
APPENDIX VI SUMMARY OF THE ARTICLES OF ASSOCIATION

Set out below is a summary of the Articles of Association to provide an overview of the Articles of Association to potential investors. As the information contained below is only a summary, it does not contain all the information that may be important to potential investors.

EFFECTIVE DAY OF THE ARTICLES OF ASSOCIATION

These Articles have been adopted by a special resolution of the general meeting of the Company and shall be effective upon the listing of the H Shares on the Hong Kong Stock Exchange. Upon the effective day of these Articles, the existing Articles of the Company and the amendments thereto shall lapse automatically.

SCOPE AND OBJECTIVES OF BUSINESS

The aim of the Company is to take advantage of all relevant parties, contribute to the local economic growth, serve the society and give all shareholders a satisfactory return, in accordance with the necessary of national industrial policies, international and domestic market.

The scope of business of the Company: Investment business, Investment management and Investment Advisory.

SHARES

Issuance of Shares

The Company shall have ordinary shares at all times. If required, upon approval by the authorities delegated by the State Council, the Company may create shares of other classes. Shareholders of different classes of the Company shall rank *pari passu* over dividends or any forms of distribution.

The Company shall issue shares under the principles of openness, fairness and equality that shares of the same class shall carry same rights. The issue conditions and price per shares of the same class in the same issue shall be the same.

All shares issued by the Company have a par value of RMB1 per share.

The Company may, with approval from the CSRC or other relevant regulatory authorities, issue shares to domestic and overseas investors. The board of the Company may arrange the issue of domestic and overseas shares separately. Subject to the maximum number of shares proposed to be issued, the Company may issue overseas listed foreign and domestic-invested shares, which shall be fully subscribed for in their initial offerings. If the shares are not fully subscribed for in their initial offerings, the Company may re-issue the unsubscribed shares subject to approval of the CSRC.

Increment, Reduction and Repurchase of Shares

Subject to approval of the shareholders at general meeting, the Company may, based on its requirements for operation and development and in accordance with the applicable laws and regulations, increase its capital by way of:

- issue initial offerings to non-specific investors.
- rights issue of new shares to existing shareholders;
- bonus issue of new shares to existing shareholders;
- capitalization of surplus reserve; and
- any other way permitted by the laws, regulations and the relevant regulatory authorities.

The Company may reduce its registered capital. If the Company reduces its registered capital, it must prepare a balance sheet and an inventory of its assets. The Company shall notify its creditors within ten days and shall publish a notice in newspapers within 30 days after the passing of resolution approving the reduction of capital. Creditors shall, within 30 days after receiving the notice or 45 days after the first publication of the notice (for those who have not received the notification), have a right to require the Company to settle its debts or to provide guarantees for their settlement. The reduced registered capital of the Company shall not fall below the minimum statutory requirement.

The Company shall register the change of its registered capital with the company registry.

The Company may, according to the applicable laws, rules, regulations and these Articles, repurchase its shares under the following circumstances:

- to reduce the registered capital of the Company;
- to merge with another company holding shares of the Company;
- to grant shares to employees of the Company as incentives;
- to acquire shares held by dissident shareholders (if so requested) who vote against resolution proposed in shareholders' general meeting on the merger or division of the Company; and
- other circumstances as permitted by laws and regulations.

The Company shall not engage in the trading of its shares save for the circumstances specified above.

The Company may repurchase its shares in one of the following manners:

- to offer to repurchase shares from all shareholders in equal proportions;
- to repurchase through open transaction in stock exchanges;
- to repurchase through over-the-counter agreement; and
- other means as permitted by the laws, regulations and the relevant competent authorities.

Where the Company repurchases its shares through over-the-counter agreement, it shall seek prior approval of shareholders at general meeting in accordance with these Articles.

Shares repurchased by the Company shall be canceled within the period prescribed by laws and regulations. The Company shall apply to the original company registration authority for registration of the change of its registered capital.

Transfer of Shares

Subject to the applicable laws, regulations and the requirements of the securities regulatory authorities in the place where the Company's shares are listed, the paid-up shares of the Company are transferrable free of lien.

The Company shall not accept any pledge of its shares.

Promoter shares of the Company are not allowed to transfer within a year from the date of the establishment of the Company. Shares issued before the initial public offering of the Company are transferrable subject to the applicable laws, regulations and the relevant requirements of the Listing Rules. The transfer of more than 5% of the Company's shares shall be made in accordance with the applicable laws, regulations, statutory documents and the relevant requirements of the Listing Rules. Directors, supervisors and other senior management of the Company shall notify the Company of their shareholdings in the Company and changes thereof. The number of shares transferred by directors, supervisors and other senior management of the Company in a given year shall not be more than 25% of the total number of shares of the Company. The shares of the Company held by directors, supervisors and other senior management of the Company shall not be transferred within one year from the day on which the shares of the Company are listed. The aforesaid persons shall not transfer the shares of the Company held by them within six months from the date of their resignation.

Where any director, supervisor, senior management of the Company and shareholder holding 5% or above of the Company's shares in issue sell his/her shares within a period six months after their purchase, or repurchase shares in the Company within a period of six months after their disposal, the gains so earned shall belong to the Company. The board of directors of the Company shall demand such gains for the benefit of the Company. However, the six-month restriction shall not apply for a securities company holds 5% or more of the Company's shares as a result of its underwriting of the untaken shares in an offer.

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All paid-up overseas listed foreign shares listed on the Hong Kong Stock Exchange may be transferred freely in accordance with these Articles. However, the board may refuse to recognize any instrument of transfer without giving any reasons unless the following conditions are satisfied:

- a fee (for each instrument of transfer) of HK\$2.50 or any maximum fee as stipulated from time to time by the Stock Exchange has been paid to the Company for registration of any instrument of transfer or any other document which is related to or will affect ownership of or change of ownership of the shares;
- the instrument of transfer only involves Overseas Listed Foreign Shares listed in Hong Kong;
- the stamp duty chargeable on the instrument of transfer has been paid;
- the relevant share certificate and any evidence in relation to the right of the transferor to transfer the shares reasonably requested by the Board has been submitted;
- if it is intended to transfer the shares to joint owners, then the maximum number of joint owners shall not exceed four;
- the Company does not have any lien on the relevant shares; and
- no transfer shall be made to minors or persons of unsound mind or under other legal disability.

If the Company refuses to register the transfer of shares, the Company shall notify the transferor and transferee of the refusal within two months from the date of the application for registration of transfer.

Financial Assistance for Purchase of Company's Shares

Subject to the Articles of Association:

- 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. The said person includes any person who has directly or indirectly incurred a liability as a result of the acquisition of shares in the Company; and
- neither the Company nor any of its subsidiaries shall at any time or in any manner provide financial assistance to the person mentioned in the foregoing paragraph for the purposes of reducing or discharging his liabilities.

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The following transactions are not prohibited:

- 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;
- a distribution of the Company's assets by way of dividend lawfully declared;
- a distribution of dividends by way of bonus shares;
- a reduction of share capital, repurchase of shares of the Company or a reorganization of the share capital effected in compliance with the Articles of Association;
- 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
- 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 these purposes,

- "financial assistance" includes, without limitation to:
 - (1) present;
 - (2) assistance given by way of guarantee (including the provision of any undertaking or property to secure the performance of obligations by the obligor) or indemnity, (other than an indemnity in respect of the Company's own default) or by way of release or waiver;
 - (3) entering into an agreement under which the Company needs to perform its obligations ahead of the other contracting parties; or entering into an agreement for the change of the loan, the contracting parties or the assignment of rights arising under such loan or such agreement; or
 - (4) assistance given by the Company in any other manner when the Company is insolvent or has no net assets or where its net assets would thereby be reduced to a material extent; and
- "incurring a liability" includes incurring a liability by making an agreement or arrangement (whether enforceable or unenforceable, and whether made on one's own account or on the account of any other person) or by changing one's financial position by any other means.

Share Certificates and Register of Shareholders

The share certificates of the Company shall be in registered form and shall contain the following particulars:

- the name of the Company;
- the date of establishment of the Company;
- the class and par value of the shares and the number of shares represented by the certificate;
- the serial number of the share certificate; and
- declarations and any other particulars required by the Company Law and the securities regulatory authorities in the place where the Company's shares are listed.

The Company may issue overseas listed foreign shares in the form of foreign depository receipts or other derivatives in accordance with the laws and the practice of registration and depository of securities in the place of its listing.

The Company shall maintain a register of shareholders to record the names and following particulars of its shareholders:

- the name, address, occupation or status of shareholders;
- the class and number of shares held by each shareholder;
- the amount paid or payable on the shares held by each shareholder;
- serial number of share certificates held by each shareholder;
- the date of registration;
- the date of deregistration.

The register of shareholders shall be sufficient evidence of the shareholders' shareholding in the Company unless there is evidence to the contrary.

The Company may, pursuant to the understanding or agreement with the CSRC and overseas securities regulatory authorities, maintain the register of shareholders of overseas listed foreign shares in any place outside China and entrust its administration to an overseas agency. The original register of shareholders of foreign shares listed on Hong Kong Stock Exchange shall be maintained in Hong Kong. The Company shall maintain a copy of the

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register of overseas shareholders at the domicile of the Company. The overseas agent entrusted by the Company shall ensure that the original and duplicate of the register of overseas shareholders are consistent at all times. Where there is discrepancy between the original and duplicate of the register of overseas shareholders, the original version shall prevail.

No transfer of share shall be registered within 30 days prior to the date of shareholders' general meeting or within 5 days before the record date set by the Company for the purpose of distribution of dividends.

Any person who objects to the register of shareholders and requests to have his name entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.

Any registered shareholder or any person who claims to be entitled to have his/her name entered into the register of shareholders in respect of shares in the Company may, in the event that his/her share certificate has been stolen, lost or destroyed, apply to the Company for a new share certificate for replacement.

SHAREHOLDERS AND GENERAL MEETING

Shareholders

A shareholder of the Company is a person who lawfully holds shares of the Company and has his/her name recorded in the register of shareholders.

A shareholder shall enjoy the relevant rights and assume the relevant obligations in accordance with the class and number of shares he/she holds. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

The holders of ordinary share of the Company shall be entitled to the following rights:

- the right to dividends and other distributions in proportion to the number of shares held;
- the right to attend or appoint a proxy to attend shareholders' general meetings and to exercise the voting right;
- the right to supervise and manage the operation of the Company and to raise proposals and inquiries;
- the right to transfer shares in accordance with the laws, regulations and these Articles;

- the right to receive the relevant information in accordance with these Articles, including:
 - (1) the right to obtain a copy of these Articles, subject to payment of the cost of such copy;
 - (2) the right to inspect and copy, subject to payment of a reasonable charge: all or any part of the register of shareholders; personal particulars of each of the Company's directors, supervisors, general manager (or president) and other senior management; report on the capital structure of the Company; the latest audited financial statements of the Company and reports of the board, auditor and supervisory committee; special resolutions of the Company; reports showing the aggregate par value, quantity, maximum and minimum 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 of cost incurred by the Company for this purpose, minutes of shareholders' general meetings; duplicate of the latest Annual Inspection Form filed with competent authority;
- the right to demand the Company to acquire the shares held by them if they disagree with the resolution adopted at shareholders' general meeting on the merger or division of the Company;
- the right to participate in the distribution of the remaining assets of the Company in proportion to the number of shares held in the event of the termination or liquidation of the Company; and
- any other rights conferred by the laws, rules, regulations, statutory documents and these Articles.

If a resolution passed at the Company's shareholders' general meeting or board meeting violates the laws or regulations, shareholders shall have the right to submit a petition to the people's court to invalidate the resolution. If the procedures for convening, or the voting at, a shareholders' general meeting or board meeting violate the laws, regulations or these Articles, or the resolution violates these Articles, shareholders shall have the right to submit a petition to the people's court to rescind such resolutions within 60 days from the date of adoption of such resolution. If a director or a senior management violates any laws, regulations or these Articles in performing his duties and causes losses to the Company, shareholders holding in aggregate 1% or more of the Company's shares for 180 consecutive days may propose to the supervisory committee in writing to initiate legal proceedings against such acts in the People's Court; where the Company incurs losses as a result of the members of the supervisory committee having violated any laws, regulations or these Articles in performing their duties, shareholders may propose the board in writing to initiate legal proceedings in the People's Court. If the supervisory committee or the board refuses to initiate legal proceedings after receiving the aforesaid written proposal of shareholder, or fails to initiate such legal proceedings within 30 days on which such proposal is received, or in case of emergency where

failure to initiate such legal proceedings immediately will result in irreparable damage to the Company's interest, such shareholders may initiate legal proceedings in the People's Court directly in their own names in the interest of the Company. These shareholders may also initiate legal proceedings in the People's Court under the aforesaid regulations if any third parties infringe on the lawful interests of the Company and result in damage to the Company. Shareholders may initiate legal proceedings if a director or a senior management violates any laws, regulations or these Articles and impairs the interests of the shareholders.

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

- to abide by the laws, regulations and these Articles;
- to pay subscription monies according to the number of shares subscribed for and the method of subscription;
- to take the liabilities limited to the amount invested to the Company;
- not to divest the shares unless required by the laws and regulations;
- not to abuse their shareholders' rights to harm the interests of the Company or other shareholders; and not to abuse the independent legal person status of the Company and the limited liability of shareholders to harm the interests of any creditor of the Company; and
- to fulfill other obligations imposed by the laws, regulations and these Articles.

The controlling shareholders and beneficial controller of the Company shall not exploit their relationship with the Company to harm the interests of the Company. They shall be liable for compensation if they exploit their relationship with the Company and cause damage to the company.

General Rules of Shareholders' General Meeting

The shareholders' general meeting is the highest authority of the Company and shall exercise the following functions and powers in accordance with the laws:

- to decide on the operating policies and investment plans of the Company;
- to elect and remove directors and supervisors (except staff representatives), and to fix the remuneration of the directors and supervisors;
- to review and approve the reports of the board;
- to review and approve the reports of the supervisory committee;
- to review and approve the proposed annual financial budgets and final accounts of the Company;

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- to review and approve the profit distribution plans and plans on making up losses of the Company;
- to adopt resolutions on the increment or reduction of registered capital of the Company;
- to adopt resolutions on the issuance of bonds, other securities or IPO project;
- to adopt resolutions on matters such as merger, division, dissolution, liquidation or change of corporate form of the Company;
- to amend these Articles;
- to adopt resolutions on the appointments, dismissals or non-reappointments of accounting firms;
- to consider and approve matters relating to security by the laws and regulations;
- to consider matters relating to the major purchases and disposals of the Company's material assets of a value exceeding 30% the Company's latest audited total assets in a year;
- to consider share incentive plan;
- to consider and approve the proposal submitted by shareholder(s) holding in aggregate more than 3% of the Company's shares; and
- to deal with other matters required by the laws, regulations or these Articles to be resolved by shareholders' general meeting.

Shareholders' general meetings are annual general meetings and extraordinary general meetings. The annual general meeting shall be held once every year within six months after the end of the previous accounting year. The Company shall hold an extraordinary general meeting within two months after the occurrence of one of the following events:

- the number of directors is less than the number required by the Company Law or less than two-thirds of the number specified by these Articles; (i.e. the number of directors is less than ten);
- the uncovered losses are in excess of one third of the Company's total paid-up share capital;
- shareholders individually or collectively holding 10% or more of the Company's voting shares request in writing;
- the board considers it necessary; and
- other circumstances as specified by the laws, rules, regulations and these Articles.

Motions and Notices of Shareholders' General Meeting

The board, the supervisory committee, and shareholder(s) individually or jointly holding 3% or more of the Company's shares shall have the right to propose resolutions to the Company for consideration at shareholders' general meeting.

A written notice of shareholders' general meeting shall be given to all shareholders whose names appear in the register of members 45 days before the meeting is held, specifying the matters to be considered at and the date and venue of the meeting. A shareholder who intends to attend the shareholders' general meeting shall deliver a written reply slip to inform the Company of his/her intention to attend 20 days before the meeting is held. In the event that the number of voting shares represented by shareholders who intend to attend the meeting is more than half of the total number of the voting shares of the Company, the Company shall hold the shareholders' general meeting. Otherwise, the Company shall, within five days, notify shareholders again of the matters to be considered at, and the date and venue for, the meeting in writing. The Company shall hold the shareholders' general meeting after such announcement has been made.

A notice of meeting of shareholders shall be:

- in writing;
- specify the time, place, the date of the meeting;
- state the matters to be discussed at the meeting;
- specify the date of record for shareholders entitled to attend;
- provide such information and explanation as are necessary for the shareholders to exercise an informed judgment on the proposals before them. Where a proposal is made to amalgamate the Company with another company, to repurchase shares of the Company, to reorganize the share capital or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the reasons for and consequences of such proposal must be properly explained;
- contain a disclosure of the nature and extent, if any, of material interests of any Director, Supervisor, the President, or other senior officer in the transaction proposed and the effect of the proposed transaction on them in their capacity as shareholders in so far as it is different from the effect on the interests of other shareholders of the same class;
- contain the text of any special resolution proposed to be passed at the meeting;
- contain conspicuously a statement that a shareholder entitled to attend and vote is entitled to appoint;

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- one or more proxies to attend and vote instead of him and that a proxy need not be a shareholder;
- specify the name, telephone number and email address of the contact person for the meeting.

Notices of shareholders' 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. Notice of shareholders' general meetings may be made by way of public announcement (including published on the website of the Company) subject to prior written or implied consent of the shareholders in accordance with relevant laws and regulations as well as the amended Listing Rules.

Public announcement of notices of shareholders' general meetings for holders of Domestic Shares shall be published in one or more newspapers designated by the securities regulatory authority of the State Council and the website of the Company during 45 days to 50 days prior to the date of the meeting. Upon the publication of announcement, all holders of Domestic Shares shall be deemed to have received notice of the relevant shareholders' meeting.

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 meeting and the decision made at that meeting.

Shareholders or the Board of Supervisors requisitioning an extraordinary general meeting of shareholders or class meeting shall abide by the following procedures:

- The Board of Supervisors or two or more shareholders individually or collectively holding more than ten percent (including the ten percent) of the shares carrying voting rights at the meeting to be convened may, by signing one or more counterpart written requisition(s) stating the object of the meeting, require the board of Directors to convene an extraordinary general meeting or a class shareholders' meeting. The board of Directors shall as soon as possible after receipt of such written requisition(s) proceed to so convene the extraordinary general meeting or class shareholders' meeting. The shareholdings referred to above shall be calculated as at the date of the delivery of the written requisition(s).
- Where the board of Directors fails to issue notice of convening meeting within thirty days upon receipt of the above written request, shareholder(s) individually or collectively holding more than ten percent (including the ten percent) of the shares carrying voting rights at the meeting to be convened may request by written requisition(s) the Board of Supervisors to convene the extraordinary general meeting or class shareholders' meeting. The Board of Supervisors may convene the meeting on their own accord within four months upon the board of Directors having received such request. Where the Board of Supervisors fails to convene and hold the meeting, shareholder(s) individually or collectively holding ten percent or more shares carrying voting rights on such proposed meeting for over ninety consecutive days may convene meeting on their own accord. The convening procedures shall as much as possible be equivalent to those of for meeting convened by the board of Directors.

The Holding of Shareholders' General Meetings

All shareholders in the shareholders' register on the record date or proxies thereof shall be entitled to attend the shareholders' general meetings and exercise their voting rights.

The shareholders may attend the shareholders' general meetings and exercise voting rights either in person or by proxy. Any shareholder entitled to attend and vote at a shareholders' general meeting shall have the right to appoint one or several persons (who need not to be shareholders) to act as his proxy to attend and vote at the meeting on his behalf. The proxy(ies) so appointed by the shareholder may, pursuant to the instructions of the shareholder, exercise the following rights:

- the right of the shareholder to speak at the meeting;
- the right to demand a poll alone or jointly with others; and
- except for the exceptions mentioned in Rules Governing the Listing of Stocks or other laws, regulations on securities, the right to exercise voting rights on a show of hands or on a poll, provided that where more than one proxy is appointed, the proxies may only exercise such voting rights on a poll.

The instrument appointing a proxy shall be in writing under the hand of the appointing shareholder or his/her attorney duly authorized in writing; where the appointing shareholder is a legal person or any other institution, such instrument shall be under its seal or under the hand of its legal representative duly authorized or attorney duly authorized.

All directors, supervisors and the secretary to the board shall attend the shareholders' general meetings. The other senior management shall also be present at the meeting.

A shareholders' general meeting convened by the board shall be presided over by the chairman of the board. If the chairman of the board is unable or fails to perform his/her duties, The chairman of the board may appoint a director of the company on behalf of himself to call a meeting and serve as the chairman of the meeting; the participating directors may elect a director to serve as the chairman when the appointment aforesaid is absent; Where the shareholders fail to elect a chairman of the shareholders' general meeting, the shareholder (including his/her proxy) present in person or by proxy who holds the largest number of shares carrying the right to vote thereat shall be the chairman of the shareholders' general meeting.

A shareholders' general meeting convened by the supervisory committee shall be presided over by the chairman of the supervisory committee. If the chairman of the supervisory committee is unable or fails to perform his/her duty, a supervisor shall be elected to preside over the meeting by more than half of the supervisors.

A shareholders' general meeting convened by the shareholders shall be presided over by a representative nominated by the convener.

At the annual general meeting, the board and the supervisory committee shall report their respective work of the previous year. Each independent non-executive director shall also make his work report.

Directors, supervisors and senior management shall answer the inquiries and proposals made by shareholders provided that no trade secrets of the Company shall be discussed at the meeting.

The secretary to the board shall be responsible for preparing the minutes of the shareholders' general meeting. The directors, the supervisors, the secretary to the board, the convener or his/her representative, and the chairman of the meeting shall initial on the minutes of the meeting. The minutes of meeting together with the attendance register of attending shareholders and the power of attorney of the proxies, and the relevant information of online voting and other means of voting shall be kept for not less than 20 years.

Voting and Resolutions of Shareholders' General Meeting

Resolutions of a shareholders' general meeting include ordinary resolutions and special resolutions. An ordinary resolution of a shareholders' general meeting shall be passed by affirmative votes of more than half of the Company's total voting shares held by shareholders attending the meeting in person or by proxies. A special resolution of a shareholders' general meeting shall be passed by affirmative votes of more than two-thirds of the Company's total voting shares held by shareholders attending the meeting in person or by proxies.

The following matters shall be approved by special resolutions of a shareholders' general meeting:

- the increment or reduction of the registered capital, repurchase of shares and the issue of any class of shares;
- the issue of corporate bonds by the Company;
- the division, merger, dissolution, liquidation or change of the form of the Company;
- the amendments to these Articles; and
- other matters specified by the laws, regulations, the relevant requirements of the regulatory authorities in the place where the Company's shares are listed or these Articles and matters specified by ordinary resolutions of shareholders' general meeting that are considered to be significant to the Company and shall be approved by special resolutions.

Shareholders (including their proxies) shall exercise their voting rights representing by the number of voting shares they represent. Each share shall have one vote. Shares held by the Company do not carry any voting rights and shall not be counted in the total number of voting shares represented by shareholders present at a shareholders' general meeting.

When a connected transaction is considered at a shareholders' general meeting, the connected shareholders shall abstain from voting. The voting shares held by connected shareholders shall not be counted in the total number of shares with voting rights if specified by the regulations where the Company's shares are listed.

When a resolution is being considered at a shareholders' general meeting, no amendments shall be made thereto.

If votes are counted at the shareholders' general meeting, the voting results shall be recorded in the minutes of the meeting.

Special Procedures for Voting by Class Shareholders

Shareholders holding different class of shares shall be class shareholders. In addition to holders of shares of other classes, the holders of domestic shares and overseas-listed foreign shares are also different classes of shareholders.

Any variation or abrogation of the rights of any class of shareholders proposed by the Company shall be approved by a special resolution of a shareholders' general meeting and by the shareholders of the affected class at a separate class meeting convened in accordance with the relevant provisions. The following circumstances shall be deemed to be variation or abrogation of the rights of shareholders of a certain class:

- (1) increase or decrease in the number of shares of that class, or increase or decrease in the number of shares of another class having the same or more rights in voting, distribution or other privileges;
- (2) conversion of all or part of the shares of that class into shares of other classes, or conversion of all or part of the shares of other classes into shares of that class or granting rights of such conversion;
- (3) removal or reduction of the entitlement and rights to receive and retain dividends attributable to shares of that class;
- (4) reduction or removal of the priority of the shares of that class to receive dividends or distribution of in the event of liquidation;
- (5) increase, removal or reduction of the right of conversion, options, voting rights, the right to transfer, priority in placement of shares and the right to acquire securities of the Company attached to shares of that class;

- (6) removal or reduction of the right to receive sums payable by the Company in particular currencies attached to shares of that class;
- (7) creation of a new class of shares having the same or more rights in voting, distribution or other privileges;
- (8) imposing or strengthening the restriction on the transfer of or the ownership of the shares of that class;
- (9) issue of rights to subscribe for or convert into shares of that class or other classes;
- (10) increase in the rights and privileges of shares of other classes;
- (11) proposed restructure of the Company which shall result in different classes of shareholders having to assume disproportionate liabilities; and
- (12) alteration or cancellation of the provision of this Article.

Shareholders of the affected class, whether or not having the right to vote at shareholders' general meetings, shall have the right to vote at the relevant class meeting in relation to any of the matters under circumstances (2) to (8) and (11) to (12) mentioned above, but interested shareholders shall not be entitled to vote at the relevant class meeting. A resolution of a class meeting shall be passed by at least a two-thirds majority calculated on the basis of the voting rights held by the shareholders present and entitled to vote at the class meeting.

The special procedures for voting by class shareholders shall not apply in the following circumstances:

- pursuant to a special resolution of shareholders' general meeting, the Company issues domestic shares and overseas-listed foreign shares in a period of 12 months, either separately or concurrently, and the respective numbers of domestic shares and overseas-listed foreign shares proposed to be issued do not exceed 20% of the respective numbers of the issued domestic shares and overseas-listed foreign shares;
- issue of domestic shares upon establishment of the Company and issue of overseas-listed foreign shares pursuant to a plan approved by the CSRC within 15 months from the date of approval; and
- where shares of our Company registered on our domestic share register may be transferred to overseas investors, and such transferred shares may be listed or traded on an overseas stock exchange, subject to the approval of the CSRC.

DIRECTORS AND THE BOARD OF DIRECTORS**Directors**

The board of Directors shall consist of 15 Directors. A director shall have a term of office of three years and is eligible for re-election.

Non-employee representative directors shall be elected and replaced by shareholders general meetings. Employee representative directors shall be elected and replaced by the employee representatives committee, general meeting of employees or by other democratic means.

The directors shall comply with the laws, regulations and these Articles and shall faithfully perform their following obligations to the Company:

- not to abuse their rights to accept bribes or other illegal income and not to misappropriate the properties of the Company;
- not to misappropriate the money of the Company;
- not to deposit any assets or money of the Company in any accounts under their names or in the names of other persons;
- not to violate these Articles and lend the money of the Company to others or provide guarantee to others by charging the Company's assets without approval of the shareholders' general meetings or the board;
- not to enter into contracts or transactions with the Company in violation of these Articles or without approval of the shareholders' general meeting;
- not to use their position to obtain business opportunities which should be available to the Company for themselves or others, or to run his/her own or others' business which is similar to the Company's business without approval of the shareholders' general meeting;
- not to accept commissions in relation to transactions between any third party and the Company;
- not to disclose the secrets of the Company without consent;
- not to use their connections to harm the interests of the Company; and
- to be bound by other obligations stipulated by the laws, rules, regulations and these Articles.

A director may resign before the expiry of his/her tenure. Unless the resignation will result in the members of the board to be less than a quorum, the resignation of a director shall become effective when the written resignation is served to the board.

A director who fails to attend two consecutive board meetings in person or by proxy shall be deemed as unable to perform his/her duties. The board shall propose to the shareholders' general meeting for removal of such director.

Unless authorized by these Articles or the board, no director shall act on behalf of the Company or the board.

Independent Directors

Independent directors shall meet the following basic requirements:

- The director's competence of a listing company, in accordance with laws, regulations, Rules Governing the Listing of Stocks made by the exchange where the company is listed, and other relevant regulations;
- The independence specified in Rules Governing the Listing of Stocks made by the exchange where the company is listed;
- The basic acknowledge of operation a listed company, and familiarity with relevant laws, administrative regulations and rules;
- Minimum 5 years working experience on legal or financial business, or other experience to perform as an independent director;
- Independent performance of the duties despite of the influence from company's main shareholders, actual controller, or other units and individuals with major concerns.

The following persons shall not act as independent non-executive directors:

- Persons who are employed by the Company or its subsidiaries and their lineal relatives and affiliates with close social relationship;
- Natural person shareholders who directly or indirectly hold or control 1% or more of the Company's shares and the top 10 natural person shareholders of the Company and their lineal relatives;
- Persons who are employed by corporate shareholder(s) holding or controlling not less than 5% of the Company's shares or other companies which have business relationship with the Company or the top five corporate shareholders of the Company and their lineal relatives;
- Persons who had been the persons under categories 1 to 3 in the past one year;
- Persons who provide financial, legal or consultation services to the Company or any of its subsidiaries and their lineal relatives;

- Other persons specified by the laws, regulations, listing rules in the place the Company's shares are listed and these Articles.

A independent director shall have a term of office of three years and is eligible for re-election. but shall not serve for more than nine years, except for the exceptions mentioned in Rules Governing the Listing of Stocks or other laws, regulations on securities,

In addition to the powers conferred by the relevant laws and regulations, listing rules in the place the Company's shares are listed and these Articles, the independent directors shall have the following powers:

- to propose the appointment and termination of accounting firms to the board;
- to propose the convening of extraordinary shareholders' general meetings to the board;
- to propose the convening of board meetings;
- to engage external auditing firms or consultancy firms independently.

The Board of Directors

The Company shall have a board of directors accountable to the shareholders' general meeting. The board consists of 15 directors.

The board shall perform the following duties:

- (1) to convene general meetings and report on its work to the shareholders;
- (2) to implement the resolutions of general meetings;
- (3) to decide on the Company's business plans, investment plans, detailed annual business objectives, and financing plans other than by ways of issue of corporate bonds or other securities and of listing;
- (4) to formulate the Company's proposed annual financial budget and final accounts;
- (5) to formulate the Company's profit distribution plan and plan for making up for losses;
- (6) to formulate proposals for the increase or reduction of the Company's registered capital, and plans for the issue of corporate bonds or other securities and the listing plan;
- (7) to prepare plans for material acquisition, purchase of the Company's shares, or merger, demerger, dissolution or change of the form of the Company;

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- (8) to decide on the establishment of the Company's internal management structure, and to decide on the establishment and cancellation of the Company's branches and other sub-branches;
- (9) to elect the Company's chairman;
- (10) pursuant to the nominations of the Board chairman to appoint or dismiss the Company's President, the Board secretary of the Company, to appoint or dismiss chairmen of all special committees under the Board;
- (11) pursuant to the president's nominations to appoint or dismiss a vice president and chief accountant of the Company and to decide on their remuneration, incentive and punishment;
- (12) to formulate the Company's basic management system;
- (13) to propose plans for the amendment to these Articles of Association;
- (14) to formulate the Company's share incentive scheme;
- (15) to deal with disclosures of information on our Company;
- (16) to decide on the establishment of special committees;
- (17) to decide on and to monitor the implementation of our Company's risk management system, including risk assessments, financial control, internal audit, legal risk control;
- (18) to propose to the shareholders' general meetings the appointment or replacement of the auditor of our Company;
- (19) to receive regular or irregular work reports submitted by the Company's President or senior officers appointed by the President, and to approve the work reports of the President;
- (20) to decide on corporate guarantees in accordance with the applied laws and the Articles of Association. The Board may delegate the aforesaid rights to the Company's management team;
- (21) to exercise other functions and powers conferred by laws and regulations, the listing rules of the stock exchange on which the shares of the Company are listed, the shareholders' general meetings and these Articles of Association.

Resolutions relating to the above, with the exception of items (6), (7) and (13) above which shall require the consent of more than two thirds of the Directors, shall require the consent of more than half of the attended Directors. The Board shall carry out its duties in accordance with laws and administrative regulations of the State, these Articles of Association and resolutions of the shareholders.

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The board shall explain to the shareholders' general meeting regarding the non-standard auditors' advice given by chartered accountant in relation to the financial report of the Company.

The board shall have an audit committee, a development strategy committee, and a nomination and remuneration committee, a risk management committee.

Board meetings shall be held at least four times a year. A fourteen days' prior written notice of meeting shall be given to all directors. The chairman of the board shall convene an extraordinary board meeting in one of the following circumstances:

- considered necessary by the chairman;
- jointly proposed by not less than one-third of the directors;
- proposed by the supervisory committee;
- proposed by shareholders holding not less than one-tenth of the voting rights;
- proposed by more than half of the independent non-executive directors;
- proposed by the general manager (or president); and
- when a board meeting is required by the applicable laws, regulations and relevant requirements of the Articles of Association.

A meeting of the board shall be held only when over half of the directors attend the meeting. Unless otherwise provided by these Articles, resolutions of the board shall be passed by more than half of all directors.

A director shall have one vote when voting on the resolution of the board when vote is even, the chairman has the right for one more vote.

If any director has connection with the entity involved in the resolution of a board meeting, the director shall abstain from voting on the resolution and shall not vote on behalf of other director. The board meeting may be held when more than half of the attending directors have no connection with the entity. The resolution of the board meeting shall be passed by more than half of the non-connected directors. If the number of non-connected directors attending the meetings is less than three, the matter shall be submitted to the shareholders' general meeting for approval.

Directors shall attend board meetings in person. Where a director is unable to attend board meeting, he or she may authorize in writing another director to attend on his behalf. Any director who is unable to attend a board meeting and does not appoint a proxy to attend on his behalf shall be deemed as waiving the right to vote at that meeting.

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The board shall keep minutes of the matters discussed. The attending directors and secretary of the meeting shall initial on the minutes of the meeting. Directors shall be responsible for the resolutions of the board. Where a resolution of the board violates the laws, regulations, the resolution of the shareholders' general meetings or these Articles and causes losses to the Company, the directors who take part in the resolution shall be liable to compensation. However, if a director can prove that he has expressed his opposition to such resolution when it was put to the vote, and such opposition is recorded in the minutes of the meeting, the director may be relieved of such liability. The minutes of board meeting shall be kept by the secretary of the board as records of the Company. The minutes of board meeting shall be filed by the Company after one year and shall be kept for 20 years.

Secretary to the Board of Directors

The Company shall have a secretary to the board. The secretary is a senior management of the Company and shall report to the board. The secretary to the board shall have the requisite professional knowledge and experience and shall be appointed by the board.

General Manager and Other Senior management

The Company shall have one general manager, who shall be appointed and dismissed by the board. The Company shall have certain deputy general managers to assist the general manager. The Company shall have one general accountant. The appointment and dismissal of deputy general managers and general accountant shall be approved by the board. The general manager and other senior management are appointed for tenure of three years and they may be re-appointed upon expiry of the tenure.

The general manager (or president) shall be accountable to the board and exercise the following powers:

- to be in charge of the Company's production, operation and management and report to the Board;
- to organize the implementation of the resolutions of the Board;
- to organize the implementation of the Company's annual business plan, investment and funding plan;
- to draft plans for the establishment of the Company's internal management structure;
- to propose plans for the establishment of the Company's branches and sub-branches;
- to propose the Company's basic management system;
- to formulate detailed rules and regulations of the Company;
- to propose the appointment or dismissal of the Company's vice President and general accountant, and to advise on their remuneration;

- to appoint or dismiss the employees other than those appointed or dismissed by the Board, and decide on their assessment, remuneration, incentive and punishment; and
- other functions and powers conferred by these Articles of Association and the Board.

The general manager may present at the board meetings, but shall have no voting right if he/she is not a director.

The general manager shall prepare detailed rules of the job of general manager for approval by the board.

Supervisory Committee

The Company shall have a supervisory committee. The supervisory committee shall compose of three supervisors, including representatives of shareholders, representatives of employees. Not less than one-third of the members of the supervisory committee shall be employees' representatives. The supervisory committee shall have one chairman. The election or removal of the chairman of the supervisory committee shall be determined by the affirmative votes of two-thirds or more of the members of the supervisory committee. Meetings of the supervisory committee shall be convened and presided over by the chairman of the supervisory committee. Where the chairman of the supervisory committee is incapable of performing or fails to perform his/her duties, a supervisor elected by not less than half of the supervisors shall convene and preside over supervisory committee meetings.

The supervisory committee shall be accountable to the shareholders' general meeting and shall perform the following duties:

- to examine the Company's financial affairs;
- to supervise the Directors and senior officers in their performance of duties and to propose the removal of Directors and senior officers who have contravened any law, administrative regulations, these Articles of Association or shareholders' resolutions;
- to demand any Director, the President and other senior officer of the Company who acts in a manner which is harmful to the Company's interests to rectify such behavior;
- to inspect financial information such as financial reports, business reports and profit distribution plans and, in case doubt, professionals such as registered accountants and certified auditors may be hired to provide assistance in the name of the Company;
- to propose to convene a shareholders' extraordinary general meeting, and to convene and preside over shareholders' general meetings when the Board fails to perform the duty of convening and presiding over the general meeting;

- to propose resolutions at a shareholders' general meeting;
- to propose to convene an extraordinary meeting of the board of Directors;
- to elect the chairman of Board of Supervisors;
- to institute a suit to the Directors or senior officers of the Company by laws;
- other functions and powers conferred these Articles of Association.

Supervisors shall be present at meetings of the Board.

The supervisory committee shall meet at least once in every six months. The chairman of supervisory committee shall convene the meeting and notify all supervisors in writing ten days before the meeting. Extraordinary meeting of the supervisory committee may be convened if so proposed by the supervisors.

A supervisory committee meeting shall not be conducted unless it is attended by two-thirds or more of the supervisors. The chairman shall preside over the meeting of supervisory committee. Each supervisor has one vote. The resolution made by the supervisory committee shall be approved by more than two thirds of the members of the supervisory committee.

The supervisory committee shall keep minutes of the matters discussed. The attending supervisors and secretary of the meeting shall initial on the minutes of the meeting. A supervisor is entitled to request that a note of his views made at the meetings be recorded in the minutes. The minutes of supervisory committee meetings shall be kept as records of the Company and shall be maintained by the secretary to the board for a period of 10 years.

The Qualifications and Obligations of the Company Directors, Supervisors, Senior management

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

- an individual who has no civil capacity or has restricted civil capacity;
- persons who have committed the offenses of corruption, bribery, trespass of property, misappropriation of property or damaging the social economic order, and have been penalized due to the above offenses, 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;
- 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;

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- persons who were legal representatives of a company or enterprise which had its business license revoked due to a violation of the law and were ordered to close down and were personally liable for the matters above, where less than three years have elapsed since the date when the business license of the company or enterprise was revoked;
- persons who have failed to pay a relatively large debt when due and outstanding;
- persons who have committed criminal offenses and are still under investigation by law administration authorities;
- persons who were not allowed to be heads of enterprises as stipulated by laws, administrative regulations;
- persons who are not natural persons;
- persons who have been convicted of offenses of violating provisions of the relevant securities laws and regulations or offenses of fraud or acting in bad faith by the relevant authority, where less than five years have lapsed since the date of conviction; and
- other persons stipulated by the laws and regulations of where the Company's shares are listed.

Director, Supervisor, and senior officer of the Company shall perform their duties in accordance with the principle of fiduciary and shall not put himself/herself in a position where their duty and their interest may conflict. These principles include (but not limited to) the following:

- to act honestly in the best interests of the Company;
- to exercise powers within the scope of his powers;
- to exercise the discretion vested in him personally and not to allow himself/herself to act under the control of another and, unless and to the extent permitted by the laws, regulations or with the informed consent of shareholders at shareholders' general meeting, not to delegate to others for the exercise of his/her discretion;
- to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- unless otherwise provided by these Articles or with the informed consent of shareholders at shareholders' general meeting, not to enter into any contract, transaction or arrangement with the Company;
- without the informed consent of shareholders at shareholders' general meeting, not to use the Company's property for his/her own benefit;

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- not to exploit his position to accept bribes or other illegal income or expropriate the Company's property by any means, including but not limited to opportunities advantageous to the Company;
- without the informed consent of shareholders at shareholders' general meeting, not to accept commissions in connection with the Company's transactions;
- to abide by these Articles, perform his/her official duties faithfully and protect the Company's interests, and not to exploit his position and power in the Company for his own interests;
- not to compete with the Company in any way unless with the informed consent of shareholders at shareholders' general meeting;
- not to misappropriate the Company's funds or lend such funds to others, not to open accounts in his/her own name or other names for the deposit of the Company's assets and not to provide a guarantee for debts of a shareholder of the Company or other individual(s) with the Company's assets; and
- unless otherwise permitted by informed shareholders at shareholders' general meeting, to keep in confidence information acquired by him in the course of and during his tenure and not to use the information other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other government authorities is permitted if: disclosure is by order of the law; in the interests of the public; and in the interest of the relevant director, supervisor, general manager (or president) or other senior management.

The fiduciary duties of the directors, supervisors, general manager (or president) and other senior management of the Company do not cease with the termination of their tenure. The duty of confidentiality in relation to trade secrets of the Company survives the termination of their tenure. Other duties may continue for such period as fairly required depending on the time lapse between the termination and the act concerned and the circumstances under which the relationships between them and the Company are terminated.

Where a director, supervisor, general manager (or president) and any other senior management of the Company is 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 contract of service with the Company), he/she shall declare the nature and extent of his interests to the board of directors at the earliest opportunity, whether or not the related matters under normal circumstances is otherwise subject to the approval of the board of directors.

The Company shall not in any manner pay taxes for or on behalf of a director, supervisor, general manager (or president) and any other senior management.

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The Company shall not directly or indirectly extend a loan to or provide any guarantee in connect with the extension of a loan to a director, supervisor, general manager and other senior management of the Company or of the Company's parent company or any of their respective associates. However, the following transactions are not subject to such prohibition:

- The provision by the Company of a loan or a guarantee of a loan to a company which is a subsidiary of the Company;
- The provision by the Company of a loan or a guarantee of a loan or any other funds to any of its directors, supervisors, general manager (or president) and other senior management to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of a service contract approved by the shareholders in shareholders' general meeting; and
- The company may provide loan and guaranty to relevant directors, supervisors, general managers, other senior managers and their relevant persons when the company's ordinary business scope concludes the loan and guaranty. However the loan and guaranty provisions to aforesaid persons shall be ordinary.

In addition to any rights and remedies provided by the laws, rules, regulations and statutory documents, where a director, supervisor, general manager (or president) or other senior management of the Company is in breach of his duties to the Company, the Company has a right to:

- claim damages from the director, supervisor, general manager (or president) and other senior management in compensation for losses sustained by the Company as a result of such breach;
- rescind any contract or transaction entered into by the Company with the director, supervisor, general manager (or president) and other senior management, and with a third party (where such third party knows or should know that there is such a breach of duties by such director, supervisor, general manager (or president) and other senior management);
- demand an account of the profits made by the director, supervisor, general manager and other senior management in breach of his duties;
- recover any monies received by the director, supervisor, general manager and other senior management which should otherwise have been received by the Company, including but not limited to commissions; and
- request the director, supervisor, general manager and other senior management to return the interests accrued or may be accrued on the monies which should have been paid to the Company.

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The Company is required to enter into a contract in writing with each director, supervisor and senior management containing at least the following provisions:

- an undertaking by the director, supervisor and senior management to the Company to comply with the Company Law, the Special Regulations, these Articles, the Code on Takeovers and Mergers, the Code on Share Repurchases and other requirement of the Hong Kong Stock Exchange and an agreement that the Company shall have the remedies provided in these Articles and that neither the contract nor his office is capable of assignment;
- an undertaking by the director, supervisor and senior management to the Company to comply with and perform his obligations to shareholders as stipulated in these Articles; and
- arbitration clause.

The Company shall enter into a contract in writing with a director or supervisor to determine his/her emoluments subject to prior approval of shareholders' general meeting. The contract between the Company and its directors or supervisors in relation to emoluments should provide that in the event of a takeover of the Company, the Company's directors and supervisors shall, subject to approval of shareholders in shareholders' general meeting, have the right to receive compensation or other payment in respect of his loss of office or retirement.

FINANCIAL AND ACCOUNTING SYSTEM, AND AUDITING

Financial and Accounting System

The Company shall establish its financial and accounting systems in accordance with the laws, administrative regulations and the requirement of relevant state regulatory department.

The board of Directors of the Company shall place before the shareholders at every annual general meeting such financial reports as are required by the laws, administrative regulations or directives promulgated by competent 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 accounting standards and regulations, be prepared in accordance with either international accounting standards or that of the place outside China where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the aforesaid accounting standards, such difference shall be stated and explained in the financial statements. For the purposes of distribution of the Company's after-tax profits in a financial year, the lower of the after-tax profits as shown in the different 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 a copy of the financial reports.

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A copy of the above financial report shall, at least 21 days before the date of the annual general meeting, be delivered or sent by pre-paid post to the registered address of every holder of Foreign Shares.

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 accounts other than those provided by law. Assets of the Company shall not be deposited in an account maintained in the name of any individual.

When distributing the after-tax profits of the current year, the Company shall allocate 10% of its profits into its statutory common reserve fund. When the cumulated amount of the statutory common reserve fund of the Company has reached 50% or more of its registered capital, no further allocations is required.

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

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

After making up for the losses and making contributions to the common reserve fund, any remaining profits shall be distributed to the shareholders in proportion to their respective shareholdings, except when it is stipulated in the Articles of Association that profit distributions shall not be made in accordance with the shareholding proportion.

If the shareholders' general meeting has, in violation of the provisions of the preceding paragraphs, distributed profits to the shareholders before the Company has made up for its losses and made allocations to the statutory common reserve fund, the shareholders must return the profits distributed in violation of the provision to the company.

For dividends that are not claimed by anyone, the Company may exercise the right of expropriation under the precondition of complying with relevant laws, administrative rules and regulations of the PRC and Hong Kong Stock Exchange, but the right shall be exercised only after the expiration of the related prescription applicable.

No profits shall be distributed in respect of the shares held by the Company.

Internal Audit

The Company shall conduct internal audit and assign full-time auditors to conduct internal audit and supervision on the revenues and expenditures and economic activities of the Company.

The internal audit system and the duties of the auditing staff shall be approved by the board of directors. The officer-in-charge of the audit team shall be responsible to the board of directors and report the work of the audit team.

Appointment of Accounting Firm

The Company shall appoint an independent firm of accountants 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 commence from the conclusion of the annual general meeting until the conclusion of the next annual general meeting.

The accounting firm appointed by the Company shall have the following rights:

- to inspect the financial statements, records and vouchers of the Company; to require the directors, general manager (or president) or other senior management of the Company to provide relevant information and explanation;
- to require the Company to take all reasonable steps to obtain from the Company's subsidiaries such information and explanation as are necessary for the purpose of discharging its duties; and
- to attend shareholders' general meetings and to receive all notices of, and other information relating to, any shareholders' general meeting, and to speak at any shareholders' general meeting in relation to matters concerning its role as the Company's appointed accounting firm.

The remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined by the shareholders in shareholders' general meeting. The remuneration of an accounting firm appointed by the board of directors shall be determined by the board of directors.

The appointment, removal and non-reappointment of an accounting firm shall be resolved by shareholders in shareholders' general meeting. The resolution of the shareholders' general meeting shall be filed with the CSRC.

Prior notice shall be given to the accounting firm if the Company decides to remove such accounting firm or not to renew the appointment thereof. The accounting firm shall be entitled to make representations at shareholders' general meeting.

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Where the accounting firm resigns, it shall make clear to the shareholders' general meeting whether there is any impropriety on the part of the Company. An accounting firm may resign by depositing at the Company's registered address a resignation notice. The notice shall include:

- a statement to the effect that there are no circumstances in connection with its resignation which should be brought to the notice of the shareholders or creditors of the Company; or
- a statement of other circumstances considered necessary.

Where the accounting firm's notice of resignation contains a statement regarding any accountable affair, it may require the board of directors to convene an extraordinary general meeting for the explanation of the circumstances.

MERGER, DIVISION, DISSOLUTION AND LIQUIDATION

Merger and Division

The merger or division of the Company shall be proposed by the board for approval by shareholders' general meeting and shall be processed according to the laws. A dissident shareholder may require the Company or the shareholders who are in favor of such proposal to acquire his/her shares at a fair price.

The merger of the Company may take the form of absorption or the establishment of a new company. In the event of a merger, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days from the date of the Company's merger resolution and shall publish a notice through other means such as a newspaper within 30 days from the date of the Company's merger resolution. A creditor has the right within 30 days of receiving such notice from the Company or, for creditors who do not receive the notice, within 45 days from the date of the public notice, to demand the Company to settle its debts or provide a guarantee for such debt. After the merger, rights in relation to debtors and indebtedness of each of the merged parties shall be assumed by the company which survives the merger or the newly established company.

When the Company is divided, its assets shall be split up accordingly. The parties to such division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within ten days from the date of the Company's resolution to divide and shall publish a notice through other ways such as a newspaper within 30 days from the date of the Company's resolution to divide. Debts of the Company prior to division shall be jointly assumed by the companies which exist after the division, except provided otherwise in the written agreement between the Company and the creditors relating to the settlement of debt before the division.

Changes in particulars of the companies after merger or division must be registered with the registration authorities in accordance with the laws. Cancellation of a company shall be registered in accordance with the laws when a company is dissolved. Incorporation of a company shall be registered when a new company is incorporated in accordance with the laws.

Dissolution and Liquidation

The Company shall be dissolved and liquidated according to the laws upon the occurrence of the following events:

- (1) expiration of business term;
- (2) a resolution for dissolution is passed by a shareholders' general meeting;
- (3) dissolution is necessary due to a merger or division of the Company;
- (4) the Company is legally declared insolvent due to its failure to repay debts due;
- (5) the Company is canceled business license, ordered to close down or deregistered;
- (6) where the Company gets into serious trouble in operation and management and its continuation may cause substantial loss to the interests of shareholders, and no solution can be found through any other channel, shareholders representing more than 10% of the voting rights of all shareholders of the Company may request the people's court to dissolve the Company.

Upon the occurrence of the first situation mentioned above, the Company may continue to exist by amending these Articles subject.

Where the Company is dissolved under the (1), (2), (3), (5) or (6) situation mentioned above, a liquidation committee shall be set up in accordance with the laws within 15 days. Members of the liquidation committee shall be determined by shareholders' general meeting by way of ordinary resolution. If a liquidation committee is not set up within the specified period, the creditors may apply to the people's court for appointment of relevant persons to form a liquidation committee to proceed with the liquidation.

Where the Company is dissolved due to the occurrence of the third event mentioned above, the People's Court shall in accordance with the requirements under the relevant laws, organize the shareholders, the relevant authorities and the professional bodies to establish a liquidation committee for the purpose of dissolution of the Company.

The liquidation committee shall perform the following duties:

- to thoroughly examine the Company's assets and prepare a balance sheet and an inventory of assets;
- to notify creditors by notice or announcement;
- to deal with the outstanding affairs of the Company in relation to the liquidation;
- to settle outstanding taxes as well as taxes arising in the course of liquidation;

- to settle credits and debts;
- to dispose of the remaining assets of the Company after the settlement of debts; and
- to represent the Company in any civil proceedings.

The liquidation committee shall notify creditors within ten days from the date of its establishment and make public announcement on newspaper or other channels within 60 days of its establishment. Creditors shall, within 30 days after receipt of the notice, or for those who do not receive the notice, within 45 days from the date of the announcement, declare their claims to the liquidation committee. The liquidation committee shall not settle the debts to creditors until the end of the creditor registration period.

After checking the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan for approval of the shareholders' general meetings or the people's court. The remaining property of the Company after the payment of liquidation expenses, the wages, social insurance contribution and statutory compensation of staff, taxes and payment of debts of the Company shall be distributed in proportion to the shareholdings of shareholders.

During the liquidation period, the Company shall continue to exist but shall not carry out any business activities not relating to liquidation. The assets of the Company shall not be distributed to shareholders before the settlement of debts in accordance with the preceding article.

If the liquidation committee, after ascertaining the Company's assets and preparing a balance sheet and an inventory of assets, discovers that the Company's assets are insufficient to settle its debts, it shall immediately apply to the people's court for a declaration of bankruptcy according to the laws. After the Company is declared bankrupt by a ruling of the people's court, the liquidation committee shall transfer the liquidation matters to the people's court.

Upon completion of liquidation, the liquidation committee shall prepare a liquidation report and a statement of the receipts and payments and the financial accounts for the liquidation period which shall be audited by PRC certified public accountants and then submitted to the shareholders' general meeting or relevant competent authorities for approval. The liquidation committee shall submit the aforesaid documents to the company registration authority, apply for cancellation of company registration, and announce the termination of the Company within 30 days after approval is obtained from the relevant competent authorities.

Amendments to the Articles

The Company may amend the Articles of Association in accordance with the laws, regulations and the Articles of Association. The Company shall amend these Articles under any of the following situations:

- there is a conflict between these Articles and the laws and regulations after the amendment to the Company Law or relevant laws and regulations;
- there are changes in the Company render these Articles incorrect; and
- the shareholders' general meeting resolves to amend these Articles.

Any amendment to these Articles involving the mandatory provisions shall become effective upon approval by the department in charge of company approval under the State Council and the CSRC. If the amendment involves any registered particulars, application shall be made for change of registration in accordance with the laws.

Settlement of Disputes

All disputes and claims between shareholders of overseas-listed foreign-invested shares and the Company, between shareholders of overseas-listed foreign-invested shares and the Company's directors, supervisors and other senior management, or between shareholders of overseas-listed foreign-invested shares and other shareholders arising from these Articles or any rights or obligations conferred or imposed by the Company Law or any other relevant laws and regulations concerning the affairs of the Company shall be referred by the relevant parties to arbitration. The dispute or claim shall be referred to arbitration as a whole. All parties involved in the same dispute or claim shall abide by the arbitration if such parties is the Company or the shareholder, director, supervisor, general manager or other senior management of the Company.

Disputes in relation to the definition of shareholders and register of shareholders need not be resolved by arbitration.

A claimant may elect arbitration at either the China International Economic and Trade Arbitration Commission in accordance with its Arbitration Rules or the Hong Kong International Arbitration Center 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 elected by the claimant. If a claimant elects arbitration at Hong Kong International Arbitration Center, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Center.

The award of an arbitration body shall be final and conclusive and binding on all parties.