

This Appendix sets out a summary of the Articles of Association adopted on July 11, 2013 and its subsequent amendments, which will be effective from the date of listing of H shares on the Hong Kong Stock Exchange. As the purpose of this Appendix is to provide potential investors with an overview of the Articles of Association, it may not contain all the information that is important to investors. As stated in the "Appendix VIII – Documents Delivered to the Registrar of Companies and Available for Inspection" in this Prospectus, the full text of the Articles of Association in Chinese is available for inspection.

1. DIRECTORS AND BOARD OF DIRECTORS

(a) Responsibilities

The Directors, Supervisors and the senior management owe fiduciary duties and duties of diligence to the Company. Where a Director, Supervisor or senior management is in breach of his/her duties owed to the Company, in addition to any rights and remedies provided for in the relevant laws and administrative regulations, the Company is entitled to adopt the following measures:

- (i) to claim against such Director, Supervisor or senior management for losses incurred by the Company as a result of his/her breach of duty;
- (ii) to rescind any contracts or transactions entered into between the Company and the Director, Supervisor or senior management and between the Company and a third party where such third party has knowledge or should have had knowledge of the breach of duty;
- (iii) to forfeit the profits made by the Director, Supervisor or senior management as a result of his/her breach of duty;
- (iv) to recover any monies received by the Director, Supervisor or senior management which should have been received by the Company, including, without limitation, commissions;
- (v) to demand the refund by the Director, Supervisor or senior management of the interest earned or may have been earned on any monies which should have been received by the Company.

Each Director, Supervisor and senior management of the Company shall abide by his/her fiduciary principles in the discharge of his/her duties, and not to place himself in a position where his/her interests and duties may conflict. Such principles include (but are not limited to):

- (i) to act in good faith for the best interest of the Company;
- (ii) to perform his/her duties within the scope of his/her authorization;
- (iii) to exercise the discretion vested in him personally and not allow himself/herself to act under the direction of other person, unless and to the extent permitted by laws and administrative regulations or with the informed consent of Shareholders at general meeting, and not to delegate the exercise of his/her discretion;
- (iv) to treat Shareholders of the same class equally and to treat Shareholders of different classes fairly;
- (v) not to enter into any contract, transaction or arrangement with the Company except in accordance with the Articles of Association or with the informed consent of Shareholders at general meeting;
- (vi) not to use the Company's assets for his/her personal benefit in any manner without the informed consent of Shareholders at general meeting;

- (vii) not to accept bribes or other illegal income by virtue of his/her position and not to expropriate the Company's assets in any manner, including (without limitation) opportunities beneficial to the Company;
- (viii) not to accept commissions in connection with the Company's transactions without the informed consent of Shareholders at general meeting;
- (ix) to abide by the Articles of Association, faithfully perform his/her duties and protect the interests of the Company, and not to use/her his position and powers in the Company for personal interests;
- (x) not to compete with the Company in any way except with the informed consent of Shareholders at general meeting;
- (xi) not to misappropriate the Company's funds or lend the Company's funds to others, not to open any bank account in his/her own name or other name for the deposit of the Company's assets, and not to provide security for debt of Shareholders of the Company or any other individuals with the company's assets;
- (xii) not to disclose confidential information of the Company acquired while in office without the informed consent of Shareholders at general meeting and not to use such information other than for the interests of the Company, save and except the disclosure of information to a court or other government authorities where the disclosure (1) is required by law; (2) is required for public interest; or (3) is required for the personal interests of the Director, Supervisor or senior management.

A Director, Supervisor and senior management shall not direct the following persons or institutions ("Related Parties") to do acts that the Directors, Supervisors and senior management are prohibited from doing:

- (i) the spouse or minor child of a Director, Supervisor and senior management;
- (ii) a trustee for a Director, Supervisor and senior management or any person referred to in (i);
- (iii) a partner of a Director, Supervisor and senior management or of any person referred to in (i) and (ii);
- (iv) a company in which that a Director, Supervisor and senior management have de facto control solely or jointly with any persons referred to in (i), (ii) and (iii) or with any of other Directors, Supervisors and senior management of the Company;
- (v) the Director, Supervisor, the senior management of a controlled company referred to in (iv).

The good faith obligation of the Directors, Supervisors and senior management may survive the expiry of their terms; their obligation to keep the trade secrets of the Company in confidence shall survive the expiry of their terms until such secrets are known to the public. The duration of other obligations shall be determined on the basis of fairness, depending on the length of time from the occurrence of the events to the expiry of their terms, as well as the circumstances and conditions under which the relationship with the Company is terminated.

Subject to the Articles of Association, the liabilities of a Director, Supervisor and senior management arising from the violation of his/her obligations may be released with the informed consent of Shareholders at general meetings.

In addition to obligations imposed by the relevant laws, administrative regulations or the listing rules of the stock exchange on which the Company's shares are listed, the Directors, Supervisors and senior management shall have the following obligations to the Shareholders in the performance of their duties:

- (i) not to allow the operation of the Company to go beyond the business scope specified by its business license;
- (ii) to act in good faith for the best interest of the Company;
- (iii) not to deprive the Company of its assets in any way, including (but not limited to) opportunities beneficial to the Company; and
- (iv) not to deprive Shareholders of their rights and interests, including (but not limited to) the rights to participate in distribution and to vote, except through the reorganization of the Company approved by Shareholders at general meeting in accordance with the Articles of Association.

The Directors, Supervisors and senior management of the Company shall exercise the care, diligence and skill that a reasonably prudent person would exercise under the similar circumstances when performing their duties.

(b) Power to allot and issue shares

There is no provision in the Articles of Association empowering the Board to allot or issue shares. In order to allot or issue shares, the Board shall prepare a proposal for approval by Shareholders at general meeting by way of special resolution. Any such allotment or issue shall be conducted in accordance with the procedures stipulated by the relevant laws and administrative regulations.

(c) Power to dispose of the assets of the Company

If the sum of the expected value of the fixed assets to be disposed of and the total value received from the disposal of fixed assets within four months immediately preceding the proposed disposal exceeds 33% of the value of fixed assets based on the latest audited balance sheet submitted to the general meeting, the Board shall not dispose of or agree to dispose of such fixed assets without prior approval of shareholders at general meeting. The disposal shall include the transfer of rights and interests in assets, but does not include the provision of guarantees with fixed assets. The validity of the disposal of fixed assets of the Company shall not be affected by the violation of the above restrictions.

(d) Indemnification or compensation for loss of office

The employment contract entered into between the Company and the Directors or Supervisors shall have such provisions to entitle them compensation or other payments for loss of office or retirement as a result of the acquisition of the Company subject to prior approval of the general meeting. Acquisition of the Company refers to any of the following:

- (i) a general offer to all Shareholders; or
- (ii) an offer is made by any person such that the offeror will become the Controlling Shareholder of the Company (as defined in the Articles of Association).

If any Director or Supervisor does not comply with the above provisions, any proceeds from the disposal received by such Director or Supervisor shall be attributable to distributed to those persons

who have sold their shares under the offer on pro rata basis. The expenses of distribution shall be borne by such Director or Supervisor and not shall not be deducted from the sum being distributed.

(e) *Loans to Directors, Supervisors or senior management*

The Company shall not provide loan or loan guarantee to Directors, Supervisors or senior management of the Company or its parent company or their Related Parties.

The following transactions are not subject to the foregoing prohibition:

- (i) the provision of a loan or a guarantee for a loan by the Company to its subsidiaries;
- (ii) the provision of a loan or a guarantee for a loan or any other funds by the Company to any of its Directors, Supervisors or senior management to meet expenditure incurred by him for the purposes of the Company or for the purpose of enabling him to properly perform his/her duties, in accordance with the terms of an employment contract approved by the general meeting; and
- (iii) the Company may make a loan to or provide a guarantee in connection with a loan by another person to any of its Directors, Supervisors, senior management or other Related Parties where the ordinary course of its business includes the making of loans or the giving of guarantees and provided that the making of such loans or the giving of such guarantees is on normal commercial terms.

A loan made by the Company in breach of the prohibition above shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan. A guarantee for a loan provided by the Company in breach of such prohibition shall be unenforceable against the Company unless:

- (i) the loan was made to a person connected with a Director, Supervisor or senior management of the Company or its parent company and at the time the loan was advanced the lender did not aware of the relevant circumstances; or
- (ii) the collateral provided by the Company is sold lawfully by the lender to the buyer in good faith. For the purposes of the above provisions, “guarantee” includes the assumption of liabilities by the guarantor or provision of properties to ensure the performance of obligations.

(f) *Giving financial assistance to purchase the shares of the Company*

Subject to the Articles of Association:

- (i) neither the Company nor any of its subsidiaries shall at any time or in any manner provide financial assistance to a person who acquires or is proposing to acquire shares in the Company. Such person includes any person who directly or indirectly undertakes obligations as a result of the acquisition of shares in the Company; and
- (ii) neither the Company nor any of its subsidiaries shall at any time or in any manner provide financial assistance to the abovementioned obligor for the purposes of reducing or discharging his/her obligations.

The following transactions are not prohibited:

- (i) the provision of financial assistance where the Company’s principal purpose for giving that assistance is genuinely for the Company’s interests and not for the purpose of acquiring the Company’s shares or the provision of such assistance is incidental to some broader objective of the Company;

- (ii) a distribution of the Company's assets by way of dividend;
- (iii) a distribution of dividends by way of shares;
- (iv) a reduction of share capital, repurchase of shares of the Company or a restructuring of the share capital in compliance with the Articles of Association;
- (v) the provision of loans by the Company in the ordinary course of its business, provided that the Company's net assets are not thereby reduced or, to the extent that those assets are reduced, the assistance is provided out of distributable profits; and
- (vi) the Company's contribution to employees' share schemes provided that the Company's net assets are not thereby reduced or, to the extent that those assets are thereby reduced, the assistance is provided out of distributable profits.

For the purpose of the above provisions:

- (i) "financial assistance" includes, but not limited to:
 - (a) gifts;
 - (b) guarantees (including assumption of liabilities or provision of property to ensure that the performance of obligations), compensation (excluding compensation for mistakes of the Company), release or waiver of rights;
 - (c) provision of loans or entering into contracts pursuant to which the Company shall perform obligations before others, change of the parties to the loans/contracts and the assignment of the rights in the loans/contracts; or
 - (d) financial assistance provided by the Company in any other manner which will render the Company insolvent, loss or significant decreases in net assets.
- (ii) "undertaking an obligation" includes the undertaking of an obligation by making an agreement or arrangement (whether enforceable or not and whether solely or jointly with others) or by changing one's financial position by any other means.

(g) Disclosure of interests in and voting on contracts with the company or any of its subsidiaries

Where a Director, Supervisor and senior management are in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than his/her contract of service entered into between the Company and the Director, Supervisor and senior management), he/she shall declare the nature and extent of his/her interest to the Board at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal is otherwise subject to the approval of the Board.

Unless the interested Director, Supervisor and senior management have disclosed their interest in accordance with the above requirement and the contract, transaction or arrangement has been approved by the Board at a meeting in which the interested Director is not included in the quorum nor participate in voting, such contract, transaction or arrangement is voidable at the instance of the Company except as against a bona fide party thereto acting without notice of the breach of obligation by the Director, Supervisor and senior management concerned.

A Director, Supervisor and senior management is deemed to be interested in a contract, transaction or arrangement in which their Related Parties or associates have interest.

(h) Remuneration

The Company shall enter into agreements in writing with the Directors and Supervisors regarding remuneration, which shall be subject to prior approval of the general meeting, including:

- (i) emoluments in respect of their services as Director, Supervisor or senior management of the Company;
- (ii) emoluments in respect of their services as Director, Supervisor or senior management of subsidiaries of the Company;
- (iii) emoluments otherwise in connection with services for the management of the Company or subsidiaries thereof; and
- (iv) payments by way of compensation for loss of office, or in connection with their retirement from office.
- (v) unless provided for in the above contracts, no proceedings shall be initiated by a Director or Supervisor against the Company for anything due to him in respect of the matters specified above.

(i) Retirement, appointment and removal

The following persons may not serve as a Director, Supervisor or senior management of the Company:

- (i) an individual who has no civil capacity or has restricted civil capacity;
- (ii) persons who have committed the offences of corruption, bribery, trespass of property, misappropriation of property or damaging the socialist market economic order, and have been penalized due to the above offences, where less than five years have elapsed since the date of the completion of implementation of the penalty or persons who have committed crimes and have been deprived of their political rights due to such crimes, where less than five years have elapsed since the date of the completion of the implementation of such deprivation;
- (iii) persons who were former directors, factory chiefs or managers of a company or enterprise which has become insolvent and has been liquidated and were personally liable for the insolvency of such company or enterprise, where less than three years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;
- (iv) persons who were legal representatives of a company or enterprise which had its business license revoked and due to a violation of the law and who were personally liable, and less than three years have elapsed since the date of the revocation of the business license;
- (v) persons who have failed to pay a relatively large debt when due and outstanding;
- (vi) persons who have committed criminal offences and are still under investigation by administration authorities;
- (vii) persons who were not allowed to be heads of enterprises as stipulated by laws and administrative regulations, or regulations of competent authorities;
- (viii) persons who are not natural persons;
- (ix) persons who have been convicted of offences of violating provisions of the relevant securities laws or regulations and offences of fraud or acting in bad faith by the relevant authority, where less than five years have lapsed since the date of conviction;

- (x) other circumstances which are applicable pursuant to the provisions of the laws and administrative regulations, or regulations of the competent authorities.

The election of Directors and Supervisors or employment of senior management in violation of the aforesaid provisions shall be null and void. Directors, Supervisors and senior management committing the above during their term of office shall be released of his/her duties by the Company.

The validity of an act of a Director, Supervisor and senior management on behalf of the Company are not, *vis-à-vis* a bona fide third party, affected by any irregularity in his/her office, election or any defect in his/her qualification.

The Board shall consist of nine to 13 Directors, including executive Directors, non-executive Directors and independent Directors, and the exact number of Directors shall be determined by the general meeting. The abovementioned executive Directors refer to directors who participate in the production, operation and management of the Company; non-executive Directors refer to directors who do not participate in the production, operation and management of the Company; and independent Directors refer to directors who do not hold positions other than Directors and do not have any other relationships with the Company and substantial shareholders.

The Board shall be elected at the general meeting. The Directors serve three-year terms. Upon expiration of the term, the Director may be re-elected (an independent non-executive Director may not be elected for more than 6 years consecutively).

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

The chairman and vice chairman of the Board shall be elected and dismissed by a vote of more than one half of the Directors. Subject to compliance with related laws and administrative regulations, the general meeting may remove any Directors whose term has not expired by an ordinary resolution without affecting any claim for damages that may be made pursuant to any contract.

Written notices regarding nomination of a director candidate and indication of the candidate's intention to accept the nomination shall be delivered to the Company after the day of dispatch of the notice of the general meeting and seven days before the general meeting is convened. The period between nomination and acceptance of nomination shall not be less than seven days.

(j) Power of obtaining loans

The Articles of Association do not contain any special provision in respect of the manner in which the power of obtaining loans may be exercised by the Directors nor do they contain any special provision in respect of the manner in which such power may be raised, other than (a) provisions which give the Directors the power to formulate proposals for the issuance of debentures by the Company; and (b) provisions which provide that the issuance of debentures shall be approved by the Shareholders of the Company in a general meeting by way of a special resolution.

2. AMENDMENTS TO THE ARTICLES

The Company may, in accordance with provisions contained in relevant laws, administrative regulations and the Articles of Association, amend its Articles of Association.

Any amendment to the Articles of Association involving the Mandatory Provisions shall become effective upon approval by company approval authorities authorized by the State Council. Where the amendment of the Articles of Association involves the registration of the Company, it shall be necessary to carry out the lawfully prescribed procedures for registration change.

3. SPECIAL VOTING PROCEDURES OF CLASS SHAREHOLDERS

Any Shareholder who holds different types of shares is a class Shareholder. Any plan of the Company to change or abolish the rights of a class Shareholder is subject to the approval of the

general meeting in the form of a special resolution and the approval of the affected class Shareholders at a separately convened Shareholders' meeting in accordance with the Articles of Association before it can be implemented.

The rights of a class Shareholder shall be viewed as changed or abolished under any of the following circumstances:

- (a) increase/reduce the number of shares of such class, or increase/reduce the number of shares of such class with equal or more voting rights, distribution rights and other privileges than the shares of such class;
- (b) convert all or part of the shares of such class into other class or convert another class of shares, partly or wholly, into the shares of such class or grant such conversion right;
- (c) cancel/reduce the right of the shares of such class to receive dividends generated or cumulative dividends;
- (d) reduce/cancel the right of the shares of such class to receive dividends on a priority basis or the priority right to receive property distribution in the liquidation of the Company;
- (e) increase/cancel or reduce the right of the shares of such class to convert Share rights, options rights, voting rights, transfer rights, pre-emptive rights and the right to obtain the securities of the Company;
- (f) cancel/reduce the right of the shares of such class to receive funds payable of the Company in specified currencies;
- (g) create new class of shares entitled to equal or more voting rights, distribution rights, or other privileges than the shares of such class;
- (h) impose restrictions on the transfer or ownership of the shares of such class or increase such restrictions;
- (i) issue subscription or conversion rights for this or other shares of such class;
- (j) increase the rights and privileges of other class of shares;
- (k) the restructuring plan of the Company may constitute different types of Shareholders to assume responsibilities disproportionately;
- (l) amend or abolish clauses regarding class Shareholders stipulated in the Articles of Association.

Whether or not the affected class Shareholders have voting rights at the general meeting, in the event of (b) through (h), (k) and (l), they have voting rights at the class Shareholders' meeting, but the Shareholders that have interests at stake (as defined in the Articles of Association) shall have no voting rights at the class meeting.

The resolution of the class meeting shall be passed by votes representing more than two thirds of Shareholders with voting rights attending the class meeting.

When convening a class meeting, 45 days (excluding the date of the meeting) before the meeting is convened, the Company shall send a written notice to inform all registered holders of the class shares on matters to be deliberated at the meeting, as well as the date and venue of the meeting. Shareholders planning to attend the meeting shall send our company a written reply concerning attendance at the meeting 20 days before the meeting.

In the event that the number of shares with voting rights represented by Shareholders planning to attend the meeting accounts for more than one half of the total number of said class shares with voting power at the meeting, the Company may convene a class meeting. If this number is not reached, the Company shall again inform the Shareholders of the matters to be deliberated as well as the date and venue of the meeting within five days in the form of an announcement and the Company may convene a class meeting once the announcement is delivered,

The notice of the class meeting needs only to be sent to the Shareholders who have the right to vote at the meeting.

Insofar as possible, any class meeting shall be held in accordance with the same procedures as those of the general meeting, and any clause that relates to the procedures for convening the general meeting in the Articles of Association shall apply to any class meeting.

Apart from the holders of shares of other class, the holders of domestic shares and the holders of overseas listed foreign shares are considered as different class Shareholders.

The special procedures for voting by the class Shareholders shall not apply under the following circumstances:

- (a) upon the approval by a special resolution at the general meeting, the Company either separately or concurrently issues domestic shares and overseas-listed foreign shares once every 12 months, and the number of those shares to be issued shall not account for more than 20% of each of its outstanding shares; or
- (b) the plan to issue domestic shares and overseas-listed foreign shares upon the establishment of the Company is completed within 15 months of the date of approval by the securities regulatory agency of the State Council.

Upon the approval by the securities regulatory authorities of the State Council, the unlisted shares of the Company held by Shareholders may become listed and traded on an overseas stock exchange subject to the regulatory procedures, regulations and requirements of such overseas stock market. Resolution of class meeting is not required for the listing and trading of such shares on an overseas stock exchange.

4. SPECIAL RESOLUTIONS NEEDED TO BE ADOPTED BY MAJORITY VOTE

Resolutions of general meetings are divided into ordinary resolutions and special resolutions.

To adopt an ordinary resolution, more than the one half votes represented by Shareholders (including proxies) present at the meeting must be exercised in favor of the resolution.

To adopt a special resolution more than the two thirds of votes represented by the Shareholders (including proxies) present at the general meeting must be exercised in favor of the resolution.

5. VOTING RIGHTS (GENERALLY ON A POLL AND RIGHT TO DEMAND A POLL)

The ordinary Shareholders have the right to attend or appoint a proxy to attend general meetings and to vote thereat. Shareholders (or proxies) when voting at a general meeting may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote.

When voting at a general meeting, Shareholders (including their proxies) who are entitled two or more votes are not required to vote against or in favor with their total number of votes. In the case of an equality of votes, the chairman of the meeting shall be entitled to an additional vote.

6. GENERAL MEETINGS

The general meetings are divided into annual general meetings and extraordinary general meetings. General meetings are called by the Board. The general meetings shall be convened once a year and be held within six months from the end of the previous financial year.

7. NOTIFICATION AND AGENDA OF GENERAL MEETINGS

The general meeting is the governing body of the Company that can perform duties and exercise powers in accordance with the law.

Apart from special circumstances such as where the Company is in crisis, without the approval of a special resolution of the general meeting, the Company shall not enter into a contract with any person other than the Directors, Supervisors and senior management that would make a person responsible for the management of all or part of the main business of the Company.

Under any of the following circumstances, the Board shall convene an extraordinary general meeting within two months:

- (a) the number of Directors is less than the minimum number required in the Articles of Association;
- (b) the uncovered losses of the Company reach one-third of its total paid-in share capital;
- (c) the Shareholders holding more than 10% of outstanding issued shares of the Company with voting rights separately or jointly request to convene an extraordinary general meeting in writing;
- (d) the Board considers it necessary;
- (e) the Supervisory Committee proposes convening an extraordinary general meeting; or
- (f) any circumstances stipulated in laws, administrative regulations, departmental rules or the Articles of Association.

To convene a general meeting, the Company shall give written notices 45 days before the date of the meeting, informing all registered Shareholders of the matters proposed to be considered at the meeting and the date and venue of the meeting. Shareholders who will attend the meeting shall return the written replies to the Company 20 days before the date of the meeting.

Shareholders separately or jointly holding 3% or more of shares carrying voting rights shall have the right to put forward new proposals in writing to the convener of the applicable meeting 10 days before the date of the general meeting.

The Company shall calculate, according to the written replies received 20 days before the date of the general meeting, the number of shares carry voting rights that the Shareholders intending to attend the general meeting represent. The Company may convene a general meeting if the number of shares carrying voting rights represented by Shareholders intending to attend accounts for more than one half of total number of shares carrying voting rights. Otherwise, the Company shall make an announcement, within five days, once again notifying the Shareholders of the matters proposed to be considered and the date and venue of the meeting before the general meeting may be convened.

The notice of a general meeting shall meet the following requirements:

- (a) conform to the ways as stipulated in the Articles of Association;

- (b) specify the venue, duration, date and time of the meeting;
- (c) specify the matters to be deliberated at the meeting;
- (d) provide such information and explanations as are necessary for the Shareholders to exercise an informed judgment on the matters to be discussed before them. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another company, to repurchase shares, to reorganize the share capital or to restructure the Company in any other way, the conditions of the proposed transaction must be provided in detail together with copies of the proposed contract, if any, and the reasons for and consequences of such proposal must be properly explained;
- (e) contain a disclosure of the nature and extent, if any, of material interests of any Director, Supervisor and senior management in the matters to be discussed and the effect of the matters to be discussed on them in their capacity as Shareholders in so far as it is different from the effect on other Shareholders of the same class;
- (f) contain the text of any special resolutions proposed to be passed at the general meeting;
- (g) contain conspicuously a statement that all Shareholders are entitled to attend, and Shareholders with the right to attend and vote are entitled to appoint one or more proxies to attend and vote and that a proxy need not be a Shareholder;
- (h) specify the time and place for lodging proxy forms for the relevant meeting;
- (i) specify the date of the share register listing the Shareholders that have the right to attend the Shareholders' meeting;
- (j) specify the name and contact number of the contact person for the meeting;
- (k) specify the time and procedures of voting for general meeting hold online or by other ways in the notice of the general meeting.

Unless otherwise provided by relevant laws, administrative regulations, securities regulatory requirements of the place where the shares of the Company are listed and the Articles of Association, notices of general meetings shall be served on the Shareholders (whether or not they are entitled to vote at the meeting) by personal delivery or prepaid mail to their addresses registered in the register of Shareholders. For holders of domestic shares, notice of general meeting may be made by way of public announcement.

This announcement shall be published in one or more newspapers designated by the securities governing authority of the State Council within a period of 45 to 50 days before the meeting is convened. Once the announcement is made, all holders of domestic shares shall be deemed to have received the notice of our general meeting. Subject to the laws and regulations of the place where the shares of the Company are listed and relevant requirements of the Hong Kong Stock Exchange, notice of general meeting may be sent or provided to holders of overseas-listed foreign invested shares by other applicable ways according to the Articles of Association.

The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings and resolutions at that general meeting.

Shareholders who request to convene an extraordinary general meeting or class meeting shall abide by the following procedures:

- (a) Shareholders, separately or jointly, holding 10% or more shares with the right to vote at the proposed meeting may sign one or more written request of the same format, stating the matters to be discussed, to propose the convening of an extraordinary general meeting or a class meeting. The Board shall convene an extraordinary meeting or a class meeting upon receipt of such written request. Shareholding aforesaid shall be based on that on the day the written request is issued by the Shareholders.
- (b) Where the Board of Directors fails to issue notice of convening meeting within 30 days upon receipt of the above written request, Shareholders proposing such request may convene a meeting on their own within four months upon receipt of the request by the Board. The convening procedures shall as much as possible be equivalent to those of for meeting convened by the Board of Directors.

If Shareholders call and convene a meeting by themselves since the Board fail to convene a meeting in accordance with the foresaid requirements, the reasonable expenses incurred shall be borne by the Company and be deducted from the amounts due to the Directors as a result of lose of office.

Shareholders individually or collectively holding more than 3% of the shares of the Company may propose extraordinary proposal and submit the same in writing to convener no later than 10 days prior to the convening of the general meeting. The convener shall issue supplemental notice of the general meeting within two days upon receipt of the proposal and shall submit the extraordinary proposal to general meeting for consideration. The contents of the extraordinary proposal shall fall into the scope of authority of the general meeting and it shall have the specific subjects and matters to be resolved.

Except for the foregoing, the convener shall not amend the resolutions set out in the notice of the general meeting or propose additional resolutions after the dispatch of the notice of general meeting.

Shareholders' general meeting shall be convened by the Board and chaired by the chairman. Where the chairman is unable to attend the meeting for any reason, the vice chairman shall convene and chair the meeting. Where both the chairman and vice chairman are unable to attend the meeting, the chairman may assign a Director to convene and chair the meeting on his/her behalf. In the absence of any assignment, shareholders attending the meeting may elect one person to chair the meeting. If the Shareholders, for any reason, fail to elect a chairman of the meeting, the Shareholder (including the proxy) present and has the largest number of shares carrying the right to vote shall act as the chairman of the meeting.

For general meeting convened by the Supervisory Committee on its own, the chairman of the Supervisory Committee shall chair the meeting. Where the chairman of the Supervisory Committee is unable or fail to perform his/her duties, the Supervisor nominated by a majority of the Supervisors shall chair the meeting.

For general meeting convened by the Shareholders on their own, the convener shall elect a representative to chair the meeting.

The following matters shall be resolved by an ordinary resolution at the general meeting:

- (a) work reports of the Board and the Supervisory Committee;
- (b) profit distribution plans and loss recovery plans drafted by the Board;

- (c) appointment and removal of members of the Board and the Supervisory Committee assumed by non-employee representatives, their remuneration and form of payment;
- (d) the annual budget/final account report, balance sheet, income statement and other financial statements of the Company;
- (e) appointment and removal of accounting firm and fee payable to the accounting firm by the Company;
- (f) guarantees which require the approval of the general meeting;
- (g) save as required by laws, administrative regulations, securities regulatory requirements of the place where the shares of the Company are listed or requirements of the Articles of Association, all other matters except those required to be adopted by special resolution.

The following matters shall be resolved by a special resolution at the general meeting:

- (a) increase/decrease of share capital and the issue of shares of any class, warrants and other similar securities;
- (b) issue of debentures of the Company;
- (c) division, merger, dissolution and liquidation of the Company and transformation of the Company;
- (d) amendments to our Articles of Association;
- (e) purchase or disposal of major assets within a year where the amount of guarantees exceeds 30% of the latest audited net assets of the Company;
- (f) share incentive scheme;
- (g) other matters as required by the laws, administrative regulations, securities regulatory requirements of the place where the shares of the Company are listed or the Articles of Association, and as approved by ordinary resolution of the general meeting which may have significant effect on the Company and need to be passed by special resolution.

8. QUORUM FOR SHAREHOLDERS' GENERAL MEETING

The Company may convene a general meeting if the number of shares carrying voting rights represented by Shareholders intending to attend accounts for at least half of the total number of shares carrying voting rights. The Company may convene a class meeting, if the number of shares of the class carrying voting rights represented by Shareholders intending to attend accounts for at least half of the total number of such shares of the class.

9. SHARE TRANSFER

Unless otherwise provided by laws, administrative regulations, departmental rules and securities regulatory requirements of the place where the shares of the Company are listed, shares of the Company are freely transferable in accordance with laws and are not attached with any lien.

All overseas-listed foreign shares which are fully paid-up and listed on the Hong Kong Stock Exchange can be freely transferred in accordance with the Articles of Association. However, the Board may refuse to recognize any instrument of transfer without giving any reasons, unless:

- (a) the instrument of transfer or other documents which is related to or may affect the title of any shares are registered and payment was made to the Company pursuant to a fee specified in the Listing Rules of Hong Kong Stock Exchange;
- (b) the instrument of transfer only involves overseas-listed foreign shares listed on the Hong Kong Stock Exchange;
- (c) the stamp duty as required by the laws of Hong Kong chargeable on the instrument of transfer has been paid;
- (d) provide the relevant share certificate and other proof of title as reasonably requested by the Board;
- (e) if it is intended to transfer the shares to joint holders, then the maximum number of joint holders shall not exceed four;
- (f) the fully paid-up shares shall be free from any restriction on the right of transfer (except where permitted by the Hong Kong Stock Exchange) and the Company does not have any lien on the relevant shares; and
- (g) no transfer shall be made to minors or persons of unsound mind or under other legal disability.

No change in the share register due to the transfer of shares may be made within thirty (30) days before the date of a general meeting or within five (5) days before the record date for the Company's distribution of dividends.

10. RIGHTS OF THE COMPANY TO REPURCHASE OUTSTANDING ISSUED SHARES

Under any of the following circumstances, the Company may repurchase our outstanding issued shares pursuant to the requirements of the laws, administrative regulations, department rules and the Articles of Association:

- (a) cancellation of shares to reduce share capital of the Company;
- (b) merge with other companies which hold these shares;
- (c) grant shares to employee of the Company as incentives;
- (d) purchase the shares from shareholders who vote against any resolutions adopted at the general meeting concerning the merger and division of the Company; or
- (e) other circumstances as required by the laws and administrative regulations and as approved by the competent authorities of the PRC.

In the event the Company repurchase shares for reasons stated in (a) through (c) of the preceding paragraph, related resolutions shall be adopted at the general meeting in accordance with the Articles of Association. If the Company repurchase the shares according to the provision of the preceding paragraph under the circumstances set forth in (a), the shares so repurchased shall be cancelled within ten days from the date of repurchase and shall complete registration in respect of change in registered capital with the industry and commerce administration department in a timely manner. In

the event of the circumstances set forth in (b) and (d), the shares repurchased shall be transferred or cancelled within six months. In the event that the Company repurchase shares pursuant to the provision of (c) in the preceding paragraph, the shares repurchased within an accounting year may not exceed 5% of the total shares issued. The fund used for such repurchase must be allocated from the after-tax net profit of the Company and the shares repurchased shall be transferred to the employee within one year.

The Company may repurchase its shares in any of the following ways subject to the approval of relevant state competent authorities:

- (a) offer to repurchase shares from all shareholders on a pro-rata basis;
- (b) repurchase shares through public trading on the stock exchange;
- (c) repurchase shares by an agreement outside a stock exchange;
- (d) other ways approved by the securities regulatory authorities under the Stated Council.

Where the Company repurchase the shares by an agreement outside a stock exchange, it shall obtain prior approval at the general meeting pursuant to the Articles of Association of the Company. Likewise, subject to the prior approval of the general meeting, the Company may dissolve or change the contract signed in the aforesaid manner or waive any of its rights in the contract. As for the redeemable shares that the Company is entitled to repurchase, if they are not repurchased in the market or by bidding, the price of the share may not exceed a certain maximum limit. If the shares are repurchased by bidding, a proposal to bid must be made to all shareholders on equal terms. The contract that repurchase the shares include, but not limited to, an agreement that consents to undertake the obligation to repurchase the shares and obtain the rights to repurchase.

The Company shall not assign a contract to repurchase any shares or any of its rights thereunder.

Unless the Company is being liquidated, it must comply with the following provisions in relation to the repurchase of the issued shares:

- (a) if the Company repurchases the shares at par value, such amount shall be made out of the distributable profits and out of proceeds of a fresh issue of shares made for that purpose;
- (b) if the Company repurchases the shares at a premium to par value, amount equivalent to the par value shall be made out of the Company's distributable profits and out of the proceeds of a fresh issue of shares made for that purpose. Amount of the portion in excess of the par value shall be effected as follows:
 - (i) if the shares being repurchased were issued at par value, such amount shall be made out of the Company's distributable profits;
 - (ii) if the shares being repurchased were issued at a premium to par value, payment shall be made out of the Company's distributable profits or out of the proceeds of a fresh issue of shares made for that purpose, provided that the amount paid out of the proceeds of the fresh issue shall exceed neither the aggregate of the premiums received by the Company on the issue of the shares repurchased nor the current amount (including the premiums on the fresh issue) of the Company's capital reserve account;
- (c) payment by the Company in consideration of the following shall be made out of the Company's distributable profits:
 - (i) acquisition of rights to repurchase the shares;

- (ii) amendment of any contract to repurchase the shares;
 - (iii) release of any of the Company's obligations under contract to repurchase the shares.
- (d) after the total par value of the cancelled shares was deducted from the registered share capital of the Company in accordance with the relevant provisions, the amount deducted from the distributable profits for payment of the par value portion of the shares repurchased shall be transferred to the Company's capital reserve account.

11. DIVIDENDS AND METHODS OF DISTRIBUTION

The Company may distribute dividends in the form of cash, shares or other ways in accordance with laws, administrative regulations, rules of competent departments and securities regulatory requirements of the place where the shares of the Company are listed.

Cash dividends and other payments payable by the Company to holders of domestic shares shall be payable in Renminbi. Cash dividends and other payments payable to holders of overseas-listed foreign shares shall be denominated and declared in Renminbi and payable in foreign currency. Foreign currencies payable for the cash dividends and other payments by the Company to holders of overseas-listed foreign shares shall be obtained pursuant to relevant regulations of the SAFE.

The Company shall appoint receiving agents on behalf of holders of the overseas-listed foreign shares to receive on behalf of such shareholders dividends declared and all other monies owing by the Company in respect of their overseas-listed foreign shares. The receiving agents appointed by the Company shall fulfill the requirements set by the laws of the listing place or all the relevant regulations of securities transactions. The receiving agents appointed by the Company on behalf of holders of the overseas-listed foreign shares shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

12. PROXIES

Any Shareholder entitled to attend and vote at the general meeting shall be entitled to appoint one or more persons (whether a Shareholder or not) as his/her proxy to attend and vote on his/her behalf, and a proxy so appointed shall:

- (a) speak at the meeting on behalf of the Shareholder so represented;
- (b) have authority to demand or join in demanding a poll;
- (c) have the right to vote by hand or on a poll, but when more than one proxy has been appointed, the proxies only have right to vote on a poll.

The instrument appointing a proxy shall be in writing under the hand of the appointor or his/her attorney duly authorized in writing. If the appointor is a legal person either under seal or under the hand of a Director or attorney duly authorized. The instrument appointing a proxy shall be deposited at the Company's domicile or at such other place as specified in the notice convening the meeting not less than 24 hours prior to the time for holding the meeting at which the proxy propose to vote or the time specified for voting. If such instrument is signed by another person under a power of attorney or other authorization documents given by the appointor, such power of attorney or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall, together with the instrument appointing the voting proxy, be deposited at the Company's domicile or at such other place as specified in the notice convening the meeting.

If the appointor is a legal person, its legal representative or any person authorized by resolutions of its board of directors or other governing body may attend the general meeting as the appointor's representative.

Any form issued to a Shareholder by the Board of the Company for the purpose of appointing a proxy shall enable the Shareholder, according to his/her free will, to instruct his/her proxy to vote in favor of or against the motions proposed and in respect of each individual matter to be voted on at the meeting. Such proxy form shall contain a statement that in the absence of instructions of the appointor, the proxy may vote as he/she thinks fit.

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or loss of capacity of the appointor, revocation of the proxy or of the authority under which the proxy was executed, or the transfer of shares in respect of which the proxy is given, provided that no notice in writing of such events as aforesaid shall have been received by the Company before the commencement of the meeting at which the proxy is used.

13. REGISTER OF SHAREHOLDERS AND OTHER RIGHTS OF SHAREHOLDERS

The Company may, in accordance with the understanding and agreements between the securities regulatory authority of the State Council and the overseas securities regulatory authorities, maintain the register of Shareholders of overseas-listed foreign shares and appoint overseas agent(s) to manage such share register. The original register of overseas-listed foreign shares in Hong Kong shall be maintained at Hong Kong.

The Company shall maintain the duplicates of the share register for holders of overseas-listed foreign shares at the Company's registered office. The appointed overseas agent(s) shall always ensure the consistency between the original and the duplicate of the register for holders of overseas-listed foreign shares.

If there is any inconsistency between the original and the duplicate of register for holders of overseas-listed foreign shares, the original shall prevail.

The Company shall keep a complete register of Shareholders.

The register of Shareholders shall comprise the following parts:

- (a) register(s) of shareholders, other than those specified in items (b) and (c) below, kept at the registered office of the Company;
- (b) register(s) of holders of the Company's overseas-listed foreign shares kept in the place of the stock exchange(s) where those overseas-listed securities are traded;
- (c) register(s) of shareholders kept at other places as the Board of Directors thinks necessary for the purpose of listing.

Each part of the register of Shareholders shall not overlap. No transfer of shares registered in any part of the register shall, during the continuance of that registration, be registered in any other part of the register. The alteration or rectification of any part of the register of Shareholders shall be carried out in accordance with the laws of the place where such part of the register is maintained.

No changes may be made to the register of Shareholders for the purpose of transfer for shares within 30 days prior to the date of a general meeting or 5 days prior to the record date for confirming the Company's distribution of dividends.

When the Company decides to convene a general meeting, distribute dividends, liquidate or carry out other activities which require the determination of shareholding, the Board or the convener of the general meeting shall fix a date for the purpose of determining the shareholding. A person who is registered in the register as Shareholders of the Company at the end of the date for determining the shareholding shall be a Shareholder of the Company.

Any person who objects to the contents in the register of Shareholders and wishes to register his/her name (title) on, or delete his/her name (title) therefrom may apply to the court which has the jurisdiction to amend the register. The right of the Shareholders to information includes, but without limitation, the followings:

- (a) the right to receive the Articles of Association after payment of costs;
- (b) the right to inspect and copy, subject to payment of a reasonable fee:
 - (i) all parts of the register of members;
 - (ii) personal particulars of each of the Company's Directors, Supervisors and senior management;
 - (iii) status of the Company's share capital;
 - (iv) receipt of the Company's debt;
- (c) reports showing the aggregate par value, quantity, highest and lowest price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount paid by the Company for this purpose;
- (d) minutes of general meetings, resolutions of meetings of the Board, resolutions of the Supervisory Committee and financial and accounting reports.

Shareholders demanding inspection of the relevant information or copies of the materials mentioned in the preceding paragraph shall provide to the Company written documents indicating the class and number of shares they hold. After confirmation of the shareholder's identity, the Company shall provide such information based on the shareholder's request.

14. RIGHTS AND RESTRICTIONS OF THE CONTROLLING SHAREHOLDER

Except for obligations imposed by laws, administrative regulations or required by the stock exchange on which shares of our Company are listed, the Controlling Shareholder shall not exercise its voting rights in respect of the following matters in a manner prejudicial to the interests of the Shareholders generally or of some part of the Shareholders:

- (a) to relieve a Director and Supervisor of its duty to act in good faith for the best interest of the Company;
- (b) to approve the expropriation by a Director and Supervisor (for its own benefit or for the benefit of another person), of the Company's assets, including (but not limited to) any opportunities beneficial to the Company;
- (c) to approve the expropriation by a Director and Supervisor (for its own benefit or for the benefit of another person) of the individual rights of the Shareholders, including (but not limited to) any rights to distributions or voting rights save pursuant to a reorganization of the Company submitted to Shareholders for approval in accordance with the Articles of Association.

15. ACCOUNTS AND AUDIT

(a) *Financial and accounting system*

The Company shall establish its financial and accounting systems and internal audit system in accordance with the laws, administrative regulations and accounting standards formulated by the finance regulatory authority of the State Council.

The Board of the Company shall place financial at every annual general meeting as required by the relevant laws, administrative regulations or provision documents promulgated by local governments and supervisory authorities to be prepared by the Company.

The financial statements of the Company shall, in addition to being prepared in accordance with the PRC enterprise accounting standards and regulations, be prepared in accordance with international accounting standards and that of the place outside the PRC where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two aforesaid accounting standards, such difference shall be stated and explained in the financial statements. For the purposes of distribution of such Company's after-tax profits in a financial year, the lower of the after-tax profits as shown in the two aforesaid set of financial statements shall be adopted.

The financial reports of the Company shall be made available at the Company for inspection by Shareholders 20 days before the annual general meeting. Every Shareholder of the Company is entitled to receive a copy of the financial reports.

A copy of the aforesaid financial report shall, at least 21 days before the date of the general meeting, be delivered in accordance with the Articles of Association or sent by pre-paid post to the registered address of every holder of overseas-listed foreign invested shares, the registered address in the register shall be adopted for the receivers' address.

The interim results or financial information of the Company that the Company announces or discloses shall be prepared according to PRC accounting standards, rules and regulations, and international accounting standards as well as accounting standards of the place at which shares of the Company are listed.

The Company shall disclose its financial reports two times in each financial year, that is, its interim financial reports within 60 days of the end of the first six months of a financial year and its annual financial reports within 120 days of its financial year end.

The Company shall not keep any other books of accounts other than those provided by law.

(b) Appointment and removal of accountants

The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the State to audit the Company's annual reports and review the Company's other financial reports.

The accounting firm appointed by the Company shall hold office from the conclusion of the annual general meeting until the conclusion of the next annual general meeting.

The Shareholders may remove and replace an accounting firm before the expiry of its term of office by ordinary resolution, notwithstanding the stipulations in the contract between the Company and the firm, but without prejudice to the firm's right to claim, if any, for damages in respect of such removal and replacement.

The remuneration of an accounting firm and the manner in which such remuneration is determined shall be decided by the general meeting. The remuneration of the accounting firm which has filled the vacancy and is appointed by the Board of Directors shall be decided by the Board of Directors.

The Company's appointment of, removal of or non-reappointment of an accounting firm shall be determined by the general meeting, and filed with the securities supervisory authority of the State Council.

Prior to the removal or the non-renewal of the appointment of the accounting firm, an advance notice shall be issued by the Company 30 days before to inform the accounting firm, and the accounting firm shall have the right to express its view at the general meeting. Where the accounting firm resigns its post, it shall make clear to the general meeting whether there is any impropriety.

The accounting firm may resign its office by depositing at the Company's legal address a written resignation notice. Such notice shall become effective on the date of such deposit or on such later date as may be stipulated in such notice, whichever is the later.

Such notice shall include the followings:

- (i) a statement to the effect that there are no disclosure connected with its resignation which it considers should be brought to the notice of the Shareholders or creditors of the Company; or
- (ii) a statement of any disclosure.

The Company shall send a copy of the notice to the relevant governing authority within 14 days after receiving the aforesaid notice. If the notice contains a statement under circumstance (ii) mentioned in the preceding paragraph, a copy of such statement shall be placed at the Company for Shareholders' inspection. The Company shall also deliver the aforesaid copy by ways regulated in the Article of Association or send by prepaid mail to every holder of overseas-listed foreign shares at the address registered in the register of Shareholders.

Where the accounting firm's notice of resignation contains a statement of any disclosure which should be brought to the notice of the Shareholders or creditors of the Company, it may require the Board of Directors to convene an extraordinary general meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.

16. LIQUIDATION OF THE COMPANY

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

- (a) a resolution for dissolution is accepted by the general meeting;
- (b) dissolution of the Company is necessary due to a merger or division;
- (c) the Company is legally declared insolvent due to its failure to repay debts due;
- (d) the business license of the Company is revoked or the Company is ordered to close down or terminate business by relevant laws;
- (e) where the Company's operation encounters serious difficulty, continuing operation will cause substantial loss to Shareholders' interest and such difficulty cannot be solved by some other way, Shareholders holding more than 10% of the voting rights of all Shareholders may make requisition to the Court to dissolve the Company;

Where the Company is dissolved by virtue of the reasons set out in item (a),(b),(d) and (e) in the preceding paragraph, the Company shall establish a liquidation committee to start liquidation procedure within 15 days of the day of such reasons happened, and the members of the liquidation committee shall be comprised by the people selected by the Board or the general meeting. During such period, creditors may make application for establishing the liquidation committee comprised by the designated and relevant people to begin the liquidation procedure. Where the Company is dissolved by virtue of the reasons set out in item (c) in the preceding paragraph, the people's court, in

accordance with the relevant laws and regulations, shall organize the Shareholders, the relevant authorities and the relevant professional bodies to establish a liquidation committee for the purpose of dissolution of the Company.

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

After the general meeting adopts a resolution in favor of the liquidation, the functions and powers of the Board shall be terminated immediately.

The liquidation team shall follow the instructions of the general meeting and shall report to the general meeting at least once a year on the revenue and expenditure of the liquidation team, the business of the Company and the progress of the liquidation, and shall make a final report to the general meeting upon conclusion of the liquidation.

The liquidation team shall within 10 days of its establishment inform the creditors, and shall publish an announcement within 60 days in a newspaper. The creditors shall, within 30 days of the receipt of the notice, or, within 45 days upon receipt of the announcement if a notice is not received, put forward their claims to the liquidation team. The liquidation team shall register such claims. During the period for liquidation, the liquidation committee shall exercise the following functions and powers:

- (a) to liquidate the property of the Company and prepare a balance sheet and a asset inventory list separately;
- (b) to inform or make an announcement to all creditors;
- (c) to deal with and liquidate any business in relation to the Company which is not yet terminated;
- (d) to settle any taxes owed and any taxes arising in the course of liquidation;
- (e) to liquidate claims and debts;
- (f) to handle the remaining assets of the Company remaining after setting all the debts; and
- (g) to participate in civil litigation proceedings on behalf of the Company.

The liquidation committee shall examine the assets of the Company, and prepare a balance sheet and an inventory of assets. Upon completion, the liquidation committee shall draw up a proposal for liquidation and submit it to the general meeting or the people's court for confirmation.

If the liquidation committee, having thoroughly examined the Company's assets and having prepared a balance sheet and a assets list, discovers that the Company's assets are insufficient to pay its debts in full, it shall apply to the Court for a declaration of insolvency. After the Court has declared the Company insolvent, the Company's liquidation committee shall turn over any matters regarding the liquidation to the Court.

Following the completion of liquidation of the Company, the liquidation team shall prepare a report on liquidation and a statement of the receipts and payments and financial books and records during the period of liquidation, which shall be audited by the PRC certified accountants and submitted to the general meeting or the relevant governing authority for confirmation.

The liquidation team shall within 30 days after such confirmation by the general meeting or the relevant governing authority submit the aforementioned documents to the Company registration authority and apply for cancellation of registration of the Company, and publish an announcement relating to the termination of the Company.

17. OTHER PROVISIONS MATERIAL TO THE COMPANY OR ITS SHAREHOLDERS

(a) General provisions

The Company is a joint stock limited company of perpetual existence.

The Company may invest in other limited companies or joint stock limited companies. However, the joint liabilities of the investment of the Company are restricted by its capital contributor.

The Article of Association regulates the Company, Shareholders, directors, supervisors and senior management. Such people may protect the rights in relation to the Company's matter according to the Article of Association. In accordance with the Article of Association, Shareholder may against each other, the directors, supervisors, senior management as well as the Company. The Company may bring actions against Shareholders, Directors, Supervisors and senior management.

(b) The Company may increase its share capital in the following ways:

- (i) public offering new shares;
- (ii) non-public offering new shares;
- (iii) allotting bonus shares to its existing Shareholders;
- (iv) conversion of capital reserve;
- (v) any other ways provided by laws, administrative regulations and permitted by securities regulatory authorities of State Council.

The increase of capital of the Company by issuing shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated by the relevant laws and administrative regulations of the State.

In compliance with the relevant laws, administrative rules and regulations, the Company shall reduce its registered capital according to the provisions of the Articles of Association.

If the Company reduces the registered capital, it shall prepare a balance sheet and an inventory of assets.

The Company's registered capital after reduction shall not be less than the statutory minimum amount.

(c) Shareholders

A Shareholder is a person who lawfully holds shares and whose name is recorded in the register of Shareholders. A Shareholder has the rights, and is subject to the obligations based on the class and proportion of the shares he/she holds. Holders of the same class of shares enjoy the same rights and are subject to the same obligations.

The holders of ordinary shares of the Company shall have the following rights:

- (i) the right to receive dividends and other forms of distributions according to the number of shares being held;
- (ii) the right to demand, convene, preside, attend or appoint a proxy to attend general meetings and to vote thereat according to the law;
- (iii) the right to supervise the Company's operations and to raise proposals or inquiries;
- (iv) the right to transfer, give or pledge the shares being held in accordance with the laws, administrative regulations and the Articles of Association;
- (v) the right to receive relevant information in accordance with the laws and the Articles of Association;
- (vi) the right to participate in the distribution of remaining assets of the Company according to the number of shares being held upon termination or liquidation of the Company,;
- (vii) the right to demand the Company to purchase his/her shares if he/she disagrees the merger or division of the Company;
- (viii) other rights conferred by laws, administrative regulations, department rules and the Articles of Association.

The Company shall not freeze or otherwise impair any of the rights attaching to any share held by a shareholder in any ways only for the reason that the shareholder has failed to disclose his/her interests to the Company.

Share of the Company shall be issued in registered form.

Share certificates shall be signed by the Chairman. Where the stock exchanges on which shares are listed requires the share certificates to be signed by other senior officer of the Company, the share certificates shall also be signed by other senior officer. The share certificates shall take effect after being affixed with the Company's seal or a machine-imprinted seal provided that such seal shall only be affixed with the authority of the Board of Directors. The signatures of the Chairman or other senior officer of the Company on the share certificates may also be printed in mechanical form.

Any person who is a registered Shareholder or who requests to have his name to be entered into the register of Shareholders may, if his/her share certificate (the "original certificate") in respect of shares in the Company is lost, apply to the Company for a new share certificate for replacement.

If a holder of domestic shares loses his/her share certificate and applies to the Company for a replacement, it shall be dealt with in accordance with the relevant provisions of the PRC Company Law.

If a holder of overseas-listed foreign invested shares loses his/her share certificate and applies to the Company for a replacement, it shall be dealt with in accordance with the laws of the place where the register of the holders of overseas-listed foreign invested share is maintained, regulations of the stock exchange where the Company's shares listed or other relevant regulations.

If a holder of overseas-listed foreign invested shares loses its share certificate and applies for a replacement, the issue of such certificate shall comply with the following requirements:

- (i) the applicant shall submit an application in the standard form prescribed by the Company accompanied by a notarial certificate or a statutory declaration stating the grounds upon

which the application is made and the circumstances and evidence of the loss of the share certificate and declaring that no other person is entitled to be registered as a Shareholder in respect of the relevant shares.

- (ii) before the Company decides to issue the new share certificate for replacement, no statement made by any person other than the applicant requesting to register as a Shareholder in respect of the relevant shares.
- (iii) the Company shall, if it decides to issue a new share certificate for replacement to the applicant, make an announcement of the proposed issue of new share certificate for replacement at least once every 30 days for a period of 90 days in such newspapers as designated by the Board.
- (iv) prior to the publication of the announcement of issuing new share certificate for replacement, the Company shall delivered to the stock exchange on which its shares are listed a copy of the announcement for approval. The Company shall only publish the announcement upon receipt of a confirmation from such stock exchange that the announcement has been exhibited at the premises of the stock exchange. The announcement shall be exhibited at the premises of the stock exchange for a period of 90 days. If an application for new share certificate for replacement is made without the consent of the registered holder of the relevant shares, the Company shall deliver by mail to such registered shareholder a copy of the announcement to be published.
- (v) if, upon expiry of the 90-day exhibition as required by paragraph (iii) and (iv) above, the Company have not received from any person the objection to the issue of the new share certificate, the Company shall issue a new share certificate for replacement in accordance with the application.
- (vi) where the Company issues a new share certificate for replacement, it shall forthwith cancel the original share certificate and enter the cancellation and issue in the register of Shareholders accordingly.
- (vii) all expenses relating to the cancellation of an original share certificate and the issue of a new share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until reasonable security is provided by the applicant.

(d) *Untraceable shareholders*

The Company shall be entitled to sell the shares of a Shareholder who is untraceable with the legal approval under the following conditions:

- (i) during a period of 12 years at least three dividends in respect of the shares distributed by the Company remain unclaimed;
- (ii) on expiry of the 12 years the Company gives notice of its intention to sell the shares by way of an announcement published in the newspapers and notifies the Stock Exchange of such intention.

(e) *Duties and responsibilities of the Board and regulations of Board meeting*

The Board shall be accountable to the general meeting, and shall have the following duties and responsibilities:

- (i) to convene general meetings and present its work report to the general meeting;

- (ii) to implement the resolutions of general meetings;
- (iii) to decide on the Company's business plans and investment plans;
- (iv) to prepare the Company's annual financial budget and final accounts;
- (v) to formulate the Company's profit distribution plan and plan for making up for losses;
- (vi) to formulate proposals for the increase or reduction of the Company's registered capital, and plans for the issue of bonds or other securities and listing;
- (vii) to prepare plans for merger, division, dissolution and change of the form of the Company;
- (viii) to propose material acquisition and repurchase of the Company's shares;
- (ix) to decide on investment, acquisition or disposal of assets, mortgage of assets, external guarantees, entrust financing and related transaction of the Company with the authorization of the general meeting;
- (x) to decide on the establishment of management structure and to decide on the establishment of branches of the Company;
- (xi) to elect Chairman and vice Chairman;
- (xii) to appoint or dismiss the general manager of the Company and Secretary to the Board as proposed by the Chairman; and to appoint or dismiss deputy general manager, chief financial officer and other senior management of the Company as proposed by the general manager and to decide on their remuneration and benefits;
- (xiii) to formulate the management system of the Company;
- (xiv) to propose amendment of the Articles of Association;
- (xv) to deal with disclosures of information of the Company;
- (xvi) to propose to the general meetings the appointment or replacement of the auditors of the Company;
- (xvii) to review work reports of the general manager and inspect his/her work;
- (xviii) to formulate and implement the stock incentive scheme of the Company.
- (xix) to decide the loan financing of the Company
- (xx) to perform other duties and responsibilities conferred by laws, administrative regulations, department rules, the regulatory rules of the stock exchange on which the shares of the Company are listed, the Articles of Association and the general meeting.

Unless otherwise provided by the laws, administrative regulations and the Articles of Association, resolutions of the Board relating to the above, with the exception of items (vi), (vii) and (xiv) above which shall require the consent of more than two thirds of the directors, the remaining shall require the consent of more than half of the directors.

Meetings of the Board shall be held at least four times each year by the Chairman and shall notice all the directors and supervisors by mail at least 14 days before convening the meeting.

The Chairman shall convene the extraordinary meeting of the Board within 10 days from receiving any of the following proposals for convening an extraordinary meeting:

- (i) jointly proposed by more than one-third of the directors;
- (ii) jointly proposed by more than half of the independent directors;
- (iii) proposed by Shareholders who individually or jointly held 10% or more of the shares with voting rights of the Company;
- (iv) proposed by the Supervisory Committee;
- (v) proposed by the General Manager; or
- (vi) proposed by any special committee.

The notice of the extraordinary meeting of the Board shall be delivered 3 business days before the meeting and documents for the meeting shall be delivered within a reasonable period before the meeting.

Directors shall attend meetings of the Board in person. In the event a Director is unable to attend a meeting in person for any reason, he/she may appoint in writing another Director to attend the meeting on his behalf. The power of attorney shall specify the names of the appointing Director and the proxy, matters represented by the power of attorney, limit of authority and the term of validity and shall be signed or stamped by the appointing Director. The proxy shall exercise the rights of a Director within the scope of the authorization. A Director failing to attend the board meeting in person or by proxy shall be deemed as having waived his/her voting rights at such meeting.

Meetings of the Board shall be held only if more than half (1/2) of the Directors (including the Director who appoints another Director to attend the meeting as proxy on his/her behalf) are present. Each Director shall have one vote only. Unless otherwise provided in the Articles of Association, a resolution of the Board shall be passed by more than half of the Directors.

In the event that there is a tie of votes casted for a resolution, the chairman has the right to cast one more vote.

A director shall not vote on any board resolution on his/her own behalf or on behalf of any other Director nor shall he/she be counted in the quorum present at the meeting if he/she has a connected relationship in the proposed resolution. Such meeting of the Board shall be conducted by more than half of the Directors or proxies that do not have a connected relationship in the proposed resolution. The aforesaid resolutions shall be passed by more than half of the Directors or proxies that do not have a connected relationship in the proposed resolution. Where the number of Directors or proxies that do not have a connected relationship in the proposed resolution present at the meeting is less than three, the Board shall submit such resolutions to the general meeting for review.

(f) *Independent Directors*

The Company shall have at least 3 independent Directors and the number of independent Directors shall not be less than one-third of the total number of Directors. Independent Directors shall perform their duties in accordance with the relevant laws, administrative regulations and department rules

(g) Secretary to the Board of Directors

The secretary to the Board shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the Board.

(h) Board of supervisors

The Company shall have a Board of Supervisors.

The Board of Supervisors shall be composed of three shareholder representatives and two employee representatives, one of whom shall be the chairman. The terms of office of Supervisors shall be three years, renewable upon re-election. The appointment or removal of the chairman of the Board of Supervisors shall be decided by two thirds or more of the Supervisors.

The number of employee representatives in the Supervisory Committee shall not be less than one-third of the total number of Supervisors. The Supervisors who are not employee representative shall be elected and replaced by the general meeting. The employee representative Supervisors shall be elected and dismissed by the employees of the Company through democratic election at employee representative meeting, employee general meeting or democratic election in other forms.

The Directors and senior management shall not act concurrently as Supervisors.

The Chairman of the Board of Supervisors shall convene at least two Supervisor meetings every year and at least one time every 6 months. Any Supervisor may propose to convene extraordinary meeting of the Supervisory Committee. Notice of meeting shall be delivered to all Supervisors three days before the meeting.

The Supervisory Committee shall have the following duties and responsibilities in accordance with the laws:

- (i) to review the regular reports of the Company prepared by the Board and provide written opinions;
- (ii) to examine the financial matters of the Company;
- (iii) to supervise the performance of the Directors and senior management and to propose the removal of Directors and senior management who have contravened any law, administrative regulations, the Articles of Association or Shareholders' resolutions;
- (iv) to demand remedial actions by any Director, the President and other senior management of the Company who acts in a manner which is harmful to the interest of the Company;
- (v) to inspect financial information to be submitted to the general meeting by the Board such as financial reports, business reports and profit distribution plans and, in case doubt, to retain professionals such as registered accountants and certified auditors to assist in re-examination at the expense of the Company.
- (vi) to propose to convene an extraordinary general meeting, and to convene and preside over general meetings when the Board fails to perform the duty of convening and presiding over the general meeting in accordance with the Company Law;
- (vii) to propose resolutions at general meetings;
- (viii) to file a lawsuit against the Directors and senior management according to Section 152 of the Company Law;

- (ix) to carry out an investigation of any abnormality identified in the operation of the Company and, when necessary, to retain professionals such as accounting and law firms, to assist in the investigation at the expense of the Company;
- (x) to perform other duties and responsibilities conferred by the Articles of Association.

Supervisors shall be present at meetings of the Board and make inquiries or opinions to the resolution of the meeting of the Board.

(i) General Manager

The Company shall have one general manager, who shall be appointed and dismissed by the Board.

The general manager shall be accountable to the Board and shall have the following duties and responsibilities:

- (i) to oversee the Company's production, operation and management and report to the Board;
- (ii) to organize the implementation of the resolutions of the Board, the annual business and investment plans of the Company;
- (iii) to establish the management structure of the Company;
- (iv) to establish the management system of the Company;
- (v) to formulate the rules and regulations of the Company;
- (vi) to propose the appointment and dismissal of deputy general manager and chief financial officer by the Board;
- (vii) to appoint and dismiss management personnel of the Company other than those required to be appointed or dismissed by the Board, and decide on their remuneration, incentive and punishment;
- (viii) to propose to convene the extraordinary meeting of the Board;
- (ix) to perform other duties and responsibilities conferred by the Articles of Association and the Board.

(j) Reservation

Before distributing the Company's after-tax profits of the current year, the Company shall allocate 10% of its profits to its statutory reserve until the statutory reserve of the Company is equivalent to 50% or more of its registered capital.

Where the statutory reserve of the Company is insufficient to make up for the losses of the Company brought forward from previous years, the profits generated during the current year shall be used to make up for such losses before making allocation to the statutory reserve in accordance with the preceding paragraph.

After making allocation to the statutory reserve of the Company from its after-tax profits, the Company may, subject to resolutions adopted at a general meeting, also make allocation to the discretionary reserve from the after-tax profits.

After making up for the losses and making allocations to the statutory reserve, any remaining profits shall be distributed to the Shareholders in proportion to their respective shareholdings if so approved by the general meeting.

The statutory reserve of the Company shall only be used for making up for its losses, to expand operation and business or to increase the capital of the Company. However, the capital reserve shall not be used for making up for the losses of the Company.

(k) Settlement of disputes

The Company shall act according to the following principles to settle disputes:

- (i) Any disputes and claims between holders of overseas-listed foreign invested shares and the Company; between holders of overseas-listed foreign invested shares and the Directors, Shareholders, Supervisors and senior management; between shareholders of overseas-listed foreign invested shares and holders of domestic shares, that arise from the rights and obligations stipulated in the Articles of Association, the Company Law of the PRC and other relevant laws, administrative regulations shall be referred by the relevant parties to arbitration.

The entire claim or dispute shall be referred to arbitration and all persons (being the Company or Shareholders, Directors, Supervisors or senior management of the Company), who have a cause of action or whose participation is necessary for the resolution of such dispute or claim, shall submit to arbitration. Disputes regarding definition of Shareholders and register of members may be resolved other than by way of arbitration.

- (ii) The claimant may refer the arbitration to either the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules, and may also refer the arbitration to the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body selected by the claimant.
- (iii) If the claimant refers the arbitration to the Hong Kong International Arbitration Centre, either party may request the arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Centre.
- (iv) Unless otherwise provided in the laws and administrative regulations, any disputes or claim arising out of item (i) above shall be resolved in accordance with the laws of the PRC;
- (v) The decision made by the arbitral body shall be final and conclusive, and shall be binding on the parties.