

Important Note: The following is an English translation of the Chinese version of the Rules Governing the Operation of Shareholders General Meetings of AviChina Industry & Technology Company Limited (中国航空科技工业股份有限公司股东大会议事规则). In case of any discrepancies or inconsistencies, the Chinese version shall always prevail.

Rules Governing the Operation of Shareholders General Meetings of AviChina Industry & Technology Company Limited

Chapter 1 General Rules

Article 1 In order to clarify the duties and authorities of shareholders' general meeting of AviChina Industry & Technology Company Ltd (the "**Company**"), and standardize its operation, the Company hereby sets out these Rules in accordance with the laws and regulations regulating domestic and overseas listed companies such as the "Company Law of the PRC (the "**Company Law**)", the "Mandatory Provisions for Articles of Association of companies to be Listed Overseas (the "**Mandatory Provisions**") and the "Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited" (the "**Listing Rules**") and the Articles of Association of the Company (the "**Articles of Association**")

Article 2 The shareholders' general meeting includes the annual general meeting (the "**AGM**"), extraordinary general meeting and class meeting.

Article 3 The AGM shall be held once every year and within six months after the preceding financial year.

Article 4 Except for the AGM, all other shareholders' meetings to be held every year are extraordinary general meetings. Extraordinary general meeting shall be numbered in the order of the year that it was held.

Article 5 Holders of different classes of shares are class shareholders. Except for other class shareholders, holders of domestic shares and H shares shall be deemed as different class shareholders. If the Company intends to alter or abolish the rights of class shareholders, its proposed resolution shall be adopted by a special resolution at a shareholders' general meeting in accordance with the provisions of the Articles of Association, and a class meeting shall be called and held. Only class shareholders may attend the class meeting.

Article 6 The Board of Directors shall strictly comply with all provisions regarding the convention of shareholders' general meeting under the Company Law and other laws and regulations and shall organize the shareholders' general meeting in a timely manner. All directors of the Company shall in good faith assume responsibilities for convening the shareholder' general meeting in its usual course and

shall not prevent the shareholder's general meeting from exercising its authorities pursuant to the laws. Directors attending the meeting shall perform their duties in good faith and shall ensure that the contents of the resolutions are true accurate and complete and have no misleading statements.

Article 7 Any shareholder legally and validly holding the company's shares is entitled to attend or appoint proxies to attend shareholders' general meeting of the Company, and has the rights to be informed and to speak, enquire and vote (except for matters that cannot be voted on as required by the laws, the Listing Rules and the Articles of Association) in accordance with the law. Shareholders (or proxies) attending the shareholders' general meeting shall comply with the provisions of the relevant laws, regulations Articles of Association and these Rules. They shall conscientiously uphold the order of the meeting and shall not infringe upon other shareholders' legal rights.

Article 8 The Board Secretary is responsible for various work concerning the preparation and organization of the convention of the shareholders' general meeting.

Article 9 The convention of the shareholders' general meeting shall adopt the principle of simplicity. No additional benefit shall be granted to shareholders (or proxies) attending the meeting.

Chapter 2 Duties and Authorities of Shareholders' General Meeting

Article 10 The shareholders general meeting is the organ with supreme authority in the Company and shall exercise the following functions and powers pursuant to the law:

1. to determine the business policies and investment plans of the Company;
2. to elect and replace Directors and to decided on matters concerning the remuneration of Directors;
3. to elect and replace the supervisors who are appointed from shareholders' representatives, and to decide on matters concerning the remuneration of supervisors;
4. to consider and approve reports of the Board;
5. to consider and approve reports of the supervisory committee;
6. to consider and approve the Company's annual financial budget and final accounts proposals;
7. to consider and approve the Company's plans for profit distribution and making up losses;
8. to resolve on the increase or reduction of the registered capital of the Company;
9. to resolve on matters such as the merger, division, dissolution and liquidation of the Company;
10. to resolve on the issuance of Company bonds;
11. to resolve on the employment, dismissal from employment or non-renewal

of employment of the accounting firm;

12. to amend the Articles of Association;

13. to consider proposals submitted by shareholders holding 5% or more (inclusive) of the shares with voting rights in the Company;

14. other matters that laws, administrative regulations and the Articles of Association require to be resolved by the shareholders' general meeting;

15. any other matters that the Listing Rules require to be considered by the shareholders' general meeting.

The shareholders' general meeting shall exercise its authorities within the scope stipulated by Company Law and the Articles of Association, and shall not intervene in the disposal by the shareholders of their own rights.

Chapter 3 Authorization of shareholders' general meeting

Article 11 Matters which are required by laws, administrative statutes, and the Articles of Association to be resolved at a shareholders' general meeting shall be discussed by shareholders' general meeting so as to protect the right of the shareholders to make decision upon such matters.

Article 12 To ensure and improve the stability and efficiency of the Company's routine operation, the shareholders' general meeting shall clearly define the decision making process regarding investment plan, assets disposal, external guarantee and other material matters, and shall grant part of such rights to the Board of Directors. They are specified as follows:

(I) As to investment

1. The shareholders' general meeting shall examine and approve the companies' investment plan.

The shareholders' general meeting shall authorize the adjustment by the Board of Directors of a maximum of 20% of the amount of capital expenditure for the year as approved by the shareholders' general meeting.

2. Without prejudice to the below sub-section (II) of this article, with respect to an individual project (including but not limited to fixed assets and external equity investment), the shareholders' general meeting shall consider and approve a project in which the amount of investment is more than 10% (exclusive) of the latest audited net assets value of the Company.

As to matters described in this paragraph, the shareholders' general meeting shall authorize the Board of Directors to consider and approve a project in which the amount of investment is not more than 10% of the latest audited net assets value of the Company.

3. Without prejudice to the below sub-section (II) of this article, when the

Company uses assets of the Company to invest in venture capital (including but not limited to bonds, futures and shares) in industries unrelated to the core business operation of the Company, the shareholders' general meeting shall consider and approve a project in which the amount of investment is more than 5% (exclusive) of the latest audited net assets value of the Company.

As to matters described in this paragraph, the shareholders' general meeting shall authorize the Board of Directors to consider and approve a project in which the amount of investment is not more than 5% of the latest audited net assets value of the Company.

(II) As to assets disposal

1. When the Company carries out a "transaction" as defined in the Listing Rules (including but not limited to purchase and sale of equity, physical assets and other property rights), it shall calculate the following five size test percentage ratios (the "Five Ratios") as required under the Listing Rules:

(1) Total assets ratio	=	$\frac{\text{Total assets (including but not limited to fixed assets, intangible assets, current assets and non-current assets) involved in the transaction}}{\text{Total assets (including but not limited to fixed assets, intangible assets, current assets and non-current assets) of the listed company}} \times 100\%$
(2) Revenue ratio	=	$\frac{\text{Revenue attributable to the assets (excluding those items of revenue and gains that arise incidentally) involved in the transaction}}{\text{Revenue (excluding those items of revenue and gains that arise incidentally) of the listed company}} \times 100\%$
(3) Considerations ratio	=	$\frac{\text{Considerations of the transaction}}{\text{Total market capitalization (calculated on the basis of the average closing prices of the listed company's shares of the last 5 business days before the transaction)}} \times 100\%$
(4) Equity capital ratio	=	$\frac{\text{Nominal value of the shares issued by the listed company as considerations of the transaction}}{\text{Nominal value of the total issued share capital of the listed company before the transaction}} \times 100\%$
(5) Profit ratio	=	$\frac{\text{Profits attributable to the assets involved in the transaction}}{\text{Profits of the listed company}} \times 100\%$

* The aforesaid Five Ratios shall be calculated in accordance with the Listing Rules.

If the proposed transaction needs to be approved by the shareholders in general meeting based on any of the aforesaid size test percentage ratios as required by the Listing Rules and/or requirements of the Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), such transaction shall be considered and approved at the shareholders’ general meeting.

Except for matters which are required by the Listing Rules, the Articles of Association or these Rules to be considered and approved by the shareholders, the shareholders’ general meeting shall authorize the Board of Directors to examine and approve all other matters.

2. Without prejudice to paragraph 1 of sub-section II of this article, in the situation of disposing of a fixed asset, if the aggregate of the expected value of such fixed asset and the value of all other fixed assets disposed of within four months of the date of the proposed disposal is more than 30% of the fixed assets of the Company as indicated in the latest balance sheet approved at the shareholders’ general meeting, such proposed disposal shall be considered and approved by the shareholders’ general meeting. If the percentage is not more than 30%, ‘the Board of Directors shall be authorized to approve such proposed fixed asset disposal.

The disposal of fixed assets referred to in this paragraph does not include the provision of guarantee secured by fixed assets.

3. Without prejudice to paragraph 1 of sub-section II of this article, when carrying out other actions (including but not limited to entering into, altering and terminating material contracts such as entrusted operation, entrusted financial management, contracting and leasing), the Five Ratios referred to in paragraph 1 of section II of this article shall be calculated using an aggregated amount in the past 12 months.

For the purpose of this paragraph, the shareholders’ general meeting shall approve projects where any of the above Five Ratios exceeds 5%, and shall authorize the Board of Directors to approve projects where all Five Ratios are not more than 5%.

(III) As to liabilities

1. In accordance with the investment plan approved by the shareholders’ general meeting, authorization shall be given to the Board of Directors to consider and approve the amount of long-term loan of the year.

2. Unless otherwise provided by laws, regulations, Articles of Association or these Rules, the Company shall not provide guarantee to its shareholders, the holding subsidiaries of its shareholders, subsidiary enterprises of its shareholders, other

connected parties in which the Company holds less than 50% of the shares and any non-legal person entities or individuals.

If the Company provides guarantee to other persons, the guaranteed person shall provide counter-guarantee and other necessary risk prevention measures in favour of the Company.

(IV) As to connected transactions

In accordance with the provisions of the Listing Rules concerning connected transactions, transactions and matters, which are required by the Listing Rules to be approved by the shareholders' general meeting, shall be so approved accordingly. With respect to all other transactions and matters, the Board of Directors are authorized to consider and approve the same in accordance with the requirements of the Listing Rules.

Notwithstanding the provisions set out in these Rules, if the transactions or matters proposed to be carried out by the Company constituted connected transactions pursuant to the regulatory provisions of the place where the Company is listed, they shall be handled according to the relevant provisions.

Article 13 In certain necessary and reasonable situations where specific matters which are related to the matters to be resolved at the shareholders' general meeting yet cannot or are unnecessary to be resolved at the same shareholders' general meeting, the shareholders' general meeting may authorize the Board of Directors, executive directors or the Secretary of the Board to make decision on the same within the scope of authorization of the shareholders' general meeting.

Chapter 4 the Convention and Procedures of the Shareholders' General Meeting

Section 1 Procedures for collection of proposals

Article 14 Proposals for shareholders' general meeting mean the manuscript prepared for the matters which shall be discussed and approved at the shareholders' general meeting.

Article 15 In general, proposals for shareholders' general meeting shall be proposed by the Board.

Article 16 Where an extraordinary general meeting is summoned by the Board at the request of two or more independent directors, such independent directors shall be responsible for preparing the proposals.

Article 17 When the Company calls for an AGM, shareholders individually or jointly holding 5% or more of the shares of the Company with voting rights may propose new proposals in writing for the AGM. The Company shall include those matters in such proposals which fall under the scope of authorities of the shareholders' general meeting in the agenda of such AGM, provided that such proposals are delivered to the Company within 30 days after the date on which the notice of the AGM is issued.

The shareholders' proposals shall meet the following requirements:

1. the contents of which do not conflict with the provisions of the laws, regulations and Articles of Association, and are within the business scope of the Company and authorities of the shareholders' general meeting;
2. specific topics and matters to be resolved are expressly stated;
3. to be presented or delivered to the Board in writing.

Article 18 If the supervisory committee propose to convene a shareholders' general meeting, it shall be responsible for preparing proposals.

Article 19 Before the Chairman of the Board send out the Board's notice to convene a shareholders' general meeting, the Board Secretary may collect proposals from shareholders, supervisors and independent directors, and submit those proposals to the Board meeting for approval to be included in the proposals to be approved at the shareholders' general meeting.

Article 20 The AGM shall at least consider the following matters:

1. to consider the annual report of the Board;
2. to consider the annual report of the Supervisory committee;
3. to consider last year's audited financial report of the Company;
4. to consider last year's profit distribution plans of the Company;
5. to engage, dismiss or no to renew the engagement of the accounting firm.

Article 21 With respect to the new proposals for an AGM, the Board shall examine and review them based on the following principles:

1.Relevance. The Board shall examine resolution proposed by shareholders, and submit them to shareholders' general meeting for discussion if they are directly related to the Company, and are within the authority of shareholders' general meeting as stipulated by laws, regulations, and the Articles of Association. For resolutions not conforming with the aforesaid requirements, the Board shall suggest the proposing shareholder not to submit such proposals to the shareholders' general meeting.

2.Procedures. The Board may provide suggestions on the procedure issues of the shareholders' proposals. If the proposals are to be divided or combined for voting, it is necessary to obtain the consent of the proposing party. If the proposing party does not agree to the change, the chairman of the shareholders' general meeting shall resort to the shareholders' general meeting to make a decision on the procedural issues, and

conduct a discussion on the same in accordance with the procedures as decided by the shareholders' general meeting.

Article 22 In the event that the supervisory committee or shareholders individually or jointly holding 10% or more of the total number of shares of the Company carrying voting rights propose to convene an extraordinary general meeting or class meeting, they may sign one or written requests which are the same in terms of the form and content and state the matters to be discussed in such meeting, and propose to the Board the resolutions in compliance with the aforesaid requirements of these Rules.

Article 23 Resolutions to be proposed involving the following conditions will be deemed as altering or abolishing the rights of certain class shareholders. The Board shall submit the same to be considered and discussed at a separate class meeting.

1. the increase or decrease of the number of shares of such class, or increase or decrease of the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
2. the conversion of all or part of the shares of such class into shares of another class, or the conversion of all or part of the shares of another class into shares of such class or the grant of the right to such change;
3. the removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;
4. the reduction or removal of a dividend preference, or a property distribution preference during liquidation of the Company, attached to shares of such class;
5. the addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, preemptive rights to rights issues or rights to acquire securities of the Company attached to shares of such class;
6. the removal or reduction of rights to receive amounts payable by the Company in particular currencies attached to shares of such class;
7. the creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of that class;
8. the imposition of restrictions or additional restrictions on the transfer or ownership of shares of such class;
9. the issuance of rights to subscribe for, or convert into, shares of such class or another class;
10. the increase of the rights and privileges of shares of another class;
11. such restructuring of the Company as would cause shareholders of different classes to bear disproportionate liabilities under the restructuring; or
12. the amendment or deletion of the provisions under Chapter 9 of the Articles of Associates in relation to "Special Procedures for Voting of Class Shareholders".

Section 2 Notice of the meeting and alteration

Article 24 Notice of shareholders' general meeting shall be issued 30 days before the proposed date of the meeting to notify all registered shareholders about the agenda to be discussed and the date and venue of the meeting. Notice of a shareholders' general meeting shall be delivered to each shareholder (whether or not such shareholder is entitled to vote at the meeting) by hand or prepaid airmail to the address of the shareholder as shown in the register of shareholders. For the promoter shareholders, notice of the meeting may also be issued by way of a public announcement (the public announcement referred to in the preceding sentence shall be published in one or more national newspapers designated by the securities regulatory authority of the State Council within the interval between 45 days and 50 days before the date of the meeting). Once such announcement is published, the promoter shareholders will be deemed to have received the notice of the relevant shareholders' general meeting. If the Company fails to issue notice of the meeting according to the scheduled time, which results in the failure of convention of an AGM within six months after the preceding accounting year, the Company shall promptly report to the stock exchange of the place where the Company is listed and state the reasons for such failure and publish the same in an announcement accordingly.

Article 25 The notice for class shareholders' general meeting shall only be served on shareholders with the right to vote at such meetings.

Article 26 The notice of a shareholders' general meeting shall meet the following requirements:

1. to be issued in writing;
2. to state the venue, date and time for the meeting;
3. to state matters to be discussed at the meeting;
4. to state expressly in writing that shareholders who are entitled to attend and vote are entitled to appoint one or more proxies to attend and vote on their behalf, and such proxy need not be a shareholder;
5. to state the record date for registration to determine the shareholders who are entitled to attend the shareholders' general meeting.
6. to state the time and venue for serving the instrument appointing a proxy;
7. to provide shareholders with necessary information and explanation concerning matters to be discussed in order to enable the shareholders to make an informed decision; this principle includes (but not limited to) that if the Company proposes a merger, repurchase of shares, capital reorganization and other reorganizations, specific conditions and contracts (if any) of the transactions to be discussed shall be provided, and a conscientious explanation about the causes and results of the same shall also be provided;
8. if any director, supervisor, manager or other senior management officer has a material interest in matters to be discussed, he shall declare the nature and extent of his interest; if the effect of the matter to be discussed on such a director, supervisor, manager and other senior management officer as shareholder is different from those effect on the shareholder of the same class, he shall explain such difference;

9. to contain the full text of any special resolutions proposed to be adopted at the meeting;

Article 27 The Board shall issue notice of the shareholders' general meeting within 15 days after the receipt of the written proposal (which satisfy the requirements) from the Supervisory Committee requesting the convention of a shareholders' general meeting.

Article 28 The Board shall issue notice of the shareholders' general meeting as soon as possible and shall in any event not later than 30 days after the receipt of the written request (which satisfy the requirements) from shareholders individually or jointly holding 10% or more of the total number of shares of the Company carrying voting rights requesting the convention of an extraordinary general meeting.

Article 29 If the Board fails to issue the meeting notice within 30 days after receiving the written requirement from shareholders who individually or jointly holding 10% or more of the total number of shares of the Company carrying voting rights requesting convening a shareholders' general meeting, the proposing shareholders may convene an extraordinary meeting on their own within four months after the Board receives such request.

Article 30 Shareholders and proxies intending to attend the shareholders' general meeting shall send back their written replies stating their intention to attend the meeting to the Company 20 days before the date of the meeting. The Company shall, based on the written replies it receives 20 days before the date of the shareholders' general meeting from the shareholders, calculate the number of shares carrying voting rights represented by the shareholders who intend to attend the meeting. If the number of shares carrying voting rights represented by the shareholders who intend to attend the meeting amounts to more than half of the Company's total number of shares carrying voting rights, the Company may convene the meeting; if not, the Company shall, within five days, notify the shareholders again, by way of a public announcement, the matters to be considered at and the place and date of the meeting. The Company may then convene the meeting after such announcement.

Article 31 After the notice of a shareholders' general meeting has been sent, the meeting shall not be convened in advance or delayed without a proper reason. If the meeting must be delayed, a notice to postpone the meeting shall be sent at least 5 days before the scheduled date for convening the meeting. Such notice shall explain the reasons for the postponement and the new date to hold the meeting.

Section 3 Registration of the meeting

Article 32 A shareholder may attend the shareholders' general meeting in person, or appoint an authorized proxy to attend and vote on the meeting on his behalf.

Directors, supervisors and the Board Secretary shall attend the meeting in person. General manager, deputy general manager, chief financial officer and other personnel invited by the Board may also attend the meeting.

Article 33 The Company is responsible for compiling the register of the people attending the shareholders' general meeting, and the register shall be signed by such people. The register of the people attending the meeting shall contain matters such as the name and/or company name of the people attending the meeting, their identity card number, evidence of shareholding (e.g. shareholder's account number), number of shares carrying voting rights held or represented, and the name and/or company name of the person appointing the proxy.

Article 34 Shareholders shall appoint their proxies in writing. The instrument appointing a proxy shall contain the following contents:

1. name of the authorized proxy for shareholder;
2. number of shares represented by the authorized proxy for shareholder;
3. whether the proxy has voting rights;
4. separate instructions for voting for/against/abstain from voting on each of the issues listed in the agenda and to be discussed at the shareholders' general meeting;
5. whether or not the proxy has the right to vote on the interim resolutions, which may be included in the agenda and to be discussed at the shareholders' general meeting;
6. date of execution and the valid term of the instrument appointing a proxy;
7. signature or seal affixed by the appointer or his attorney duly authorized in writing. If the appointer is a shareholder that is a legal entity, seal of the legal person organization shall be affixed or its director or his attorney duly authorized shall sign such instrument. The instrument appointing a proxy shall indicate that if the shareholder does not give specific instruction, the proxy may vote as he thinks fit.

Article 35 The instrument appointing a proxy to vote shall be placed at the address of the Company or other place designated in the notice of the meeting at least twenty four hours before the convention of the meeting, or twenty four hours before the designated time for voting. If such instrument is signed by other people authorized by the appointer, the power of attorney authorizing the signature or other authorization instruments shall be notarized. The notarized power of attorney or other authorization instruments shall be placed at the address of the Company or other place designated in the notice of the meeting together with the instrument appointing a proxy.

Article 36 Shareholders attending the shareholders' general meeting shall be registered. Shareholders shall provide the following documents for registration:

1. a natural person shareholder shall produce his own identity card, and provide evidence of shareholding. Authorized proxy attending the meeting shall produce his

own identity card, the instrument appointing the proxy and evidence of shareholding of the appointer;

2. the legal representative of a shareholder that is a legal entity shall produce his own identity card, valid evidence for their qualification as legal representative and evidence of shareholding of the legal entity represented thereby. The proxy attending the meeting shall produce his own identity card, the instrument appointing the proxy in writing by the legal representative of the legal entity pursuant to law, or the certified copy of the authorization by the board or other decision-making institution of the legal entity and evidence of shareholding.

Article 37 In order to facilitate operation, the content of the registration of shareholders or authorized proxies attending the shareholders' general meeting shall include:

1. confirmation of the identity of the shareholder or proxy;
2. request to speak and record the contents of such speech (if any);
3. receipt of the vote in accordance with the number of shares held or represented by the shareholders or the proxies;
4. registration of the new proposed resolution (if any);

Article 38 If the shareholder or authorized proxy requests to speak on the shareholders' general meeting, he shall as far as possible register with the Company before the convention of the meeting.

Article 39 Before the convention of the AGM, shareholders individually or jointly holding 5% or more of the total number of shares of the Company carrying voting rights are entitled to register with the Company new resolutions they proposed. The Company will not accept registration of a new resolution during the course of an extraordinary general meeting and the chairman of the meeting shall not include new resolution in the agenda of that meeting.

Section 4 Convention of the meeting

Article 40 The Chairman of the Board shall preside over the shareholders' general meeting and be the chairman of meeting. If the Chairman of the Board cannot attend the meeting for any special reason, the Deputy Chairman shall be the chairman of the meeting.

If both the Chairman and Deputy Chairman cannot attend the meeting, and the chairman fails to designate another director to chair the meeting, the Board shall designate a director to chair the meeting. If the Board fails to designate the chair of the meeting, shareholders present at the meeting shall elect one person to chair the meeting. If the shareholders cannot elect a chairman of the meeting for any reasons, the shareholder holding the greatest number of shares carrying voting rights present at the meeting (including the authorized proxy of shareholder) shall be the chairman.

Article 41 After the chairman of the meeting declares that the meeting has officially started, he shall first announce the number of shareholders attending meeting and that such number is in compliance with legal requirements. Then he shall announce the agenda as published in the notice and enquire whether there will be any objection from the persons attending the meeting concerning the order of voting on the resolutions. In an extraordinary general meeting, no one may request for review and consideration of new resolutions not contained in the notice of such meeting.

Article 42 After the chairman of the meeting finishes the enquiry concerning the agenda, he shall read out or appoint another person to read out the proposals, and shall explain the proposals when necessary in accordance with the following requirements:

1. if the proposing party is the Board, explanation of the proposals shall be made by the Chairman or other person appointed by the Chairman;
2. if the proposing party is a shareholder that is a legal entity, explanation of the proposals shall be made by its legal representative or its legal and valid proxy; if the proposing party is a natural person shareholder, explanation of the proposals shall be made by such shareholder or the legal and valid proxy thereof.
3. if the proposing party is the Supervisory Committee, explanation of the proposals shall be made by a party appointed by the Supervisory Committee.

Article 43 Proposals included in the meeting agenda shall be reviewed and examined before voting. The shareholders general meeting shall give reasonable time for discussion for each proposal. Chairman of the meeting shall orally enquire the attending shareholders if the examination is completed. If the attending shareholders raise no objection, it shall be deemed that the examination is completed.

Article 44 When the shareholder request to speak, he shall avoid, as far as possible, interrupting the speech of spokesperson's report or other shareholders.

Article 45 Save as those matters involving commercial secrets that cannot be disclosed in the shareholders' general meeting, the chairman of the meeting shall instruct directors and supervisors to respond or explain the questions and recommendations made by shareholders.

Section 5 Voting on Proposals and Making Resolutions

Article 46 The shareholders' general meeting shall resolve on each specific proposal.

Article 47 An extraordinary shareholders' general meeting shall not vote on matters not contained in the meeting notice.

All proposals to be included in the agenda of the shareholders' general meeting shall be voted on an individual basis and shall not be suspended or aborted without a valid reason. If there are more than one proposals on the same business to be discussed at the AGM, the voting will be conducted in a sequence in accordance with the time each of such proposals is proposed.

Article 48 The chairman of the meeting is obligated to propose the adoption of vote by poll for the resolutions of the shareholders' general meeting. Each shareholder or proxy authorized by shareholder when voting at a shareholders' general meeting may exercise voting rights in accordance with the number of shares carrying the right to vote. Except for vote by cumulative voting method, which is provided by the Articles of Association for the resolutions concerning the election of directors, each share shall have one vote.

Where any shareholder (including his proxy) is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast in contravention of such requirement or restriction shall not be valid.

Article 49 Where there are two or more candidates of Directors when electing directors at a shareholders' general meeting, each of the shares represented by the shareholder (including proxy) shall have the same number of votes as the number of candidates, and the votes can be cast all on electing one person, or be cast separately on electing more than one persons, but details have to be given on the allocations of such votes.

Article 50 With respect to the proposals on election of directors and supervisors in a shareholders' general meeting, each candidate of director and/or supervisor shall be voted on separately.

Article 51 Resolutions of shareholders' general meeting shall be divided into ordinary resolutions and special resolutions.

(I) Ordinary Resolutions:

1. To adopt an ordinary resolution, voting representing more than one half of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favour of the resolution for it to be passed;

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

(1) work reports of the Board and the supervisory committee;

(2) profit distribution plans and plans for making up losses formulated by the Board;

(3) removal of members of the Board and members of the supervisory committee, their remuneration and method of payment of the remuneration;

(4) annual budgets and final accounts, balance sheets and profit statements and other financial statements of the Company;

(5) matters other than those which are required by the laws and administrative regulations or by the Article of Association to be adopted by special resolution.

(6) other matters required by the Listing Rules, except for the matters to be adopted by special resolution.

(II) Special Resolutions

1. To adopt a special resolution, voting representing more than two-thirds of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favour of the resolution for it to be passed;

2. The following matters shall be resolved by a special resolution at a shareholders' general meeting:

(1) the increase or reduction in the share capital and the issuance of shares of any class, warrants and other similar securities;

(2) the buy-back of shares of the Company;

(3) the issuance of corporate bonds;

(4) . the division, merger, dissolution and liquidation of the Company;

(5) the amendments to the Articles of Association;

(6) any other matters considered by the shareholders in general meeting and resolved by way of an ordinary resolution to be of a nature which may have a material impact on the Company and should be adopted by a special resolution; and; and

(7) any other matters that should be adopted by a special resolution in accordance with the provisions of the Listing Rules.

Article 52 Shareholders of the affected class, whether or not otherwise having the right to vote at shareholders' general meetings, shall have right to vote at class shareholders' meetings in respect of any of the matters referred to in items (2) to (8) and items (11) to (12) of Article 23 of these Rules, except that interested shareholders shall not have the right to vote at class shareholders' meetings. For the purposes of the preceding paragraph, the term "interested shareholders" shall have the following meaning:

1. if the Company is to issue a buyback offer to all of the shareholders in the same proportion or is to buy back its own shares through open transactions on a stock exchange in accordance with Article 25 of the Articles of Association, the controlling shareholder as defined in Article 48 of the Articles of Association shall be an "interested shareholder";

2. if the Company is to buy back its own shares by agreements outside a stock exchange in accordance with Article 25 of the Articles of Association, holders of shares to which such agreements relate shall be "interested shareholders";

3. shareholders that, under a proposed restructuring of the Company, would bear liabilities in a proportion smaller than that of the liabilities borne by other shareholders of the same class, and shareholders that have an interest in a proposed restructuring of the Company that is different from the interest in such proposed restructuring of other shareholders of the same class, shall be "interested shareholders".

Article 53 Resolutions of a class shareholders' meeting may be passed only by two-thirds or more of the equity interests carrying voting rights that are represented at the meeting in accordance with the preceding Article. The special

procedures for voting of class shareholders shall not apply to the following situations: (1). where, as approved by way of a special resolution at the shareholders' general meeting, the Company issues, either separately or concurrently, domestic invested shares and overseas listed foreign invested shares every 12 months, and the number of the domestic invested shares and overseas listed foreign invested shares intended to be issued does not exceed 20 percent of the issued and outstanding shares of the respective classes; and (2). where the plan for issuance of domestic invested shares and overseas listed foreign invested shares upon the establishment of the Company is completed within 15 months of being approved by the securities regulatory authorities of the State Council.

Article 54 When the shareholders' general meeting considers matters concerning connected transactions, the connected shareholders shall abstain from voting. The voting rights represented by the number of shares of such shareholders shall be excluded from the total number of valid votes. The announcement on the resolution of the shareholders' general meeting shall adequately disclose the distribution of votes for the non-connected shareholders.

Article 55 Shareholders and proxies authorized by shareholders shall fill out the ballots conscientiously following the requirements, and shall place the ballot into the ballot box. Ballots which are not filled out or are filled out incorrectly, the handwritings on which are illegible, or the shareholder has been deemed as abstained from voting before the vote is cast, the shares which it represent shall be excluded from the total number of valid votes.

Article 56 Subject to the provisions of the Listing Rules, before voting starts, shareholders attending the meeting shall elect at least one representative of the shareholders to be the person responsible for tallying the votes. He shall tally up the votes on the spot and shall sign on the statistical information concerning the voting. When the numbers of votes in favour and against are equal, the chairman of the meeting is entitled to cast one extra vote.

Article 57 The Chairman of the meeting is responsible for determining if the resolutions of the shareholders' general meeting are passed or not based on the poll results prepared by the person responsible for tallying the votes. His decision is final and binding, and shall be declared at the meeting and recorded in the minutes of the meeting.

Article 58 The shareholders' general meeting shall record meeting minutes. The minutes shall be signed by the directors attending the meeting and the minutes-taker. In the event that no director is present at such meeting the shareholder of the proxy who chaired the meeting and the minutes-taker shall sign on the minutes. The minutes shall include the following content:

1. number of shares carrying voting rights attending the shareholders' general meeting to the total number of shares of the Company;
2. the date and place for convening the meeting;
3. the name of the chairman of the meeting and the agenda of the meeting;
4. the highlights of the speech made during the discussion for the resolution;
5. the questions, opinions and recommendations of the shareholders, the respond or explanation by the directors or supervisors;
6. other content considered by the shareholders' general meeting as necessary or are required by the Articles of Association to be included into minutes;
7. other content considered by the shareholders' general meeting as necessary or are required by the Articles of Association to be included into minutes.

Section 6 Adjournment of the meeting

Article 59 The Directors of the Company shall ensure the continuation of a shareholders' general meeting for a reasonable period of time, until the final resolutions are formed and determined.

Article 60 In the event that there is any dispute over the identity of shareholder and results of the poll raised by the shareholders attending the meeting, and such dispute cannot be settled on site so as to affect the order of the meeting causing the meeting being unable to continue, the chairman of the meeting shall declare an adjournment of the meeting. After the aforesaid situations are resolved, the chairman of the meeting shall notify the shareholders as soon as possible to resume the meeting.

Article 61 In the event that the shareholders' general meeting, due to any force majeure event or other extraordinary reasons, is adjourned for more than one working day, is unable to convene as scheduled or is unable to come up with any resolution, the Board shall explain the reasons to the stock exchange and publish an announcement accordingly (if so required by laws or the Listing Rules). The Board shall adopt necessary measures to the shareholders' general meeting as soon as possible.

Section 7 Post- meeting matters and announcement

Article 62 the Board Secretary is responsible for submitting relevant information such as summary of the meeting and resolutions adopted and handling affairs of publishing announcement in the designated media (if so required by the laws or the Listing Rules) in accordance with the relevant laws and regulations and the provisions of the Securities Supervision and Management Authority of the State Council and the stock exchange of the place where the shares of the Company are listed.

Article 63 The number of shareholders (or the proxies) attending the shareholders' general meeting, the percentage of the number of shares represented by the attending shareholders to the total number of shares of the Company carrying voting rights, the way the voting is conducted and the result on the poll for each

resolution shall be stated in the published announcement of the shareholders' general meeting. The decision on the resolution proposed by a shareholder shall list the name of the proposing shareholder, his proportion of shareholding and the content of the resolution being proposed. Resolutions proposed but not passed in the meeting or there is a resolution in the present meeting to change a resolution passed at the previous shareholders' general meeting, the Board shall state such fact in the results announcement. The announcement for the resolutions of the shareholders' general meeting shall, as required, be published in the newspapers and on the website of the Company.

Article 64 The Board Secretary is responsible for keeping the written materials such as name list of persons attending the meeting, instrument appointing proxy, information of the poll, minutes of the meeting and resolution announcement for the shareholders' general meeting.

Chapter 5 Supplementary Rules

Article 65 These Rules shall be effective upon approval by the shareholders' general meeting.

Article 66 In the event of making amendments to these Rules, a amendment proposal shall be submitted by the Board to the shareholders' general meeting to be approved by an ordinary resolution adopted at such meeting.

Article 67 The right to interpret these Rules is reserved for the Board.

Article 68 For matters not covered by these Rules or where these Rules are in conflict with laws and administrative statutes promulgated from time to time, other regulatory documents, the Articles of Association and the provisions and requirements of the relevant regulatory authority, the provisions of the laws, administrative statutes, other regulatory documents, the Articles of Association and the provisions and requirements of the relevant regulatory authority shall prevail.

Article 69 These Rules are for guidance only and for the purposes of clarifying matters not covered by the Article of Association and to improve the efficiency of the Shareholders' General Meeting. None of the provisions and terms contained in these rules shall affect the provisions of the Articles of Association and the rights of the shareholders (whether that be legal rights or rights under the Articles of Association or any other rights). Any provisions and terms contained in these Rules shall not be deemed as setting lower requirements than those of the Listing Rules.