Huaxin Cement Co., Ltd.

Articles of Association

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Chapter 1 General Provisions

Article 1 To safeguard the legitimate rights and interests of the Company, its shareholders and creditors and to regulate the organization and activities of the Company, the Company formulated this Articles of Association, in accordance with the *Company Law of the People's Republic of China* (hereinafter referred to as the ñCompany Lawò), the *Securities Law of the People's Republic of China* (hereinafter referred to as the ñSecurities Lawò), the State Council Special Regulations on the *Overseas Offering and Listing of Shares by Joint Stock Limited Companies* (hereinafter referred to as the ñSpecial Regulationsò), the *Prerequisite Clauses of Articles o*

Article 4 The registered name o

Article 14 The Company may invest in other limited liability companies and joint stock limited companies and shall be liable to the investee companies to the extent of its investment in such companies.

Article 15 The term ñsenior executivesò in th

Article 23 The share structure of the Company is composed of 2,078,995,649 ordinary shares, including 1,344,275,649 A shares, representing 64.66% of the total share capital, and 734,720,000 H shares, representing 35.34% of the total share capital.

Article 24 Subject to the approval of such plan by the securities regulatory authority of the State Council, the board of directors of the Company may make arrangements for the implementation of its plan for the separate issues of overseas listed foreign shares and domestic shares.

The Companyôs plan for the separate issues of overseas listed foreign shares and domestic shares may be implemented separately in accordance with the above provision within 15 months of the date of approval by the securities regulatory authority.

Article 25 Where the total number of shares specified in an issue plan of

III. by allotting bonus shares to its existing shareholders;

IV. by capitalizing its capital reserve;

V. by any other means which is permitted by laws, administrative regulations and authorized by the China Securities Regulatory Commission.

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The Companyôs acquisition of its own shares under the circumstance as stipulated in (III), (V) or (VI) of the Article 29 shall be approved by a resolution at a board meeting attended by no less than two-thirds of the directors.

Shares acquired under the circumstances as stipulated in (I) of the Article 29 shall be cancelled within 10 days from the day of acquisition; shares acquired under the circumstance as stipulated in (II) or (IV) of the Article 29 shall be transferred or cancelled within 6 months from the day of acquisition; for the circumstances as stipulated in (III), (V) or (VI) of the Article 29, the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company and the shares so acquired by the Company shall be transferred or cancelled within 3 years from th

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1. if the shares being repurchased were issued at their nominal value, payment shall be made out of the credit balance of distributable profits of the Company;

2. if the shares being repurchased were issued at a premium, payment shall be made out of the credit balance of the distributable profits of the Company and the proceeds of a new issue of shares made for that purpose, provided that the amount to be paid out of the proceeds of the new issue of shares shall not exceed the aggregate of premiums received by the Company on the issue of the shares repurchased nor shall it exceed the credit balance of the share premium account (or the capital reserve fund) of the Company (including the premiums of the new shares issued) at the time of the repurchase;

III. payment by the Company for the following purposes shall be made out of the Companyôs distributable profits:

1. the acquisition of rights to repurchase its own shares;

2. the variation of any agreement to repurchase its own shares;

3. the release of any of the Companyôs obligations under any agreement to repurchase its shares.

IV. Following the reduction of the aggregate nominal value of th

Article 38 In th

Article 41

Chapter 4 Share Certificates and Register of Shareholders

Article 43 The Companyôs share certificates shall be in registered form.

The share certificates of the Company shall, in addition to those provided in the Company Law, contain other items required to be specified by the stock exchange(s) on which the shares of the Company are listed.

The overseas listed shares issued by the Company may take the form of overseas depository receipts or other derivative forms of shares in accordance with the laws of the place where the companyôs shares are listed and the relevant

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Article 49 With respect to H shares, the Company shall at any time ensure all title documents of H shares include the statements stipulated below, and shall

A holder of overseas listed foreign shares who has lost his/her share certificate and applies for a replacement certificate to be issued may do so in accordance with the laws, the rules of the stock exchange and other relevant

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

Article 53 After the Company has issued a replacement share certificate in accordance with the Articles, the name (or title) of a bona fide purchaser who obtains the new share certificate or a person (if a bona fide purchaser) whose name (or title) is subsequently entered in the register of shareholders as the owner of the relevant shares shall not be removed fro

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Article 57 The shareholders of the Company shall have the following rights:

I. to receive dividends and other profit distribution in proportion to the number of shares held by them;

II. to propose, convene, preside over, attend in person or appoint a proxy to attend and vote on his/her behalf at shareholdersô general meeting in accordance with laws;

III. to supervise and to put forward proposals and make enquires relating to the business operational activities of the Company;

IV. to transfer, donate or pledge their shares in accordance with relevant laws, administrative regulations

(7) the Companyôs any special resolution;

Shareholders described in the first paragraph of this Article may also initiate proceedings in accordance with the abovementioned two paragraphs in the event that the Company incurs losses as a result of the lawful interests of the Company being infringed upon by any third parties.

Article 61 If any director or senior executive damages the shareholderôs interests by violating any law, administrative regulation, or the Articles of Association, the shareholders may lodge a lawsuit in the peopleôs court.

Article 62 The shareholders of the Company shall have the following obligations:

I. to abide by laws, administrative regulations and the Articles of Association;

II. to pay subscription monies according to the number of shares subscribed and the method of subscription;

III. not to surrender the shares unless required by the laws, regulations and the Articles of Association except as stipulated by laws and regulations, or the Articles of Association, no return of shares is allowed;

IV. not to misappropriate the rights of shareholders to prejudice the interests of the Company or other shareholders; not to misappropriate the Companyôs independent status as legal person and the limite

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IX. to resolve on such matters as the merger, division, termination, liquidation and change of company form;

X. to amend the Articles of Association;

XI. to resolve on the Companyôs appointment, dismissals om[( )] TJETBT1 01 23358658.42 Tm[( )] TJET

When the general meeting deliberates the proposal on providing guarantees for the shareholders, the de facto controller and its affiliated parties, the shareholders or shareholders controlled by the de facto controller shall abstain from voting. The proposal shall be passed by the holders of no less than one half

Section 3 Convening of Shareholders General Meeting

Article 72 Independent directors are entitled to propose to the board of directors for convening an extraordinary general meeting. In response to such proposal of the independent directors to convene an extraordinary general meeting, the board of directors shall, within ten days after receiving such proposal, provide a response in writing to indicate whether or not the board agrees to convene such extraordinary general meeting pursuant to the laws, administrative regulations and the Articles of Association.

Where the board agrees to convene such extraordinary general meeting, a notice to convene such general meeting shall be issued within five days after the passing of the relevant resolution by the board. Where the board disagrees to convene such extraordinary general meeting, the board shall give reasons for such decision, which shall also be announced.

Article 7 3 The board of supervisors has the right to propose the board to convene extraordinary general meetings and such proposal shall be made by way of written request(s). The board shall reply in writing regarding the acceptance or refusal to convene an extraordinary general meeting within ten days upon receiving the proposal in accordance with the requirements of the laws, administrative regulations and the Articles of Association.

Where the board agrees to convene such extraordinary general meeting, a notice to convene such general meeting shall be issued within five days after the passing of the relevant resolution by the board, provided that any changes to the original proposal shall be subject to the consent being obtained from the board of supervisors.

Where the board disagrees to convene such extraordinary general meeting, or where the board fails to provide any response within ten days after receiving such proposal, it shall be deemed that the board has not been able to perform or it does not perform its duty to convene such general meeting, and the board of supervisors may by itself convene and preside over such meeting.

Article 74 Shareholders separately or aggregately holding no less than 10% of the Companyôs issued shares have the right to propose the board to convene an extraordinary general meeting by way of written request(s). The board shall reply in writing regarding the acceptance or refusal to convene an extraordinary general meeting within ten days upon receiving the request in accordance with the Articles of Association and the administrative regulations

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If the board of supervisors agrees to convene the extraordinary general meeting, notice convening the extraordinary general meeting shall be issued within five days upon receiving the request. Should there be alterations to the original requests in the notice, consent has to be obtained from the related shareholders.

If the board of supervisors does not issue notice of the extraordinary general meeting within the required period, it will be considered as not going to convene and preside over the extraordinary general meeting, and shareholders separately or aggregately holding no less than 10% of the shares of the Company for ninety or more consecutive days have the right to convene and preside over the meeting on their own.

Article 75 If the board of supervisors or shareholders decide to convene the extraordinary general meeting on their own initiative, they shall notify the board in writing and file the notice of meeting with the local office of the China Securities Regulatory Commission and the stock exchanges for records.

Prior to announcement of the extraordinary general meeting resolution, the shareholding proportion of the convening shareholders shall not be less than 10%.

The shareholders that convene the general meeting shall, upon issuance of the notice for extraordinary general meeting and announcement of the meeting resolution, submit relevant documentation to the local office of China Securities Regulatory Commission where the company is located and the stock exchange.

Article 76 With regard to the extraordinary general meeting convened by the board of supervisors or shareholders on their own initiative, the board of directors and the board secretary shall provide assistance. The board of directors shall provide the register of shareholders as at of the record date for the general meeting.

Article 77 The Company shall bear costs and expenses necessary for the extraordinary general meetings, which are convened by the board of supervisors or shareholders on their own initiative.

Section 4 Proposal and Notice at Shareholders General Meeting

Article 78 The contents of the motion shall fall within the terms of reference of the genera

Unless otherwise required by the preceding paragraph, the convener shall not amend the proposals listed in the aforesaid notice or add any new proposals subsequent to the dispatch of a notice of the general meeting.

The general meeting shall not vote and adopt a resolution on any proposal that is not listed in the notice of the shareholdersô general meeting or that is inconsistent with Article 78 of the Articles of Association.

Article 80 The convener shall notify all shareholders in the form of announcement twenty days before the annual general meeting, fifteen days before the extraordinary general meeting.

Article 81 A notice of the general meeting shall meet the following requirements:

I.

XI. If the general meeting of shareholders needs to adopt online voting or communication for reaching a decision, it shall indicate in the notice about the time, procedure, and deliberation of online voting o

Section 5 Holding of Shareholders General Meeting

Article 86

Article 98 The Company shall formulate the procedural

Article 103 The convener shall ensure that the contents of the minutes of meetings are authentic, accurate and complete. Directors, supervisors, the board secretary, the convener or his/her representative and the chairperson of meeting present at the shareholdersô general meeting shall sign on the minutes of the meeting. Minutes of meetings shall be kept together with the attendance list for shareholders and authorization letters given for proxies, and any other valid information concerning online exercise of voting rights or otherwise. The period of

If a shareholder purchases the voting shares of the Company in violation of the provisions of paragraphs 1 and 2 of Article 63 of the Securities Law, the shares exceeding the prescribed proportion shall not exercise voting rights within 36 months after the purchase and not included in the total number of shares with voting rights attending the general meeting of shareholders.

The board of directors, independent directors and shareholders with no less than one percent of voting shares or investor protection institutions established by laws, administrative regulations or provisions of the Chi5 Tm 0.f

Article 118 If the matter in respect of which a poll is demanded relates to the election of the chairperson of the meeting or the adjournment of the meeting, the poll shall be taken forthwith. A poll demanded on any other matter shall be taken at such time as the chairperson of the meeting decides, and the meeting may continue to proceed to discuss other matters. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

Article 119 On a poll taken at a meeting, a shareholder (including his/her proxy) entitled to two or more votes need not cast all his/her votes in the same way.

Article 120 In the case of an equality of votes, whether on a show of hands or on a poll, the chairperson of the meeting shall be titled to an additional vote.

Article 121 Before the relevant motion is

If a count of votes is carried out at a general meeting, the results thereof shall be entered in the minutes of the meeting. The minutes of general meetings together with the attendance book signed by the shareholders present at the meeting and the proxy forms for the appointment of proxies present at the meeting shall kept at the domicile of the Company.

Article 125 A shareholder may inspect copies of minutes of meeting(s) free of charge during office hours of the Company. Upon the request of any shareholder for a copy of the relevant minutes of meeting, the Company shall send out the copy of the minutes within seven days after receipt of the reasonable payment therefor.

Article 126 The resolutions of the shareholdersô general meeting shall be announced promptly. Such announcement shall specify the number of shareholders present in person or by proxy at the meeting, the total number of voting shares held or represented by them, the percentage of such voting shares in relation to all the voting shares of the Company, the voting methods, the voting result of each motion, and details of each resolution that are passed at the meeting.

Article 127 Where a motion has not been passed or the resolutions of the preceding general meeting have been changed at the current general meeting, special mention shall be made in the announcement of the resolutions of the general meeting.

Article 128 If the motion on election of new directors and supervisors, is passed at the general meeting, new directors and supervisors shal

III. in the case of a restructuring proposal of the Company, an ñinterested shareholderò means a shareholder whose obligations will become disproportionately less than the obligation of other shareholders of the same class or a shareholder who has an interest different from the interests of the other shareholders of that class.

Article 134 Resolutions of a class meeting shall be passed by the holders of no less than two thirds of the total number of votes held by the shareholders of that class and who are permitted to vote at the class meeting under Article 133.

Article 135 When the Company convenes a class meeting, it shall give written notice to all shareholders registered in the register of shareholders in accordance with Article 80 of this Articles of Association, which notice shall set forth the matters proposed to be considered at the meeting and the date and place of that meeting.

Subject to compliance with laws and administrative regulations, the general meeting may remove any director by an ordinary resolution before the expiry of his/her term of office, provided that the removal may not impact the directorôs claim for indemnity according to any contract.

The manager or other senior executives may concurrently serve as directors, provided that the total number of directors who concurrently serve as the manager or other senior executives shall not exceed half of the total directors of the Company.

Article 140 The directors shall comply with the laws, administrative regulations, and the Articles of Association. They shall bear the obligations of fidelity to the Company:

I. not to exploit his/her official functions and powers to accept bribes or other unlawful income, and not to expropriate in any manner the Companyôs property;

II. not to misappropriate the Companyôs funds;

III. not to open in his/her own name or in another personôs name any bank account for the purpose of depositing any of the Companyôs assets;

IV. not to advance the Companyôs funds to any other person or not to use the Companyôs assets to provide any security for any other individual in violation of the Articles or without the consent of the shareholdersô general meeting or the board of directors;

V. not to enter into any contract or transaction with the Company in violation of the Articles or without the consent of the shareholdersô general meeting;

VI. not to seek business opportunities accounted to the Company for himself/herself or any other persons by exploiting his/her official functions, or run the same businesses as those of the Company for himself/her or for others, without the consent of the shareholdersô general meeting;

VII. not to accept commissions arising from transactions with the Company and appropriate to himself/herself;

VIII. No director may illegally disclose the Companyôs confidential information;

IX. No director may infringe upon the lawful rights of the Company by taking the advantage of their connected relationship with the Company;

X. Other obligation of fidelity provided by laws, administrative regulations and the Articles of Association.

The income incurred in violation of this Article shall be accounted to the Company; for any

Article 141 Directors shall abide by laws and regulations and the Articles of Association and perform the following duties of diligence:

I. to exercise the powers authorized by the Company in a prudent, careful and diligent way so as to ensure that the commercial activities of the Company are in compliance with PRC laws and regulations

Article 144 A director shall, upon resignation or expiration of his/her term of office, complete all handover formalities with the board of directors and his/her duty of loyalty and honesty owed to the Company and the shareholders shall not necessarily cease upon the termination of his/her office. The director resigned shall not be liable for any resolutions or any decisions made by the board of directors after the resignation takes effective. The duty of confidentiality in relation to trade secrets of the Company survives the termination of his/her office until such trade secrets enters into the public domain.

Article 145 Except as required by the Articles of Association or except as lawfully authorized by the board of directors, any director shall not purport to represent the Company or the board of directors in his/her own name. When a director acts in his/her own name and a third party reasonably considers such director acts on behalf of the Company or the board of directors, such director shall declare in advance his/her position and capacity.

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IV. to prepare the annual budget and final accounts of the Company;

V. to prepare proposals for profit distribution and for making up accrued losses of the Company;

VI. to prepare proposals for the increase or reduction of share capital, the issue of bonds or other securities and listing;

VII. to draft proposals for major acquisitions, purchase of the Companyôs shares, merger, demerger, dissolution, or change in the form of the

For the purposes of this Article, a disposal of fixed assets includes the transfer of an interest in certain assets but does not include the provision of

Article 159 The board meetings shall be convened by the chairperson. Under any of the following circumstances, the chairperson shall convene and preside over an extraordinary board meeting within 10 days upon occurrence of the respective circumstance:

I. the chairperson deems the meeting necessary;

II. shareholders representing no less than 1/10 of all voting rights propose;

III. no less than 1/3 of all the directors propose;

IV. the board of supervisors

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such board meeting is less than 3, such matter shall be submitted to the general meeting

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Article 166 The minutes of the board meeting shall include the following contents:

I. the date, venue and convenerôs name of the meeting;

II. names of directors present at the meeting and directors (alternates) present at such meeting on behalf of other directors;

III. agenda of the meeting;

IV. summary of points raised by directors;

V. manner and result of voting on each

II. to organize the implementation of the Companyôs annual business plan and investment proposals;

III. to draft plans for the establishment of the Companyôs internal management structure;

IV. to draft the Companyôs basic management regulations;

V. to formulate specific rules and regulations for the Company;

VI. to propose the appointment or dismissal by the board of directors of the Companyôs deputy managers and head of finance;

VII. to appoint or dismiss management personnel other than those required to be appointed or

Article 176 The Company shall have a board secretary of the Company. The boar

Chapter 9 Board of Supervisors

Section 1 Supervisors

Article 180 The circumstances of disqualification for directors prescribed in Article 138 of the Articles of Association shall be applicable to supervisors.

Article 181 The directors, manager and other senior executives of the Company shall not act concurrently as supervisors.

Article 182 The supervisors shall observe laws, administrative regulations and the Articles of Association. They shall shoulder the duties of loyalty and due diligence to the Company

The board of supervisors shall comprise supervisors who represent the shareholders and a proper proportion of supervisors who represent the employees, and the proportion accounted for by the later shall be 1/3 or more. The supervisors who represent the employees shall be democratically elected by employees of the Company via the workersô conference, etc.

Article 190 The board of supervisors shall exercise the

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Article 192 The board of supervisors shall formulate procedural rules of the board of supervisors, specify the method for conducting business and the voting procedures of the board of supervisors, so as to ensure the working efficiency and scientific decision making of the board of supervisors.

Article 193 The board of supervisors shall cause decisions made during the meeting to be reduced to minutes of meetings, and supervisors present shall sign on such minutes.

A Supervisor is entitled to request the points made by him/her as expressed in his/her discussion to be recorded as representations made in the meeting. Minutes of meetings of the board of supervisors shall be kept in the files of the Company for ten years.

Article 194 A notice of meeting of the board of supervisors shall include the following:

I. date and venue of meeting and duration of the meeting;

II. matters and agenda;

III. date of issue of the notice.

Chapter 10 Obligations of Directors, Supervisors, Manager, and Other Senior Executives of the Company

Article 195 The validity of an act of a director, supervisor, manager or other senior executives on behalf of the Company vis-a-vis a bona fide third party

Article 198 Each director, supervisor, manager and other senior executives is under the duty, in the performance of his/her official functions, to observe his/her fiduciary duties and not to place himself/herself in a position where his/her own interests may be in conflict with any obligations assumed by him/her. This principle includes (but is not limited to) the discharge of the following obligations:

I. to act honestly in the best interests of the Company;

II. to exercise powers within the scope of his/her functions and powers and not to act beyond such scope;

III. to exercise personally the discretion vested in him/her and not to allow himself/herself to act under the direction of another person and, unless and to the extent permitted by law or administrative regulations or with the informed consent of the shareholdersô general meeting, not to delegate the exercise

delcretion

XII. without the informed consent of the shareholdersô general meeting, not to disclose any confidential information related to the Company acquired by him/her during the term of his/her office; not to use such information other than for the purpose of furthering the interests of the Company; provided that he/she may disclose such information to a court or other governmental regulatory authorities in the following circumstances, tha

Article 201 Except in the circumstances set out in Article 65 of the Articles of Association, a director, supervisor, manager or other senior executive of the Company may be relieved of his/her liability for specific breaches of his/her duties by the informed consent of the shareholdersô general meeting.

Article 202 If a director, supervisor, manager or other senior executive of the Company has, directly or indirectly, a material interest in a contract, transaction or arrangement entered into or proposed to be entered into with the Company (other than a contract of service between the Company and the director, supervisor, manager or othe

II. the provision by the Company to its director, supervisor, manager or other senior executive under a contract of service approved by the shareholders in general meeting of a loan or a guarantee for a loan or other funds to meet expenditure incurred by him/her for the purposes of the Company or for the purposes of enabling him/her to perform his/her official duties;

III. where the ordinary course of business of the Company includes the lendin

IV. to recover any moneys received by that director, supervisor, manager or other senior executive which should have been received by the Company, including (without limitation) commissions; and

V. to demand payment from that director, supervisor, manager or other senior executive of the interest earned or which may have been earned on moneys that should have been paid to the Company.

Article 210 The Company shall, with the prior approval of the shareholdersô general meeting, enter into a contract in writing with each director or supervisor of the Company in respect

Article 216 The financial statements of the Company shall be prepared in accordance with PRC accounting standards, laws and regulations and, in addition thereto shall also be in accordance with either the International Accounting Standards or the accounting standards of the overseas territory where the Company is listed. Where there are material differences between the financial statements prepared in accordance with the two accounting standards as aforesaid, then such differences shall be specified in the notes to those financial statements.

For the purposes of distributing the profits after tax of the Company in respect of the relevant financial year, the lower amount of the profits after tax 0 0 0 1 312.55 686.38 Tm 0 Tc[(l0.58 Tm

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The Company shall not participat

2. In particular cases,

Section 2 Internal Auditing

Article 224 The Company shall implement an internal auditing system and appoint full time auditors to carry out internal auditing and supervision of the Companyôs income and expenses and economic activities.

Article 225 The Companyôs internal auditing system and the responsibilities of the auditing personnel shall be carried out after obtaining approval by the board of directors. The auditor-in-chief shall be accountable and report to the board of directors.

Section 3 Appointment of Accounting Firm

Article 226 The Company shall appoint an

IV. An accounting firm leaving office shall be entitled to attend:

1. the general meeting at which its term of office would otherwise expire;

2. the general meeting at which it is proposed to fill the vacancy arising from its removal;

3. any general meeting convened as a result of its resignation.

An accounting firm leaving office shall be entitled to receive all notices of, and other information relating to, the meetings referred to above, and to speak at any such meeting on any matter which concerns it as the former accounting firm of the Company.

Article 234 If the Company removes or does not re-appoint an accounting firm, it shall notify the accounting firm sixty (60) day

Chapter 12 Notice and Announcement

Section 1 Notice

Article 235 Unless otherwise provided in this Articles of Association, the notice of the Company shall be issued in th

Article 244 In the case of merger, the Company may take the form of merger by absorption or merger by new establishment.

In the case of mergers by absorption, a company absorbs other companies and the absorbed company is dissolved. In the case of mergers by new establishment, two or more companies combine together for the establishment of a new one, and the pre-merger companies are dissolved.

Article 245 To carry out a corporate merger, each party to the merger shall conclude an agreement with each other and formulate balance sheets and checklists of properties. The companies involved shall, within ten days after making the decision of merger, notify the creditors, and shall make a public announcement on a newspaper no less than 3 times within 30 days.

The creditors may, within 30 days after receiving the notice or within 45 days after the issuance of the public announcement if it fails to receive a notice, demand the Company to clear off its debts or to provide corresponding guaranties.

Article 246 To carry out a merger, the credits and debts of the companies involved shall be succeeded or assumed by the company that survives the merger or by the newly established company.

Article 247 To split the Company, the properties thereof shall be divided accordingly.

To split the Company, each party to the split-up shall conclude an agreement with each other and balance sheets and checklists of properties shall be worked out. The Company shall, within 10 days after the decision of split-up is made, inform the creditors and make a public announcement on a newspaper no less than 3 times within 30 days.

Article 248 The post-split companies shall bear several and joint liabilities for the debts of the Company before its split unless it is otherwise prescribed in a written agreement reached by the Company and the creditors before the split-up regarding the debt pay-off.

Article 249 Where the Company finds it necessary to reduce its registered capital, it must work out balance sheets and checklists of properties.

The Company shall, within ten days after the decision of reducing registered capital, notify the creditors and make a public announcement on a newspaper within 30 days. The creditors shall, within 30 days after receiving the notice or within 45 days after the issuance of the public announcement if it fails to receive the notice, be entitled to demand the Company to pay off the debts or to provide respective guaranties.

After reduction of the capital, the amount of the Companyôs registered capital shall not be less than the statutory

Article 250 Where, in the process of merger or split-up of the Company, any of the registered items is changed, the Company shall go through modification registration with the company registration authority. Where the Company is dissolved, it shall be deregistered according to law. If a new company is established, it shall go through the procedures for company establishment abiding by law.

In the case of increasing or reducing its registered capital, the Company shall go through modification registration with the company registration authority abiding by law.

Section 2 Dissolution and Liquidation

Article 251 The Company may be dissolved

Article 254 Where the board of directors decides to carry out

Article 257 The liquidation group shall, after liquidating the properties of the Company and preparing balance sheets and checklists of properties, make a plan of liquidation and submit the plan to the shareholdersô general meeting or the peopleôs court for confirmation.

After paying off the liquidation expenses, wages of employees, social insurance premiums and legal indemnities, the outstanding taxes and the debts of the Company, the remaining properties may be distributed according to the proportion of stocks held by the shareholders.

During the liquidation, the Company continues to exist but may not carry out any business operation that has nothing to do with liquidation. None of the properties of the Company may be distributed to any shareholder before they are used for debts payoff as described in the preceding paragraph.

Article 258 If the liquidation group finds that the properties of the Company is not sufficient for paying off the debts after liquidating the properties and preparing balance sheets and checklists of properties, it shall file an application to the peopleôs court for bankruptcy.

Once the peopleôs court makes a ruling 7.21 490.75 TETBT1 0 0 1 192.41 518.710.7TETBT1 0 0 1 192.41 E

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Chapter 14 Amendments to Articles

Article 262 The Company shall make amendments to the Articles under one of the following circumstances:

I. due to the amendments of the Company Law or relevant laws and administrative regulations, the matters stipulated in the Articles of Association conflict with the provisions of the amende

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Disputes relating to whether or not a person is a shareholder and disputes relating to the register of shareholders need not be resolved by arbitration.

II. An applicant for arbitration may refer the matter to the China International Economic and Trade Arbitration Commission for arbitration in accordance with its arbitration rules or, alternatively, to the Hong Kong International Arbitration Centre for arbitration in accordance with its securities arbitration rules. Once the applicant refers a dispute or claim to arbitration, 89

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Article 268 The board of directors may formulate detailed rules for the Articles of Association in accordance with the provisions hereof, but the detailed rules for the Articles of Association shall not conflict with the provisions hereof.

Article 269 The Articles of Association are written in Chinese. In case of any discrepancy between the Articles of Association in any other language or in different versions, the Chinese version of the Articles of Association after the latest filing and registration in Hubei Market Regulation Administration shall prevail.

Article 270 In the Articles of Association, the terms ñno less thanò, ñor moreò, ñwithinò, ñno more thanò, and ñor moreò include the given figure; the term ñless thanò, ñmore thanò, ñbelowò and ñbeyondò do not include the given figure.

The terms ñaccounting firmò, ñaffiliateò and ñaffiliated partyò in the Articles shall have the same meanings as ñauditorò, ñrelateò and ñrelated personò in the SEHK Listing Rules respectively.

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Article 271 The board of directors shall be responsible for the interpretation of the Articles of Association.