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If you have sold or transferred all your shares in Baoye Group Company Limited*, you should at once hand this circular with the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission.



寶業集團股份有限公司
BAOYE GROUP COMPANY LIMITED*

(a joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 2355)

PROPOSED GENERAL MANDATE TO ISSUE SHARES
PROPOSED AMENDMENTS TO THE ARTICLES OF
ASSOCIATION AND ADOPTION OF
AN AMENDED ARTICLES OF ASSOCIATION
AND
NOTICE OF ANNUAL GENERAL MEETING

A notice convening an annual general meeting of Baoye Group Company Limited* to be held at 2nd Floor, Baoye Group, No.501 Shanyin West Road, Keqiao, Shaoxing County, Zhejiang Province, the PRC at 2:00 p.m. on 15 June 2012 is set out on pages 5 to 8 of this circular. Whether or not you are able to attend the annual general meeting, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the H Shares registrar of Baoye Group Company Limited*, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) or to the office address of Baoye Group Company Limited* at No. 501, Shanyin West Road, Keqiao, Shaoxing County, Zhejiang Province, the PRC (Post Code: 312030) (for holders of Domestic Shares) as soon as possible and in any event not less than 48 hours before the time for holding the meeting or not less than 48 hours before the time appointed for taking the poll. Completion and return of the form of proxy will not preclude you from attending and voting in person at the annual general meeting or any adjournment thereof if you so wish.

* For identification purposes only

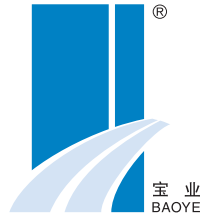
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DEFINITIONS

In this circular, unless the context otherwise requires, the following expressions shall have the following meanings:

“AGM”	the annual general meeting of the Company to be held at 2nd Floor, Baoye Group, No.501 Shanyin West Road, Keqiao, Shaoxing County, Zhejiang Province, the PRC at 2:00 p.m. on 15 June 2012
“Articles” or “Articles of Association”	the articles of association of the Company
“Board”	the board of Directors of the Company
“Company”	Baoye Group Company Limited* (寶業集團股份有限公司), a joint stock limited company incorporated in the PRC, the H Shares of which are listed on main board of the Stock Exchange
“Director(s)”	the director(s) of the Company
“Domestic Shares”	domestic shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which were subscribed for in RMB
“Group”	the Company and its subsidiaries
“H Shares”	overseas listed foreign shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Stock Exchange
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“Latest Practicable Date”	19 April 2012, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“PRC”	the People’s Republic of China, and for the purpose of this circular only, excludes Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong)
“Share(s)”	include Domestic Shares and H Shares
“Shareholder(s)”	holder(s) of the share(s) of the Company
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Supervisor(s)”	the supervisor(s) of the Company
“%”	per cent



寶業集團股份有限公司
BAOYE GROUP COMPANY LIMITED*

(a joint stock limited company incorporated in the People's Republic of China)
(Stock Code: 2355)

Executive Directors:

Mr. Pang Baogen
Mr. Gao Lin
Mr. Gao Jiming
Mr. Gao Jun
Mr. Jin Jixiang

Non-executive Director:

Mr. Fung Ching, Simon

Independent non-executive Directors:

Mr. Chan Yin Ming, Dennis
Mr. Wang Youqing
Mr. Zhao Rulong

Corporate address:

No.501, Shanyin West Road,
Keqiao, Shaoxing County,
Zhejiang Province, the PRC

Registered address:

Yangxunqiao Township,
Shaoxing County,
Zhejiang Province, the PRC

Correspondence address in Hong Kong:

Room 1902 MassMutual Tower
38 Gloucester Road
Wanchai
Hong Kong

To the Shareholders

Dear Sir or Madam,

**PROPOSED GENERAL MANDATE TO ISSUE SHARES
PROPOSED AMENDMENTS TO THE ARTICLES OF
ASSOCIATION AND ADOPTION OF
AN AMENDED ARTICLES OF ASSOCIATION
AND
NOTICE OF ANNUAL GENERAL MEETING**

INTRODUCTION

The purpose of this circular is to provide you with information reasonably necessary to enable you to make an informed decision on whether to vote for or against the resolutions to be proposed at the AGM for the approval of, inter alia: (i) the proposed general mandate to issue Shares; (ii) the proposed amendments to the Articles of Association; and (iii) the proposed adoption of an amended Articles of Association.

PROPOSED GENERAL MANDATE TO ISSUE SHARES

At the last annual general meeting of the Company held on 13 June 2011, a special resolution was passed whereby a general mandate was granted to the Directors to allot and issue new shares and disposal of outstanding Shares individually and collectively up to 20% of the aggregate nominal amount of the issued share capital of the Company as at the date of the passing of such resolution.

* For identification purposes only

LETTER FROM THE BOARD

Such mandate will lapse at the conclusion of the forthcoming AGM. In order to increase the flexibility and efficiency in operation of the Company, and to give discretion to the Board in the event that it becomes desirable to issue any shares, the Board proposes a special resolution to grant to the Directors a general mandate to allot, issue and otherwise deal with H Shares up to a maximum of 20% of the total nominal value of H Shares in issue as at the date of passing of the resolution as set out in Special Resolution 8 of the notice of the AGM (the “AGM Notice”).

As at the Latest Practicable Date, the Company had in issue an aggregate of 662,964,005 Shares, comprising 312,221,952 H Shares and 350,742,053 Domestic Shares. On the basis that no further Shares will be issued by the Company during the period from the Latest Practicable Date to the date of the AGM, subject to the passing of Special Resolution 8 of the AGM Notice for the approval of the general mandate, the Company will be allowed to allot, issue and deal with up to a maximum of 62,444,390 H Shares, representing 20% of H Shares in issue on the date of the passing of the proposed resolution.

With reference to the proposed general mandate, the Directors, as at the date hereof, wish to state that they have no immediate plans to issue any new H Shares pursuant to the general mandate.

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION AND ADOPTION OF AN AMENDED ARTICLES OF ASSOCIATION

The Stock Exchange has amended the Listing Rules relating to, among other things, the articles of association or equivalent constitutional documents of listed issuers. Some of the amendments to the Listing Rules came into effect on 1 January 2012 and 1 April 2012, respectively. In this regard, the Directors propose to amend the Articles and adopt an amended Articles to bring the Articles in line with current amendments made to the Listing Rules. Therefore, the Directors propose to seek the approval of the Shareholders by way of passing a special resolution to be proposed at the AGM for (i) the proposed amendments to the Articles; and (ii) the proposed adoption of an amended Articles.

The proposed amendments to the Articles are set out in the Appendix I to this circular.

The amended Articles proposed to be adopted at the AGM is also available on the websites of the Stock Exchange (www.hkexnews.hk) and the Company (www.baoyegroup.com).

The legal advisors of the Company as to Hong Kong laws and the PRC laws have confirmed that the proposed amendments comply with the requirements of the Listing Rules and do not violate the applicable laws of the PRC, respectively. The Company confirms that there is nothing unusual about the proposed amendments for a PRC company listed on the Stock Exchange.

Shareholders are advised that the Articles of Association are available in Chinese only. The English translation of the proposed amendments to the Articles of Association provided in the notice of the AGM is for reference only. In case of any inconsistency, the Chinese version shall prevail.

BOOK CLOSURE FOR AGM ATTENDANCE

The register of members of the Company will be closed from 15 May 2012 to 15 June 2012, both dates inclusive, during which period no share transfers will be effected. In order to qualify for attending and voting at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company’s H Shares registrar in Hong Kong, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen’s Road East, Wanchai, Hong Kong (for holders of the Company’s H Shares) no later than 4:30 pm on 14 May 2012.

LETTER FROM THE BOARD

AGM

A notice convening the AGM to be held at 2nd Floor, Baoye Group, No.501, Shanyin West Road, Keqiao, Shaoxing County, Zhejiang Province, the PRC at 2:00 p.m. on 15 June 2012, is set out on pages 5 to 8 of this circular for the purpose of considering and if thought fit, passing the resolutions set out therein.

A form of proxy for use at the AGM is enclosed with this circular. Whether or not you are able to attend the AGM, you are requested to complete the form of proxy in accordance with the instructions printed thereon and return it to the H Shares registrar of the Company, Tricor Tengis Limited, at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (for holders of H Shares) or to the Company's office address at No.501, Shanyin West Road, Keqiao, Shaoxing County, Zhejiang Province, the PRC (Post Code: 312030) (for holders of Domestic Shares) as soon as possible and in any event not less than 48 hours before the time for holding the meeting or not less than 48 hours before the time appointed for taking the poll. Completion and return of the form of proxy will not preclude you from attending and voting in person at the AGM or any adjournment thereof should you so wish.

VOTING BY WAY OF POLL

Pursuant to Rule 13.39(4) of the Listing Rules, all votes of the Shareholders at general meetings must be taken by poll except where the chairman, in good faith, decides to allow a resolution which related purely to a procedural or administrative matter to be voted by a show of hands. An announcement on the poll vote results will be made by the Company after the AGM in the manner of prescribed under Rule 13.39(5) of the Listing Rules.

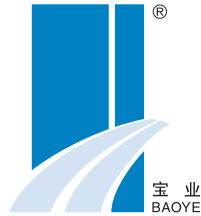
RECOMMENDATION

The Directors consider that the proposed resolutions in respect of (i) the proposed general mandate to issue Shares; (ii) the proposed amendments to the Articles; and (iii) the proposed adoption of an amended Articles are each in the best interests of the Company and the Shareholders as a whole, and accordingly, recommend all Shareholders to vote in favour of all the resolutions relating to these matters to be proposed at the AGM.

Yours faithfully,
For and on behalf of the Board
Baoye Group Company Limited*
Pang Baogen
Chairman

24 April 2012

NOTICE OF AGM



寶業集團股份有限公司 BAOYE GROUP COMPANY LIMITED*

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

(Stock Code: 2355)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Annual General Meeting (the “AGM”) of Baoye Group Company Limited* (the “Company”) will be held at 2nd Floor, Baoye Group, No.501, Shanyin West Road, Keqiao, Shaoxing County, Zhejiang Province, the People's Republic of China (the “PRC”) at 2:00 p.m. on 15 June 2012 for the following purposes:

I. As ordinary resolutions:

1. To consider and approve the report of the board (the “Board”) of directors (the “Directors”) of the Company for the year ended 31 December 2011;
2. To consider and approve the report of the supervisory committee of the Company for the year ended 31 December 2011;
3. To consider and approve the audited consolidated financial statements of the Company and its subsidiaries (collectively, the “Group”) and the report of the auditors of the Company for the year ended 31 December 2011;
4. To authorise the Board to decide the matters relating to the payment of final dividend for the year ended 31 December 2011;
- 5A. To re-appoint PricewaterhouseCoopers as the Company's international auditors and to authorise the Board to fix their remuneration;
- 5B. To re-appoint PricewaterhouseCoopers Zhongtian CPAs as the Company's PRC statutory auditors and to authorise the Board to fix their remuneration;
6. To consider and approve any motion proposed by any shareholder of the Company holding 5% or more of the shares with voting rights at such meeting, if any;

II. As special resolutions

- 7A. To consider and, if thought fit, pass the following as special resolution:

“**THAT** subject to the approval by the relevant authorities of the PRC, the original articles of association shall be amended as set out in Appendix I of the circular of the Company dated 24 April 2012.”

* For identification purposes only

NOTICE OF AGM

7B. To consider and, if thought fit, pass the following as special resolution:

“**THAT** subject to the passing of special resolution numbered 7A and the approval by the relevant authorities of the PRC, a new set of amended articles of association of the Company which consolidates all of the proposed amendments referred to in special resolution numbered 7A above, a copy of which has been tabled at the meeting marked “A” and signed by the chairman of the meeting for identification purpose, be and is hereby adopted as the new articles of association of the Company in substitution for and to the exclusion of the existing articles of association of the Company with immediate effect.”

8. To consider and, if thought fit, pass the following as special resolution:

“**THAT:**

- (a) Subject to sub-paragraphs (c) and (d) herein below and pursuant to the Rules (the “**Listing Rules**”) Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) (as the same may be amended from time to time) and the Company Law of the PRC (the “**PRC Company Law**”), the Directors are generally and unconditionally authorised to exercise all the rights of the Company, to allot and issue new shares and dispose of outstanding shares of the Company individually and collectively during the Relevant Period (as defined in sub-paragraph (e) below) and to determine the terms and conditions in relation to the allotment and issue of new shares including, inter alia:
 - i. the type and number of new shares to be issued;
 - ii. the issue price of the new shares;
 - iii. the date for the commencement and closing of the issue;
 - iv. the class and the number of new shares to be issued to the existing shareholders;
 - v. to make, execute or grant offer proposals, agreements and options as may be necessary in the exercise of such powers; and
 - vi. all other matters in relation thereto.
- (b) The Directors are authorised to make or grant offer proposals, agreements and options as required or may be required in the exercise of such powers during the Relevant Period (as defined in sub-paragraph (e) below) as referred to in sub-paragraph (a) above or after the expiry of the Relevant Period.
- (c) The total nominal amount of H Shares (as defined in sub-paragraph (e) below), Domestic Shares (as defined in sub-paragraph (e) below) and non-H foreign shares (other than those issued under the PRC Company Law and the articles of association of the Company (the “**Articles**”) by the capitalisation of the statutory capital reserve fund) agreed to be allotted and/or conditionally or unconditionally agreed to be allotted by the Directors pursuant to sub-paragraph (a) above (whether pursuant to the exercise of option or otherwise) shall not exceed 20% of such class of the shares of the Company existing in issue.

NOTICE OF AGM

- (d) Upon the exercise of the powers pursuant to sub-paragraph (a) above, the Directors shall comply with the PRC Company Law and the Listing Rules (as the same may be amended from time to time) and obtain the approval from the China Securities Regulatory Commission.
- (e) For the purpose of this resolution:
- “Domestic Shares” means the domestic shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which were subscribed for in Renminbi;
- “H Shares” means the overseas listed foreign shares in the ordinary share capital of the Company, with a nominal value of RMB1.00 each, which are listed on the Stock Exchange and subscribed for and traded in Hong Kong dollars;
- “Relevant Period” means the period from the date of the passing of this resolution to the earliest of the following three:
- i. twelve months after the passing of this resolution;
 - ii. conclusion of the next annual general meeting of the Company; and
 - iii. the date of the passing of a special resolution to revoke or amend the mandated as referred to in this resolution by shareholders in shareholders’ general meeting.
- (f) Subject to the approval by the relevant authorities of the PRC and pursuant to the PRC Company Law, when exercising the powers under sub-paragraph (a) above, the Directors are authorised to increase the registered capital of the Company to the required amount respectively and attend to the relevant registration procedures with the relevant authorities in the PRC, Hong Kong or such other relevant place.
- (g) Subject to the approval by the relevant authorities of the PRC, the Board is authorised to make appropriate and necessary amendments to the Articles, so as to reflect the changes in the capital of the Company that may have arisen under this mandate.”

By order of the Board
Baoye Group Company Limited*
Pang Baogen
Chairman

Zhejiang Province, the PRC
24 April 2012

* For identification purposes only

NOTICE OF AGM

Notes:

1. The register of members of the Company will be closed from 15 May 2012 to 15 June 2012, both dates inclusive, during which period no share transfers will be effected. In order to qualify for attending and voting at the AGM, all transfer forms accompanied by the relevant share certificates must be lodged with the Company's H Shares registrar in Hong Kong, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (for holders of the Company's H Shares) no later than 4:30 pm on 14 May 2012.
2. The register of members of the Company will be closed from 22 June 2012 to 29 June 2012, both dates inclusive, during which period no share transfers will be effected. In order to qualify for the proposed final dividend (subject to shareholder's approval at the AGM), all transfer forms accompanied by the relevant share certificates must be lodged with the Company's H Shares registrar in Hong Kong, Tricor Tengis Limited at 26/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong (for holders of the Company's H Shares) no later than 4:30 pm on 21 June 2012.
3. Holders of Domestic Shares and H Shares whose names appear on the register of members of the Company on 29 June 2012 are entitled to receive the final dividend.
4. Holders of Domestic Shares and H Shares entitled to attend and vote at the AGM may appoint one or more proxies to attend and to vote on their behalves. A proxy need not be a shareholder of the Company.
5. In order to be valid, the proxy form must be deposited by hand or by post, for holders of H Shares of the Company, to the H Shares registrar of the Company, Tricor Tengis Limited at 26th Floor, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong, and for holders of Domestic Shares of the Company, to the office address of the Company at No.501 Shanyin West Road, Keqiao, Shaoxing County, Zhejiang Province, the People's Republic of China (Post Code: 312030) not less than 48 hours before the time for holding the meeting or not less 48 hours before the time appointed for taking the poll. If the proxy form is signed by a person under a power of attorney or other authority, a notarially certified copy of that power of attorney or authority shall be deposited at the same time as mentioned in the proxy form.
6. Shareholders or their proxies shall present their identity documents when attending the meeting.
7. Pursuant to Rule 13.39(4) of the Listing Rules, any vote of shareholders at a general meeting must be taken by poll. On a poll, every shareholder present in person or by proxy shall have one vote for each share registered in his/her name in the register of members. A shareholder entitled to more than one vote needs not use all his/her votes or cast all the votes he/she uses in the same manner.
8. Shareholders who intend to attend the AGM should complete and return the reply slip and return it by hand or by post to the share registrar of the Company (for holders of H Shares) or to the office address of the Company (for holders of Domestic Shares) on or before 8 June 2012.
9. The AGM is expected to take half a day. Shareholders attending the AGM shall be responsible for their own travel and accommodation expenses.
10. The office address of the Company is as follow:

No.501 Shanyin West Road, Keqiao
Shaoxing County
Zhejiang Province
The People's Republic of China
Post Code: 312030
Tel: 86-575-84135837
Fax: 86-575-84118792

As at the date of this notice, the Board comprises five executive Directors, namely Mr. Pang Baogen, Mr. Gao Lin, Mr. Gao Jiming, Mr. Gao Jun and Mr. Jin Jixiang; one non-executive Director, namely Mr. Fung Ching, Simon and three independent non-executive Directors, namely Mr. Chan Yin Ming, Dennis, Mr. Wang Youqing and Mr. Zhao Rulong.

No.

- 1 Original contents
footnotes

The said contents
footnotes shall be
amended as follow:

In the margin notes to the provisions of the Articles of Association, "Mandatory Provisions" refer to the "Mandatory Provisions for Articles of Association of Companies to be Listed Overseas" jointly promulgated by the State Council Securities Policy Committee and the State Restructuring Commission; the "Listing Rules" refers to the "Listing Rules" issued by The Stock Exchange of Hong Kong Limited; the "Opinions" refers to the "Opinion on the Further Promotion of the Regular Operation and In-Depth Reform of Companies Listed Overseas" jointly issued by the State Economic and Trade Commission and the China Securities Regulatory Commission ("CSRC"); the "Practice Guidelines for Company Secretaries" refers to the "Practice Guidelines for Company Secretaries of Companies to be Listed Overseas" promulgated by CSRC; the "Company Law" refers to the amendment to the "Company Law of the People's Republic of China" amended on 27 October 2005.

- 2 Original Article 3
Chapter 1

The said Article shall
be amended as follow:

Residence of the Company: Yangxunqiao Town,
Shaoxing County, Zhejiang Province

Postal Code: 312028

Telephone No.: 0575-84111090

Facsimile No.: 0575-84118792

(Article 3 of the Mandatory Provisions)

- 3 Original Article 6
Chapter 1

The said Article shall
be amended as follow:

Pursuant to the "Company Law of the People's Republic of China" ("Company Law"), "the PRC Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies" ("Special Regulations"), "Mandatory Provisions for Articles of Association of Companies to be Listed Overseas" ("Mandatory Provisions") and the relevant provisions of other laws and administrative regulations of the State, the Articles of Association passed in the general meeting on 25 August 2002 (the "Original Articles of Association") and were amended by the Company in the extraordinary general meetings held on 3 September 2002 and the annual general meetings held on 30 June 2004, 20 May 2005, 1 June 2006, 25 June 2007 and 15 June 2012, pursuant to which these Articles of Association ("these Articles of Association") were formulated.

- 4 Original Article 10
Chapter 1
- The said Article shall be amended as follow:
- The Company may invest in other corporates. However, the Company shall not be an investor of a corporate where it assumes joint liability of the debts of such corporate.
- (Article 8 of the Mandatory Provisions)
- 5 Original Article 27
Chapter 3
- The said Article shall be amended as follow:
- Unless otherwise specified by the laws and administrative regulations, the shares of the Company may be freely transferable without carrying any lien.
- Directors, supervisors, senior management officers of the Company shall report to the Company about the shares of the Company held by them and any changes thereof, and shall not transfer more than 25% of the total number of shares held by them during their term of office, while shares of the Company held by them must not be transferred within one year commencing from the date on which the shares of the Company were listed. The aforesaid persons shall not transfer the shares of the Company held by them within six months commencing from the termination of their service.
- (Article 21 of the Mandatory Provisions)
- (Rule 1(2) of Appendix 3 to the Listing Rules)
- 6 Original Article 34
Chapter 4
- The said Article shall be amended as follow:
- The Company may, subject to the approval by the procedures set out in these Articles of Association and of the relevant governing authority of the State, repurchase its issued shares under the following circumstances:
- (1) cancellation of shares for the reduction of the capital of the Company;
 - (2) merge with other companies that hold shares in the Company;
 - (3) awarding the employees of the Company with its shares;
 - (4) where the shareholders disagree to the resolutions on the merger or demerger of the Company made in the general meeting and request the Company to acquire their shares.

Where the Company acquires its own shares due to reasons as set out in clauses (1) to (3) above, it shall obtain the approval of the general meeting. After the Company acquires its shares pursuant to the aforesaid, the shares in respect of the circumstances described in clause (1) shall be cancelled within ten days from the date of acquisition; and those in respect of the circumstances described in clauses (2) or (4) shall be transferred or cancelled within six months.

The number of shares acquired by the Company pursuant to clause (3) above shall not exceed 5% of its total issued shares; and the capital for the purpose of acquisition shall be funded out of the after-tax profit of the Company; the shares acquired shall be transferred to the employees within one year.

The Company shall not accept the shares of the Company as the subject of pledge.

(Article 24 of the Mandatory Provisions)

Where the Company has the power to repurchase redeemable shares:

- (1) repurchases not made through the market or by tender shall be limited to a maximum price;
- (2) If repurchases are by tender, the Company shall provide the tender proposals to all shareholders alike.

(Rule 8 of Appendix 3 to the Listing Rules)

7 Original Article 37
Chapter 4

The said Article shall be amended as follow:

After the repurchase shares in accordance with laws, the Company shall cancel such part of shares or transfer within the period prescribed by laws and administrative regulations and shall make an application to its original companies registration authority to alter the registration on its registered capital.

The Company shall deduct the total nominal value of the shares cancelled from its registered capital.

(Article 27 of the Mandatory Provisions)

8 Original Article 43
Chapter 6

The said Article shall be amended as follow:

The Company's shares may be transferred, given as gift(s), inherited and charged in accordance with the provisions of relevant laws, administrative regulations and these Articles.

The transfer and assignment of shares must be registered with the share registration entity authorised by the Company and be conducted on such stock exchanges as incorporated in accordance with laws.

9 Original Article 44
Chapter 6

The said Article shall be amended as follow:

Share certificates shall be signed by the legal representative. Where the stock exchanges on which the Company's shares are listed require other senior management officer(s) of the Company to sign on the share certificates, the share certificates shall also be signed by such senior management officer(s). The share certificates shall take effect after being sealed (including the securities seal of the Company) or printed with the seal of the Company. The share certificates shall only be sealed with the Company's seal under the authorisation of the board. The signatures of the chairman of the board or other senior management officer(s) of the Company may be printed in mechanical form.

(Article 33 of the Mandatory Provisions)

(Rule 2(1) of Appendix 3 to the Listing Rules)

10 Original Article 53
Chapter 6

The said Article shall be amended as follow:

Any person who is a registered shareholder or who claims to be entitled to have his name entered into the register of shareholders may, if his share certificate (the "Original Certificate") is lost, apply to the Company for an issue of replacement certificate(s) in respect of such shares (the "Relevant Shares").

If a shareholder of domestic shares loses his share certificate(s) and applies to the Company for a replacement certificate, it shall be dealt with in accordance with Article 144 of the Company Law.

If a shareholder of overseas listed foreign shares loses his share certificate(s) and applies to the Company for a replacement certificate, it may be dealt with in accordance with the laws of the place where the original register of holders of overseas listed foreign shares is maintained, rules of the stock exchanges or other relevant regulations.

If a shareholder of H Shares loses his share certificate(s), the issue of a replacement certificate shall comply with the following requirements:

- (1) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarial certificate or a statutory declaration stating the grounds upon which the application is made and the circumstances and the evidence of the loss, and declaring that no other person is entitled to have his name entered in the register of shareholders in respect of the Relevant Shares.
- (2) Before the Company decides to issue the replacement certificates, no statement made by any person other than the applicant declaring that his name shall be entered in the register of shareholders in respect of such shares has been received.
- (3) The Company shall, if it intends to issue a replacement certificate, publish an announcement of its intention at least once every 30 days in a period of 90 consecutive days in such newspapers as may be prescribed by the board.
- (4) The Company shall have, prior to the announcement of its intention to issue a replacement certificate,
 1. delivered to the stock exchange on which its shares are listed a copy of the announcement to be published, and may publish the announcement upon receiving confirmation from such stock exchanges that the announcement has been exhibited in the premises of the said stock exchanges. Such announcement shall be exhibited in the premises of the said stock exchanges for a period of ninety days.
 2. In the case of an application made without the consent of the registered holder of the Relevant Shares, the Company shall deliver by mail to such registered shareholder a copy of the announcement to be published.
- (5) If, by the expiration of the 90-day period referred to in clauses (3) and (4) of this Article, the Company has not received from any person notice of any disagreement to such application, the Company may issue a replacement certificate to the applicant accordingly.
- (6) Where the Company issues a replacement certificate under this Article, it shall forthwith cancel the Original Certificate and enter the cancellation and issue in the register of shareholders accordingly.

- (7) All expenses relating to the cancellation of Original Certificate and the issue of a replacement new share certificate by the Company shall be borne by the applicant and the Company is entitled to refuse to take any action until reasonable guarantee for such expenses is provided by the applicant.

(Article 41 of the Mandatory Provisions)

11 Original Article 59
Chapter 7

The said Article shall be amended as follow:

The ordinary shareholders of the Company shall enjoy the following rights:

- (1) the right of dividends and other distributions in proportion to the number of shares held;
- (2) the right to attend or appoint a proxy to attend shareholders' meetings and to vote thereat;
- (3) the right of supervisory management over the Company's business operations, and the right to present proposals or enquiries;
- (4) the right to transfer his shares in accordance with laws, administrative regulations and the Articles of Association;
- (5) the right to obtain relevant information in accordance with the provisions of these Articles of Association, including:
 1. the right to inspect these Articles of Association, subject to payment of a fee;
 2. the right to inspect, subject to payment of a reasonable fee:
 - (1) all parts of the register of shareholders;
 - (2) counterfoil of bonds of the Company;
 - (3) personal particulars of each of the directors, supervisors, general manager, deputy general manager and other senior management officer of the Company, including:
 - (a) present and former name and alias;
 - (b) principal address (residence);
 - (c) nationality;
 - (d) primary and all other part-time occupations and duties;

- (e) identification documents and their relevant numbers;
- (4) reports on the state of the Company's issued share capital;
- (5) reports showing the aggregate nominal value, quantity, highest and lowest price paid in respect of each class of shares repurchased by the Company since the end of last accounting year and the aggregate expenses paid by the Company for such purpose (with a breakdown between domestic shares and H shares);
- (6) minutes of the general meeting;
- (7) minutes of the board meeting;
- (8) minutes of the supervisory committee meeting;
- (9) financial and accounting reports;
- (10) the Company's latest audited financial statements and the respective reports of the board, accountants and supervisory committee;
- (11) special resolutions of the Company;
- (12) a copy of the latest annual return which have been filed with the State Administration for Industry & Commerce of the PRC or other competent authority.

The Company shall make available at a place in Hong Kong as designated by the directors from time to time for inspection by the public and shareholders free of charge, and for copying by shareholders at reasonable charge, the documents specified in (1),(4),(10),(11) and (12) and for shareholders only, the documents specified in (6).

- (6) In the event of the termination or liquidation of the Company, the right to participate in the distribution of surplus property of the Company in accordance with the proportion of shares held;

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

(Article 45 of the Mandatory Provisions)

(Rule 19A.50 of Chapter 19A in the Listing Rules)

12 Original Article 62
Chapter 7

The said Article shall be amended as follow:

For the purpose of the foregoing Article, a “controlling shareholder” refers to a person whose shares accounts for more than 50% of the total amount of share capital of the Company or who satisfies any one of the following conditions:

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

(Article 48 of the Mandatory Provisions)

13 Original Article 64
Chapter 8

The said Article shall be amended as follow:

The general meeting shall exercise the following functions and powers:

- (1) to decide on the Company’s operational policies and investment plans;
- (2) to elect and replace the directors who are not representatives of the staff and workers, and decide on matters relating to the remuneration of directors;
- (3) to elect and replace the supervisors who are not representatives of staff and workers, and to 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 financial budget and final accounts;
- (7) to examine and approve the Company’s proposals for profit distribution and for recovery of losses;
- (8) to decide on increase or reduction in the Company’s registered capital;
- (9) to decide on matters such as merger, demerger, dissolution and liquidation of the Company;
- (10) to decide on the issue of bonds by the Company;
- (11) to decide on the appointment, dismissal and non-reappointment of the accounting firm;
- (12) to amend the Articles of Association;
- (13) to consider motions raised by shareholders who represent 5% (including 5%) or more of the total shares of the Company carrying voting rights;
- (14) to decide on other matters which require resolutions of the general meetings according to the relevant laws, administrative regulations and these Articles of Association.

(Article 50 of the Mandatory Provisions)

- 14 Original Article 68
Chapter 8

The said Article shall be amended as follow:

Written notices of a general meeting shall be given 45 days before the date of the meeting to notify all of the shareholders in the share register of the matters to be considered, the date and the place of the meeting. A shareholder who intends to attend the general meeting shall deliver his written reply concerning attendance at the general meeting to the Company 5 days before the date of the meeting.

(Article 53 of the Mandatory Provisions)

- 15 Original Article 69
Chapter 8

The said Article shall be amended as follow:

When the Company convenes the annual general meeting, shareholders holding 3% (including 3%) or more of the total voting shares of the Company, are entitled to propose ad hoc motions in writing to the Company. The Company shall place such ad hoc motions on the agenda for such meeting if they are matters falling within the scope of duties of the general meeting.

(Article 54 of the Mandatory Provisions)

In the event that these new motions are new matters unspecified in the notice of the board meeting while at the same time they are matters prohibited from voting by way of correspondence in place of personal attendance, the proposer of the motion shall submit such motion to the board in writing ten days before the general meeting. The board shall issue a notice informing other shareholders within two days from the date of receipt of such motion, and publish an announcement after examination.

Where the largest substantial shareholder proposes a new motion on profit distribution, the motion shall be submitted to the board at least ten days before the date of the annual general meeting for announcement by the board. If the motion is submitted less than ten days before the annual general meeting, the largest substantial shareholder shall not propose any new motion in relation to profit distribution at the forthcoming annual general meeting.

Other than the above, motions may be submitted to the board for the board's announcement before the annual general meeting, or may be proposed at the annual general meeting directly.

16 Original Article 70
Chapter 8

The said Article shall
be amended as follow:

The Company shall, based on the written replies received 5 days before the date of the general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting reaches more than one half of the Company's total voting shares, the Company may hold the general meeting; if not, then the Company shall within 5 days notify the shareholders again by public announcement of the matters to be considered, and the place and date for the meeting. The Company may then hold the general meeting after such publication of announcement. Such announcement shall be published in newspapers.

An extraordinary general meeting shall not decide on any matter not specified in the notice of meeting.

(Article 55 of the Mandatory Provisions)

(Rule 7(1) of Appendix 3 to the Listing Rules)

17 Original Article 72
Chapter 8

The said Article shall be amended as follows:

Notice of general meeting shall be served on the shareholders (whether or not entitled to vote at the meeting), by hand or by prepaid airmail to their addresses as shown in the register of shareholders. For holders of domestic shares, notice of general meeting may be issued by way of public announcement.

The public announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities governing authority under the State Council within the interval between 45 days and 50 days before the date of the meeting; after publication of such announcement, the holders of domestic shares shall be deemed to have received the notice of the relevant shareholders' meeting.

(Article 57 of the Mandatory Provisions)

(Rule 7(1) of Appendix 3 to the Listing Rules)

18 Original Article 75
Chapter 8

The said Article shall be amended as follows:

The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a legal person, either under seal or under the hand of a director or attorney duly authorised. The power of attorney shall denote the shares held by the proxy on behalf of the shareholder. In the event that the appointer appoints more than one proxy, the power of attorney shall denote the number of shares held by each proxy on behalf of the shareholder.

(Article 60 of the Mandatory Provisions)

19 Original Article 77
Chapter 8

The said Article shall be amended as follows:

Any instrument issued to a shareholder by the board of the Company for use in appointing a proxy to attend and vote at meetings of the Company shall be in such format as to enable the shareholder to instruct the proxy to vote for or against the motions according to his free will, and instructions shall be given in respect of each individual matter to be voted at the meeting. The instrument of proxy shall contain a statement that in the absence of instructions by the shareholder the proxy may vote as he thinks fit.

(Article 62 of the Mandatory Provisions)

20 Original Article 80
Chapter 8

The said Article shall be amended as follow:

Resolutions of general meetings shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution must be passed by votes representing more than one-half of the voting rights represented by the shareholders (including the proxies) present at the meeting.

A special resolution must be passed by votes representing more than two-third of the voting rights represented by the shareholders (including the proxies) present at the meeting.

If any shareholder is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

Shareholders (including their proxies) present at the meeting when voting on any resolution shall clearly express whether they are voting for or against each of the matters to be voted. Any wavier of or abstention from voting shall not be counted in the voting result by the Company in relation to the relevant matters.

(Article 64 of the Mandatory Provisions)

(Rule 14 of Appendix 3 to the Listing Rules)

21 Original Article 82
Chapter 8

The said Article shall be amended as follow:

Any vote of shareholders at a general meeting must be taken by poll except where the chairman, in good faith, decides to allow a motion which relates purely to a procedural or administrative matter to be voted on by a show of hands.

Procedural and administrative matters are those that:

- (1) are not on the agenda of the general meeting or in any supplementary circular to shareholders; and
- (2) which relate to the duties of the chairman of a meeting to maintain the orderly conduct of the meeting and/or allow the business of the meeting to be properly and effectively dealt with, whilst allowing all shareholders a reasonable opportunity to express their views.

(Article 66 of the Mandatory Provisions)

22 Delete original
Article 83 Chapter 8

- 23 Original Article 89
Chapter 8

The said Article shall
be amended as:
Article 88 Chapter 8

A general meeting shall be convened and presided over by the chairman of the board. If the chairman is unable to attend the meeting for any reason, the vice chairman of the board shall take the chair of the meeting. In the event that the vice chairman is incapable of performing or not performing his duties, then more than one-half of the directors shall jointly elect one director to be the chairman of the meeting.

(Article 73 of the Mandatory Provisions)

- 24 Add Article 94
Chapter 8

The Company must announce the poll results at the general meeting as soon as possible, but in any event at least 30 minutes before the earlier of either the commencement of the morning trading session or any pre-opening session on the first business day after the general meeting.

The poll results announcement must include the number of:

- (1) the number of shares entitling the holders to attend and vote on a resolution at the meeting;
- (2) the number of shares entitling the holders to attend and abstain from voting for as set out in Rule 13.40 of the Listing Rules;
- (3) the number of shares of holders that are required under the Listing Rules to abstain from voting;
- (4) the number of shares actually voted for a resolution; and
- (5) the number of shares actually voted against a resolution.

The Company shall appoint its accounting firm, share registrar or external accountants who are qualified to serve as its accountants as scrutineer for the vote-counting and state the identity of the scrutineer in the announcement. The Company shall also state in the announcement whether or not any parties that have stated their intention in the circular to vote against the relevant motion or to abstain from voting have done so at the general meeting.

(Rule 13.39 (5) of Chapter 13 in the Listing Rules)

- 25 Delete original
Article 102 Chapter 9

26 Original Article 104
Chapter 10

The said Article shall
be amended as:
Article 103 Chapter 10

The board shall consist of nine directors in which, among others, external directors (i.e. those not holding any position in the Company) shall account for more than one-third (including one-third) of the board and among the external directors, there shall be three or more independent directors. Independent directors are the directors independent of the shareholders and not holding any position in the Company and comply with the Listing Rules promulgated by The Hong Kong Stock Exchange relating to the qualifications of the independent directors. In particular, at least one independent director shall hold appropriate professional qualifications or appropriate accounting or related financial management expertise. The board shall have one chairman.

(Article 86 of the Mandatory Provisions)

27 Original Article 105
Chapter 10

The said Article shall
be amended as:
Article 104 Chapter 10

Directors shall be elected at the general meeting, for a 3-year term of office. Upon the expiry of his term, a director shall be eligible for re-election.

Any person appointed by the board to fill a casual vacancy or as an addition to the board shall hold office only until the next following annual general meeting and be eligible for re-election at that time.

The shortest notice period for a notice in writing to propose a person for election as a director and for that person to deliver to the Company a notice in writing of his willingness to be elected shall be seven days. Such notice period shall commence no earlier than the date after the despatch of the notice of the general meeting appointed for such election and end no later than seven days (or before) prior to the date of such general meeting.

The chairman shall be elected and removed by more than one-half of all the directors. The chairman shall have a 3-year term of office and be eligible for re-election.

The general meeting may, on the condition that the relevant laws and administrative regulations are fully complied with, by ordinary resolution remove any director before the expiration of his term of office (but without prejudice to such director's rights to claim damages based on any contract).

External director shall have sufficient time and the necessary knowledge and ability in order to be capable of performing his duties. In performing his duties by an external director, the Company shall provide necessary information. Among other things, independent directors may report directly to the general meeting, the securities supervisory and regulatory body under the State Council and to other relevant departments.

A director is not required to hold any shares in the Company.

(Article 87 of the Mandatory Provisions)

(Rule 4(2), (3), (4), (5) of Appendix 3 to the Listing Rules)

(Article 6 of the Opinions)

28 Original Article 109
Chapter 10

The said Article shall
be amended as:
Article 108 Chapter 10

The chairman of the board shall exercise the following
functions and powers:

- (1) to preside over the general meeting, and to convene and preside over the meetings of the board;
- (2) to formulate and approve the agenda of the board meeting;
- (3) to check the implementation of board resolutions;
- (4) to sign the securities issued by the Company;
- (5) to exercise other powers vested by the board.

If the chairman of the board is unable to exercise his power, he may designate other directors to exercise such powers on his behalf.

(Article 90 of the Mandatory Provisions)

29 Original Article 110
Chapter 10

The said Article shall
be amended as:
Article 109 Chapter 10

Board meetings shall be held at least four times every year, about once every quarter and be convened by the chairman of the board. Notice of the meeting shall be given to all directors fifteen days before the convening of the meeting. For the urgent matters, a special board meeting may be held upon requisition by more than one-third of the directors, the supervisory committee or general manager of the Company.

(Article 91 of the Mandatory Provisions)

30 Original Article 111
Chapter 10

The said Article shall
be amended as:
Article 110 Chapter 10

Notice of meetings of the board shall be delivered by the means as follows:

- (1) no notice is required if the timing and venue of the meetings have been decided by the board in advance.
- (2) if the board has not decided the timing and venue of the meetings, the chairman of the board shall deliver notices of the meetings to directors by email, telegraph, facsimile, express delivery service, registered mail or by hand at least seven days before the meetings.
- (3) such notices shall be in Chinese, with English version when necessary, and shall include the meeting agendas and relevant meeting documents. Any director may waive his rights to receive the notice of board meeting.
- (4) if any director who attends the meeting but has not raised any objection before or upon attendance that he has not received the notice of the meeting, such director shall be deemed to have received the notice of the meeting.
- (5) any regular or special board meeting may be held by way of telephone conference or one using similar communication equipment so long as all directors participating in the meeting can clearly hear and communicate with each other. All such directors shall be deemed to be present in person at the meeting.

(Article 92 of the Mandatory Provisions)

31 Original Article 112
Chapter 10

The said Article shall
be amended as:
Article 111 Chapter 10

With regard to significant matters that require board decision, the Company shall notify all directors within the prescribed time limit under Article 110 of these Articles of Association, sufficient information shall be supplied and the stipulated requirements in relation to the conduct of procedure shall be strictly adhered to. Directors may request the provision of supplemental materials.

(Article 3 of the Opinions)

32 Original Article 114
Chapter 10

The said Article shall
be amended as:
Article 113 Chapter 10

Directors shall attend any board meeting in person. Where a director is unable to attend with cause, he may in writing authorise another director to attend the board meeting on his behalf. The instrument of proxy shall specify the scope of authorisation.

The director attending the meeting for another director shall exercise the rights of the latter director within the scope of authorisation. Any director who is unable to attend a particular board meeting and has not authorised a proxy to attend on his behalf shall be deemed as waiving the right to vote at such meeting.

For matters which need to be approved at a special board meeting, in lieu of convening a board meeting, a written resolution may be adopted by the board if such proposed resolution has been sent to all directors and affirmatively signed and adopted by the number of directors necessary to make such a decision as stipulated in Article 112 of these Articles of Association.

(Article 94 of the Mandatory Provisions)

33 Original Article 115
Chapter 10

The said Article shall
be amended as:
Article 114 Chapter 10

The board shall keep minutes of its decisions on the matters considered including any doubts or opposing opinions raised by the directors. Directors, the secretary to the board attending the meeting and the person taking the minutes shall sign their names on the minutes of the meeting. Opinions of independent directors shall be specified in the resolution of the board. Directors shall be responsible for the resolutions of the board. Where a resolution of the board violates laws, administrative regulations or these Articles of Association and causes serious losses to the Company, the directors who took part in such a resolution shall be liable to compensate the Company. However, if a director can prove that he had expressed his opposition to such resolution when it was put to the vote, and such opposition is recorded in the minutes of the meeting, such director may be relieved of such liability.

Minutes of each board meeting shall be provided to all directors for review as soon as possible. Any director intending to amend or supplement the minutes shall submit the amendment opinions in writing to the chairman of the board within one week after receipt of the minutes. After finalization, the minutes of the board shall be signed by all directors who have attended the meeting and the minutes recording person. Minutes of the board meeting shall be properly kept at the residence of the Company and a complete copy shall be sent to each director as soon as possible.

The proposal in writing may be used to substitute the meeting of the board, and such proposal shall be integral and comprehensive, and shall be delivered to every director by hand (including express delivery service), by mail or by facsimile. If the proposal has been circulated to all directors, if the number of the directors who have clearly expressed agreement has reached that for the decision-making, and if such has been submitted to the secretary of the board, such proposal shall become a resolution of the board, and no board meeting shall be required.

(Article 95 of the Mandatory Provisions)

34 Original Article 118
Chapter 11

The said Article shall
be amended as:
Article 117 Chapter 11

The scope of the duties of the secretary to the board of the Company includes the following:

- (1) to coordinate and organize board meetings and general meetings, prepare the relevant materials for the meetings, arrange matters relating to the meetings, be responsible for taking minutes and ensuring the accuracy of the minutes, keeping documents and minutes of the meetings, actively informing himself of the implementation of relevant resolutions, reporting and providing recommendations to the board on material matters that are being implemented;
- (2) to ensure that material decisions of the board are performed strictly in accordance with the relevant requirements. Upon the request of the Board, participate in the consultation and analysis of the matters before the Board and offer his opinions and make recommendations accordingly, be authorised to perform the daily functions of the Board and other committees;
- (3) to act as the Company's contact person with securities regulatory bodies, be responsible for organizing, preparing and submitting documents required by such regulatory bodies, accepting, organizing and completing tasks delegated by such regulatory bodies;
- (4) to be responsible for coordinating and arranging for the information disclosure of the Company, putting in place an appropriate disclosure mechanism, participating in all meetings relating to information disclosure, be made aware of the Company's material operating decisions and all related information;

- (5) to be responsible for keeping in confidence any price sensitive information of the Company, and put in place effective rules and systems for maintaining confidentiality of information. Where price sensitive information of the Company has been revealed to the public, take all necessary actions to rectify, explain and clarify and notify the overseas securities regulatory body of the place in which the Company's shares are listed and CSRC;
- (6) to be responsible for coordinating market publicity, reception of visitors, managing investor relations, maintaining relationships with investors, market intermediaries and mass media, ensuring that enquiries of the public are addressed, ensuring that investors receive information disclosed by the Company on a timely basis; to organize and prepare publicity campaigns of the Company locally and overseas, prepare reports summarizing market publicity and material visits and arrange to report any related matters to CSRC;
- (7) to be responsible for maintaining and keeping the register of shareholders, register of directors, information relating to shareholdings of substantial shareholders and directors, and a list of holders of bonds issued by the Company;
- (8) to assist directors and managers to exercise their powers in accordance with local and overseas laws, regulations, the Articles of Association and other relevant regulations. When the secretary is aware that the Company has made or may possibly pass the resolutions that are in breach of the relevant requirements, he has an obligation to remind and report such breach to CSRC and other regulatory bodies in a timely manner;
- (9) to coordinate the provision of necessary information to the Company's supervisory committee and other audit authorities to enable them to perform their supervisory functions, and assist the investigation of the integrity of the Company's financial controller, Directors and managers;
- (10) to perform other duties delegated by the Board and the other duties required by overseas regions.

(Chapter 2 of the Guidelines for Company Secretaries)

- 35 Original Article 126
Chapter 13

The said Article shall
be amended as:
Article 125 Chapter 13

The supervisory committee shall comprise of five supervisors, for a 3-year term of office and be eligible for re-election.

The supervisory committee shall have one chairman, for a 3-year term of office and be eligible for re-election. The appointment and removal of the chairman of the supervisory committee shall be approved by two-thirds (including two-thirds) or more of the members of supervisory committee.

(Article 104 of the Mandatory Provisions)

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

- 36 Original Article 127
Chapter 13

The said Article shall
be amended as:
Article 126 Chapter 13

Members of supervisory committee shall comprise of three representatives of shareholders and two representative of staff and workers of the Company. The representatives of shareholders shall be elected and removed by general meeting while the representative of staff and workers shall be elected and removed through democratic election by the staff and workers of the Company.

The supervisory committee shall have more than one-third of their members as external members (those members not holding office in the Company). The external members shall consist of more than two independent supervisors (those supervisors who are independent from the shareholders and not holding office in the Company). The external supervisors shall have the right to report to the general meeting of the honesty, diligence and performance of the management officers of the Company.

(Article 105 of the Mandatory Provisions)

- 37 Original Article 129
Chapter 13

The said Article shall
be amended as:
Article 128 Chapter 13

Meeting of supervisory committee shall be held at least once every six months and be convened by the chairman of supervisory committee. A special supervisory committee meeting may be held upon requisition by the supervisors.

(Article 107 of the Mandatory Provisions)

38 Original Article 138
Chapter 14

The said Article shall
be amended as:
Article 137 Chapter 14

Director, supervisor, general manager, deputy general manager and other senior management officer owes a duty, in the exercise of his powers, to observe his fiduciary obligations and not to place himself in a position where his duty and his interest may conflict. This principle includes, without limitation, the following obligations:

- (1) to act honestly in what he considers to be in the best interests of the Company;
- (2) to exercise the powers within his authority without abuse;
- (3) to exercise the discretion vested in him personally and not allow himself to act under the direction of another and, unless and to the extent permitted by law, administrative regulations or the informed consent of shareholders in 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 these Articles of Association or otherwise permitted by informed shareholders in general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) unless otherwise permitted by informed shareholders in general meeting, not to use the Company's property for his own benefit in any manner;
- (7) not to obtain monies from bribery or other illegal income by using his authority or to expropriate in any manner the Company's property, including, without limitation, the opportunities beneficial to the Company;
- (8) unless otherwise permitted by informed shareholders in general meeting, not to accept commission 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) unless otherwise permitted by informed shareholders in general meeting, not to use its position to take any business opportunity of the Company for himself or others, or operate on his own or for other party any business which is similar to that of the Company;
- (11) not to embezzle the Company's capitals or lend monies to others, and not to deposit the Company's assets in accounts opened in his own name or in the name of other persons and not to use the Company's assets to provide security for the debts of the Company's shareholders or other individuals;
- (12) unless otherwise permitted by informed shareholders in general meeting, not to disclose confidential information of the Company acquired by him in the course of and during his term of office and not to use such information other than in furtherance of the interests of the Company, save and except that disclosure of such information to the court or other governmental authorities is permitted, if:
1. disclosure is made under compulsion of law;
 2. there is a duty to the public to disclose;
 3. such disclosure is necessary to protect the interests of such director, supervisor, general manager, deputy general manager and other senior management officer.

(Article 116 of the Mandatory Provisions)

39 Original Article 142
Chapter 14

The said Article shall
be amended as:
Article 141 Chapter 14

Where the director, supervisor, general manager, deputy general manager and other senior management officer 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, he shall declare the nature and extent of his interest to the board at the earliest opportunity, whether or not the aforesaid matters are under normal circumstances subject to the approval of the board.

Except as otherwise stipulated in these Articles of Association which have been approved by Hong Kong Stock Exchange, a director shall not vote in respect of any board resolution approving any contract, arrangement or any other proposal in which he or any or his associate(s) (as defined in the Listing Rules) is/are materially interested nor shall he be counted in the quorum present at the meeting, but this prohibition shall not apply to:

- (1)
 1. the giving of any security or indemnity to a director or his associate(s) in respect of monies lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries; or
 2. 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 a 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 bonds or other securities of or by the Company or any other companies which the Company may promote or be interested in for subscription or purchase where a 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 or arrangement concerning the benefit of employees of the Company or its subsidiaries including:
 1. the adoption, modification or implementation of any employees' share scheme or any share incentive or share option scheme under which a director or his associate(s) may benefit; or
 2. the adoption, modification or implementation of a pension fund or retirement, death or disability benefits scheme which relates both to the directors, his associates and employees of the Company or any of its subsidiaries and does not provide in respect of any director, or his associates(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and

- (4) any contract or arrangement in which a director or his associate(s) is/are interested in the same manner as other holders of shares or bonds or other securities of the Company by virtue only of his/their interest in shares or bonds or other securities of the Company.

Unless the interested director, supervisor, general manager, deputy general manager and other senior management officer has disclosed his interest in accordance with the preceding paragraph of this Article and the contract, transaction or arrangement has been approved by the board at a meeting in which he is not counted in the quorum and has refrained from voting, such contract, transaction or arrangement 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 director, supervisor, general manager, deputy general manager and other management officer concerned.

The director, supervisor, general manager, deputy general manager and other senior management officer of the Company shall be deemed to be interested in a contract, transaction or arrangement in which a person connected with him is interested.

(Article 120 of the Mandatory Provisions)

(Rule 13.44 of Chapter 13 in the Listing Rules, Rule 4(1) of Appendix 3 to the Listing Rules)

40 Original Article 153
Chapter 15

The said Article shall be amended as:
Article 152 Chapter 15

At the end of each fiscal year, the Company shall prepare a financial report, which shall be examined by the accounting firm.

The financial report of the Company includes the following financial and accounting statements and associated breakdown:

- (1) Balance sheet;
- (2) Profit and loss statement;
- (3) Statement of financial changes;
- (4) Explanation of financial conditions;
- (5) Profit distribution statement.

The Company shall adopt the Gregorian calendar as its financial year, which is the fiscal year from 1 January to 31 December. The first fiscal year of the Company started on the date of its incorporation and ended on 31 December of the same year.

The Company shall adopt Renminbi as the denomination currency in its accounts. All accounts shall be written in Chinese.

(Article 131 of the Mandatory Provisions)

41 Original Article 162
Chapter 15

The said Article shall be amended as:
Article 161 Chapter 15

The common reserve of the Company comprises the surplus reserve and capital common reserve. The surplus reserve includes statutory surplus reserve and discretionary surplus reserve.

42 Original Article 163
Chapter 15

The said Article shall be amended:
Article 162 Chapter 15

When distributing each year's after-tax profits, the Company shall set aside 10% of its after-tax profits for the statutory surplus reserve fund (except where the fund has reached 50% of the Company's registered capital) and 5% to 10% of its after-tax profit for the statutory public welfare fund of the Company.

When the Company's statutory surplus reserve fund is not sufficient to make up for the Company's losses of the previous year, current year profits shall be used to make good the losses before allocations are set aside for the statutory surplus reserve fund and the statutory public welfare fund in accordance with the provisions of the preceding paragraph.

The shareholders in general meeting may resolve to transfer any amount from the after-tax profit of the Company to the discretionary surplus reserve fund after transferring the requisite amount to the statutory surplus reserve fund.

After the Company has made good its losses and made allocations to its surplus reserve fund and statutory public welfare fund, the remaining profits could be available for distribution to shareholder in proportion to the number of shares held by the shareholders.

In the event that the general meeting or the board violates the rule set out above, any profit distributed to the shareholders prior to offsetting loss of the Company and allocating to the statutory surplus reserve fund and statutory public welfare fund shall be returned to the Company.

No distribution of profit shall be made in respect of those shares of the Company held by the Company.

43 Original Article 172
Chapter 15

The said Article shall
be amended as:
Article 171 Chapter 15

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

The receiving agents appointed by the Company shall comply with the relevant requirements of the law of the place and of the stock exchange where the Company's shares are listed.

The receiving agents appointed on behalf of holders of H shares shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

(Article 140 of the Mandatory Provisions)

(Section 1(c) of Appendix 13D to the Listing Rules and Rule 19A.51 of Chapter 19 in the Listing Rules)

44 Original Article 177
Chapter 16

The said Article shall
be amended as:
Article 176 Chapter 16

The Company must at each annual general meeting engage an accounting firm. The accounting firm appointed by the Company shall hold office from the conclusion of the annual general meeting until the conclusion of the next annual general meeting.

(Article 142 of the Mandatory Provisions)

(Rule 13.88 of Chapter 13 in the Listing Rules)

45 Original Article 179
Chapter 16

The said Article shall
be amended as:
Article 178 Chapter 16

If there is a vacancy in the position of accounting firm of the Company, the Board may engage other accounting firms to fill such vacancy before the convening of the general meeting. Any other accounting firm which has been engaged by the Company may continue to act during such period when such a vacancy exists.

(Article 144 of the Mandatory Provisions)

46 Original Article 182
Chapter 16

The said Article shall
be amended as:
Article 181 Chapter 16

The appointment, removal and non-reappointment of an accounting firm by the Company shall be resolved upon by shareholders in general meeting. The resolution of the general meeting shall be filed with the securities governing authority under the State Council.

Where it is proposed that any resolution be passed at a general meeting concerning the appointment of an accounting firm which is not an incumbent firm to fill a casual vacancy in the office of the accounting firm, or re-appointment of a retiring accounting firm which was appointed by the board to fill a casual vacancy, or removal of the accounting firm before the expiration of its term of office, the following provisions shall apply:

- (1) A copy of the proposal shall be sent before notice of meeting is given to the shareholders to the accounting firm proposed to be appointed or proposing to leave its post, or the accounting firm which has left its post in the relevant fiscal year (leaving includes leaving by removal, resignation and retirement).
- (2) If the accounting firm leaving its post makes representations in writing and requests the Company to notify such representations to the shareholders, the Company shall (unless the representations are received too late):
 1. in any notice of the resolution given to shareholders, state the fact of the representations having been made;
 2. deliver a copy of the representations as an attachment to a notice to each shareholder in such manner specified in the Articles of Association.
- (3) If the accounting firm's representations are not sent in accordance with clause (2) above, the relevant accounting firm may (in addition to its right to be heard) require that the representations be read out at the meeting.
- (4) An accounting firm which is leaving its post shall be entitled to attend:
 1. the general meeting at which its term of office would otherwise have expired;
 2. the general meeting at which it is removed before its term of office expires;

3. any general meeting at which it is proposed to fill the vacancy caused by its removal;
4. any general meeting convened on its resignation.

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

(Article 147 of the Mandatory Provisions)

(Section 1(e) of Appendix 13D to the Listing Rules)

(Rule 13.88 of Chapter 13 in the Listing Rules)

47 Original Article 194
Chapter 21

The said Article shall be amended as:
Article 193 Chapter 21

The Company shall be dissolved and liquidated in accordance with laws upon the occurrence of any of the following events:

- (1) a resolution for dissolution is passed by shareholders at the general meeting;
- (2) dissolution is necessary due to a merger or demerger of the Company;
- (3) the Company is legally declared insolvent due to its failure to repay debts due;
- (4) the Company had its business license revoked, is ordered to close down or withdraw in accordance with laws because of its violation of laws and administrative regulations;
- (5) where serious difficulty arises in the operation of the Company and the continuing existence of the Company will be materially prejudicial to the interest of shareholders and such circumstances cannot be resolved by other means, shareholders holding 10% or above of the total voting rights of the Company may petition to the People’s Court for dissolution of the Company.

(Article 153 of the Mandatory Provisions)

48 Original Article 195
Chapter 21

The said Article shall
be amended as:
Article 194 Chapter 21

Where the Company is dissolved under clauses (1), (4) and (5) of the preceding Article, a liquidation committee shall be established within 15 days from the date the cause of liquidation arises. Members of the liquidation committee shall be appointed by the general meeting by ordinary resolution. If a liquidation committee is not established within the stipulated period, the creditors can apply to the People's Court, requesting the court to appoint relevant personnel to form the liquidation committee.

Where the Company is dissolved under clause (3) of the preceding Article, the People's Court shall in accordance with provisions of the relevant laws organise the shareholders, the relevant organisations and professional personnel to establish a liquidation committee to carry out liquidation procedures.

(Article 154 of the Mandatory Provisions)

49 Original Article 196
Chapter 21

The said Article shall
be amended as:
Article 195 Chapter 21

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

The liquidation committee shall be appointed or removed by the ordinary resolution in the general meeting (other than those required in clauses 2 and 3 of Article 193 in these Articles of Association).

Upon the passing of the resolution by the general meeting for the liquidation, all functions and powers of the board of the Company shall cease.

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

(Article 155 of the Mandatory Provisions)

50 Original Article 198
Chapter 21

The said Article shall
be amended as:
Article 197 Chapter 21

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

- (1) to sort out the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to send notices to creditors or notify them by public announcement;
- (3) to dispose of and liquidate any relevant unfinished business matters of the Company;
- (4) to pay all outstanding taxes and those taxes arising during the liquidation process;
- (5) to settle claims and debts of the creditors;
- (6) to deal with the assets remaining after the Company's debts have been repaid;
- (7) to represent the Company in any civil litigation proceedings.

(Article 157 of the Mandatory Provisions)

51 Original Article 199
Chapter 21

The said Article shall
be amended as:
Article 198 Chapter 21

After sorting out the Company's assets and the preparation of the balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to the general meeting or the People's Court for confirmation.

If the Company's assets are sufficient to meet its liabilities, they shall be applied in the following order: payment of the liquidation expenses, wages owed to the employees, social insurance expenses, tax overdue and debts of the Company.

The Company's residual assets after repayment of its debts in accordance with the provisions of the preceding paragraph shall be distributed to its shareholders according to the class and proportion of their shares.

During the liquidation period, the Company shall not commence any operational activities irrelevant to liquidation.

(Article 158 of the Mandatory Provisions)