
CHINA SICHUAN INTERNATIONAL COOPERATION CO., LTD.
ARTICLES OF ASSOCIATION
(AMENDED AND ADOPTED AT THE SHAREHOLDERS MEETING IN 1999)

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Chapter One General

Clause 1 The present *Articles of Association* is formulated in accordance with the Company Law of the Peoples Republic of China (hereinafter referred to as "Company Law") and other related regulations in order to safeguard the lawful rights and interests of the Company, shareholders and creditors, and standardize the Company organization and operation.

Clause 2 The Company was established as a share limited Company (hereinafter referred as "Company") under the authorization of Ref No. 104 Document of Sichuan Provincial Restructuring Commission, standardized with reference to the "Company Law" and went through the re-registration procedure according to the law.

China Sichuan International Cooperation Co., Ltd. (SIETCO) is formerly known as China Sichuan Corporation for International Techno-Economic Cooperation (SIETCO). The former Company was established on December 2nd, 1980 under the authorization of the State Council, which was known as the first foreign Economic and technological cooperation Company at provincial level, a giant foreign economic enterprise under the direct leadership of the Sichuan People's Government. The former Company solely sponsored to restructure the Company so that China Sichuan International Cooperation Co., Ltd. (SIETCO) was established under the authorization of Ref No. 104(1993) Document dated Sept 20th 1993 of the Sichuan Provincial Restructuring Commission, and was registered with the Sichuan Provincial Administration for Industry and Commerce and was issued the business license.

Clause 3 Upon the approval of the Sichuan People's Government's Ref No. 658 (1993) Document and Ref No. 110 (1993) Document of China Securities Regulatory Commission, the Company finalized the reorganization as a stock Company and issued its stocks to the public, the first issue being RMB 20,000,000 shares, and was listed with Shanghai Stock Exchange on April 4th, 1994.

Clause 4 The Company name in Chinese: 中国四川国际合作股份有限公司(中川国际).

The Company name in English: China Sichuan International Cooperation Co., Ltd.(SIETCO).

Clause 5 Business Address: 15, Yongxingfang Street, Chengdu, P.R. China.

Post code: 610012

Clause 6 Registered Capital: RMBYuan 164,300,000.00.

Clause 7 The Company shall be a permanently existing share limited Company.

Clause 8 The Chairman of the Board of Directors is the legal representative of the Company.

Clause 9 The Company's total assets are divided into equal shares. The shareholders shall be responsible to the Company up to the limit of the shares they hold. The Company shall be responsible for it's liabilities with its assets.

Clause 10 The Company's Articles of Association shall, beginning from the day it enters into force, be a law-binding document normalizing the Company's organization and operation, the right and obligation relations between the Company and shareholders and between shareholders themselves.

The shareholders may prosecute the Company as per the Articles of Association. The Company may prosecute its shareholders, directors, supervisors, managers and other senior management personnel as per the Articles of Association. One shareholder may prosecute another shareholder and the Company's directors, supervisors, managers and other senior management personnel as well as per the Articles of Association.

Clause 11 Other senior management personnel as referred to in this Articles of Association shall be board secretary and financial personnel in charge.

Chapter Two Operation Objective and Range

Clause 12 The Company's operation objective: Be adapted to the economic development requirements of the international and domestic market, actively participate in the international and domestic market competition, follow the principle of abiding by the treaties, ensuring quality and high efficiency, focus on obtaining maximum economic returns, strive to reach the strategic target of "operation industrialized, organization grouped, business range multiplied and development internationalized" so as to yield handsome income for all the shareholders.

Clause 13 The Company's business range as examined and approved by the Company registration authorities is as follows:

- 1) Contract for the execution of various international and domestic construction projects such as public buildings, infrastructure projects of agriculture, industry, communication, travelling, etc.;
- 2) Deal in import and export and internal trade; run wholesale and retail trade (exclusive of commodities for monopolized sale, monopolized operation and monopolized control including sale and sale on commission basis of construction materials, hardware, electrical products, electrician tools and equipment, chemical material, mechanical and electronic equipment, metal materials, commodities for daily necessities, clothes/shoes/hats, food and drinks);
- 3) Provide various construction and production experts and service labors;
- 4) Undertake projects under Chinese government economic aid or international bilateral or multilateral cooperation aid;
- 5) Engage in real estate development operation and management;
- 6) Undertake processing with materials supplied from overseas; production with samples supplied, assembly with parts supplied and operate compensation trade;
- 7) Initial various overseas solely funded enterprises or joint venture or cooperation enterprises;
- 8) Undertake internal and external resources exploration, map survey, geological survey, technical and economic consultation, bid invitation and personnel training;

- 9) Initiate in fund, technology and talented personnel from overseas;
- 10) Deal in international science and technology cooperation, develop hi-tech product;
- 11) Undertake various furnishing and decoration business at home and abroad;
- 12) Run passenger and goods transportation, travelling and restaurant business at home and abroad;
- 13) Deal in international cultural exchange and advertisement;
- 14) Undertake any other international technical and economic cooperation business within the Company's capability.

Chapter Three Shares

Article I The Issue of Shares

Clause 14 The Company's shares shall be in the form of stocks.

Clause 15 All the shares issued by the Company shall be ordinary shares.

Clause 16 The shares shall be issued publicly following the principle of fairness and justice with the same shares enjoying the same right and the same shares enjoying the same benefit.

Clause 17 The value of the shares issued by the Company shall be indicated in RMB.

Clause 18 The Company's internal fund shares shall be entrusted to Shanghai Stock Exchange. The Company has no listed foreign fund shares within the boundary of China.

Clause 19 The Company was authorized to issue 80,000,000 ordinary shares, issued 60,000,000 shares to the sponsor China Sichuan Corporation for International Techno-Economic Corporation at the time of the Company's establishment, accounting for 75% of the total shares which can be issued.

Clause 20 After the Company was listed on 4th April 1994 when shares were presented, allotted and part of the government shares were transferred now the Company's structure of capital stock is: Ordinary shares being 164,308,602 shares, of which government shares 24,800,000, enterprise corporation shares 84,000,000, public shares 56,308,602.

Clause 21 The Company or its subsidiaries (inclusive of the Company's affiliated enterprises) shall not provide financial aid to anybody who subscribes or plans to subscribe the Company's shares by means of presentation, advance investment, guarantee, compensation or loans.

Article II Increase, Decrease and Buying Back of Shares

Clause 22 In accordance with the requirements of its operation and development the Company may, according to the laws and by-laws and the resolutions adopted by the shareholders meeting, raise its capital in the following ways:

- 1) Issue shares to the public;
- 2) Rationed issue of shares to its existing shareholders;
- 3) Issue bonus shares to its existing shareholders;
- 4) Conversion of accumulated funds to raise its capital;
- 5) Any other ways as stipulated by laws, administrative regulations or approved by the stock authorities of the State Council;

Clause 23 The Company may reduce its registered capital according to the Articles of Association of the Company. The decrease of the Company's capital shall be effected in compliance of the "Company Law", other related regulations and following the procedure specified in the Articles of Association.

Clause 24 The Company may buy back the Company's shares following the procedure specified in the Articles of Association and upon the approval of the related government authorities in the following cases:

- 1) Cancel the shares so as to reduce the Company's capital;
- 2) Amalgamate with other Company which holds the Company's shares.

Except as the above-mentioned case, the Company shall not carry out the Company's shares selling and buying activities.

Clause 25 The Company may buy back its shares in one of the following ways:

- 1) Issue callative contracts to all the shareholders for buying back shares with the same proportion;
- 2) Through public dealing;
- 3) Any other ways as stipulated by laws, By-laws, administrative regulations or approved by the stock authorities of the State Council.

Clause 26 After the Company has bought back the shares, the Company shall cancel the shares which have been bought back within ten days from the date when the buying has been finalized and apply to the Industry and Commerce Administration authorities for the registration of the changed registered capital.

Article III Transfer of Shares

Clause 27 The Company's shares may be transferred as per the law.

Clause 28 The Company shall not accept using the Company's shares as the subject-matter of hypothecation.

Clause 29 The Company's shares held by the sponsor shall not be transferred within 3 years effecting from the date when the Company was established.

Board directors, supervisors, the president and other senior management personnel shall regularly report to the Company the shares they hold during their tenure of office. They shall not transfer the Company's shares they hold during their tenure of office or within 6 months following their removal from their posts.

Clause 30 If the shareholder holding the Company's shares accounting for over 50% of the Company's voting power sells his shares within 6 months from the date of buying or buys the Company's shares within 6 months from the date of sale, profits thus gained shall be owned by the Company. The forgoing clause is applicable for the directors, supervisors, president and other senior management staff of a corporate shareholder.

Chapter Four Shareholder and Shareholders Meeting

Article I Shareholder

Clause 31 The Company's shareholders are persons who legally hold the Company's shares. The shareholders shall have the right and perform obligations as per the share types they hold. Shareholders holding the same type of shares enjoy the same right and perform the same obligations.

Clause 32 The shareholder roster shall be the effective proof justifying the shareholder holding the Company's shares.

Clause 33 The Company shall keep a shareholder roster according to the shareholder vouchers provided by the stock registration body.

Clause 34 When the Company summons a shareholders meeting, distribute dividend, liquidate and proceed with other act confirming share ownership, the Board of Directors shall decide a date as the shareholders' share ownership registration day. Upon the close of the share ownership registration day, those who are listed in the roster are Company's shareholders.

Clause 35 The Company shareholder enjoys the following rights:

- 1) Obtain dividend and other forms of benefit allocation as per the number of shares he holds;
- 2) Attend or entrust agent to attend Shareholders Meeting;
- 3) Exercise voting power as per the number of shares he holds;
- 4) Supervise, give suggestions or make inquiries in respect of the Company's operation activities;
- 5) Transfer, present or hypothecate the shares he holds in compliance of the law, administrative regulations and the provisions of the Company's Articles of Association;
- 6) Obtain the following information as per the law and the provisions of the Company's Articles of Association;
 - A. Obtain the copy of Articles of Association after paying its prime cost;
 - B. Having the right to look over or photocopy the following :

- (1) His own shareholding data;
- (2) Minutes of Shareholders meeting;
- (3) Interim report and annual report;
- (4) The Company's total share capital and share capital structure;
- (5) Participate in the amortization of surplus assets as per the number of shares he holds following the Company's termination and liquidation.
- (6) Other right as endowed by the law, administrative regulations and the Company's Articles of Association.

Clause 36 The shareholder who requests for looking over the aforementioned information or photocopy related documents, shall produce to the Company written document justifying the type and number of shares he holds, and the Company shall provide the same after confirming his identification.

Clause 37 Should any resolution of the Board of Directors or the shareholders meeting violates the law or administrative regulations or infringes the shareholders lawful right and interests, the shareholders have the right to file a suit to the people's court demanding a stop of the offence and infringement.

Clause 38 The Company shareholders shall perform the following obligations:

- 1) Abide by the Company's Articles of Association;
- 2) Pay for the subscription as per the number of shares subscribed;
- 3) No withdrawal of shares except in cases specified by the law and administrative regulations;
- 4) Other obligations as specified by the law, administrative regulations and the Company's Articles of Association.

Clause 39 In case a shareholder holding shares accounting for over 50% of the Company's voting power hypothecates the shares he holds, he shall submit a written report to the Company within 3 working days beginning from the day of occurrence of the event.

Clause 40 When the Company's holding Company exercises voting power, the holding Company shall not make any decision which would infringe the lawful right and interests of the Company and its shareholders.

Clause 41 The "Holding Shareholder" as referred to in this Articles of Association stands for the shareholder possessing one of the following conditions:

- 1) If the person acts individually or acts jointly with other persons, he may elect over half of the board directors;
- 2) If the person acts individually or acts jointly with other persons, he may bring under his control over 30% of the Company's voting power;
- 3) If the person who acts individually or acts jointly with other persons, he may hold over 30% of the Company's shares;
- 4) If the person acts individually or acts jointly with other persons, he may control the Company de facto by other means.

"Act jointly" as referred to in this clause means the act of two or over two persons coming to terms with an agreement (verbal or written). One of them tries to get the right to vote in the Company so as to satisfy their purpose of controlling the Company or consolidating the control of the Company.

Article II Shareholders Meeting

Clause 42 Shareholders meeting is the Company's power authority exercising the following in accordance with the law:

- 1) Decide upon the Company's operation policy and investment plan;
- 2) Elect and replace board directors and decide upon the remuneration matters of board directors;
- 3) Elect and replace the supervisors elected by shareholders and decide upon the remuneration matters of the related supervisors;
- 4) Examine and approve the report of the Board of Directors;
- 5) Examine and approve the report of the Board of Supervisors;
- 6) Examine and approve the Company's annual budget programme and draft resolution;
- 7) Examine and approve the Company's dividend amortization plan and loss compensation plan;
- 8) Adopt resolution on the increase or decrease of the Company's registered capital;
- 9) Adopt resolutions on the issue of Company debenture;
- 10) Adopt resolutions on the Company's amalgamation, split, dissolution and liquidation matters;
- 11) Amend the Company's Articles of Association;
- 12) Adopt resolution on the Company's appointment and dismissal of accounting consultant;
- 13) Examine the motion of the shareholders having voting power as per their total number of shares representing over 5% of the shareholders;
- 14) Examine other matters which should be decided by the shareholders meeting as specified by law, by-laws and the Articles of Association.

Clause 43 Shareholders meeting is divided into shareholders yearly meeting and interim shareholders meeting. Shareholders yearly meeting shall be held at least once per annum and shall be held within 6 Months beginning from the day when the preceding accounting year is closed.

Clause 44 The Company shall summon shareholders interim meeting within two month should one of the following occurs:

- 1) When the quorum of board directors is less than the least number of directors as specified by the "Company Law" or less than 2/3 of the directors as specified by the Articles of Association;
- 2) When the Company's uncompensated loss reaches 1/3 of the Company's total share capital;

- 3) When Shareholders holding 10% of the total number of shares having voting power (exclusive of representative voting power) request individually or jointly in writing;
- 4) When the Board of Directors deems it necessary;
- 5) When the Board of Supervisor proposes;
- 6) Other cases as specified by the Articles of Association.

The number of shares in the above-mentioned 3) shall be calculated on the day when the written request is submitted.

Clause 45 Shareholders interim meeting shall only adopt resolutions on matters expressly listed in the notice.

Clause 46 Shareholders meeting shall be summoned by the chairman of Board of Directors according to the law and shall be presided over by the chairman. In case the Chairman is unable to perform his duty due to certain reasons, the meeting shall be presided over by the deputy chairman or any other board director as appointed by the chairman. Whereas the chairman and his deputy are both unable to attend the meeting and nobody is appointed by the chairman, the meeting shall be presided over by one director appointed by the Board of Directors. In case nobody is appointed by the Board of Directors, the meeting shall be presided over by a shareholder recommended by the shareholders present at the meeting. If the said shareholder is unable to preside over the meeting because of any reason, then the meeting shall be presided over by the shareholder present at the meeting who holds the most number of shares having voting power.

Clause 47 The Board of Directors shall within 30 days before the shareholders meeting is held, publish an announcement notifying the registration of the Company's shareholders.

Clause 48 Notice of the shareholders meeting shall include the following:

- 1) Date, venue and period of time of the meeting;
- 2) Subject-matters to be submitted to the meeting for examination and discussion;
- 3) Expressly stated in writing: All the shareholders have the right to attend the shareholders meeting, and may entrust his agent to attend the meeting and participate in the voting. The said agent may not be necessarily a shareholder of the Company;
- 4) Having the right to attend stock ownership registration day of shareholders meeting;
- 5) Time and address for trust deed to be delivered;
- 6) The meeting shall have a resident person of contact, indicating the person's name and telephone number;

Clause 49 The shareholder may either attend the meeting personally or entrust an agent to attend the meeting and participate in the voting.

The shareholder shall entrust his agent in writing to be signed by the trustee or his agent. If the trustee is a legal person, the trust deed shall be affixed a seal of the legal person or signed by his officially entrusted agent.

Clause 50 Individual shareholder attending the meeting personally shall produce his ID card and bearer of stock voucher while any agent representing others to attend the meeting shall produce his own ID card and bearer of stock voucher.

Corporate shareholder shall have its legal representative or the agent entrusted by the legal representative to attend to meeting. The legal representative attending the meeting shall produce his ID card, valid document certifying his status as legal representative and bearer of stock voucher while the agent attending the meeting shall produce his ID card, trust deed issued by the legal representative of the corporate shareholder and bearer of stock voucher.

Clause 51 The trust deed issued by the shareholder appointing somebody else to attend the shareholder meeting shall indicate the following:

- 1) Name of the agent;
- 2) Whether or not having representing power;
- 3) Instructions indicating vote in favor, against or abstention respectively regarding various subject matters listed in the agenda to be submitted to the shareholder meeting for deliberation and discussion;
- 4) Instructions indicating whether or not having power as regards the interim motion which would possibly be included in the agenda. What voting power shall be exercised in case the shareholder has the voting power;
- 5) Time of issue and period of validity of the trust deed ;
- 6) The trust deed shall be signed by the trustee (or affixed seal). If the trustee is a corporate shareholder, common seal shall be affixed by the legal person.

The trust deed shall also indicate whether or not the agent can vote at his own discretion in case no concrete instructions have been given by the trustee.

Clause 52 Voting trust deed shall be delivered 24 hours prior to the beginning of the meeting to the address of the Company or other address specified in the notice of the shareholder meeting. In case the trust deed is signed by somebody else authorizing documents shall be certified by the public notary office. The certified power of attorney and other authorizing documents and voting trust deed shall be delivered to and made available at the Company's address or at other address specified in the notice of the shareholders meeting. Where the trustee is a corporate, the legal representative or a representative authorized by the legal representative, Board of Directors or other decision making body shall attend the meeting.

Clause 53 The attendance book for all those attending the meeting shall be prepared by the Company, recorded in which shall be the shareholder's name (or working unit), ID card No., resident address, number of shares having voting power held or represented, name (or working unit) of those who have their agents attending the meeting.

Clause 54 Shareholders interim meeting to be held at the request of the Board of Supervisors or shareholders shall proceed in the following procedure:

- i) One or more written requests of the same format and contents shall be signed and submitted to the Board of Directors requesting the Board of Directors to summon an interim shareholders meeting and indicating the subject matters for consideration. After receiving the same, the

Board of Directors shall notify as soon as possible the shareholders of the interim meeting to be held.

- 2) Should the Board of Directors fail to notify the shareholders of the interim meeting within 3 months after receiving the aforesaid request, the Board of Supervisors or the shareholders requesting for an interim meeting may, after being granted the approval from local stock authorities, call for the interim shareholders meeting on their own accord within 3 months from the day when the Board of Directors receives the written request. The procedure of convening the meeting shall be as the same as possible as called for by the Board of Directors. The Company shall render necessary assistance to the Board of Supervisors or the shareholders for convening the interim meeting on their own accord because of the failure of the Board of Directors to summon the meeting.

Clause 55 The Board of Directors shall not change the time for holding the shareholders meeting except in case of force majeure or other unpredicted cases. Notwithstanding the time for holding the meeting has to be changed due to force majeure, the shareholders ownership registration day shall remain unchanged.

Clause 56 Should the Board of Directors fail to call for interim shareholders meeting within the specified time at the time when the number of board directors are less than the least quorum as specified in the "Company Law" or less than 2/3 of the number of directors specified in the Articles of Association, or the Company's uncompensated loss reaches 1/3 of the Company's total share capital, the Board of Supervisors or shareholders may call for an interim shareholders meeting on their own accord following the procedure as referred to in Clause 54.

Article III The Bills of Shareholders Meeting

Clause 57 When the Company summons a shareholders meeting, the shareholder holding or jointly holding over 3% of the total number of external shares having voting power has the right to lodge to the Company a new bill.

Clause 58 The bill of the shareholders meeting shall comply with the following requirements:

- 1) Its contents shall not be contradictory with the law, by-laws and the Company's Articles of Association, and shall fall under the Company's range of business and the extent of functions and powers of the shareholders meeting;
- 2) Having clear-cut subject matters for consideration and discussion and proposed decisions on such matters;
- 3) Lodge the bill in writing and deliver it to the Board of Directors

Clause 59 The Board of Directors shall examine and discuss the bill of the shareholder meeting as per the provisions specified in Clause 58 with the maximum interest of the Company and shareholders as its guideline.

Clause 60 In case the Board of Directors decides not to include the proposed bill of the shareholders meeting to the agenda of the meeting, explanation and statement shall be given at the shareholders meeting and the contents of the bill and the statement of the Board of Directors together with the resolutions adopted at the shareholders meeting shall be announced in bulletin.

Clause 61 When the shareholder who lodged the bill disagrees with the decision of the Board of Directors not to include the bill in the agenda of the meeting, he may demand for convening an interim shareholders meeting following the procedure specified in Clause 54.

Article IV The Resolutions of Shareholders Meeting

Clause 62 The shareholder(including his agent) shall exercise his voting power according to the number of shares with voting power represented, one share having one voting power.

Clause 63 The resolutions of the shareholders meeting are divided into ordinary resolutions and special resolutions. Ordinary resolutions of the shareholders meeting shall be passed by over 1/2 of the voting power held by the shareholders(including their agents) while the special resolutions shall be passed by over 2/3 of the same.

Clause 64 The following subject matters shall be passed as ordinary resolutions of the shareholders meeting:

- 1) The work reports of the Board of Directors and the Board of Supervisors;
- 2) The profit amortization plan and loss compensation plan drafted by the Board of Directors;
- 3) Appointment and removal of the members of the Board of Directors and the Board of Supervisors and their remuneration and payment methods;
- 4) The Company's yearly budget plan and final resolution draft;
- 5) The Company's annual report;
- 6) Other matters except those which should be passed as special resolutions as specified by the law, administrative regulations and the Company's Articles of Association.

Clause 65 The following matters shall be passed as special resolutions of the shareholders meeting:

- 1) Increase or decrease of the registered capital of the Company;
- 2) Issue of the Company's debenture;
- 3) The Company's split, amalgamation, dissolution and liquidation;
- 4) Amendment of the Company's Articles of Association;
- 5) Buying back the Company's shares;
- 6) Other matters which the Company's Articles of Association specifies and the shareholders meeting firmly believes through its ordinary resolutions, will have important influence and need to be passed as special resolutions.

Clause 66 Without prior approval of the shareholders meeting through its special resolutions, the Company shall not sign any contract with anybody except the director, president and other senior

management personnel for passing to the person the responsibility of management of all the Company's business or its important business.

Clause 67 The nominees of board directors and supervisors shall be submitted in the form of a bill to the shareholders meeting for decision.

The Board of Directors should provide to the shareholders the curriculum vitae and qualifications of the nominees of directors and supervisors.

Clause 68 The shareholders meeting shall adopt disclosed ballot in the voting.

Clause 69 There should be at least two shareholder representatives and one supervisor who will participate in the counting of the votes for each voting subject and the voting results shall be announced right at the meeting by the representative of those involved in the ballot counting.

Clause 70 The person who presides over the meeting shall decide whether or not the resolutions of the shareholders meeting have been passed according to the voting results, and should announce the voting results at the meeting. The voting results of the resolutions shall be entered into the minutes of the meeting.

Clause 71 If the person who presides over the meeting is doubtful about the voting results, he himself may check and calculate the votes. If the person who presides over the meeting fails to check the votes, the shareholders or their agents present at the meeting who disagree with the voting results announced have the right to demand for checking the votes immediately after the announcement of the voting results. In such case the one who presides over the meeting should check the votes immediately.

Clause 72 When the shareholders meeting is examining matters of interlocking deals, the interlocking shareholder or his agent should not exercise his voting power, and the number of shares having voting power he represents shall not be included in the effective total number of shares. The announcement of the resolutions of the shareholders meeting should fully disclose the voting results of the non-interlocking shareholders. In special case the interlocking shareholder is rendered unable to avoid the voting, voting may proceed in normal procedure after approval has been granted to the Company by relevant authorities and detailed statement shall be made in the announcement of the resolution of the shareholders meeting.

Clause 73 With the exception of the matters involving commercial secret which should not be disclosed, the Board of Directors and the Board of Supervisors should give replies and explanations regarding the shareholders inquiries and proposals.

Clause 74 Shareholders meeting shall have its minutes recording the following:

- 1) The number of shares having voting power present at the shareholders meeting, accounting for the proportion of the Company's total number of shares;
- 2) Date and venue of the meeting held;
- 3) Name of the person presiding over the meeting and the agenda;

- 4) Key points regarding each subject matter of each speaker's speech;
- 5) Voting results of each voted subject matter;
- 6) Shareholders' inquiries and proposals, and the replies and explanations of the Board of Directors and the Board of Supervisors;
- 7) Other matters which the shareholders meeting and the Company's Articles of Association deem it necessary to have them recorded in the minutes.

Clause 75 The minutes of shareholders meeting shall be signed by the directors present at the meeting and the recorder and shall be kept by the board secretary as the Company's archives. The minutes of the shareholders meeting shall be kept for a period of 10 years.

Clause 76 The shareholders meeting's number of attendance, the number of shares held by the shareholders present at the meeting, trust deed, the voting result of each voted subject matter, minutes, legitimacy of the procedure of meeting, etc. may be certified by the public notary office.

Chapter Five Board of Directors

Article I Directors

Clause 77 The Company's directors are natural persons, not necessarily holding the Company's shares.

Clause 78 Those having behavior as referred to in Clause 57 and Clause 58 of the "Company Law" and those who are authenticated as the ones being prohibited from entering into the market by China Securities Regulatory Commission and the prohibition has not yet been relieved shall not hold the post of the Company's director.

Clause 79 The directors shall be elected and replaced by the shareholders meeting with a term of office being 3 years. When the term of office expires, the director may hold the post again once re-elected. The shareholders meeting shall not remove the director without any reason before the director's term of office expires.

The director's term of office is calculated from the day when the shareholders meeting passes the resolution up to the expiration of the term of office of the current Board of Directors.

Clause 80 The director shall abide by the Law, by-laws and provisions of the Company's articles of Association, devotedly perform his duty and safeguard the Company's interest. If and when the director's own interests conflict with the interests of the Company and the shareholders, the director should take the maximum interests of the Company and the shareholders as his guiding principle for his action and commit himself:

- 1) Exercise his power within his duty range without ultra vires;
- 2) Not to conclude any contract or engage in any dealings with the Company unless approved by the provisions of the Company's Articles of Association or the shareholders meeting under the condition of understanding the situation;
- 3) Not to profane for himself or anybody else by making use of confidential information;

- 4) Not to run himself or operate for anybody else the same type of business being engaged in by the Company or carry out any activities which would damage the Company's interests;
- 5) Not to accept any bribery and any other illegal income by abusing his authority and power, and not to encroach upon the Company's property;
- 6) Not to embezzle the Company's fund or lend or loan the Company's fund to other people;
- 7) Not to take or accept, with the convenience of his authority, for himself or anybody else, any commercial opportunity which actually belongs to the Company;
- 8) Not to accept any commission relating to any dealings with the Company without the approval of the shareholders meeting under the condition of being aware of the situation;
- 9) Not to open an account to deposit on a bank account under the name of his own or anybody else the Company's assets;
- 10) Not to guarantee with the Company's assets for the Company's shareholders or any other personal debts;
- 11) Not to disclose any confidential information concerning the Company obtained during his tenure of office without the approval of the shareholders meeting under the condition of understanding the situation. He may disclose the said information to the people's court or other related government authorities in charge in the following cases:
 - (1) There are stipulations in the law;
 - (2) A demand is voiced by the public for their own interests;
 - (3) The concerned director's own lawful interests require.

Clause 81 The director shall exercise his powers endowed to him by the Company with prudence, correctness and diligence so as to ensure:

- 1) The Company's commercial activities comply with the requirements of the law, administrative regulations and various economic policies, and the commercial activities shall not overstep the business range as stipulated in the Business License.
- 2) Treat all the shareholders fairly;
- 3) Earnestly read various commercial and financial reports of the listed companies keeping himself well aware of the Company's business operation and management status;
- 4) Personally exercise the Company's management right of disposal legally delegated to him by the Company without manipulation by anybody else. The right of disposal shall not be passed to anybody else without the permit of the law and administrative regulations or the approval of the shareholders meeting under the condition of being aware of the case.
- 5) Accept the legal supervision and reasonable suggestions of the Board of Supervisors.

Clause 82 No director shall act under his personal name on behalf of the Company or the Board of Directors without the stipulation of the Company's Articles of Association or the legal authorization of the Board of Directors.

Clause 83 In case the director himself or any other enterprise where he holds a post has interlock relations with any contract, deal or arrangement which the Company already has or in the process of planning to have (exclusive of employment contract), the director shall disclose to the Board of Directors as soon as possible the nature and extent of the interlock relations notwithstanding

under normal conditions whether or not approval of the Board of Directors is required for the related subject matter.

Unless the director having the interlock relations has disclosed to the Board of Directors as per the aforementioned clause, and the Board of Directors has approved the said subject matter at the meeting of which the said director is not counted into the quorum and is absent from the voting, the Company has the right to cancel the said contract, deal or arrangement with the exception of the third party being goodwill.

Clause 84 If the Company's director has notified the Board of Directors in writing before the Company considers for the first time the related contract, deal or arrangement and considering the contents are listed in his notice, the contract, deal or arrangement concluded by the Company thereafter has conflicting interest relations with the director, the related director shall be deemed to have made the disclosure as referred to in the above-mentioned clause within the range indicated in the notice.

Clause 85 If a director fails successively twice to attend the board meeting and fails to appoint any other director to attend the board meeting on his behalf, the director shall be deemed to have not performed his duty, hence the Board of Directors shall propose to the shareholders meeting the director in question be removed and replaced.

Clause 86 The director may apply for resignation before the expiration of his term of office, in which case the director shall submit a written resignation report to the Board of Directors.

Clause 87 In case the number of directors falls below the quorum due to the director's resignation, the said director's resignation report shall not enter into force until the vacancy is filled by a newly elected director. In such case the remaining Board of Directors shall as soon as possible call for an interim shareholders meeting to elect a director to fill the vacancy. The function and authority of the director applying for resignation and the remaining Board of Directors shall be reasonably limited before the resolution on the election of director is adopted by the shareholders meeting.

Clause 88 The obligation to the Company and shareholders of the director who applies for resignation or whose term of office expires shall not be relieved as a matter of certainty before the resignation report enters into force or within a reasonable period of time after it enters into force and within a reasonable period of time after the expiration of term of office, and the obligation of keeping secret for the Company of the commercial secrets shall remain effective after the director leaves his post until the said secret becomes public information. The lasting period of time of other obligations shall be decided on a fair basis, depending on the time length between the occurrence of the event and dismissal and under what situation and condition it's relations with the Company will come to an end.

Clause 89 The director shall be liable for compensation for the loss of the Company caused by his absence from post without permission during his tenure of office.

Clause 90 The Company shall not pay taxes for any director in any form.

Clause 91 The provisions governing the obligation of the director referred to in this Article are also applicable to the Company's supervisors, the president and other senior management personnel.

Article II The Board of Directors

Clause 92 The Company shall establish the Board of Directors responsible to the shareholders meeting.

Clause 93 The Board of Directors shall consist of 13 directors including one chairman.

Clause 94 The Board of Directors exercises the following functions and powers:

- 1) Responsible for summoning shareholders meeting;
- 2) Execute the resolutions of the shareholders meeting;
- 3) Decide upon the Company's operation plan and investment program;
- 4) Formulate the Company's annual budget plan and final resolution program;
- 5) Formulate the Company's profit amortization plan and loss compensation plan;
- 6) Formulate the Company's plans for the increase or decrease of registered capital, debenture issue or other securities to be listed;
- 7) Formulate plans for the Company's quantum purchase and buying back of the Company's stocks or the Company's amalgamation, split or dissolution;
- 8) Decide upon the Company's risky investment, assets mortgage and other guarantee matters in the range authorized by the shareholders meeting.
- 9) Decide upon the set-up of the Company's internal organization;
- 10) Appoint or remove the Company's senior management personnel, e.g., personnel in charge of finance, etc., as recommended by the president;
- 11) Formulate the Company's basic management system;
- 12) Formulate the amendment plan of the articles of association;
- 13) Management of the disclosure matters of the Company's information;
- 14) Submit to the shareholders meeting the Company's plan for the appointment or replacement of accounting consultant to carry out auditing work for the Company;
- 15) Hearing the work report of the president and inspect the work of the president;
- 16) Other functions and powers as stipulated by law, by-laws or the Company's Articles of Association as well as those powers delegated by the shareholders meeting;

Clause 95 The Board of Directors shall give explanation to the shareholders meeting as regards the auditing report with reserved opinion concerning the Company's financial report made by the registered accounting consultant.

Clause 96 The Board of Directors shall formulate board meeting decision making rules so as to insure its high efficiency and scientific decision making.

Clause 97 The Board of Directors shall define its limits of power as regards its risky investment with the Company's assets and follow a strict examination and decision-making procedure. Major investment project shall be evaluated and assessed by related specialists and professionals and shall be reported to the shareholders meeting for consideration and approval;

Clause 98 The chairmanship and vice chairmanship shall be held by the Company's directors and shall be elected and removed by over half of the votes of directors.

Clause 99 The chairman exercises the following functions and powers:

- 1) Preside over shareholders meeting; convene and preside over board meeting;
- 2) Supervise and check the execution of the resolutions of the Board of Directors;
- 3) Sign the Company's shares, debentures and other marketable securities;
- 4) Sign the important documents of the Board of Directors and other documents which should be signed by the Company's statutory representative;
- 5) Exercise the functions and powers of the statutory representative ;
- 6) Exercise special right of disposal of the Company's affairs in compliance of the Law and the Company's interest at the time of emergency when extraordinary calamity or force majeure occurs, and report thereafter the same to the Board of Directors and shareholders meeting;
- 7) Other functions and powers as delegated to him by the Board of Directors;

Clause 100 Should the chairman be unable to exercise his functions and powers, he shall appoint the vice chairman to act on his behalf.

Clause 101 The Board of Directors shall convene at least two meetings per annum summoned by the chairman. Notice of the meeting shall be delivered to all the directors 20 days prior to the day of the meeting;

Clause 102 The chairman shall summon interim board meeting within 10 working day in one of the following cases:

- 1) When the chairman deems it necessary;
- 2) When over 1/3 of the directors suggest jointly;
- 3) When the Board of Supervisors proposes;
- 4) When the president proposes.

Clause 103 The meeting of the Board of Directors shall be notified in writing. The time limit for the notification shall be: one day prior to the day when the meeting is held.

Should the Chairman be unable to exercise his duties in the case as mentioned in 2), 3) and 4) of Clause 102 of under this article, the Chairman should appoint one director to convene the interim meeting of directors on his behalf. In case the Chairman fails to exercise his duties without any reason and fails to appoint anybody to perform his duties on his behalf, the deputy Chairman may recommend or over half of the directors may jointly recommend one director responsible for convening the meeting.

Clause 104 The notice of the board meeting shall contain the following:

- 1) Date and venue of the meeting;
- 2) Period of time of the meeting;
- 3) Subject and subject matters to be considered;
- 4) Date of delivery of the notice.

Clause 105 The board meeting shall be held with the presence of over 1/2 of the directors. Each director has one vote. The resolution of the Board of Directors shall be passed by over half of the directors.

Clause 106 The interim meeting can be conducted with the resolutions be made and signed by the directors present at the meeting under the precondition that all the directors are ensured to fully express their opinion.

Clause 107 The directors shall attend to the board meeting in person. In case the director is unable to attend the meeting due to certain reason, he may entrust in writing some other directors to attend the meeting on his behalf.

In the trust deed shall be indicated the name of agent; particulars to be entrusted, power limit and period of validity. The trust deed shall be signed or sealed by the trustee.

The director attending the meeting on the trustee's behalf shall exercise the power within the range authorized.

If the director fails to attend the board meeting and fails to entrust any agent to attend the meeting on his behalf, the director shall be deemed to have given up the voting right of the said meeting.

Clause 108 The resolutions of the Board of Directors shall be passed by vote ballot or vote by hand lift. Each director has one vote.

Clause 109 The board meeting shall have its minutes which shall be signed by the directors present at the meeting and the recorder.

The director present at the meeting has the right to suggest that his speech made at the meeting be recorded with explanations in the minutes. The minutes of the board meeting shall be kept by the board secretary in the Company's archives. The minutes of the board meeting shall be kept for 20 years.

Clause 110 The minutes of the board meeting shall contain the following:

- 1) Date and venue of the meeting and the name of the person who presides over the meeting;
- 2) Names of directors present at the meeting and the names of those directors (agents) who attend the meeting on other's behalf;
- 3) Agenda of the meeting;
- 4) Key point in the speeches made by the directors;
- 5) Ways of voting and results of voting of each subject matter (The number of votes in favor, against or obtain shall be indicated respectively in the voting results.)

Clause 111 The directors shall sign the resolution of the board meeting and shall bear responsibility for the resolution. In case the resolution of the Board of Directors violates the law, by-laws or the Articles of Association, causing damages to the Company as a result of such, the directors who participated in making the resolution shall bear the responsibility of compensation, but those who expressed disagreement at the time of decision-making which was recorded in the minutes may be relieved of the responsibility.

Clause 112 The Company may have independent directors if need be. The post of independent director shall not be filled by the following personnel:

- 1) The Company's shareholder or the in-service personnel of the shareholder's working unit;
- 2) The personnel within the Company (such as the Company's managers or employees);
- 3) The personnel having their own interest related to the Company's interlocking person or the Company's management level.

Article III The Secretary of the Board of Directors

Clause 113 The Board of Directors shall have a board secretary. The board secretary is the Company's senior management personnel responsible to the Board of Directors.

Clause 114 The board secretary shall be appointed by the Board of Directors and shall be highly professional and experienced.

Clause 115 The board secretary shall perform the following functions:

- 1) Draft and submit the reports and documents of the Board of Directors and shareholder meeting as required by the related government authorities;
- 2) Make arrangements for board meeting and shareholders meeting and keep the minutes and documents and other memos of the meeting;
- 3) Be responsible for the disclosure affairs of the Company's information and ensure that the information is disclosed timely, accurately, legally, truly and entirely;
- 4) Ensure those who are entitled to get the related minutes and documents of the Company get the same timely;
- 5) Other functions as stipulated in the Company's Articles of Association and listing rules of the Stock Exchange where the Company is listed.

Clause 116 The Company's director or other senior management personnel may hold concurrently the post of board secretary while the registered accountant of the accounting consultant and the lawyer of the lawyer firm shall not hold the same.

Clause 117 The board secretary shall be nominated by the chairman and appointed and removed by the Board of Directors. In case a director holds the post of board secretary concurrently and a certain action needs to be taken by the director and the board secretary separately, the director in question shall not take the action in dual identity.

Chapter Six The President

Class 118 The Company shall have a president appointed or removed by the Board of Directors. The director may hold concurrently the post of president, deputy president or other senior management post once appointed, but the number of directors holding concurrently the above-mentioned posts shall not exceed 1/2 of the total number of the Company's directors.

Class 119 Those who have the behavior as referred to in Clause 37 and Clause 38 of the "Company Law" and those who are identified by China Securities Regulatory Commission as the ones prohibited from entering the market and the prohibition is not yet relieved shall not hold the posts of the Company's managers.

Class 120 Each term of office of the president shall be 3 years. The president may continue to hold the post once re-appointed.

Class 121 The president exercises the following functions and powers, responsible to the Board of Directors:

- 1) Overall management of the Company's production and operation and report his work to the Board of Directors;
- 2) Organize and execute the resolutions of the Board of Directors and the Company's annual plan and investment program;
- 3) Draft the set-up plan of the Company's internal organization;
- 4) Draw up the Company's basic management system;
- 5) Draw up the Company's fundamental rules and regulations;
- 6) Motion to the Board of Directors to appoint or remove the Company's deputy president and the personnel in charge of finance;
- 7) Appoint or remove the management personnel except those who shall be appointed or removed by the Board of Directors;
- 8) Draw up the plan for the salary, welfare, bonus and penalty of the Company's staff and decide upon their employment and dismissal;
- 9) Motion to summon interim board meeting;
- 10) Other functions and powers as endowed to him by the Company's Articles of Association and the Board of Directors.

Class 122 In case the president attends the board meeting as an observer, the president shall have no voting right if he is not a director.

Class 123 The president shall report to the Board of Directors or the Board of Supervisors whenever required the status of the conclusion and execution of major contracts and the status of the fund utilization as well as the Company's loss and profit. The president must ensure the truth of his report.

Class 124 The president shall, while drawing up the plan for the staff's salary, welfare, safe production as well as labour protection, labour insurance, dismissal (or expulsion) which involves

the personal interest of the staff, shall seek the opinion of the trade union and the staff representative meeting before making decisions.

Class 125 The president shall formulate manager working regulations and submit the same to the Board of Directors. The said manager working regulations shall be executed after being approved by the board of director.

Class 126 The president working regulations shall include the following particulars:

- 1) The conditions for and procedure of convening the president meeting and the personnel attending the meeting;
- 2) The functions, duties and work division of the president, each and every deputy president and other senior management personnel;
- 3) Utilization of the Company's assets and funds, limits for signing major contracts and the systems of report to the Board of Directors and the Board of Supervisors;
- 4) Other affairs as the Board of Director deems necessary.

Class 127 The president shall abide by the law and administrative regulations and the provisions of the Articles of Association, and perform his obligations with due devotion and diligence.

Class 128 The president may apply for resignation before expiration of his term of office. Detailed procedure and formalities for the president's resignation shall be specified in the provisions of the contract between the president and the Company.

Chapter Seven The Board of Supervisors

Article I The Supervisor

Class 129 The posts of supervisors shall be held by the representatives of the shareholders and the staff of the Company. The number of posts of supervisors held by the Company's staff representatives shall not be less than 1/3 of the total number of supervisors.

Class 130 Those having the behavior as referred to in Class 57 and Class 58 of the "Company Law" and those who are authenticated as the ones prohibited from entering the market and such prohibition is not yet relieved shall not hold the posts of supervisors. The director, president and other senior management personnel shall not hold the posts of supervisors concurrently.

Class 131 The term of office of the supervisor shall be 3 years. The shareholder supervisor shall be elected and replaced by shareholders meeting while the staff supervisor shall be democratically elected or replaced by the Company's staff. The supervisor may go on holding the post once re-elected.

Class 132 In case the supervisor fails successively twice to attend the meeting of the Board of Supervisors, the said supervisor shall be deemed having not performed his function. The shareholders meeting or the staff representative meeting shall remove and replace the supervisor in question.

Class 133 The supervisor may apply for resignation before expiration of his term of office. The provisions specified in Chapter Five regarding the director's resignation are applicable for the supervisor as well.

Class 134 The supervisor shall abide by the law, administrative regulations and provisions of the Articles of Association, and perform his obligations with due devotion and diligence.

Article II Board of Supervisors

Class 135 The Company shall have the Board of Supervisors which shall be composed of 5 supervisors with a chairman. When the chairman of the board of supervisors is unable to perform his functions and powers, the chairman shall appoint the deputy chairman or a supervisor to act on his behalf.

Class 136 The Board of Supervisors exercises the following functions and powers:

- 1) Check the Company's financial and accounting work;
- 2) Supervise the director, president and other senior management personnel in their performance of their function to guard against any misconduct violating the law, by-law or the Articles of Association;
- 3) In case any conduct of the director, manager or other senior management personnel causes damages to the Company's interest, the Board of Supervisors shall demand for correction or report to the shareholders meeting or government authorities in charge if need be.
- 4) Motion to summon interim shareholders meeting;
- 5) Attend the meeting of the Board of Directors as observers;
- 6) Other functions and powers as endowed by the Articles of Association and the shareholders meeting.

Class 137 The Board of Supervisors, while performing its functions and powers, may seek specialized assistance from the lawyer firm or the accounting consultant. Any expenses thus incurred shall be borne by the Company.

Class 138 The Board of Supervisors shall hold at least two meetings per annum. The notice of the meeting shall be delivered to all the supervisors 10 days before the day of the meeting.

Class 139 The notice of the meeting shall include the following particulars:
Time, venue and period of time of the meeting, subject and subject matters and the date of the notice.

Article III Meeting of the Board of Supervisors

Clause 140 The Board of Supervisors' way of examining and deliberating matters: The meeting of the Board of Supervisors shall be held on the condition that over half of the supervisors are present at the meeting.

Clause 141 The board of supervisors' procedure of voting shall be: Each director has one vote. The resolution of the Board of Directors must be adopted on the condition that over half of the supervisors voted in favour. The Board of Director's way of voting shall be ballot and hand-lift.

Clause 142 The meeting of the Board of Supervisors shall have its minutes which shall be signed by the supervisors present at the meeting and the recorder. The supervisor has the right to ask for explanatory record in the minutes of his speech made at the meeting. The minutes of the meeting of the Board of Supervisors shall be kept by the board secretary as the Company's archives for a period of 10 years.

Chapter Eight Financial Accounting System, Profit Allocation and Auditing

Article I Financial Accounting System

Clause 143 The Company shall formulate its financial accounting system in accordance with the law, administrative regulations and provisions of related government authorities.

Clause 144 The Company shall compile in each accounting year its interim financial report within 60 days after the end of the proceeding 6 months of each accounting year and compile the Company's annual report within 120 days after the close of each accounting year.

Clause 145 The Company's annual report and interim financial report involving interim profit allocation shall include the following particulars:

- 1) Balance Sheet;
- 2) Profit statement
- 3) Statement of Profit Allocation;
- 4) Financial variation statement (or cash flow statement)
- 5) Explanatory notes to the accounting statement.

In case the Company shall not have interim profit allocation, the interim financial report shall include the accounting statements and explanatory notes as referred to in the fore-going clause except sub-clause 3).

Clause 146 The interim financial report and the annual report shall be compiled in accordance with the provisions of the law and by-laws.

Clause 147 The Company shall not have other accounting books except those statutory accounting books. The Company's assets shall not be deposited on a bank account by anybody under his personal name.

Clause 148 The Company's profit after paying income tax shall be allocated in the following sequence:

- 1) Compensate the loss of the preceding year;
- 2) Extract 10% of statutory accumulated fund;
- 3) Extract 5-10% of statutory welfare fund;
- 4) Extract arbitrary accumulated fund;
- 5) Disburse shareholders' dividend.

Accumulated fund may not be extracted any more in case the Company's aggregate amount of accumulated fund is over 50% of the Company's registered capital. After extracting statutory accumulated fund and welfare fund whether or not arbitrary fund shall be extracted shall be decided by the shareholders meeting. The Company shall not allocate profit to the shareholders before extracting statutory accumulated fund and welfare fund.

Clause 149 The Company shall issue bonus shares to the shareholders as per the proportion of their existing number of shares in case the shareholders meeting decides not to extract arbitrary fund, whereas when the statutory accumulated fund is converted into registered capital, the remaining accumulated fund shall not be less than 33% of the registered capital.

Clause 150 In case the shareholders meeting decides to convert accumulated fund into registered capital, the Board of Directors shall finalize the amortization of dividend or issue bonus of shares within 2 months after the shareholders meeting.

Clause 151 The Company may amortize dividend in cash or share.

Article II Internal Auditing

Clause 152 The Company shall carry out internal auditing with professional auditing personnel auditing and supervising the Company's financial income and expenditure and economic activities.

Clause 153 The Company's internal auditing system and the functions and duties of the Company's internal auditing personnel shall be practiced and performed after the approval of the board of director.

Article III Appointment of Accounting Consultant

Clause 154 The Company shall appoint the accounting consultant which has been granted certificate of "qualified for securities related operations" to audit the accounting statements, verify the net assets and carry out other related operations. The term of appointment shall be one year and the accounting consultant may be re-appointed.

Clause 155 The Company's appointment of accounting consultant shall be decided by the shareholders meeting.

- Clause 156** The accounting consultant appointed by the Company shall have the following rights:
- 1) Look over the Company's financial statements, records and vouchers, and has the right to ask the director, president and other senior management personnel to provide related data and statements;
 - 2) Ask the Company to provide the data and statements of the Company's subsidiary companies which are indispensable for the accounting consultant in performing their duties;
 - 3) Attend without voting right the shareholders meeting, receive the notice of the shareholders meeting and other information regarding the shareholders meeting, and make speech at the shareholders meeting on matters relating to an accounting consultant as appointed by the Company.

Clause 157 Should there be a vacancy of accounting consultant, the Board of Directors may appoint an accounting consultant to fill the vacancy before the shareholders meeting.

Clause 158 The remuneration of the accounting consultant shall be decided by the shareholders meeting. The remuneration of the accounting consultant appointed by the Board of Directors shall be decided by the Board of Directors and reported to the shareholders meeting for approval.

Clause 159 The Company's appointment and re-appointment of accounting consultant shall be decided by the shareholders meeting, and shall be disclosed on related newspapers and shall state the reasons of replacement and report to China Securities Regulatory Commission and China Registered Accountant Association for record if necessary.

Clause 160 In case the Company will dismiss or not reappoint the accounting consultant, the Company shall notify the accounting consultant 30 days in advance, in such the accounting consultant shall have the right to state its opinion at the shareholders meeting. If the accounting consultant considers the reason for the dismissal or not to be re-appointed is not appropriate, the accounting consultant may appeal to China Securities Regulatory Commission. In case the accounting consultant applies for resignation, it shall state to the shareholders meeting if the Company has anything inappropriate.

Chapter Nine Notice and Announcement

Article I Notice

Clause 161 The Company's notice shall be delivered in the following ways:

- 1) Delivery by responsible persons;
- 2) Mail;
- 3) Announcement;
- 4) Other ways as specified in the Company's Articles of Association.

Clause 162 In case the Company's notice is issued in announcement, all the related persons are deemed to have received the notice once the announcement is made.

Clause 163 The notice of the Company's shareholders meeting shall be published in the designated newspapers.

Clause 164 The notice of the meeting of the Company's Board of Directors shall be in writing and delivered to the director in person.

Clause 165 The notice of the meeting of the Board of Supervisors shall be in writing and delivered to the supervisor in person.

Clause 166 The notice delivered by responsible person shall have its advice of delivery signed (or sealed) by the receiver. The date of the receiver's signature shall be the date of service. The date of service for the notice delivered by mail shall be the fifth working day from the date when the notice is handed over to the post office. The date of service for the notice delivered by announcement shall be the date when the announcement is published for the first time.

Clause 167 Failure due to incidental omission to deliver the notice of the meeting to the person who is entitled to receive the notice or any such person fails to receive the notice of the meeting, the resolutions adopted by the meeting shall not be invalid as such.

Article II Announcement

Clause 168 The Company designates "Shanghai Security Newspaper" and "China Security Newspaper" as the newspapers for the Company to publish announcements and other information necessary for disclosure.

Chapter Ten Amalgamation, Split, Dissolution or Liquidation

Article I Amalgamation or Split

Clause 169 The Company may amalgamate or split in compliance with the law. The amalgamation of the Company may adopt absorption amalgamation or newly set-up amalgamation.

Clause 170 The amalgamation or split shall be effected in the following procedure:

- 1) The Board of Directors shall draft amalgamation or split program;
- 2) The shareholders meeting shall make resolutions as per the Articles of Association;
- 3) Each party concerned shall sign amalgamation or split contract;
- 4) Proceed with the approving formalities as per the law;
- 5) Dispose of various amalgamation or split matters like claims and liabilities;
- 6) Go through the procedure of dissolution registration or variation registration.

Clause 171 In case the Company amalgamates or splits, each party of the amalgamation or split shall compile balance sheet and list of property. The Company shall notify the creditor within 10

days from the date when the shareholders meeting adopts the resolution on the amalgamation or split and publish the same three times on the designated newspaper within 30 days.

Clause 172 The creditor shall, within 30 days from the date when he receives the notice and the creditor who has not received the notice shall, within 90 day from the date when the announcement is published for the first time, have the right to ask the Company to repay the debt or provide corresponding guarantee. The Company shall not amalgamate or split if it is unable to pay the debts or provide corresponding guarantee.

Clause 173 The Board of Directors shall adopt necessary measures to protect the interest of those shareholders who are against the amalgamation or split of the Company when the Company amalgamates or splits.

Clause 174 The disposal of the assets, claims, and liabilities of each party of the amalgamation or split shall be expressly stipulated by means of concluding a contract. The claims and liabilities of each party of amalgamation shall be succeeded by the succeeding company or the newly established company after the amalgamation. The liabilities before the split shall be borne by the company after the split according to the agreement reached.

Clause 175 The Company shall go through the procedure of variation registration with the registration authority as per the law in case the registration particulars vary as a result of the amalgamation or split. The Company shall cancel its registration as per the law in case it dissolves. The Company shall go through the formalities of company establishment registration as per the law in case a new company is established.

Article II Dissolution and Liquidation

Clause 176 The Company shall dissolve and liquidate in accordance with the law in one of the following cases:

- 1) Expiration of the term of operation;
- 2) Dissolution as adopted by the resolution of the shareholders meeting
- 3) Dissolution as a result of amalgamation or split;
- 4) Bankruptcy declared as per the law as a result of its incapability to pay its debts;
- 5) Close is ordered as per the law because of an offense of the law or by-law.

Clause 177 The Company shall organize a liquidation team within 15 days if the Company dissolves in cases referred to in sub-clause 1) and sub-clause 2) of the preceding clause. Members of the liquidation team shall be selected by the shareholders meeting as an ordinary resolution.

If the Company dissolves in the case of sub-clause 3) of the preceding clause, liquidation work shall be carried out in accordance with the contract signed by the parties at the time of amalgamation or split.

If the Company dissolves in the case of sub-clause 4), liquidation shall be conducted by a liquidation team organized by the People's Court according to the related law provisions from the shareholders, relevant authorities and professionals.

If the Company dissolves in the case of sub-clause 5) of the preceding clause, liquidation shall be carried out by the liquidation team organized by the relevant authorities in charge from the shareholders, related authorities and professionals.

Clause 178 The functions and powers of the Board of Directors and managers shall be stopped immediately once the liquidation team is organized. The Company shall not operate any new business during the period of liquidation.

Clause 179 The liquidation team shall exercise the following functions and powers in the process of liquidation:

- 1) Notify or notify through announcement the creditors;
- 2) Liquidate the Company's property, compile balance sheet and property list;
- 3) Dispose of the Company's unsettled business;
- 4) Clear up and pay the taxes due;
- 5) Settle claims and debts;
- 6) Dispose of the Company's surplus property after repaying debts;
- 7) Participate in civil suit activities on behalf of the Company.

Clause 180 The liquidation team shall notify the creditors within 10 days after it comes into being and publish announcement three times within 60 days on at least one of the newspapers designated by China Security Regulatory Commission.

Clause 181 The creditor shall declare to the liquidation team his claims before the deadline specified in the Articles of Association. The creditor shall make a statement of the related particulars of his claims and provide supporting documents while declaring his claims and the liquidation team shall have the same registered.

Clause 182 The liquidation team shall formulate a liquidation program and report the same to the shareholders meeting or related authorities in charge for confirmation following the completion of the liquidation of the Company's property and completion of balance sheet and property list.

Clause 183 Settlement of the Company's property shall be effected in the following sequence:

- 1) Disburse the expense of liquidation;
- 2) Disburse the salary and expenses of labour insurance of the Company's staff;
- 3) Repay taxes due;
- 4) Pay the Company's debts;
- 5) Allocate as per the proportion of the number of shares held by the shareholders.

The Company's property shall not be allocated to the shareholders before the above-said fulfillment of sub-clauses 1)-4).

Clause 184 After the clearance of the Company's properties and compilation of balance sheet and property list, if the liquidation team considers the Company's property is not sufficient for repaying the debts, the liquidation team shall apply to the People's Court for declaration of bankruptcy. Following the declaration of bankruptcy by the People's Court, the liquidation team shall pass the liquidation affairs to the People's Court.

Clause 185 The liquidation team shall, following the completion of liquidation, compile a liquidation report, income and expenditure statement and financial accounting book, and submit the same to the shareholders meeting or related authorities in charge for confirmation.

The liquidation team shall, within 30 days from the date when confirmation of the liquidation report is made by the shareholders meeting or related authorities in charge, proceed with the formalities of canceling the Company's registration with the registering authorities and declare the termination of the Company.

Clause 186 The liquidation team shall be devoted to its duty and perform its obligation as per the law and shall not accept any bribery or other illegal income and encroach upon any of the Company's property.

Personnel of the liquidation team shall bear compensation responsibility should they cause any loss to the Company or the creditors as a result of intentional conduct or grave negligence.

Chapter Eleven Amendment of Articles of Association

Clause 187 The Company shall amend its Articles of Association in one of the following cases:

- 1) Any of the provisions of the Articles of Association is contradictory to the provisions of the amended "Company Law", related laws or administrative regulations after their amendment;
- 2) The Company has experienced some changes which are not consistent with the recording of the Articles of Association;
- 3) The shareholders meeting decides to amend the Articles of Association.

Clause 188 The amendment of the Articles of Association as decided by the shareholders meeting through its resolution shall be reported to the original approving authority for approval in case the said amendment needs to be approved by the said authorities.

Clause 189 The Board of Directors shall amend the Articles of Association as per the resolution on amending the Articles of Association of the shareholders meeting and the approval comments of the related authorities in charge.

Clause 190 In case any of the amendment of the Articles of Association is such information as the law and by-law require disclosure be made, announcement of the said amendment shall be made as per the stipulations.

Chapter Twelve Supplementary Provisions

Class 191 The Board of Directors may formulate detailed regulations of the Articles of Association according to the provisions of the Articles of Association. The detailed regulations of the Articles of Association shall not be contradictory to the provisions of the Articles of Association.

Class 192 The present Articles of Association is made in Chinese. In case any other Articles of Association of different editions or in any language has any discrepancy with the present Articles of Association, the edition in Chinese lately approved by and registered with Sichuan Provincial Administration for Industry and Commerce shall prevail.

Class 193 "Over", "within" or "below" as referred to in the present Articles of Association shall include the figure as it is while "less than" and "besides" shall not include the figure as it is.

Class 194 The explanation of the Articles of Association shall be the responsibility of the Board of Directors.

中华人民共和国四川省工商行政管理局

公证书

