THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular, you should consult your stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional adviser.

If you have sold or transferred all your shares in Maanshan Iron & Steel Company Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser or transferee or to the bank, stockbroker or other agent whom the sale or transfer was effected for transmission to the purchaser or transferee.

馬 鞍 山 鋼 鐵 股 份 有 限 公 司

Maanshan Iron & Steel Company Limited

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

(Stock Code : 323)

PROPOSED AMENDMENTS TO ARTICLES OF ASSOCIATION

AND

NOTICE OF ANNUAL GENERAL MEETING

A Notice for convening an Annual General Meeting of Maanshan Iron & Steel Company Limited (the "Company") to be held at the Magang Guest House, No.2 Xi Yuan Road, Maanshan City, Anhui Province, at 9:00 a.m. on Tuesday, 1 June 2004 is set out on pages 4 to 7 of this circular.

If you intend to attend the Annual General Meeting, please complete and return the enclosed reply slip in accordance with the instructions printed thereon as soon as possible and in any event by no later than 12 May 2004 (Wednesday).

Whether or not you intend to attend the Annual General Meeting, you are requested to complete the proxy form in accordance with the instructions printed thereon and return it to the registered office of Maanshan Iron & Steel Company Limited not less than 24 hours before the time appointed for the holding of the meeting. Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting or any adjournment thereof should you so wish.

16 April 2004

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馬鞍山鋼鐵股份有限公司
Maanshan Iron & Steel Company Limited

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

(Stock Code: 323)

Directors:
Gu Jianguo *(Chairman)*
Gu Zhanggen
Zhu Changqiu
Shi Zhaogui
Zhao Jianming
Su Jiangang
Gao Haijian

Independent Directors:
Cheng Shaoxiu
Wu Junnian
Shi Jianjun
Chan Yuk Sing

Registered address:
No. 8 Hong Qi Zhong Road,
Maanshan City, Anhui
Province, the PRC

16 April 2004

To: H Shareholders

PROPOSED AMENDMENTS TO THE ARTICLES OF ASSOCIATION

Pursuant to the requirements made by China Securities Regulatory Commission for further regulation of operation of listed companies as well as the relevant provisions of the revised Rules Governing the Listing Securities amended by the Stock Exchange of Hong Kong Limited on 31 March 2004 and Listing Rules of Shanghai Stock Exchange on Shares, the Board of Directors proposes to amend the Articles of Association in accordance with the requirements and provisions of relevant authorities and submit the proposal to the Annual General Meeting for review and shareholders' approval. Under the existing Articles of Association, the Company may by special resolution in general meeting of shareholders amend the Articles of Association. Major amendments to the Articles of Association are as follows :

1. Adding general and procedural provisions to the Articles of Association so as to regulate the operation of the Company in compliance with the requirements of Guidelines on Articles of Association of Listing Companies and Notice Concerning Matters on Amendments to Articles of Association of Listed Companies Whose Shares Issued Locally and Overseas promulgated by China Securities Regulatory Commission on 16 December 1997 and 27 November 2001 respectively.

2 Adding to the Articles of Association the contents of protecting non-majority shareholders in relation to obtaining voting rights at the general meeting by the

Company's shareholders and where appropriate, adopting the accumulative voting method in the case of electing two or more Directors in compliance with the Standards for Corporate Governance of Listed Companies promulgated by China Securities Regulatory Commission and State Economic and Trade Commission on 7 January 2002.

3. Adding to the Articles of Association the provisions regulating the Company's external guarantees in compliance with Notice of Certain Matters Concerning Regulating the Fund Transfers between Listed Companies and Connected Parties and External Guarantees of Listed Companies promulgated by China Securities Regulatory Commission and State-owned Assets Regulatory Commission of State Council on 28 August 2003.

4. Making restrictions and regulations on the Directors' purchase and sale of the Company's shares , voting rights of interested shareholders at general meeting, time period of nominating candidates for Directors' election, notice period for convening board meeting, composition of audit committee and voting rights of interested Directors on matter where the Director or his associates has a material interest in the Articles of Association in compliance with the requirements of the Rules Governing the Listing Securities on the Stock Exchange of Hong Kong Limited.

5. Adding to the Articles of Association the provisions on signing instruments of transferring the overseas listed foreign shares of the Company and attending general meetings by the clearing house or its nominee as defined under Securities and Futures Ordinance of Hong Kong.

6. Making restrictions that any of the Directors shall not transfer the Company's shares held by him during his term and until a half year after he resigned from the position in compliance with the Listing Rules of Shanghai Stock Exchange on Shares.

7. Including other provisions for general improvement on corporate governance.

The main purposes of amendments to the Articles of Association are to: (i) regulate the operation of the Company; (ii) strengthen the governance of the Company as an independent corporate entity; and (iii) protect the legal interests of the Company and its shareholders. The proposed amendments to the Articles of Association are set out in the Appendix 1 of this circular.

In the opinion of the Board of Directors, the proposed amendments to the Articles of Association will make no material change to the existing content of the Articles of Association as required by the Mandatory Provisions for Articles of Association of Companies to be Listed Overseas (hereinafter referred to as "Mandatory Provisions") promulgated by the then Securities Commission under the State Council and the State Commission for Restructuring the Economic Systems of the PRC on 27 August 1994. As such, the Directors and the legal adviser of the Company believe that the proposed amendments to the Articles of Association will remain in compliance with the Mandatory Provisions.

ANNUAL GENERAL MEETING

Notice of the Annual General Meeting is set out on pages 4 to 7 of this circular. Enclosed with this circular is a form of proxy for use at that meeting. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete the form of proxy and return it to the Company in accordance with the instructions printed thereon. The completion of a form of proxy and returning it to the Company will not preclude you for attending and voting in person at the meeting.

PROCEDURES FOR DEMANDING A POLL AT ANNUAL GENERAL MEETING

Under the existing Articles of Association of the Company, at any general meeting of shareholders, a resolution shall be decided on a show of hands unless a poll is demanded before or after any vote by hands by:–

(1) the chairman of the meeting;

(2) at least 2 shareholders, who possesses the right to vote, precent in person or by proxy;

(3) one or more shareholders (including proxies) representing, either calculated separately or in aggregate, one-tenth or more of all shares carrying the right to vote at the meeting.

RECOMMENDATIONS

The Directors believe that the proposed amendments to the Articles of Association are in the best interests of the Company and its shareholders, and therefore recommend all shareholders to vote in favour of the relevant resolution to be proposed at the Annual General Meeting.

Gu Jianguo
Chairman

馬鞍山鋼鐵股份有限公司
Maanshan Iron & Steel Company Limited

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

(Stock Code : 323)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Maanshan Iron & Steel Company Limited (the "Company") will be held at the Magang Guest House, No. 2 Xi Yuan Road, Maanshan City, Anhui Province at 9:00 a.m. on Tuesday, 1 June 2004.

This Annual General Meeting will deal with the following matters:

1. to consider and approve the working report of the Board of Directors for the year 2003;

2. to consider and approve the working report of the Supervisory Committee for the year 2003;

3. to consider and approve the audited financial statements for the year 2003;

4. to consider and approve the proposed profit appropriation for the year 2003;

5. to consider and approve the appointment of Ernst & Young Hua Ming and Ernst & Young as the Company's auditors for the year 2004, and to authorise the directors to determine the remuneration of the auditors; and

6. To review and approve resolutions on revision of remunerations for the Company's Fourth Session of the Board of Directors and Fourth Session of the Supervisory Committee and the method of their payment:

   The total remuneration payable for the Fourth Session of the Board of Directors for the year of service shall not exceed RMB4.30 million, in which the total annual remuneration of Independent Directors shall not exceed RMB30,000. The total remuneration payable for the Fourth Session of Supervisory Committee for the year of service shall not exceed RMB1.70 million, in which the total annual remuneration of Independent Supervisors shall not exceed RMB20,000.

7. To pass the following resolutions as special resolutions:

   (1) to review and approve the amendments to the Articles of Association of Maanshan Iron and Steel Company Limited (For details of the amendments, please see Appendix 1 of the circular despatched on 16 April 2004 to the shareholders and may also view the details of the amendments at Shanghai Stock Exchange's website http://www.sse.com.cn);

(2) "to review and approve the proposal submitted by the Board of Directors of the Company for amending the Articles of Association and to authorise the Board of Directors to revise the wording of the amendments to the Articles of Association and to undertake any other related actions in accordance with the requirements (if any) of relevant government authorities of the State".

(3) to review and approve the proposal in respect of the grant of authority to the Board of Directors to allot or issue new shares (H shares):

(A) Subject to the conditions of the paragraphs (C) and (D), and in accordance with the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited as amended from time to time and the Company Law of the People's Republic of China (hereinafter referred to as the "Company Law"), the authority be generally and unconditionally granted to the Board of Directors to exercise all the power of the Company to determine the issue of new shares severally or jointly during the Relevant Period as well as the terms and conditions of the allotment and issue, including but not limited to:

(1) the class and number of placing shares;

(2) the issue price of new shares;

(3) the commencing date and ending date of the new issue;

(4) the class and number of new shares to be issued to the existing shareholders; and

(5) the making or grant of offers, agreements and options necessary for the exercise of such authority;

(B) The shares which may be created pursuant to the authority of the Board of Directors to be granted by the resolution set out in paragraph (A), including the authority to make or grant the offers, agreements and options during the Relevant Period, may be effectively allotted and issued after the expiry of the Relevant Period;

(C) The aggregate nominal amount of overseas listed foreign shares to be issued, or conditionally or unconditionally agreed to issue, by the Board of Directors pursuant to the approval set out in the paragraph (A) (except the shares being issued by way of capitalization of public reserve fund according to the Company Law and the Articles of Association) shall not exceed 20% of the overseas listed foreign shares of the Company in issue as at the date of passing this resolution.

(D) The exercise of the authority by the Board of Directors set out in paragraph (A) shall be in compliance with the Company Law and Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited as amended from time to time, and approved by the relevant authority of the PRC.

(E) For the purpose of this resolution, "Relevant Period" refers to the period from the passing of this resolution until whichever is the earliest of:

(1) the expiry of 12 months after the date of passing this resolution;

(2) the conclusion of the next annual general meeting of the Company; and

(3) the date on which the authority granted by this resolution is revoked or varied by a special resolution in general meeting.

(F) Subject to the approval of the relevant authority of the PRC and according to the Company Law, the authority be granted to the Board of Directors to increase the respective registered capital to the required amount pursuant to the exercise of its power under the resolution of paragraph (A).

(G) Subject to the approval of the relevant authority of the PRC, the authority be granted to the Board of Directors to make amendments to the Articles of Association as expedient and necessary so as to reflect the change in the shareholding structure of the Company as a result of placing or new issue.

By Order of the Board
Su Jiangang
Company Secretary

Masnshan City, Anhui Province, the PRC, 15 April 2004

As at the date hereof, the Board of Directors of the Company are as follows:–

Gu Jianguo, Gu Zhanggen, Zhu Changqiu, Shi Zhaogui, Zhao Jianming, Su Jiangang, Gao Haijian, Cheng Shaoxiu *, Wu Junnian *, Shi Jianjun * and Chan Yuk Sing *

* *Independent Directors*

Notes:

I. Persons entitled to attend the meeting

Persons who hold H shares of the Company and are registered as holders of H shares on the register of members maintained by The Hong Kong Registrars Limited on Friday, 30 April 2004 shall have the right to attend the Annual General Meeting after completing the registration procedures for attending the meeting. (Holders of A shares will be notified separately.)

II. Registration procedures for attending the Annual General Meeting

1. Holders of H shares shall deliver their written replies for attending the meeting, copies of transfers, share certificates or copies of receipts of share transfer and their own identity cards to the Company by no later than Wednesday, 12 May 2004. If proxies are appointed by shareholders to attend the meeting, they shall, in addition to the aforementioned documents, deliver the proxy forms and copies of their own identity cards to the Company.

2. Shareholders can deliver the necessary documents for registration at the Company in the following ways: in person, by post or by facsimile. Upon receipt of such documents, the Company will complete the registration procedures for attending the Annual General Meeting.

III. Appointing Proxies

1. Shareholders who have the right to attend and vote at the Annual General Meeting are entitled to appoint in writing one or more proxies (whether a shareholder or not) to attend and vote on their behalf.

2. The instrument appointing a proxy must be in writing signed by the appointor or his attorney duly authorised in writing. If that instrument is signed by an attorney of the appointor, the power of attorney authorising that attorney to sign or other documents of authorisation must be notarially certified. The notarially certified power of attorney or other documents of authorisation and proxy forms must be delivered to the registered office of the Company by not less than 24 hours before the time appointed for the holding of the Annual General Meeting in order for such documents to be valid.

3. A proxy of a shareholder who has appointed more than one proxy may only vote on a poll.

IV. Shareholders or their proxies attending the Annual General Meeting shall be responsible for their own accommodation and travel expenses.

V. The Company's register of members for H shares will be closed from Friday, 30 April 2004 to Tuesday, 1 June 2004 (both days inclusive), during which period no transfer of H shares will be registered. Holders of H shares who wish to attend the Annual General Meeting and receive final dividend must deliver their instruments of transfer together with the relevant share certificates to Hong Kong Registrars Limited, the Registrar of H shares of the Company, by no later than 4:00 p.m. on Thursday, 29 April 2004.

The address of the Registrar for the Company's H shares: Hong Kong Registrars Limited, Room 1901-1905, 19/F Hopewell Centre, 183 Queen's Road East, Hong Kong.

Share registration date and time and ways for distribution of dividend to holders of A shares will be announced later.

VI. The 2003 annual report hard copy of the Company will be made available at the end of April for shareholders' collection at the registered address of the Company or Hong Kong Registrars Ltd.

Company's registered address	:	No. 8 Hong Qi Zhong Road Maanshan City, Anhui Province The People's Republic of China
Telephone	:	86-555-2888158
Fax	:	86-555-2887284
Contact persons	:	Ms. Xu Jihong, Ms. He Hongyun

1. The first clause of the original Article 1: "In order to regulate the business administration of Maanshan Iron & Steel Company Limited (the "Company") and to protect the legal interests of the Company and the shareholders, these Articles were made in accordance with "The Company Law of the People's Republic of China" (the "Company Law"), "State Council's Special Regulations for the Offering and Listing of Shares outside the Mainland of the People's Republic of China", and other relevant laws and regulations of the People's Republic of China (the "PRC")."

   shall be amended as : "In order to regulate the business administration of Maanshan Iron & Steel Company Limited (the "Company") and to protect the legal interests of the Company and the shareholders, these Articles were made in accordance with "The Company Law of the People's Republic of China" (the "Company Law"), "The Securities Law of the People's Republic of China" (the "Securities Law"), "Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies" (the "Special Regulations") issued by the State Council of People's Republic of China, "Mandatory Provisions for Articles of Association of Companies to be Listed Overseas" ("Mandatory Provisions"), "Guidelines for Articles of Association of Listed Companies" ("Guidelines for Articles of Association"), "Standards for Corporate Governance of Listed Companies", and other relevant laws, regulations and regulatory documents of the People's Republic of China (the "PRC")."

2. The first clause of the original Article 6: "These Articles of Association shall, subsequent to the passage by the shareholders' meeting in the form of a special resolution and approval by the State Economic and Trade Commission and upon the date of registration with the administration for industry and commerce, replace the Articles of Association that the Company has originally registered with the administration for industry and commerce."

   shall be amended as : "These Articles of Association shall, subsequent to the passage by the shareholders' meeting in the form of a special resolution and approval by the companies examination and approval authority appointed by the State Council and upon the date of registration with the administration for industry and commerce, replace the Articles of Association that the Company has originally registered with the administration for industry and commerce."

3. Four new Articles shall be added immediately after the original Article 33 as Article 34, Article 35, Article 36 and Article 37:

   "Article 34 The Company does not accept the pledging of its shares as consideration.

   Article 35 The directors, supervisors, general manager and other senior management officers shall, during their term of office, declare to the Company regularly the Company's shares held by them. During their term of office and within 6 months of their leaving, they shall not transfer the Company's shares held by them.

   Articles 36 If the directors are in possession of any price-sensitive information, they are prohibited from purchasing any of the Company's shares in any event.

During the period of prohibition, no director shall purchase any of the Company's shares. The period of prohibition shall commence from one month prior to:

(1) the date of the board of directors' meeting at which the announcement of the Company's results is approved (or the date of first notice to The Stock Exchange of Hong Kong Limited shall prevail) ;

(2) the expiry of the time within which the Company shall announce its results, whichever is the earlier, till the announcement of the Company's results.

Article 37 If a shareholder who holds 5% or more of voting shares of the Company, sells his shares in the Company within 6 months of his purchase, or purchases the shares again within 6 months of the sale, the profits thus made shall accrue to the Company.

The preceding clause shall apply to the directors, supervisors, general manager and other senior management officers of any legal person shareholders holding 5% or more of the voting shares in the Company.

4. A new clause shall be added to the original Article 37:

"All overseas listed foreign-invested shares listed in Hong Kong shall be transferred by an instrument in writing in any usual or common form or any other form which the directors may approve. The instrument of transfer of any share may only be executed by hand without seal, or if the assignor or the assignee is the recognized clearing house or its nominee, the share transfer form may be executed by hand or in mechanically-printed form. All instruments of transfer must be placed at the legal address of the Company or in other places as the board of directors may be specified at any time."

5. Sub-clause (4) of the first clause of the original Article 45: "to transfer shares in accordance with laws, administrative regulations and the Articles;"

shall be amended as: "to transfer, donate and pledge shares in accordance with laws, administrative regulations and these Articles;"

6. Two new sub-clauses shall be added immediately after sub-clause (2) of the original Article 46 as sub-clauses (3) and (4):

"(3) not to retire from being a shareholder unless required by laws or regulations;

(4) if a shareholder holds more than 5% of the Company's voting shares pledges the shares held by him, he has to report the pledge to the Company in writing within three working days from the actual occurrence of the pledge."

7. A new clause shall be added to the original Article 48: ""Acting in concert" referred to in this Article means the acting of two or more persons by agreement (whether verbal or in writing) so as to gain or strengthen the control over the Company through the acquisition of voting rights in the Company by either of them."

8. The original Article 50 shall be amended as :

A. The original sub-clause (3): "to elect and replace those supervisors who shall be appointed from amongst the shareholders' representatives, and to decide on matters relating to the remuneration of supervisors;"

shall be amended as : "to elect and replace those supervisors (who are non-employee representatives), and to decide on matters relating to the remuneration of supervisors;"

B. A new sub-clause shall be added immediately after the original sub-clause (13) as sub-clause (14):

"to decide on external investments, leases or pledges of assets or other guarantees, entrusted operation, entrusted financial management or otherwise of the Company;"

C. The original sub-clause (14) and other sub-clauses after the original sub-clause (14) shall be re-numbered accordingly;

D. The original sub-clause (15): "(15) The shareholders' general meeting may authorize or entrust the Board of Directors to deal with the following:

(1) To decide on external investments, asset leasing, asset pledge and other guarantees, entrusting the Company's operations and financial management, etc in respect of not more than 10% of the latest audited net asset of the Company;

(2) The shareholders' general meeting may authorize the Board of Directors to decide on or deal with matters not provided for in the laws, regulations and the Articles of Association when such an authorization is necessary and reasonable."

shall be amended as :

"(16)The shareholders' general meeting authorizes or entrusts the board of directors to deal with the following:

(1) To decide on external investments, asset leasing, asset pledge and other guarantees, entrusting the Company's operations and financial management, etc in respect of not more than 10% of the latest audited net asset of the Company;

(2) The board of directors is authorized to decide on or deal with matters not provided for in the laws, regulations and the Articles of Association when such an authorization is necessary and reasonable.

9. The original Article 51

"Article 51 The Company shall not enter into any contract with any person other than a director, supervisor, general manager or other senior officers of the Company whereby the management and administration of the whole or any substantial part of any business of the Company is to be handed over to such a person without the prior approval of shareholders in a general meeting" shall be deleted.

10. A new clause shall be added to the original Article 52 as :

"If the Company is under the circumstances as stated in the preceding sub-clause (1) or (2) and the board of directors fails to convene an extraordinary general meeting within the prescribed time, the supervisory committee or shareholders may themselves subject to the procedures stated in Article 82 herein (the original Article 72) convene an extraordinary general meeting."

11. A new clause shall be added to the original Article 54 as :

"Any motion put forward in a shareholders' general meeting shall be subject to the following requirements:

(1) the contents of the motion shall comply with laws, regulations and the Articles of Association, and shall fall within the scope of business of the Company and the duties of the shareholders' general meeting;

(2) the motion shall cover a specific subject for discussion with concrete matters to be resolved;

(3) the motion shall be submitted to or served on the board of directors by writing."

12. Three new Articles shall be added immediately after the original Article 54 as Article 58, Article 59 and Article 60 as :

"Article 58 The board of directors of the Company shall, in the best interest of the Company and the shareholders, examine the motions put forward in shareholders' general meetings in accordance with Article 58 herein (the new sub-clause added to the original Article 54).

Article 59 Where the board of directors decides not to include a motion in the agenda of the shareholders' general meeting, an explanation and a statement shall be given at such a meeting. Such statement and details of the motion shall, together with the resolutions of the shareholders' general meeting, be published after the conclusion of the shareholders' general meeting.

Article 60 If the shareholder who puts forward a motion objects to the board of directors' decision of not including his motion in the agenda of the shareholders' general meeting, he may request to convene an extraordinary general meeting in accordance with Article 82 herein (the original Article 72)."

13. Two new sub-clauses shall be added immediately after sub-clause (8) of the original Article 56 respectively as sub-clauses (9) and (10) as :

"(9) specify the shareholding registration date for the shareholders who are entitled to attend the shareholders' general meeting;

(10) state the names and telephone numbers of the contact persons for the meeting."

14. A new Article shall be added immediately after the original Article 57 as Article 64 as follows :

"Article 64 After the notice of a shareholders' general meeting has been issued, the board of directors shall not change the time for holding the shareholders' general meeting unless due to force majeure or any other extraordinary reasons. Where change of the time for holding the shareholders' general meeting is in fact necessary due to a force majeure, the shareholding registration date shall not be changed thereby."

15. A new Article shall be added immediately after the original Article 58 as Article 66 as follows :

"Article 66 The Company's board of directors and shareholders who meet the relevant requirements may collect from other shareholders of the Company the rights to vote in a shareholders' general meeting. The collection of voting rights shall be without consideration with sufficient disclosure of information to the shareholders from whom voting rights are being collected."

16. A new clause shall be added to the original Article 59 as follows:

"In respect of a shareholder who holds overseas listed foreign shares which are issued by the Company and listed in Hong Kong, if such shareholder is a recognized clearing house as defined under the "Securities and Futures Ordinance" of Hong Kong, such shareholder or its nominee may authorize one or more person(s) as its representative to attend and vote at shareholders' general meeting or other class(es) shareholders' general meeting; however, if more than one person are so authorized, the power of attorney shall clearly indicate the number and types of the shares involved by way of the authorization. The person(s) so authorized may exercise the said powers without the need to present any shareholding supporting document or to have the power of attorney notarized, as if they were the individual shareholders of the Company".

17. A new Article shall be added immediately after the original Article 60 as Article 69 as follows:

"Article 69 An individual shareholder who attends the shareholders' general meeting in person shall produce his identification documents. Where a proxy is appointed to attend the meeting, the proxy shall produce his own identification documents and the proxy form.

Legal person shareholder shall attend the meeting by the legal representative or a proxy appointed by the legal representative. If a legal representative attends the meeting, the legal representative shall produce his own identification documents and valid proof of his qualification as a legal representative. Where a proxy is appointed to attend the meeting, the proxy shall produce his own identification documents and the proxy form issued by the legal representative of the legal person shareholder pursuant to laws."

18. The original Article 61:

“Article 61 The instrument appointing a proxy shall be deposited at the legal address of the Company or at some other place specified for that purpose in the notice of meeting no later than 24 hours prior to the meeting a which the proxy is authorized to vote or 24 hours before the time specified for the voting. Where such an instrument is signed by a person under power of attorney on behalf of the appointer that power of attorney or other authorization documents shall be notarially certified. The notarially certified power of attorney and other authorization documents shall, together with the instrument appointing the proxy, be deposited at the Company’s legal address or at some other place specified for that purpose in the notice of meeting.

If the appointor is a legal person, its legal representative or a person appointed by its board of directors or other decision-making body shall be entitled to attend the shareholders’ meeting of the Company on behalf of the appointor as its proxy.”

shall be amended as : “Article 61 The instrument appointing a proxy shall be deposited at the legal address of the Company or at some other place specified for the purpose in the notice of meeting no later than 24 hours prior to the meeting at which the proxy is authorized to vote or 24 hours before the time specified for the voting. Subject to the provisions of these Articles, where such an instrument is signed by a person under power of attorney on behalf of the appointer, that power of attorney or other authorization document shall be notarially certified. The notarially certified power of attorney and other authorization documents shall, together with the instrument appointing the proxy, be deposited at the Company’s legal address or at some other place specified for the purpose in the notice of meeting.

If the appointor is a legal person, its legal representative or a person appointed by its board of directors or other decision-making body shall be entitled to attend the shareholders’ meeting of the Company on behalf of the appointor as its proxy.”

19. The original Article 62: “Any form issued to a shareholder by the directors for use by him for appointing a proxy to attend and vote at a meeting of the Company shall be such as to enable the shareholder, according to his intention, to instruct the proxy to vote in favour of or against each resolution dealing with business to be transacted at the meeting. Such a form should contain a statement that in default of instruction the proxy may vote as he thinks fit.”

shall be amended as : “Any proxy form issued to a shareholder by the board of directors for use by him for appointing a proxy to attend and vote at a meeting of the Company shall be such as to enable the shareholder, according to his intention, to instruct the proxy to vote in favour of or against each resolution dealing with business to be transacted at the meeting. Such a form should state: that in default of instruction the proxy may vote as he thinks fit; whether or not the proxy has voting rights in respect of the provisional motion which may be included in the agenda of the shareholders’ general meeting; and, if the proxy has voting rights in respect thereof, specific instructions as to the type of voting rights to be exercised.”

20. A new Article shall be added immediately after the original Article 62 as Article 72 as follows :

"Article 72 The Company shall be responsible for preparing an attendance register, which will be signed by the persons attending the meeting. The attendance register shall set out the names of persons (or legal persons) participating in the meeting, identification document numbers, residential addresses, the number of voting shares held or represented, names of the proxies (or legal persons) and so on."

21. The original Article 65: "Shareholders (including proxies) who vote at the shareholders' general meeting shall exercise their voting rights in relation to the amount of voting shares they represent. Each share carries the right to one vote."

shall be amended as : "Resolutions shall be decided on a poll at shareholders' general meeting . Shareholders (including proxies) shall exercise their voting rights in relation to the amount of voting shares they represent. Each share carries the right to one vote.

If the controlling shareholder(s) of the Company controls more than 30% of the shareholding, the accumulative voting system shall be adopted when voting on the election of two or more directors in a shareholders' general meeting, that is, in electing two or more directors in a shareholders' general meeting, the voting rights attached to each share held by a participating shareholder shall be equal to the number of the total number of directors to be elected, in which case the shareholder may cast his votes for one candidate or for several candidates.

The chairman of the meeting shall declare whether or not a motion is passed according to the results of the votes counting. The chairman's declaration, which shall be conclusive evidence of the fact that such motion has been passed or not, shall be recorded in the minutes of the meeting."

22. Three new Articles shall be added immediately after the original Article 65 as Article 75, Article 76 and Article 77 as follows :

"Article 75 Where a shareholder is required to abstain from voting on a particular matter or is restricted to vote only in favour of or only against a resolution under a relevant provision, and if such shareholder or his proxy votes contrary to that provision, such vote shall be deemed by the Company as void.

Article 76 Where a connected transaction is being considered at a shareholders' general meeting, the connected shareholders shall abstain from voting, and the voting rights represented by the shares held by them shall not be counted towards the total number of valid votes. The voting results of the shareholders (other than the connected shareholders) shall be fully disclosed in the announcement in relation to the resolutions passed at the shareholders' general meeting.

If in exceptional circumstances, the connected shareholders are unable to abstain from voting, the Company may upon obtaining the prior consent by the competent department conducts the voting in accordance with normal procedures and shall make a detailed statement in the announcement in relation to the resolutions passed at the shareholders' general meeting.

Article 77 Except for matters involving the Company's trade secrets which cannot be revealed in the shareholders' general meeting, the board of directors and the supervisory committee shall give answers or make statements in response to the questions asked and the suggestions given by the shareholders."

23. The original Article 66 : "At any general meeting of shareholders, a resolution shall be decided on a show of hands unless a poll is demanded before or after any vote by show of hands by :–

    (1) the chairman of the meeting;

    (2) at least two shareholders, who possess the right to vote, present in person or by proxy;

    (3) one or more shareholders (including proxies) representing, either calculated separately or in aggregate, one-tenth (1/10) or more of all shares carrying the right to vote at the meeting.

    Unless a poll be so demanded, a declaration by the chairman of the meeting that a resolution has on a show of hands been carried and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact, without proof of the number or proportion of the votes recorded in favour of or against such resolution, that the resolution has been carried.

    A demand for a poll may be withdrawn by the person who made the demand."

    and original Article 67 : "A poll demanded on the election of the chairman, or on a question of adjournment, shall be taken forthwith. A poll demanded on any other questions shall be taken at such time during the meeting as the chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded."

    shall be deleted.

24. The original Article 69: "In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to one additional vote."

    shall be amended as : "In the case of an equality of votes, the chairman of the meeting shall be entitled to one additional vote."

25. Clause (3) of the original Article 70: "removal of members of the board of directors and the board of supervisors, their remuneration and methods of payments;"

    shall be amended as : "election and replacement of members of the board of directors, and members of the board of supervisors (non-employee representatives), their remuneration and methods of payments;"

26. A new sub-clause shall be added immediately after sub-clause (4) of the original Article 71 as sub-clause (5) as follows : "entering into contracts by the Company with persons other than the directors, supervisors, general manager and other senior management officers concerning the vesting of responsibility for the administration of all businesses or the important businesses of the Company in those persons."

    The original sub-clause (5) shall be re-numbered as sub-clause (6).

27. The second clause of the original Article 74: "Minutes shall be prepared to record decisions made in respect of matters discussed at shareholders' general meetings and duly signed by Directors attending the meetings."

    shall be amended as : "Minutes shall be prepared to record decisions made in respect of matters discussed at shareholders' general meetings and duly signed by directors attending the meetings and the minutes-taking officer. The minutes shall record the following matters:

    "(1) the number of voting shares represented by the holders (including their proxies) of domestic shares and overseas listed foreign shares who are present at the meeting, and the proportion of their shares out of the total number of shares of the Company;

    (2) the date and place of the meeting;

    (3) the name of the person chairing the meeting and the agenda of the meeting;

    (4) the main points regarding each of the examined and discussed matters made by each person who spoke at the meeting;

    (5) the results of voting by shareholders of domestic shares and shareholders of overseas listed foreign shares in respect of each resolutions';

    (6) the inquiries and suggestions made by the shareholders, and the answers given or statements made by the board of directors and the supervisory committee in respect thereof;

    (7) other matters which according to the opinions of the shareholders' general meeting and the provisions of the Articles of Association shall be recorded in the minutes of the meeting".

28. The first clause of the original Article 86: "The Company shall form a Board of Directors consisting of 7 to 19 Directors. External Directors shall account for more than one-half of the composition and Independent Directors shall account for more than one-third."

    shall be amended as : "The Company shall form a board of directors consisting of 11 directors. External Directors shall account for more than one-half of the composition and independent directors shall account for more than one-third."

29. A new clause shall be added to the original Article 87: "In the event that a director fails to attend board of directors' meeting personally on two consecutive occasions and that he fails to entrust another director to attend the meeting, he shall be treated as failing to discharge his duties and the board of directors shall propose in a shareholders' general meeting to have such directors be removed and replaced."

30. The original Article 88 shall be amended as :

    A. The original sub-clause (6): "to formulate proposals for the increase or reduction of the registered capital of the Company and proposals for the issuance of debentures of the Company;"

       shall be amended as : "to formulate proposals for the increase or reduction of the registered capital of the Company and proposals for the issuance of debentures or other securities and the listing thereof;

    B. The original sub-clause (9): "to appoint or remove the Company's general manager, and to appoint or remove the deputy manager (or deputy managers) and the financial officer(s) based on the recommendations of the general manager, and to decide on their remuneration;"

       shall be amended as : "to appoint or remove the Company's general manager, and to appoint or remove the deputy manager(s) and the financial officer(s) and other senior management officer(s) based on the recommendations of the general manager, and to decide on their remuneration; and"

    C. the original clause of (16) : "to decide on other important business and administrative matters which are not required by these Articles or the relevant regulations to be decided by the shareholdings' general meeting;

       Shall be amended as "to decide on other important business and administrative matters which are not required by these Articles or the relevant regulations to be decided by the shareholdings' general meeting; and to sign other important agreements;"

    D. Three new sub-clauses shall be added immediately after the original sub-clause (17) as :

       "(18)to manage the disclosure of information of the Company;

(19) to propose in a shareholders' general meeting to re-appoint or replace the accounting firm which undertakes auditing work of the Company;

(20) to review the work report submitted by the Company's general manager and to examine the work of the Company's general manager;

31. Three new Articles shall be added immediately after the original Article 89 as Article 100, Article 101 and Article 102 as follows:

"Article 100 The board of directors shall formulate the Company's internal financial and accounting control systems to specify its authority to make use of the Company's assets to make venture capital investment, and shall lay down strict procedures to inspect and decide on such investments. For major investment projects, the board of directors shall organize the relevant experts and professionals to conduct examinations and assessments and submit such projects to the shareholders' general meetings for approval.

Article 101 Before providing an external guarantee, the Company shall have a full understanding of the financial and credit status of the party to be guaranteed, and shall conduct a comprehensive analysis of the impart of the guarantee in the Company's interest and the risks faced by the Company. The party to be guaranteed shall have a good credit status and be solvent.

The Company shall not sign an external guarantee involving a guarantee amount which exceeds 10% of the latest audited net asset value of the Company without the prior consent of the shareholders' general meeting. Resolution(s) of the board of directors on external guarantees shall be passed by the affirmative vote of and signed by more than two-thirds of all of its members.

Article 102 The Company shall not at any time provide guarantee for its shareholders, majority-owned subsidiaries of its shareholders, the contracting operation of any subsidiary enterprises of its shareholders, other connected parties in which the Company holds less than 50% shareholding, any unincorporated body or individual. The Company shall not directly or indirectly provide guarantee in connection with the making of a loan to a party having an asset to liability ratio greater than 70%.

The total amount guaranteed under external guarantee granted by the Company shall not exceed 50% of the net asset value shown on the consolidated accounting statement of the latest financial year.

If the Company provides external guarantees to others, the Company shall require the guaranteed party to provide counter-guarantee to the Company and the party providing the counter-guarantee shall actually have the capacity to fulfill its obligations."

32. The original Article 90 shall be amended as :

    A. A new sub-clause shall be added to the first clause as sub-clause (5) as : "(5) to exercise the functions and powers of a legal representative;"

    B. The original second clause: "The Board of Directors may authorize the Chairman to perform the following duties:"

       shall be amended as : The board of directors authorizes the Chairman to perform the following duties:"

    C. The original third clause: "The Chairman may designate the Vice-Chairman to perform his/her duties if he/she is not able to perform them himself/herself."

       shall be amended as : "The chairman shall designate the vice-chairman to perform his/her duties if he/she is not able to perform them."

33. A new clause shall be added to the original Article 91 as : "On occurrence of any of the events set out in the preceding sub-clauses (2), (3), (4) and (5), where the chairman is unable to perform his/her duties, he/she shall designate a vice-chairman or a director to convene the extraordinary board of directors' meeting on his/her behalf. Where the chairman fails to perform his/her duties with no reason and does not designate a specific person to act on his/her behalf, the vice-chairman or a director recommended by more than one-half of the directors shall be responsible for convening the meeting."

34. The original Article 92 shall be amended as :

    A. The original first clause: "The time and place of regular meetings of the board of directors may be decided in advance by the board of directors. The director who has proposed any motion shall notify the secretary of the board of directors in writing of the proposal. The secretary of the board of directors shall notify the directors seven (7) days before the meeting of the time, place and agenda of the meeting."

       shall be amended as : "The time and place of regular meetings of the board of directors may be decided in advance by the board of directors. The director who proposes any motion shall notify the secretary of the board of directors in writing of the proposal. Subject to certain limited exceptions, the secretary of the board of directors shall notify the directors fourteen (14) days before the meeting of the time, place and agenda of the meeting. Regular meetings of the board of directors shall not include approval obtained from passing resolutions in writing by circulation of papers."

    B. A new clause shall be added as follows :

       "The notice of the board of directors' meeting shall be deemed to have been served, if sent by personal delivery, on the date when the person to be served or his/her service agent acknowledges receipt of the notice; if sent by facsimile or electronic mail, on the date of effective despatch of the facsimile or electronic mail."

35. A new Article shall be added immediately after the original Article 92 as Article 106 as follows :

“Article 106 If a notice of meeting is accidentally omitted to be sent to a particular director or any person who is entitled to receive the notice or if a director or such person has not received the notice of meeting, the meeting and the resolutions made therein shall not become void thereby.”

36. The second clause of the original Article 94: “Each director shall have the right to one vote. The board may pass resolutions only upon a majority vote.”

shall be amended as : “The resolutions of the board of directors shall be decided on a poll. Each director shall have the right to one vote. The board may pass resolutions only upon a majority vote of all directors.”

37. The third clause of the original Article 95: “A director shall not vote or be counted in the quorum in respect of any matter to be voted on in a board meeting in which he is materially interested.”

shall be amended as: “A director shall not vote or be counted in the quorum in respect of any matter to be voted on in a board meeting in which he/she or any of his/her associate (as defined under the Rules Governing the Listing Securities of the Hong Kong Stock Exchange Limited or the relevant laws and regulations) is materially interested.”

38. The second clause of the original Article 96: “Any meeting, regular or extraordinary, of the board, may be held by conference telephone or similar communication equipment so long as all directors participating in the meeting can hear and communicate with one another, and all such directors shall be deemed to be present in person at the meeting. In lieu of a meeting of the board, a written resolution may be adopted by the board if such resolution, is affirmatively signed by all directors.”

shall be amended as :

“Any extraordinary meeting of the board may be held by means of communication on the condition that the directors’ right to speak is safeguarded. Under exceptional circumstance, where the resolution has been delivered by the board to all directors by facsimile or otherwise and the number of directors who affirmatively signed the resolution form a quorum for passing the resolution and the resolution so signed has been submitted to the secretary to the board of directors by the said means of communication, such resolution shall become a resolution made by the board of directors without an extraordinary board meeting being convened.”

39. A new Article shall be added immediately after the original Article 96 as Article 111 as follows :

“Article 111 The secretary of the board of directors shall keep the minutes of the meetings of the board of directors and its committee(s) and shall, upon reasonable prior notice being given by any director, allow such director free access to the minutes of the relevant meetings at all reasonable times.

The minutes of a board of directors' meeting shall include:

(1) the date and place of the meeting, and the name of the person who convenes the meeting;

(2) the names of the attending directors and the names of directors (proxies) who are appointed to attend the meeting;

(3) the agenda of the meeting;

(4) the main points of each director's speech;

(5) the methods of voting for each matter to be resolved on and the voting results (the results shall state the number of votes in favour of and against the proposal and the number of abstention votes)."

40. The original Article 97: "Written notices given by a nominating party in respect of the nomination of a person for election as Director shall be given to the Company seven days prior to the convening of the shareholders' meeting."

shall be amended as : "The nomination period for a nominating party to nominate a candidate for election as director shall be not less than seven days commencing from the day following the issuance of the relevant notice of meeting by the Company. Written notices given by a nominating party in respect of the nomination should be given to the Company at least seven days prior to the convening of the shareholders' meeting."

41. The original first clause of Article 104 : "An Audit Committee shall be set up under the Company's Board of Directors", shall be amended as :

"An audit committee shall be set up under the Company's board of directors. The audit committee shall have at least three members with a majority of independent non-executive directors and an independent non-executive director as convenor and that at least one of the members of the audit committee shall have appropriate professional qualifications or accounting or related financial management expertise."

42. The original Article 106 shall be amended as :

A. Sub-clause (1) of the first clause: "to vouchsafe the completeness of the Company's organizational papers and records;"

shall be amended as : "to organize and arrange for shareholders' general meetings and board of directors' meetings, prepare materials for the meetings, handle the affairs related to the meetings, ensure the accuracy of records and be responsible to keep the documents and minutes of the meetings;"

B. Sub-clause (5) of the first clause: "to implement obligations of a secretary of the board of directors as required by laws or these Articles (including those reasonably required by the board of directors)."

shall be amended as : "to perform other duties as required by laws or these Articles or the listing rules of the stock exchanges on which the Company's shares are listed (including those reasonably required by the board of directors)."

43. A new clause shall be added to the original Article 108 as :

"Directors may be appointed on part-time basis as the general manager, assistant general manager or other senior management officers, provided that the number of directors so appointed on part-time basis shall not exceed one-half of the total number of directors of the Company."

44. A new sub-clause shall be added immediately after sub-clause (10) of the original Article 109 as sub-clause (11) as : "to propose to convene extraordinary board of directors' meetings;".

The original sub-clause (11) shall be re-numbered as sub-clause (12).

45. Three new Articles shall be added immediately after the original Article 110 as Article 126, Article 127 and Article 128 as follows :

"Article 126 The general manager shall report to the board of directors and the supervisory committee the entering into and the implementation of material contracts by the Company, the use of capitals and the profits and losses of the Company upon the request of the board of directors and the supervisory committee. The general manager shall ensure the accuracy of such report.

Article 127 The general manager shall seek the opinions of the labour union and the employee representatives' meeting in determining matters which are closely related to the welfare of staff members such as the wages, fringe benefits, safety production and labour protection, labour insurance, discharge (or dismissal) of staff members of the Company.

Article 128 The general manager shall draw up work regulations for general manager, which shall be implemented upon the approval of the board of directors.

The work regulations for general manager shall include:

(1) the requirements and procedures for convening a general managers' meeting and the officers attending such meeting;

(2) the respective duties of the general manager, vice general managers and other senior management officers and the division of labour among them;

(3) the use of the Company's funds and assets, the authority to sign material contracts and the system to report to the board of directors and to the supervisory committee;

(4) other matters as the board of directors may consider necessary."

46. A new Article shall be added immediately after the original Article 111 as Article 130 as follows :

    "Article 130 The general manager may by written notice to the board of directors resign before his term expires."

47. The original Article 113 shall be amended as follows :

    A. The original first clause: "The Supervisory Committee shall consist of three to six Supervisors (with six Supervisors currently in office), with External Supervisors accounting for more than half of the members of the Supervisory Committee and with more than two Independent Supervisors."

       shall be amended as : "The supervisory committee shall consist of six supervisors, with supervisors appointed from employee representatives of the Company accounting for one-third and external supervisors accounting for more than one-half of the members of the supervisory committee, and with more than two independent supervisors."

    B. And a new clause shall be added as :

       "Whenever the chairman of the supervisory committee is unable to exercise his functions and powers, a supervisor who has been designated by the chairman of the supervisory committee shall exercise such functions and powers on his behalf."

48. The original Article 114: "Two-thirds (2/3) of the board of supervisors shall be shareholders' representatives and one-third (1/3) shall be employee representatives of the Company. Shareholders' representatives shall be elected and removed by shareholders in general meeting. Employee representatives shall be elected and removed by the Company's employees in a general meeting."

    shall be amended as :

    "Supervisors appointed from employee representatives shall be elected and removed by the employee representatives' meeting of the Company. Other supervisors shall be elected and removed by shareholders in a general meeting.

    Candidates for supervisors, other than those appointed from employee representatives, shall be nominated by the Company's supervisory committee or shareholders who individually or jointly hold more than 5% of the Company's shares in issue. The Company shall disclose the detailed particulars (including resume and basic background) of such candidates before the shareholders' general meeting to ensure that the shareholders have sufficient understanding of the candidates before voting.

    In the event that a supervisor fails to attend supervisors' meeting personally on two consecutive occasions, he shall be treated as failing to discharge his duties. In that case he shall be removed and replaced by shareholders or employee representatives in a general meeting."

49. A new clause shall be added to the original Article 116 as :

"A written notice of a supervisors' meeting shall be served on all supervisors 10 days prior to the meeting. The content of the notice shall include the date, place and duration of the meeting, the reasons for convening the meeting and the matters to be considered at the meeting, and the date on which the notice is issued."

50. Two new Articles shall be added immediately after the original Article 116 as Article 136 and Article 137 as follows :

"Article 136 The notice of the supervisors' meeting shall be deemed to have been served, if sent by personal delivery, on the date when the person to be served or his service agent acknowledges receipt of the notice; if sent by facsimile or electronic mail, on the date of effective despatch of the facsimile or electronic mail.

Article 137 If a notice of meeting is accidentally omitted to be sent to a particular supervisor or any person who is entitled to receive the notice or if a supervisor or such person has not received the notice of meeting, the meeting and the resolutions made therein shall not become void thereby."

51. The original Article 119: "Meetings of the board of supervisors shall be held in the following manner: Half or more of the members of the board of supervisors must be present to hold a meeting. Each supervisor has one vote.

Decisions of the board of supervisors shall be made by the affirmative vote of two-thirds (2/3) or more of the supervisors and shall be effective upon the signature of the chairman of the board of supervisors."

shall be amended as :

"Meetings of the supervisory committee shall be held in the following manner: More than half of the members of the supervisory committee must be present and resolution shall be decided by a poll and each supervisor has one vote. Resolutions of supervisory committee shall be made by the affirmative vote of more than two-thirds (2/3) of the supervisors."

52. A new article shall be added immediately after the original Article 122 as Article 144 as follows :

"Article 144 A supervisor may resign before his term expires and Article 116 hereof (original Article 101) regarding resignation of directors shall also be applicable to supervisors."

53. The original sub-clause (6) of Article 125 : "other parties determined by CSRC as unqualified to act as Independent Directors."

shall be amended as "other parties determined by CSRC or relevant regulatory authority as unqualified to act as independent directors."

54. A new Article shall be added immediately after the original Article 134 as Article 157 as follows :

"Article 157 Without the lawful authorization of these Articles of Association or the board of directors, any director of the Company may not act in his own name on behalf of the Company or the board of directors. If he is to act in his own name and such act would cause a third party reasonably to believe that he is acting on behalf of the Company or the board of directors, he shall declare in advance his own position and in what capacity he is acting."

55. The heading of the original Chapter 15: "Financial Accounting System and Profit Distribution"

shall be amended as: "Financial Accounting System, Profit Distribution and Internal Auditing"

56. The original Article 144: "The Company shall prepare quarterly financial reports within 30 days after the conclusion of the first three-month and first nine-month periods of each financial year, the interim financial report within 60 days after the conclusion of the first six-month period of each financial year and the annual financial report within 120 days after the conclusion of each financial year, all of which shall be audited and verified according to the law."

shall be amended as :

"The financial year of the Company shall start from the 1st January and end on 31st December of every calendar year.

The Company shall prepare and publish financial report four times in each financial year: the quarterly financial reports shall be prepared and published within 30 days after the conclusion of the first three-month and first nine-month periods of each financial year; the interim financial report shall be prepared and published within 60 days after the conclusion of the first six-month period of each financial year; and the annual financial report shall be prepared and published within 120 days after the conclusion of each financial year, all of which shall be audited and verified according to the laws."

57. The original Article 149 : "The Company shall publish its financial report four times in every financial year : the quarterly financial report within 30 days after the conclusion of the first three-month and first nine-month periods of each financial year, the interim financial report within 60 days after the conclusion of the first six-month period of each financial year and the annual financial report within 120 days after the conclusion of each financial year."

shall be deleted.

58. A new article shall be added immediately after the original Article 154 as Article 177 as follows :

"Article 177 After the Company's shareholders have approved in a general meeting the proposal for profit distribution of the Company, the Company's board of directors shall complete the distribution of dividends (or shares) within two months of the general meeting."

59. Two new articles shall be added immediately after the original Article 157 as Article 181 and Article 182 as follows :

"Article 181 The Company adopts the system of internal auditing and hires professional auditor to undertake internal auditing of the Company's financial income and expenditure and economic activities.

Article 182 The Company's internal auditing system and the duties of the auditor shall be implemented after the same have been approved by the board of directors. The person in charge of auditing shall be accountable to and shall report the auditing work to the board of directors."

60. A new article shall be added immediately after the original Article 170 as Article 196 as follows :

"Article 196 A creditor has the right within thirty days of receipt of the notice from the Company or, in the case of a creditor who does not receive such notice, within ninety days of the date of the first public announcement, to require the Company to repay its debts or to provide a corresponding guarantee for such debts. If the Company fails to repay its debts or to provide a corresponding guarantee, the merger or division shall not be proceeded with."

61. A new clause shall be added immediately after the first clause of the original Article 174 as :

"Where the Company is to be dissolved pursuant to paragraph (2) of the preceding Article, the liquidation shall be conducted by the parties to the merger or division in accordance with the agreement made at the time of the merger or division."

62. Two new Articles shall be added immediately after the original Article 177 as Article 204 and 205 as follows :

"Article 204 Payment of debts shall be made out the Company's assets in the following order of priority–

(1) to the costs of liquidation;

(2) to the payment of salary and labour insurance expenses of the Company's employees;

(3) to the payment of outstanding taxes;

(4) to the repayment of the debts of the Company;

(5) to the distribution to the Company's shareholders according to the proportion of shares held by them respectively.

The Company's assets shall not, before being applied towards payments according to sub-clauses (1) to (4) of the preceding clause, be distributed to the shareholders.

Article 205 Members of the liquidation committee shall duly and faithfully fulfill their duties and shall perform their obligations to proceed with liquidation according to laws. They shall not abuse their position and power to accept bribes or other illegal income and shall not expropriate the Company's property.

If the Company or any creditor suffers loss as the result of the wilful fault or material wrongdoing of any member of the liquidation committee, such member shall be liable to compensate for such loss."

63. The original Articles 178 shall be amended as :

A. The second clause : "Payment of debts out of the Company's property shall be made in the order of priority prescribed by applicable laws and regulations."

shall be amended as : "Payment of debts out of the Company's assets shall be made in the order of priority prescribed by these Articles or applicable laws and regulations."

B. The third clause : "The remaining property of the Company after payment has been made under the previous provision shall be distributed to its shareholders according to the class and proportion of their shareholding"

shall be deleted.

64. A new article shall be added immediately after the original Article 181 as Article 210 as follows :

"Article 210 The Company shall amend these Articles of Association on the occurrence of any of the following events:

(1) the Company Law or the relevant laws or administrative regulations are amended and these Articles of Association are in conflict with the requirements under the amended laws or administrative regulations;

(2) there is change of the Company's circumstances which makes it not consistent with these Articles of Association;

(3) the shareholders in a general meeting have decided to amend these Articles of Association."

65. The original Article 183: "Amendment made to the Articles concerning matters prescribed by the "Mandatory Provisions for Articles of Association of Companies to be Listed Overseas" shall take effect upon approval by the companies examination and approval authority appointed by the State Council and the State Council Securities Commission".

shall be amended as : "Amendment made to these Articles concerning matters prescribed by the Mandatory Provisions shall be subject to the approval by the companies examination and approval authority appointed by the State Council and the State Council Securities Commission.

The board of directors may amend some of the wordings of these Articles of Association pursuant to the resolution of shareholders in a general meeting and the approval opinions of the aforesaid regulatory commission."

66. A new chapter shall be added after the original Chapter 21 as :

"Chapter 22 Supplementary

Article 216 If these Articles of Association are in conflict with the laws, administrative regulations or provisions of other regulatory documents promulgated from time to time, such laws, administrative regulations and provisions of other regulatory documents shall prevail.

Article 217 The expression "general manager" used herein shall be construed as having the same meaning as the expression "manager" used in the Company Law.

Article 218 The right to interpret these Articles of Association vests with the board of directors of the Company.

Article 219 The right to revise these Articles of Association vests with shareholders' general meeting. Such amendment shall become effective subject to the approval given by the competent authority, if an approval is required.

Article 220 These Articles of Association are written in Chinese and English. If there is any conflict between the two versions, the Chinese version shall prevail.

Article 221 The expressions of "above/more than", "within" and "below" shall include the figures mentioned whilst the expressions of "short of" and "less than" shall not include the figures mentioned."

67. Further to the aforesaid amendments, other chapters, articles and clauses in these Articles of Association shall be re-numbered accordingly.