (5) the date on which a person registers as a shareholder;
- (6) the date on which a person ceases to be a shareholder;.

The register of shareholders shall be sufficient evidence of the holding of the Company's shares by a shareholder, unless there is evidence to the contrary.

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Mandatory Provisions
Article 35
Zheng Jian Hai Han
[1995]No.1
Article 2

Hong Kong Listing Rules
Appendix 13
Part D
Paragraph 1(b)

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

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

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

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Mandatory Provisions
Article 36

The Company shall maintain a complete register of shareholders.

The register of shareholders shall include the following:

(1) the register of shareholders maintained at the Company's domicile (other than those parts as described in items (2) and (3) of this Article);

(2) the register of shareholders in respect of the holders of overseas-listed foreign shares of the Company maintained at the place where the overseas stock exchange on which the shares are listed is located;

(3) the register of shareholders maintained at such other place as the Board may consider necessary for the purpose of listing of the Company's shares.

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

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

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All overseas-listed foreign shares shall be transferred by an instrument in writing in any usual or common form or any other form which the Board may approve. The instrument of transfer of any share may be executed by hand without execution of any instrument of transfer of any

(6) the Company does not have any lien over the relevant shares.

If the Company refuses to register the transfer of shares, it shall provide a notice

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

The issue of replacement share certificates to holders of H shares shall comply with the following requirements:

(1) The applicant shall submit an application to the Company in prescribed form accompanied by a notarial act or statutory declaration, containing the grounds upon which the application is made and the circumstances and evidence of the loss of the share certificates as well as declaring that no other person shall be entitled to request to be registered as the shareholder in respect of the relevant shares.

(2) No statement has been received by the Company from a person other than the applicant for having his name registered as a holder of the relevant shares before the Company came to a decision to issue the replacement share certificate.

(3) The Company shall, if it decides to issue a replacement share certificate to the applicant, make an announcement of its intention to issue the replacement share certificate in such newspapers designated by the Board. The announcement shall be made at least once every thirty (30) days in a period of ninety (90) days.

Hong Kong
Listing Rules
Appendix 3
Paragraph 7(1)

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

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

(5) If, upon expiration of the 90-day period referred to in items (3) and (4) of this Article, the Company has not received from any person any objection to such application, the Company may issue a replacement share certificate to the applicant according to his application.

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

Hong Kong
Listing Rules
Appendix 3
Paragraph 2(2)

(7) All expenses relating to the cancellation of an original share certificate and the issue of a replacement share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.

Where power is granted to the Company to issue warrants to bearer, no new warrants shall be issued to replace the one that has been lost, unless the Company is satisfied beyond reasonable doubt that the original has been destroyed.

Article 49

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

Mandatory Provisions Article 42

Article 50

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

Mandatory Provisions Article 43

Article 51

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.

Mandatory Provisions Article 44

A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and number of shares he holds. Shareholders holding the same class of shares shall be entitled to the same rights and assume the same obligations.

Hong Kong Listing Rules Appendix 3 Paragraph 9

For joint holding of any shares, if one of the joint shareholders is deceased, only the other existing shareholders of the joint shareholder shall be deemed as the persons who have the ownership of the relevant shares. But the Board has the power to require them to provide a certificate of death of the relevant shareholder as necessary for the purpose of modifying the relevant register of shareholders. In respect of any of the joint shareholders of the shares, only the joint shareholder ranking first in the register of shareholders have the right to accept certificates of the relevant shares from the Company, receive notices of the Company, attend and vote at shareholders' general meetings of the Company of all the relevant shares. Any notice which is delivered to

the aforesaid shareholder shall be considered as having been delivered to all the joint shareholders of the relevant shares.

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The ordinary shareholders of the Company shall be entitled to the following rights:

Mandatory Provisions
Article 45
Hong Kong Listing Rules
Appendix 3
Paragraph 9

(1) the right to dividends and other distributions in proportion to the number of shares held;

(2) the right to attend or appoint a proxy to attend shareholders' general meetings and to exercise the voting right thereat in accordance with laws;

(3) the right to supervise and manage the business activities of the Company and to put forward proposals and raise inquiries;

(4) the right to transfer, donate, or pledge shares held by them in accordance with the laws, administrative regulations and provisions of the Articles of Association;

(5) the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:

(a) to obtain a copy of the Articles of Association, subject to payment of the cost of such copy;

(b) to inspect and copy, subject to payment of a reasonable charge:

(i) all parts of the register of shareholders;

(ii) personal particulars of each of the Company's Directors, supervisors, President and other senior management, including:

(a) present name and alias and any former name and alias;

(b) principal address (domicile);

(c) nationality;

(d) primary and all other part-time occupations;

(e) identification document and its number;

- (f) financial reports.
- (iii) report on the state of the Company's share capital;
- (iv) reports showing the aggregate par value, quantity, maximum and minimum price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount incurred by the Company for this purpose;
- (v) minutes of shareholders' general meetings;

(6) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the number of shares held;

(7) other rights conferred by laws, administrative regulations and the Articles of Association.

The Company may not exercise any power to freeze or infringe in any other way the rights carried by any share held by any person who enjoys interests directly or indirectly merely for the reason that he has not disclose his interests to the Company.

Hong Kong
Listing Rules
Appendix 3
Paragraph 12

53

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

54

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

Mandatory
Provisions
Article 46

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

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

55

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

Mandatory Provisions Article 47

(1) to relieve a Director or supervisor of his duty to act honestly in the best interests of the Company;

(2) to approve the deprivation by a Director or supervisor (for his own benefit or for the benefit of another person), by any means, of the Company's assets, including (without limitation) opportunities beneficial to the Company;

(3) to approve the deprivation by a Director or supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (without limitation) rights to distributions and voting rights save for a restructuring of the Company submitted to the general meeting of shareholders for approval in accordance with the Articles of Association.

56

The term "controlling shareholder" referred to in the preceding Article means a person who satisfies any one of the following conditions:

Mandatory Provisions Article 48

(1) a person who, acting alone or in concert with others, has the power to elect more than half of the Board members;

(2) a person who, acting alone or in concert with others, has the power to exercise or to control the exercise of 30% (inclusive) or more of the voting rights in the Company;

(3) a person who, acting alone or in concert with others, holds 30% (inclusive) or more of the issued and outstanding shares of the Company;

(4) a person who, acting alone or in concert with others, has de facto control of the Company in any other way.

57

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

58

The shareholders' general meeting may exercise the following functions and powers:

- (1) to decide on the operating policies and investment plans of the Company;
- (2) to elect and replace Directors and decide on matters relating to the remuneration of Directors;
- (3) to elect and replace the supervisors who are representatives of shareholders and independent supervisors and decide on matters relating to the remuneration of supervisors;
- (4) to examine and approve reports of the Board;
- (5) to examine and approve reports of the Supervisory Committee;
- (6) to examine and approve the Company's proposed annual preliminary and

(13) to amend the Articles of Association;

(14) to examine the proposals submitted by shareholders holding not less than 3% (inclusive) of the Company's voting shares;

(15) other matters required by laws, administrative regulations and the Articles of Association to be resolved by the general meeting of shareholders.

(16) authorize or delegate to the Board to handle other matters authorized or delegated by it.

Article 59

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

Mandatory Provisions Article 51

Article 60

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

Mandatory Provisions Article 52

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

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

(2) the uncovered losses are in excess of one third of the Company's total share capital;

(3) shareholders holding not less than 10% (inclusive) of the Company's issued shares with voting rights request in writing to hold an extraordinary general meeting;

(4) the Board considers it necessary or the Supervisory Committee proposes to hold such a meeting;

(5) two or more Independent Directors propose to hold such a meeting.

Opinion Article 6

61

When the Company convenes a shareholders' general meeting, it shall issue a written notice and make announcement twenty-five (25) days prior to the meeting informing all the registered shareholders of the matters to be examined at the meeting as well as the date and place of the meeting. Shareholders that intend to attend the shareholders' general meeting shall, within five (5) days prior to the meeting, deliver a written reply to the Company on meeting attendance.

62

When the Company convenes a shareholders' annual general meeting, shareholder(s) holding 3% (inclusive) or more of the total voting shares of the Company shall have the right to propose new motions in writing, and the Company shall place such proposed motions on the agenda for such annual general meeting if they are matters falling within the functions and powers of the general meetings.

Mandatory
Provisions
Article 54

Such proposed motions in general meetings shall satisfy the following criteria:

- (1) Its contents shall not be in conflict with the laws, administrative regulations and the Articles of Association and shall be within the scope of business of the Company and the powers of the general meeting;
- (2) it shall set out specific matters for consideration and resolution;
- (3) it shall be submitted or delivered to the board of Directors in written form.

63

The Company shall, based on the written replies received five (5) days before the date of the shareholders' general meeting, calculate the number of voting shares represented by shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting reaches not less than one half of the Company's total voting shares, the Company may hold the general meeting. If not, the Company shall within three (3) days notify the shareholders again by notice of the matters to be considered, the place and the date of the meeting. The Company then may hold the meeting after such publication of such notice.

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

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

Mandatory
Provisions
Article 56

- (1) be in writing;
- (2) specify the place, date and time of the meeting;
- (3) state the date of registration of equity entitlements for shareholders having the right to attend the general meeting;
- (4) state the names and contact telephone numbers of the contact persons in connection with the meeting;
- (5) state the matters to be discussed at the meeting;
- (6) provide such information and explanation as are necessary for the shareholders to make an informed decision on the proposals put before them. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to repurchase the shares of the Company, to reorganize its share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed contract, if any, and the cause and effect of such proposal must be properly explained;
- (7) contain a disclosure of the nature and extent, if any, of the material interests of any Director, supervisor, chief executive officer, general managers, deputy managers and other senior management in the proposed transaction and the effect which the proposed transaction will have on them in their capacity as shareholders in so far as it is different from the effect on the interests of shareholders of the same class;
- (8) contain the full text of any special resolution to be proposed at the meeting;
- (9) contain a conspicuous statement that a shareholder entitled to attend and vote at such meeting is entitled to appoint one (1) or more proxies to attend and vote at such meeting on his behalf and that a proxy need not be a shareholder;
- (10) specify the time and place for lodging proxy forms for the relevant meeting.

65

Notice of shareholders' general meetings shall be served on each shareholder (whether or not such shareholder is entitled to vote at the meeting), by personal delivery or prepaid airmail to the address of the shareholder as shown in the register of shareholders (whether such addresses are within Hong Kong or in regions outside Hong Kong). For the holders of domestic shares, notice of the meetings may also be issued by way of public announcement.

Mandatory Provisions Article 57 Hong Kong Listing Rules Appendix 3 Paragraph 7(1) and (3)

The public announcement referred to in the preceding paragraph shall be published in one (1) or more national newspapers designated by CSRC within the interval of twenty-five (25) to thirty (30) before the date of the meeting. After the publication of such announcement, the holders of domestic shares shall be deemed to have received the notice of the relevant shareholders' general meeting. The Chinese and English versions of such public announcement shall be published in accordance with Article 203 of the Articles of Association.

The Company shall give notice of a general meeting to ensure that holders of foreign shares, whose registered addresses are in Hong Kong, will have sufficient time to exercise their rights or act in accordance with the terms of the notice.

66

After issuance of the notice convening a shareholders' general meeting, the Board shall not alter the session time of the shareholders' general meeting unless there is force majeure or other incidents; where there is a need to alter the session time of the shareholders' general meeting in case of force majeure, the record date shall not be changed by virtue thereof.

67

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

Mandatory Provisions Article 58

68

Any shareholder entitled to attend and vote at the general meeting shall have the right to appoint one (1) or several persons (who may not be shareholders) to act as his proxy to attend and vote at the meeting on his behalf. The proxy so appointed by the shareholder may, pursuant to the instructions of the shareholder, exercise the following rights:

Mandatory Provisions Article 59

- (1) the right which the shareholder has to speak at the meeting;
- (2) the right to demand a poll alone or jointly with others;
- (3) the right to exercise voting rights on a show of hands or on a poll, provided that where more than one proxy is appointed, the proxies may only exercise such voting rights on a poll.

If the said shareholder is a recognized clearing house by the Law of Hong Kong, the shareholder may authorize one (1) or more suitable person to act as its representative at any shareholders' general meeting or at any class meeting; however, if more than one (1) person are authorized, the power of attorney shall clearly indicate the number and types of the stocks involved by way of the said authorization. The persons after such authorization may represent the recognized clearing house to exercise the rights, as if they were the individual shareholders of the Company.

69

The instrument appointing a proxy must be in writing under the hand of the shareholder or his attorney duly authorized in writing; for a corporate shareholder, the proxy must be affixed with the common seal or signed by its director or attorney or officer duly authorized in writing. The letter of authorization shall contain the number of the shares to be represented by the attorney. If several persons are authorized as the attorney of the shareholder, the letter of authorization shall specify the number of the shares to be represented by each attorney.

Mandatory Provisions Article 60 Hong Kong Listing Rules Appendix 3 Paragraph 11(2)

70

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

Mandatory Provisions Article 61

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

71

Any form issued to a shareholder by the Board for use by him for appointing a proxy shall allow the shareholder to freely instruct the proxy to vote in favour of or against each resolution relating to each matter to be considered at the relevant meeting. Such form shall contain a statement that in the absence of instructions by the shareholder, his proxy may vote as he thinks fit.

Mandatory Provisions Article 62 Hong Kong Listing Rules Appendix 3 Paragraph 11(1)

72

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

In the case of a corporate shareholder appoints its legal representative to attend the meeting, the Company is entitled to ask the legal representative to provide the valid copy of the resolution or the power of attorney by which the board of directors or other authoritative department of the corporate shareholder appoints the legal representative and which has been notarized (other than a recognized clearing house) as well as valid copy of the corporate shareholder's identification document and power of attorney.

73

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

Mandatory Provisions Article 63

74

There shall be two (2) types of resolutions of shareholders' general meetings, namely ordinary resolutions and special resolutions.

Mandatory Provisions Article 64

To adopt an ordinary resolution, votes representing not less than one-half of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favour of the resolution in order for it to be passed.

To adopt a special resolution, votes representing not less than two-thirds of the voting rights represented by the shareholders (including proxies) present at the

77

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

Mandatory Provisions Article 67

78

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

Mandatory Provisions Article 68

79

When the number of votes for and against a resolution is equal, whether the vote is taken by show of hands or by poll, the chairman of the meeting shall be entitled to one additional vote.

Mandatory Provisions Article 69

80

When the shareholders' general meeting resolves on the connected transaction of the Company, the connected shareholders shall refrain from voting and the number of voting shares that they represent may not be counted as part of the total number of valid voting. The public announcement of the shareholders' general meeting shall fully disclose the voting of non-connected shareholders. In case of special circumstances that the connected shareholders cannot be avoided, with the approval of the authorized department, the voting can be conducted in accordance with normal procedures. The public announcement of the shareholders' general meeting shall fully disclose such details.

81

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

Mandatory Provisions Article 70

- (1) work reports of the Board and the Supervisory Committee;
- (2) plans formulated by the Board for distribution of profits and for making up losses;
- (3) remuneration and payment methods of members of the Board;
- (4) the appointment and removal of members of the Board and the Supervisory Committee and their remuneration and payment methods;

- (5) the Company's annual financial budgets and final accounts, balance sheets, income statements and other financial statements;

(2) If the Board fails to issue a notice of such a meeting within thirty (30) days from the date of receipt of the requisition(s), the shareholders may themselves convene such a meeting (in a manner as similar as possible to the manner in which shareholders' general meetings are convened by the Board) within four (4) months from the date of receipt of the requisition(s) by the Board.

Any reasonable expenses incurred by the shareholders by reason of failure by the Board to duly convene a meeting shall be repaid to the shareholders by the Company and any sum so repaid shall be set-off against sums owed by the Company to the defaulting directors.

84

Except for involving trade secrets of the Company which cannot be publicized, the Board and Supervisory Committee shall make response to or give explanation of the inquiries and suggestions made by shareholders at shareholders' general meetings.

85

Shareholders' general meetings convened by the Board shall be presided over by the Chairman of the Board. If the Chairman cannot or fails to fulfill the duty thereof, the Vice Chairman shall preside; if the Vice Chairman cannot or fails to fulfill the duty thereof, one Director shall be elected to convene or preside over the meeting with the approval of not less than half of the Directors.

Mandatory Provisions Article 73

Where the Board is unable or fails to perform its duties and responsibilities in holding the shareholders' general meeting, the Supervisory Committee may hold and preside over such meeting by itself in a timely manner; if the Supervisory Committee fails to hold and preside over such meeting, shareholders individually or jointly holding not less than 10% of the Company's shares for not less than ninety (90) consecutive days shall have the right to hold and preside over such meeting by themselves.

New Company Law Article 102

86

The chairman of the meeting shall determine whether or not a resolution of the shareholders' general meeting shall be adopted. His decision shall be final and conclusive and shall be announced at the meeting and recorded in the minutes.

Mandatory Provisions Article 74

87

In the event that the chairman of the meeting has any doubt as to the result of a resolution put forward to the vote, he may have the votes counted. In the event that the chairman of the meeting does not have the votes counted, any shareholder present

Mandatory Provisions Article 75

in person or by proxy objects to the result announced by the chairman of the meeting may demand that the votes be counted immediately after the declaration of the voting result, the chairman of the meeting shall have the votes counted immediately.

88

In the event that the votes are counted at the shareholders' general meeting, the counting results shall be recorded in the minutes of the meeting.

Mandatory

89

Minutes of shareholders' general meetings shall be compiled with the decisions of the businesses thereof signed by directors present at the meeting.

The minutes shall contain the following items:

- (1) The number of shares carrying voting rights present at the meeting and the percentage of such shares accounting for of the total shares of the Company;
- (2) The date and place of the meeting;
- (3) The name of the chairman of the meeting and the agenda for the meeting;
- (4) The key points of every speaker to every matter examined;
- (5) The result of every matter which has been put to vote;
- (6) The inquiry opinions and suggestions of shareholders, the replies or explanations of the Board and Supervisory Committee;
- (7) Other contents which the shareholders' general meeting deems and the Articles of Association prescribes to be included in the minutes of meetings.

The minutes of meeting and the attendance records signed by the attending shareholders and the instruments appointing proxies shall be kept at the Company's domicile.

Legal opinions offered by lawyers shall be prepared for such matters as the attendance number of shareholders' general meetings, the amount of shareholding held by attending shareholders, power of attorney, the result of every matter which has been put to be voted, the validity of the minutes of meetings and the procedures of meetings, etc.

Copies of the minutes of the meeting shall be available for inspection during business hours of the Company by any shareholder without charge. If a shareholder

(3) in the case of a restructuring of the Company, “interested shareholder” shall refer to a shareholder within a class who bears liabilities less than the proportion

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

The Chairman and Vice Chairman of the Board shall be elected and removed by more than one-half of all Directors. The term of office of the Chairman and Vice Chairman shall be three (3) years, renewable upon re-election.

The shareholders' general meeting may by ordinary resolution remove any Director before the expiration of his term of office (but without prejudice to such Director's right to claim damages based on any contract), subject to full compliance with relevant laws and administrative regulations.

Zheng Jian Hai
Han
[1995]No.1
Article 4

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

Not more than two (2) persons of the Chairman of the Board, Vice Chairman and executive Directors of the Company may be senior management (chairman of the board, vice chairman and executive director) of the controlling organizations.

The external Directors shall have sufficient time and necessary knowledge and ability to perform their duties. When an external Director performs his duties, the Company must provide necessary information. Independent Directors may directly report to the shareholders' general meeting, CSRC and other relevant departments thereon.

Opinion
Article 6

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

101

The Board shall report to the shareholders' general meeting and exercises the following powers:

Mandatory
Provisions
Article 88

- (1) to convene shareholders' general meetings and report its work to the shareholders' general meeting;
- (2) to implement the resolutions of shareholders' general meetings;
- (3) to decide on the Company's business plans and investment plans;
- (4) to formulate the Company's plans on annual financial budgets and final accounts;
- (5) to formulate the Company's profit distribution plans (including final dividends plan) and plans on making up losses;

- (6) to formulate the proposals for increase or decrease of the registered capital of the Company and issue and listing of bonds or other securities of the Company;
- (7) to formulate plans for merger, division and dissolution of the Company;
- (8) to determine the establishment of the Company's internal management structure;
- (9) to appoint or remove the chief executive officer, to appoint or remove the general manager of the Company and to appoint or remove the deputy manager, Vice President and other senior management (including the financial officer) of the Company based on the nomination by the general manager, chief executive officer and to decide on their remunerations; to appoint or replace the members of the board of directors and the supervisory committee of the Company's wholly-owned subsidiaries, appoint, replace or recommend the shareholders' proxies, directors and supervisors of its subsidiaries which are controlled or invested by the Company;
- (10) to formulate the basic management system of the Company;
- (11) to formulate proposals for amendment to the Articles of Association;
- (12) to exercise the Company's rights of financing and borrowing and to determine pledge, lease, contracting or transfer of the Company's important assets; and the chief executive officer and other senior management are to a certain extent authorized to exercise the rights mentioned herein;
- (13) under the premise of observing relevant laws and regulations, to formulate option plan, management holding plan or other incentive plan, scheme or mechanism according to the actual situation of the Company;
- (14) to propose the appointment or removal of the Company's auditors to the general meetings of the shareholders;
- (15) other duties according to the provisions of the Articles of Association or conferred by the shareholders' general meeting.

Except for the Board resolutions in respect of the matters specified in subparagraphs (6), (7) and (11) of this Article which shall be passed by not less than two-thirds of the Directors, the Board resolutions in respect of all other matters may be passed by the affirmative vote of a simple majority of the Directors.

Board resolutions in respect of the Company's connected transactions must be endorsed by an Independent (non-executive) Director before they can become effective.

Opinion
Article 6

102

In cases where the expected value of fixed assets proposed for disposal by the Board, when aggregated with value of fixed assets disposed within four (4) month before the proposed disposal, exceeds 33% of the fixed assets value set out in the latest balance sheet considered by the shareholders' general meetings, the Board shall not dispose or consent to dispose such fixed assets without prior approval by the shareholders' general meeting.

Mandatory
Provisions
Article 89

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

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

When making decisions on market development, mergers and acquisitions or investment in a new field, the Board shall engage an outside consultancy organization to provide a professional opinion to be used as an important basis for the Board's decision, if the investment or the merger/acquisition assets amount to 10% or more of the Company's total assets.

Opinion
Article 4

103

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

- (1) to preside over shareholders' general meetings and to convene and preside over Board meetings;
 - (2) to supervise and check on the implementation of resolutions of the Board;
 - (3) to sign the securities certificates issued by the Company;
 - (4) to sign important documents of the Board and other documents that require signing by the Company's authorized representative;
 - (5) to exercise the power of authorized representative;
 - (6) to exercise the power to handle corporate affairs in accordance with the law and the Company's interests in cases of emergency caused by natural disasters or other force majeure, and report to the Board and shareholders' general meeting thereafter;
- Mandatory
Provisions
Article 90

(7) to exercise other powers conferred by the Board.

If the Chairman is unable or fails to perform his duties, the Vice Chairman shall perform the duties of the Chairman; where the Vice Chairman fails to perform his duties, a Director jointly elected by not less than half members of the Board shall perform the duties of the Chairman.

104

The Board of the Company may establish special committees.

Duties of the special committees of the Board of the Company are determined according to the relevant provisions of the State and the resolutions of the Board of the Company and implemented subject to the approvals of the shareholders' general meeting of the Company by way of resolution.

(1) Main duties of the Audit Committee:

- (i) to check the Company's accounting policies, financial status and financial reporting procedures;
- (ii) to recommend and engage Certified Public Accountants and communicate with the Company's external auditors on the audit procedures;
- (iii) to check the internal control structure and internal audit functions;
- (iv) to perform internal control assessment of the Company;
- (v) to check and monitor the existing and potential risks of the Company, including logistics risk, financial risk, security risk, investment risk, senior management compliance risk and computer systems security risks;
- (vi) to check the Company's compliance with laws and other legal obligations;
- (vii) to check and supervise the Company's rules of conduct;
- (viii) other duties conferred by the Board.

(2) Main duties of the Nomination Committee:

- (i) to analyze the composition of the Board, specify requirements for the Directors and make recommendations to the Board on its scale and composition;

- (ii) to formulate the criteria and procedures for the election of Directors;
- (iii) to widely search for qualified Directors and senior management candidates of the Company and submit a list of candidates for election as Directors or senior management to the Board;
- (iv) to conduct appraisal against the Director candidates nominated by the shareholders and Supervisory Committee;
- (v) to identify Director candidates and submit a list of candidates as a

- (2) If the Board has not specified the time and place of the board meeting in advance, the Chairman of the Board shall, at least fifteen (15) days beforehand, inform the Directors and Supervisors the time and the place of the Board meeting by way of telegraph, telex, fax, courier, registered mail or by specially designated person.

- (3) If there is a need to hold a Board meeting in case of emergency, the Chairman of the Board shall ask the Secretary to the Board to, not less than three (3) days and not more than five (5) days prior to the day when the special Board meeting is held, inform all the Directors and supervisors the time and the place of the Board meeting by way of telegraph, telex, fax, courier, registered mail or by specially designated person.

resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such Director may be released from such liability.

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113

The Company shall have a Secretary to the Board, who is a senior management member of the Company.

Mandatory Provisions Article 96

The Board may establish its secretarial department when necessary.

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

Opinion Article 1

114

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

Mandatory Provisions Article 97

- (1) to ensure that the Company has complete organisational documents and records;
- (2) to ensure that the Company prepares and delivers the reports and documents required by competent authorities in accordance with the laws;
- (3) to ensure that the Company's registers of shareholders are properly maintained, and that persons entitled to access to the relevant records and documents are furnished with such records and documents without delay;
- (4) be responsible for the information disclosure to ensure the timely, accurate, legal, true and complete disclosure of the Company's information;
- (5) to perform other duties as specified under the Articles of Association and the listing rules of the stock exchange where the shares of the Company are listed.

115

The president, general managers (excluding the deputy ones) and chief financial officer shall not concurrently hold the post of the secretary to the Board. Director or other senior management members may concurrently hold the post of the secretary to

Mandatory Provisions Article 98

the Board. The accountant(s) of the certified public accountants' firm appointed by the Company shall not concurrently hold the post of the secretary to the Board.

Where the office of the secretary to the Board is held concurrently by a Director, and an act is required to be done by a Director and the secretary to the Board separately, the person who holds the office of Director and secretary to the Board may not perform the act in dual capacity.

12

116

The Company shall have one president, who shall be appointed and dismissed by the Board. The president shall be accountable to the Board. The Company shall have one general manager, who shall be appointed and dismissed by the Board. The general manager shall be independent to the controlling entity. The Board may determine the Board members to act as the president and/or general manager concurrently but the management staff if the controlling entity shall not act as the president, general manager, deputy general manager and chief financial officer, marketing director concurrently. The term of office of each of the president and general manager shall be 3 years and they shall be eligible to offer themselves for reappointment.

Mandatory Provisions Article 99

Opinion Article 1

117

The general manager of the Company shall be accountable to the president and exercise the following powers:

Mandatory Provisions Article 100

- (1) to lead the Company's production, operation and management, organize resources to carry out the Board's resolutions;
- (2) to organize the implementation of the Company's annual business plan and investment plan;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to draft the Company's basic management system;
- (5) to formulate the basic rules and regulations of Company;
- (6) to propose the appointment or dismissal of the Company's deputy manager(s), chief financial officer and other senior management staff;

- (7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board;
- (8) to determine the reward and penalty, promotion and demotion, increase or decrease of salary, recruitment, dismissal and termination of the staff of the Company;
- (9) to handle the external significant business for the Company under the authorization of the Board;
- (10) to exercise other powers conferred by the Articles of Association and the Board.

118

The president and general manager of the Company shall attend Board meetings. The general manager who is not a Director does not have any voting rights at Board meetings.

Mandatory Provisions Article 101

119

In exercising the duties, the president, the general manager and the deputy general manager shall not alter the resolutions of the shareholders meeting and the Board or act beyond his scope of authority.

120

The president, the general manager and the deputy general manager, in performing his functions, shall act honestly and diligently and in accordance with the laws, administrative regulations, departmental rules and the Articles of Association.

Mandatory Provisions Article 102

13

121

The Company shall have a supervisory committee which shall be a standing supervisory body of the Company responsible for supervising the board of directors and its members, and the senior staff such as the president, general manager and deputy general manager, so as to prevent any abuse of their functions and powers and violation of the legal rights and interests of the shareholders, the Company and its employees.

Mandatory Provisions Article 103

122

The Supervisory Committee shall be composed of 3 Supervisors. One of the members of the Supervisory Committee shall act as the chairman of the Committee. The term of office of a Supervisor shall be three years, renewable upon re-election and re-appointment.

Mandatory Provisions Article 104

Zheng Jian Hai Han

[1995]No.1

Article 5

Hong Kong

Listing Rules

Appendix 13

Part D

Paragraph 1(d)

(i)

The appointment and dismissal of the chairman of the Supervisory Committee shall be passed by not less than two-thirds (inclusive) of its members.

The term of office of the chairman of the Supervisory Committee shall be three years, renewable upon re-election and re-appointment.

123

The Supervisory Committee shall comprise one external supervisor, one independent supervisor, one representative of the Company's staff and workers. The Representatives of the Company's staff and workers shall be democratically elected and dismissed by the Company's staff. External supervisor (independent supervisor) shall be elected and dismissed by the shareholders' meeting.

Mandatory Provisions Article 105

The Supervisory Committee shall consist of external supervisors (that is, supervisors who do not hold an internal office in the Company) which account for more than one half of the total number of supervisors and at least two independent supervisors (that is, supervisors who are independent of the shareholders of the Company and who do not hold an internal office in the Company). External supervisors shall report independently to the shareholders' general meeting the performance of the management members of the Company in relation to their fiduciary and diligence.

Opinion Article 7

124

The Directors, president, general managers, deputy general managers and chief financial officers of the Company shall not assume the position of supervisors.

Mandatory Provisions Article 106

125

Meetings of the Supervisory Committee shall be held at least once a year and convened by the Chairman of the Supervisory Committee.

Mandatory Provisions Article 107

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

Mandatory Provisions Article 108

(1) to examine the Company's financial affairs;

(2) to supervise Directors, president, general managers, deputy general manager and other senior management members on the violation of laws, administrative regulations or the Articles of Association in performing their duties to the Company;

(3) to demand rectification from a Director, president, the general manager, deputy general manager and any other senior management members when the acts of such persons are harmful to the Company's interest;

(4) to examine the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the Board to the shareholders' general meetings and, should any queries arise, to engage, in the name of the Company, certified public accountants and practicing auditors to conduct a re-examination;

(5) to propose the convening of a shareholders' extraordinary general meeting;

(6) to deal with or take legal actions against Directors on behalf of the Company;

(7) to exercise other powers specified in the Articles of Association.

The supervisory committee may express its opinion on the appointment of an accountants' firm of the Company. It may appoint a different accounting firm if necessary on behalf of the Company to examine the financial conditions of the Company independently, and may directly report to CSRC and other relevant authorities.

Opinion Article 7

The external supervisors shall report independently to the shareholders' general meeting the performance of the senior management members of the Company in relation to their fiduciary and diligence.

The supervisors shall attend Board meetings.

- (2) a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offence; or who has been deprived of his political rights, in each case where less than five (5) years have elapsed since the date of the completion of implementation of such punishment or deprivation;
- (3) a person who is a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and he is personally liable for the insolvency of such company or enterprise, where less than three (3) years have elapsed since the date of the completion of the insolvency and liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise which had its business licence revoked due to a violation of the law and who incurred personal liability, where less than three (3) years has elapsed since the date of the revocation of the business license;
- (5) a person who has a relatively large amount of debts due and outstanding;
- (6) a person who is under criminal investigation or prosecution by a judicial organization for violation of the criminal law where said investigation or prosecution is not yet concluded;
- (7) a person who is not eligible for enterprise leadership according to laws and administrative regulations;
- (8) a non-natural person;
- (9) a person convicted of the contravention of provisions of relevant securities regulations by a relevant competent authority, and such conviction involves a finding that he has acted fraudulently or dishonestly, where less than five (5) years has elapsed since the date of the conviction.

132

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

Mandatory Provisions Article 113

133

In addition to obligations imposed by laws, administrative regulations or required by the stock exchanges on which the Company's shares are listed, each of the Company's Directors, supervisors, president, general manager, deputy general manager and other senior management members owes a duty to each shareholder, in the exercise of the functions and powers of the Company entrusted to him:

Mandatory Provisions Article 114

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

134

Each of the Company's Directors, supervisors, president, general manager, deputy general manager and other senior management members owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

Mandatory Provisions Article 115

135

Each of the Company's Directors, supervisors, president, general manager, deputy general manager and other senior management members shall exercise his powers or carry on his duties in accordance with the principle of fiduciary and shall not put himself in a position where his duty and his interest may conflict. This principle includes (without limitation) discharging the following obligations:

Mandatory Provisions Article 116

- (1) to act honestly in the best interests of the Company;
- (2) to exercise powers within the scope of his powers and not to exceed those powers;

- (3) to exercise the discretion vested in him personally and not to allow himself to act under the control of another and, unless and to the extent permitted by laws, administrative regulations or with the informed consent of shareholders given in a general meeting, not to delegate the exercise of his discretion;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) except in accordance with the Articles of Association or with the informed consent of shareholders given in general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) without the informed consent of shareholders given in general meeting, not to use the Company's property for his own benefit by any means;
- (7) not to exploit his position to accept bribes or other illegal income or expropriate the Company's property by any means, including (without limitation) opportunities advantageous to the Company;
- (8) without the informed consent of shareholders given in general meeting, not to accept commissions in connection with the Company's transactions;
- (9) to abide by the Articles of Association, faithfully execute his official duties and protect the Company's interests, and not to exploit his position and power in the Company to advance his own private interests;
- (10) not to compete with the Company in any form unless with the consent of shareholders given in general meeting;
- (11) not to misappropriate the Company's funds or to lend the Company's funds to others, not to open accounts in his own name or other names for the deposit of the Company's assets and not to provide a guarantee for the shareholder(s) of the Company or other individual(s) with the Company's assets;
- (12) unless otherwise permitted by informed shareholders in general meeting, to keep in confidence information relating to the Company acquired by him in the course of and during his tenure and not to use such information in purposes other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other governmental authorities is permitted if:

- (a) disclosure is made under compulsion of law;
- (b) the inte 418 T4-1068lp3 law;

137

The fiduciary duties of the Directors, supervisors, president, general manager, deputy general manager and other senior management members of the Company do not necessarily cease with the termination of their tenure. The duty of confidence in relation to trade secrets of the Company survives the termination of their tenure. Other duties may continue for such period as fairness may require depending on the time lapse between the termination of tenure and the occurrence of the event concerned and the circumstances under which the relationships between them and the Company are terminated.

138

Except for circumstances prescribed in Article 55 of the Articles of Association, a Director, supervisor, president, general manager, deputy general manager and other senior management member of the Company may be relieved of liability for specific breaches of his duty by the informed consent of shareholders given at a general meeting.

139

Where a Director, supervisor, president, general manager, deputy general manager and other senior management member of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, (other than his contract of service with the Company), he shall declare the nature and extent of his interests to the Board at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal therefor is otherwise subject to the approval of the Board.

A Director shall not vote nor shall he be counted in the quorum on any board resolution approving any contract, arrangement or any other proposal in which he or any of his associates (as defined in the Hong Kong Listing Rules) has a material interest, save for the exceptional circumstances specified in the Articles of Associations approved by the Board. A Director who has a material interest in a contract, transaction or arrangement or proposal therefor shall not vote nor shall he be counted in the quorum on any board resolution approving any contract, arrangement or any other proposal in which he or any of his associates (as defined in the Hong Kong Listing Rules) has a material interest, save for the exceptional circumstances specified in the Articles of Associations approved by the Board.

- (b) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (2) any proposal concerning an offer of shares or debentures or other securities of or by the Company or any other company, which the Company may promote or be interested in, for subscription or purchase where the Director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (3) any proposal made by any other company in which the Director or his associate(s) is/are interested, whether directly or indirectly (as an officer or executive or shareholder); or any proposal made by any other company in which the Director or his associate(s) is/are beneficially interested in shares of that company, provided that such Director and any of his associates are not in aggregate beneficially interested in five percent or more of the issued shares of any class of such company (or of any third company through which his interest or that of his associates is derived) or of the voting rights;
- (4) any proposal or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
 - (a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which any Director or his associate(s) may benefit; or
 - (b) the adoption, modification or operation of a provident fund or pension fund, death or disability benefits scheme in relation to the Directors, his associates and employees of the Company or any of its subsidiaries, which does not provide in respect of any Director (or his associates), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (5) any contract or arrangement in which the Director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

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

A Director, supervisor, president, general manager, deputy general manager and other senior management member of the Company is deemed to be interested in a contract, transaction or arrangement in which an associate (as defined in the Listing Rules) of him is interested.

140

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

Mandatory Provisions Article 121

141

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

Mandatory Provisions Article 122

142

The Company shall not directly or indirectly make a loan to, or provide any guarantee in connection with, the making of a loan to a Director, supervisor, president, general manager, deputy general manager and other senior management member of the Company or of the Company's parent company or any of their respective associates. However, the following transactions are not subject to such prohibition:

Mandatory Provisions Article 123

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

(2) the provision by the Company of a loan or a guarantee in connection with the making of a loan or any other funds to any of its Directors, supervisors, president, general manager, deputy general manager and other senior management members to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of a service contract approved by the shareholders in general meeting; and

(3) The Company may make a loan or provide a guarantee in connection with the making of a loan to any of the relevant Directors, supervisors, president, general manager, deputy general manager and other senior management members or their respective associates in the ordinary course of its business on normal commercial terms, provided that the ordinary course of business of the Company includes the lending of money or the giving of guarantees.

Article 143

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

Mandatory Provisions Article 124

Article 144

A loan guarantee provided by the Company in breach of clause 1 of Article 142 shall be unenforceable against the Company, provided that:

Mandatory Provisions Article 125

(1) a loan was advanced to an associate of any of the Directors, supervisors, president, general manager, deputy general manager and other senior management members of the Company or of the Company's parent company where the lender did not know the relevant circumstances; or

(2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

Article 145

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

Mandatory Provisions Article 126

(3) emoluments in respect of the provision of other services in connection with the management of the affairs of the Company or any of its subsidiaries; and

(4) compensation for loss of office, or as consideration for or in connection with his retirement from office.

Except under a contract entered into in accordance with the foregoing, no proceedings may be brought by a Director or supervisor against the Company for any benefits in respect of the matters mentioned in this Article.

Article 148

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

Mandatory Provisions Article 129

(1) a takeover offer made by any person to all shareholders; or

(2) an offer made by any person with a view to the offeror becoming a "controlling shareholder" within the meaning of Article 56.

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

Article 149

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

Mandatory Provisions Article 130

Article 150

At the end of each fiscal year, the Company shall prepare a financial report which shall be audited in compliance with the laws.

Mandatory Provisions Article 131

154

The interim results or financial information published or disclosed by the Company shall be prepared in accordance with PRC Accounting Standards and regulations as well as the international accounting standards or such accounting standards in the place of listing overseas.

Mandatory Provisions Article 135

155

The Company shall release two financial reports for each accounting year.

The Company shall undergo the necessary procedures and publish the completed interim accounting reports and annual accounting reports in accordance with the relevant securities laws and regulations of the PRC and the listing rules of the stock exchange where the shares of the Company are listed.

156

The Company shall not keep accounts other than those provided by law.

Mandatory Provisions Article 137

157

The Company shall implement an internal audit system, and shall establish internal audit department and retain full-time auditors to conduct internal audit of its income and expenditure and economic activities.

158

The internal audit system and duties of the internal auditors of the Company shall be implemented after the approval by the Board. The chief auditor shall be accountable and report to the Board.

159

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

- (1) to offset losses;
- (2) to provide for statutory reserve;
- (3) to provide for discretionary reserve as resolved at shareholders' meeting;
- (4) to pay for dividends of ordinary shares.

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

160

The Company's common reserve fund includes surplus common reserve fund and capital common reserve fund. The surplus common reserve fund is divided into statutory surplus common reserve fund and discretionary surplus common reserve fund.

161

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

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

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

The remaining profit after taxation, after recovery of losses and appropriation of reserve fund shall be distributed to shareholders in proportion to their shareholdings.

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

162

Capital reserve fund includes the following items:

(1) premium received when shares are issued at a premium to their par value;
and

(2) any other income required to be included in the capital reserve fund by the governing finance department of the State Council.

Mandatory
Provisions
Article 138

163

The common reserve funds of the Company can only be used for the following purposes:

- (1) making up losses;
- (2) expansion of the Company's production and operation; or
- (3) increasing the capital of the Company. The Company may, in accordance with relevant regulations, convert its capital reserve fund and discretionary reserve fund into capital upon a resolution adopted in shareholders' general meeting and issue new shares to existing shareholders in proportion to their respective shareholdings, provided, however, that when the statutory reserve fund is converted into capital, the balance of the statutory reserve fund shall not fall below 25% of the Company's registered capital.

164

Capital common reserve fund is not available for offsetting the loss of the Company.

165

Dividends shall be distributed in proportion to the shareholdings of the shareholders within six (6) months after the end of each fiscal year.

Listing Rules
Appendix 3
Paragraph
3(1) and (2)

Unless otherwise determined by the shareholders' meeting, the shareholders' meeting may authorize the Board to distribute interim dividend. Unless otherwise prescribed by the laws and regulations, the amount of interim dividend shall not exceed 50% of the profit available for distribution in the interim profit statement of the Company.

Any paid share capital before the notice of the collection of share capital can enjoy interest. However, the shareholder is not entitled to any dividends of such pre-paid share capital.

The rights to expropriate unclaimed dividend must not be exercised until the effective period since the announcement of dividend distribution date ends.

166

The Company may distribute dividends in the following manner:

- (1) in cash; or
- (2) by shares.

Mandatory
Provisions
Article 139

167

The Company shall calculate, declare and pay dividends and other amounts which are payable to holders of domestic shares in Renminbi within 3 months after the date on which the dividend is declared. The Company shall calculate and declare dividends and other payments which are payable to holders of Overseas-Listed Foreign-Invested Shares in Renminbi, and shall pay such amounts in the local currency of the place in which such Overseas-Listed Foreign-Invested Shares are listed (if such shares are listed in more than one place, then the currency of the principal place on which such shares are listed as determined by the board of directors) within 3 months after the date on which the dividend is declared. Any paid share capital before call for the share capital is made can enjoy interest. However, the shareholder is not entitled to be distributed dividends of such pre-paid share capital.

Listing Rules
Appendix 3
Paragraph
3(1)

168

The Company shall pay dividends and other amounts to holders of Foreign-Invested Shares in accordance with the relevant foreign exchange control regulations of the State. If there is no applicable regulation, the applicable exchange rate shall be the average closing rate for the relevant foreign currency announced by the People's Bank of China during the week prior to the announcement of payment of dividend and other amounts.

169

When distributing dividends to its shareholders, the Company shall, in accordance with the tax law of the PRC, withhold and pay on behalf of shareholders the tax payable on their dividend income.

170

The Company shall appoint receiving agents on behalf of the holders of overseas listed foreign-invested shares to receive on behalf of such shareholders dividends declared and all other monies owing by the Company in respect of such shares.

Mandatory Provisions Article 140 Zheng Jian Hai Han [1995]No.1 Article 8 Hong Kong Listing Rules Appendix 13 Part D Paragraph 1(c)

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

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

171

The Company shall appoint an independent firm of certified public accountants which is qualified under the relevant regulations of the State to audit the Company's annual financial statements and review the Company's other financial reports.

Mandatory Provisions Article 141

The first certified public accountants' firm of the Company may be appointed by the inaugural meeting of the Company before the first annual general meeting of shareholders and the certified public accountants' firm so appointed shall hold office until the conclusion of the first annual general meeting.

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

172

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

Mandatory Provisions Article 142

173

The certified public accountants' firm appointed by the Company shall have the following rights:

Mandatory Provisions Article 143

(1) a right to inspect at any time the books, records and vouchers of the Company, and to require the Directors, president, general manager, deputy general manager and other senior management members of the Company to provide any relevant information and explanation thereof;

(2) a right to require the Company to take all reasonable steps to obtain from its

(1) A copy of the proposal about appointment or removal shall be sent to the firm proposed to be appointed or proposing to leave its post or the firm which has left its post in the relevant fiscal year before notice of meeting is given to the shareholders.

Leaving includes leaving by removal, resignation and retirement.

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

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

(2) a statement of any matters of which an account should be given.

Where a notice is deposited under the preceding paragraph, the Company shall within fourteen (14) days send a copy of the notice to the competent authority. If the notice contains a statement referred to in subparagraph (2) above, a copy of such statement shall be placed at the Company's registered office for shareholders' inspection. The Company shall also send a copy of such statement to every holder of overseas-listed foreign-invested shares by prepaid post, and it shall be sent to the addresses recorded in the register of shareholders.

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

17

179

The Company's various types of insurance shall be taken out with the People's Insurance Company (Group) of China Limited or other insurance companies that are registered in the PRC and are permitted by the PRC laws to provide insurance to Chinese companies. The types of coverage, the insured amounts, periods and other terms shall be discussed and decided by the Board by reference to the practices of peer companies in other countries and the practices and legal requirements in the PRC.

18

180

The Company establishes a staff policy that is applicable to the actual conditions of the Company, based on the relevant requirements under the "Labour Law of the People's Republic of China".

181

The Company may at its discretion employ and dismiss employees based on the business development needs of the Company and in accordance with the requirements of the laws and administrative regulations of the State and implement the contract system.

182

The Company may formulate its labour and payroll systems and payment methods in accordance with the relevant laws and regulations of the State and the economical benefits of the Company.

183

The Company shall endeavour to improve its employee benefits and to continually improve the working environment and living standards of its employees.

184

The Company shall provide medical, retirement and unemployment insurance for its employees and put in place a labour insurance system, in accordance with the relevant laws and regulations of the State.

19

185

The employees of the Company may organize trade union and carry out activities of the union in accordance with the Trade Union Law of the PRC and other laws and regulations of the State, and to protect the lawful interests of the employees. The Company shall provide the requisite facilities for the activities of the labor union of the Company.

186

If the employees have established a trade union, the Company shall allocate certain fund to the trade union every month based on the actual situation. Such funds shall be used by the trade union of the Company in accordance with the Measures for the Management of Trade Union Funds formulated by the All China Federation of Trade Unions.

187

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

Mandatory Provisions Article 149

The aforesaid document should also be dispatched to the holders of overseas-listed foreign-invested shares by mail. The recipient's address should be based on the information contained in the register of shareholders.

188

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

Mandatory Provisions Article 150 Hong Kong Listing Rules Appendix 3 Paragraph 7(1)

In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare balance sheets and inventories of assets. The Company shall notify its creditors within ten (10) days of the date of the Company's resolution on merger and shall make newspaper announcement specified by the CSRC within thirty (30) days of the date of the Company's resolution on merger.

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

189

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

Mandatory Provisions Article 151

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

Hong Kong Listing Rules Appendix 3 Paragraph 7(1)

Debts incurred by the Company before its division shall be borne by the companies after the division according to the respective agreement reached.

190

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

Mandatory Provisions Article 152

191

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

Mandatory Provisions Article 153

- (1) a resolution on dissolution is passed by shareholders at a general meeting;
- (2) dissolution is necessary due to a merger or division of the Company;

(3) where the Company gets into serious trouble in operations and management and its continuation may cause substantial loss to the interests of its shareholders, and no solution can be found through any other channel, shareholders representing 10% or more of the total voting rights of the Company may request the people's court to dissolve the Company.

(4) the Company's business license is revoked or it is ordered to close down or it is cancelled according to law.

192

Where the Company is dissolved under subparagraphs (1), (3) and (4) of the preceding Article, a liquidation committee shall be set up within fifteen (15) days of the occurrence of the dissolution events and commence liquidation afterwards, and its members shall be determined by Directors or determined at a general meeting. If a liquidation committee is not set up within the specified period to carry out liquidation procedures, creditors may apply to the people's court for appointment of relevant persons to form a liquidation committee so as to proceed with the liquidation.

193

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

Mandatory Provisions Article 154
Mandatory Provisions Article 155

196

After checking the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit the same to the company review and approval authority for registration after submitting to a shareholders' general meeting or the people's court for confirmation.

Mandatory Provisions Article 158

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

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

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

197

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

Mandatory Provisions Article 159

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

198

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

Mandatory Provisions Article 160

Upon the submission of the liquidation report to the corporate review and approval authority, the liquidation committee should, pursuant to the legal requirement, proceed to the procedures on the cancellation of the Company's registration with the tax bureau and the company registration department and announce the Company ceases to exist.

199

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

Mandatory
Provisions
Article 161

200

Any amendment to the Articles of Association shall be made in the following procedures:

(1) the Board shall, in accordance with the Articles of Association, adopt a resolution to propose to the shareholders' general meeting to amend the Articles of Association, and draw up a proposal for such amendments;

(2) the foregoing proposal shall be notified to shareholders in writing, and a shareholders' general meeting shall be convened to vote on the amendments;

(3) the amendments submitted to the general meeting for approval shall be approved by way of special resolution.

The board of directors may be authorized by an ordinary resolution of a shareholders' general meeting: (1) in the event that the Company increase its registered capital, to amend the Articles of Association of the Company in respect of the registered capital of the Company according to specific situations; and (2) in the event that the Articles of Association of the Company approved by shareholders' general meeting need to be altered in letter and sequence of Articles when submitted to the authorities that are authorized by the State Council to examine and approve companies and CSRC to be examined and approved, to make relevant amendments according to the requirements of the above-mentioned authorities.

201

Amendment of the Company's Articles of Association which involves the content of the Mandatory Provisions of Overseas-Listed Companies' Articles of Association (signed by the Securities Committee of the State Council and the Economic Reform Committee of the State on 27 August 1994) shall become effective upon receipt of approvals from the securities authority of the State Council and the companies approving department authorized by the State Council. If there is any change relating to the registered particulars of the Company, application shall be made for change in registration in accordance with law.

Mandatory
Provisions
Article 162

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

- (1) Whenever any disputes or claims arise between holders of the overseas-listed foreign-invested shares and the Company, holders of the overseas-listed foreign-invested shares and the Company's Directors, supervisors, president, general managers, deputy general managers or other senior management members, or holders of the overseas-listed foreign-invested shares and holders of domestic-invested shares, based on the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or any other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration.

Mandatory
Provisions
Article 163

Where a dispute or claim of rights abovementioned is referred to arbitration, the entire claim or dispute must be referred to arbitration and any person (being the Company or a shareholder, Director, supervisor, president, general managers, deputy general managers or other senior management members of the Company) who has a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall abide by the arbitration.

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

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

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

- (3) If any disputes or claims of rights prescribed in subparagraph (1) above are referred to arbitration, the laws of the People's Republic of China shall apply, save as otherwise provided in laws and administrative regulations.

- (4) The judgement of an arbitration body shall be final and conclusive and binding on all parties.

24

203

Unless otherwise stated in this Articles of Association, the notices, information or written statements issued by the Company to the shareholders of the overseas listed foreign shares listed in Hong Kong shall be despatched to such shareholders by hand or by mail to the addresses of such shareholders as shown in the register of the overseas listed foreign shareholders (whether such registered addresses are within Hong Kong or in regions outside Hong Kong). Notices given to the shareholders of the overseas listed foreign shares listed in Hong Kong shall, to the practicable extent, be sent in Hong Kong.

As to the notices to be issued by the Company to the holder of Domestic Shares, the Company shall publish an announcement on one or more newspaper designated by CSRC; once the announcement is published, the holder of Domestic Shares shall be deemed to have received the relevant notice.

204

Where a notice is to be sent by post, it shall be placed in an envelope properly addressed with postage prepaid, and any such notice is deemed to be served to shareholders five (5) days after the date of dispatch.

205

Any notice, document, information or written statement given by a shareholder or Director to the Company shall be delivered by hand or by registered mail to the legal address of the Company.

206

Shareholders or Directors of the Company who want to prove that certain notices, documents, information or written statements have been served on the Company shall provide evidential materials showing the same has been served on the Company within the designated periods by common practice of delivery, or evidential materials showing that the mailing address is correct and the postage is fully paid.

207

“Accountant’s firm” in these Articles of Association shall have the same meaning as “auditors”.

Mandatory Provisions Article 165

208

All “over”, “within” and “under” in these Articles of Association include themselves; “less than”, “except” does not include themselves.

209

The Board of Directors may formulate detailed rules of the Articles of Association in accordance with the provisions thereof. Such detailed rules shall not contravene the provisions in the Articles of Association.

210

The Articles of Association is written in Chinese. In case of any discrepancy between versions in other languages or different versions and the Articles of Association, the latest Chinese version approved for registration with the Nanjing Municipal Administration for Industry & Commerce shall prevail.