

This Appendix sets out a summary of the principal provisions of the Articles of Association of adopted at the Board meeting of the Company on 28 March 2014, which will become effective upon the approval of the Shareholders and the listing date of the H Shares on the Hong Kong Stock Exchange. This Appendix mainly aims to provide an overview of the Articles of Association for potential investors, and therefore may not contain all the information important to investors.

1 DIRECTORS AND THE BOARD

(a) Power to Allot and Issue Shares

There is no provision in the Articles of Association empowering the Board to allot or issue Shares. To increase the share capital of the Company, the Board is responsible for formulating proposals for approval at the Shareholders' general meeting by way of special resolution. Resolutions concerning the increase of share capital of the Company must be implemented after such resolution is passed in the Shareholders' general meeting and shall be handled in accordance with the procedures provided for in the relevant laws and administrative regulations.

(b) Power to Dispose of the Assets of the Company or its Subsidiaries

The Board shall not, without prior approval in the Shareholders' general meeting, dispose or agree to dispose of, any fixed assets where the anticipated value of the assets to be disposed, together with the value of any fixed assets that has been disposed in the period of four months immediately preceding the proposed disposition, exceeds 33% of the value of the fixed assets as shown in the latest balance sheet reviewed at the Shareholders' general meeting. The above disposition includes an act involving the transfer of an interest in assets but does not include that involving the provision of fixed assets as security.

The validity of a disposition of fixed assets by the Company shall not be affected by the breach of the restrictions set out in the above Articles of Association, unless otherwise provided for by relevant laws, administrative regulations and relevant requirements of the securities regulatory authorities in the place where the Shares of the Company are listed.

(c) Compensation or Payments for Loss of Office

The contracts concerning the emoluments between the Company and its Directors or Supervisors should provide that, in the event of an acquisition of the Company, the Directors and Supervisors shall, subject to the prior approval of the Shareholders' general meeting, have the right to receive compensation or other payment in respect of their loss of office or retirement. An "acquisition of the Company" means either:

- (1) an offer made by any person to all Shareholders; or
- (2) an offer made by any person such that the offeror will become a Controlling Shareholder of our Company (within the meaning set out in Article 283 of the Articles of Association).

If the relevant Director or Supervisor does not comply with the above requirements, any sum so received by him/her shall belong to those persons who have sold their Shares for acceptance of the offer. The expenses incurred for distributing such sum shall be borne by the relevant Director or Supervisor on pro-rata basis and shall not be paid out of that sum.

(d) Loans to Directors, Supervisors or Other Officers

The Company shall not directly or indirectly make a loan to, or provide any guarantee in connection with a loan of, a Director, Supervisor, president or other members of the senior management of the Company or the Company's holding company or any of their respective associates.

The above provision does not apply to the following situations:

- (1) the provision of a loan or a guarantee of loan by the Company to a subsidiary of the Company;
- (2) the provision of a loan, a guarantee of loan or any other payment by the Company to any of its Directors, Supervisors, president and other members of the senior management to pay for the expenditure incurred by him/her for the purposes of the Company or for the performing of his/her duties, in accordance with the employment contract approved at the Shareholders' general meeting;
- (3) the provision of a loan or a guarantee of loan of the Company to any of its Directors, Supervisors, president and other members of the senior management or their respective associates, provided that the ordinary course of business of the Company includes the provision of loans or guarantees of loan, and the loans and guarantees of loans should be provided on normal commercial terms.

A loan made by the Company in breach of the above provisions shall be repayable by the recipient of the loan regardless of the terms of the loan. A guarantee provided by the Company in breach of the above provisions shall be unenforceable against the Company, unless:

- (1) at the time the loan was advanced to an associate of any of the Directors, Supervisors, president and other senior management of the Company or the Company's holding company, the lender did not know of the relevant circumstances;
- (2) the collateral provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

A "guarantee" mentioned above includes an assumption of an obligation or a provision of property by the guarantor to secure the performance of obligations by the obligor.

(e) Financial Assistance for the Acquisition of Shares in the Company or any of its Subsidiaries

The Company and its subsidiaries shall not, by any means at any time, provide any kind of financial assistance to a person who is acquiring or is proposing to acquire our Shares. The said acquirer of Shares includes any person who directly or indirectly incurs any obligations due to the acquisition of the Shares. The Company and its subsidiaries shall not, by any means at any time, provide financial assistance to the said obligor for the purpose of reducing or discharging its obligations.

The "financial assistance" mentioned above includes, without limitation, the following meanings:

- (1) gift;
- (2) guarantee (including the assumption of liability by the guarantor or the provision of property by the guarantor to secure the performance of obligations by the obligor), compensation (other than compensation in respect of the Company's own default) or release or waiver of any rights;

- (3) provision of a loan or any other contract under which the obligations of the Company are to be fulfilled before the obligations of another party, or a change in the parties to, or the assignment of rights arising under, such loan or contract;
- (4) any other form of financial assistance given by the Company when it is unable to repay its debts or has no net assets or when its net assets would thereby be reduced to a material extent.

The “incurring an obligation” mentioned above includes the incurring of obligations when there is a change of the obligor’s financial position by way of entering into a contract or an arrangement (whether enforceable or not, and whether made on its own account or with any other persons), or by any other means.

The following activities shall not be deemed to be prohibited by the above provision:

- (1) the provision of financial assistance by the Company where the financial assistance is given in good faith and in the interest of the Company, and the principal purpose of such act is not for the acquisition of Shares, or the provision of the financial assistance is an incidental part of the Company’s project;
- (2) the lawful distribution of the Company’s assets by way of dividend;
- (3) the allotment of bonus shares as dividends;
- (4) a reduction of registered capital, a repurchase of Shares or a reorganization of the shareholding structure effected in accordance with the Articles of Association;
- (5) the provision of loans by the Company in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits);
- (6) the provision of funds by the Company for contributions to staff and workers’ share schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of the distributable profits).

(f) Disclosure of Interests in and Voting on Contracts with the Company

Where a Director, Supervisor, president or other members of the senior management of the Company is in anyway, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (excluding the contracts of appointment between the Company and our Directors, Supervisors, presidents and other senior management), he/she shall declare the nature and extent of his/her interests to the Board at the earliest opportunity, whether or not the related matter is otherwise subject to the approval of the Board under normal circumstances.

Subject to Note 1 to Appendix 3 of the Hong Kong Listing Rules or exceptions as permitted by the Hong Kong Stock Exchange, the Directors shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his associates (within the meaning set out in the Hong Kong Listing Rules) has a material interest nor shall he be counted in the quorum present at the meeting.

Unless the interested Director, Supervisor, president and other members of the senior management has disclosed his/her interests in accordance with this provision while he/she is not counted in the quorum by the Board and refrains from voting on the meeting, in which the related contract, transaction or arrangement is subject to approval, the contract, transaction or arrangement in which that Director, Supervisor, president or other senior management is materially interested is voidable at the discretion of the Company except as against a bona fide party thereto acting without notice of the breach of duty by the interested Director, Supervisor, president or other members of the senior management.

A Director, Supervisor, president or other members of the senior management of the Company is deemed to be interested in a contract, transaction or arrangement in which an associate of his/hers is interested.

(g) Remuneration

The Company shall, with the prior approval of the Shareholders' general meeting, enter into a contract in writing with each of the Directors or Supervisors wherein his or her emoluments are stipulated. The aforesaid emoluments include:

- (1) emoluments in respect of his/her service as a Director, Supervisor or senior management of the Company;
- (2) emoluments in respect of his/her service as a Director, Supervisor or senior management of any subsidiary of the Company;
- (3) emoluments in respect of his/her service for providing other services to the management of the Company and any subsidiary of the Company;
- (4) compensation for his/her loss of office, or consideration in connection with his/her retirement as a Director or Supervisor.

Except under the aforesaid contract, no proceedings may be brought by a Director or Supervisor against the Company for any benefits due to him/her in respect of the above matters.

(h) Retirement, Appointment, and Removal

A person may not serve as a Director, Supervisor, president or any other members of the senior management of the Company if he/she is either:

- (1) a person without legal or with restricted legal capacity;
- (2) a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offence; or who has been deprived of his political rights, in each case where no more than five years has elapsed since the date of the completion of implementation of such punishment or deprivation;
- (3) a person who is a former Director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and he/she is personally liable for the insolvency of such company or enterprise, where no more than three years has elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;

- (4) a person who is a former legal representative of a company or enterprise which had its business licence revoked and was ordered to be closed down due to a violation of the law and who incurred personal liability, where no more than three years has elapsed since the date of the revocation of the business licence;
- (5) a person who has a relatively large amount of debts due and outstanding;
- (6) a person who is under criminal investigation or prosecution by judicial organization for violation of the criminal law which investigation or prosecution is not yet concluded;
- (7) a person who is not eligible for enterprise leadership according to laws and administrative regulations;
- (8) a non-natural person;
- (9) a person who has been given a punishment of prohibition for participation in the securities market from the securities regulatory authority under the State Council and the term of such punishment has not expired;
- (10) a person convicted of the contravention of provisions of relevant securities regulations by the competent authority, and such conviction involves a finding that he/she has acted fraudulently or dishonestly, where less than five years has elapsed since the date of the conviction;
- (11) other circumstances as stipulated by the laws, administrative regulations or requirements of authorities.

The validity of an act of a Director, president or other members of the senior management on behalf of the Company is not, vis-a-vis a bona fide third party, affected by any irregularity in his/her office, election or any defect in his qualification.

A Director of the Company is a natural person, who does not necessarily hold the Shares of the Company. The Board shall consist of seven to nine Directors and shall have one chairman and may have one to two vice-chairmen. The Directors shall be elected or replaced in the Shareholders' general meeting, with term of office of three years. Upon expiration of the term, the Director may be re-elected, while independent Directors shall not be re-elected for more than six consecutive years.

Written notices regarding nomination of a Director candidate and indication of the intention of the candidate to accept the nomination shall be delivered to the Company seven days before the Shareholders' general meeting is convened. The period for the nominator or the nominee to give the above written notice shall be no less than seven days from the following date upon the issue of the notice of the Shareholders' general meeting.

The Shareholders' general meeting shall not dismiss any Director without justifiable reasons prior to the expiry of his/her term of office. Subject to relevant laws and administrative regulations, the Shareholders' general meeting may dismiss any Director during his/her term of office by way of an ordinary resolution without prejudice to the right of the Director to claim for compensation in accordance with any contract.

The president or other members of the senior management may concurrently serve as a Director, provided that the aggregate number of the Directors who concurrently serve as the president or other members of the senior management and those who are staff representatives shall not be more than half of the total number of Directors of the Company.

Members of the Board may include one Director who is a staff representative. He/she shall be democratically elected by the staff of the Company at the staff representative meeting, general staff meeting or other methods as stipulated before entering the Board.

The chairman and vice-chairman shall be elected and removed by more than half of the members of the Board.

A cumulative voting system may be implemented for the election of Directors and Supervisors at a Shareholders' general meeting in accordance with the provisions of the Articles of Association or a resolution of the Shareholders' general meeting. The cumulative voting system shall be adopted when the Controlling Shareholder of the Company holds not less than 30% of Shares of the Company.

The "cumulative voting" mentioned above means that the voting rights carried by each share shall be equivalent to the number of Directors or Supervisors to be elected at the Shareholders' general meeting, and the Shareholders may use their voting rights collectively for election of Directors or Supervisors at a Shareholders' general meeting.

(i) Borrowing Powers

Subject to PRC laws and administrative regulations, the Company has the power to finance and borrow money, which includes, without limitation, the issuance of debentures, the mortgaging or pledging of the whole or part of the property of the Company and other rights as permitted by PRC laws and administrative regulations without prejudice to or revocation of rights of any Shareholders.

The Articles of Association do not contain any specific provision in respect of the manner in which borrowing powers may be exercised by the Directors nor do they contain any specific provision in respect of the manner in which such powers may be created, other than:

- (1) provisions on the proposals for the issuance of debentures by the Company which the Board intends to formulate; and
- (2) provisions which provide that the issuance of debentures must be approved at the Shareholders' general meeting by way of a special resolution.

(j) Duties

Each of the Directors, Supervisors, president and other members of the senior management of the Company should exercise his/her powers and discharge of his/her duties with care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

The Directors shall comply with the laws, administrative regulations and the Articles of Association and shall faithfully perform the following obligations for the Company:

- (1) not to exploit their positions to accept bribes or other illegal income or expropriate the property of the Company;
- (2) not to misappropriate the funds of the Company;
- (3) not to deposit any assets or funds of the Company in any accounts under their names or in the names of other persons;

- (4) not to lend the funds of the Company to others or provide guarantee to others by charging the assets of the Company in violation of the Articles of Association and without approval of the Shareholders' general meetings or the Board;
- (5) not to enter into contracts or transactions with the Company in violation of the Articles of Association or without approval of the Shareholders' general meeting;
- (6) not to use their positions to obtain business opportunities which should be available to the Company for themselves or others, or to run their own or others' business which is similar to the business of the Company without approval of the Shareholders' general meeting;
- (7) not to accept commissions in connection with the Company's transactions;
- (8) not to disclose the confidential information of the Company without consent;
- (9) not to use their connections to harm the interests of the Company;
- (10) to be bound by other obligations stipulated by the laws, administrative regulations, requirements of authorities and the Articles of Association.

Income generated by the Directors in violation of the foregoing provisions shall be reverted to the Company and the Directors shall indemnify the Company for any loss resulting from such violation.

Article 141 of the Articles of Association provides that the Directors shall comply with the laws, administrative regulations and the Articles of Association, and shall diligently perform the following obligations for the Company:

- (1) to exercise the rights granted by the Company prudently, conscientiously and diligently to ensure the Company's commercial activities are in compliance with the laws, administrative regulations and the requirements of economic policies of China and that they are within the scope stipulated in the Company's business licence;
- (2) to treat all Shareholders equally and fairly;
- (3) to understand the operation and management of the Company in a timely manner;
- (4) to review and approve regular reports of the Company and to ensure the integrity, accuracy and completeness of the information disclosed by the Company;
- (5) to provide all relevant information required by the Supervisory Committee and shall not intervene the performance of duties of the Supervisory Committee or Supervisors;
- (6) to perform other obligations of diligence stipulated by the laws, administrative regulations, requirements of authorities and the Articles of Association.

Each of the Directors, Supervisors, president and other members of the senior management of the Company shall discharge his/her duties in accordance with the principle of fiduciary and shall not put himself/herself in a position where his/her interest and duty may conflict. This principle includes, without limitation, discharging the following obligations:

- (1) to act honestly in the best interests of the Company;
- (2) to exercise powers within his/her terms of reference and not to act beyond those powers;

- (3) to exercise the discretion vested in him/her personally and not to allow himself/herself to act under the control of another or delegate his/her discretion any power to others unless permitted by laws, administrative regulations or with the informed consent of a Shareholders' general meeting;
- (4) to treat Shareholders of the same class equally and to treat Shareholders of different classes fairly;
- (5) 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 the Shareholders' general meeting;
- (6) not to use, in any manner, the property of the Company for his/her own benefit without the informed consent of the Shareholders' general meeting;
- (7) not to exploit his/her position to accept bribes or other illegal income or expropriate the property of the Company by any means, including (without limitation) opportunities advantageous to the Company;
- (8) not to accept commissions in connection with the transactions of the Company without the informed consent of the Shareholders' general meeting;
- (9) to abide by the Articles of Association, execute his/her official duties faithfully and protect the interests of the Company, and not to exploit his/her position and power in the Company to advance his/her own interests;
- (10) not to compete with the Company in any form unless with the informed consent of the Shareholders' general meeting;
- (11) not to misappropriate the funds of the Company or lend such funds to others, open accounts in his/her own name or other names for the deposit of the assets the Company or provide a guarantee with the assets of the Company for debts of a Shareholder of the Company or any other individual(s);
- (12) unless otherwise permitted, to keep confidential information acquired by him/her in the course of and during his/her 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 governmental authority is permitted if: 1. disclosure is made under compulsion of law; 2. the interests of the public require disclosure; 3. the interests of the relevant Director, Supervisor, president and other senior management require disclosure.

Each Director, Supervisor, president or other senior management of the Company shall not cause the following persons or institutions (“**associates**”) to do what he/she is prohibited from doing:

- (1) the spouse or minor child of that Director, Supervisor, president or other members of the senior management;
- (2) a person acting in the capacity of trustee of that Director, Supervisor, president or members of the other senior management or any person referred to in item (1) above;
- (3) a person acting in the capacity of partner of that Director, Supervisor, president or members of the other senior management or any person referred to in items (1) or (2) above;

- (4) a company in which that Director, Supervisor, president or other senior management, alone or jointly with one or more of the persons referred to in items (1), (2) or (3) above or other Directors, Supervisors, president and other members of the senior management have a de facto controlling interest; and
- (5) the Directors, Supervisors, president and other members of the senior management of the controlled company referred to in item (4) above.

The fiduciary duties of the Directors, Supervisors, president and other members of the senior management of the Company do not necessarily cease with the termination or expiration of their term. The duty of confidentiality in relation to trade secrets of the Company survives the termination or expiration of their term. Other duties may continue for such period 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.

Subject to the Articles of Association, a Director, Supervisor, president or other senior management of the Company may be released of liability for specific breaches of his/her duty with the informed consent of the Shareholders' general meeting.

In addition to obligations imposed by laws, administrative regulations or required by listing rules of the stock exchanges on which our Shares are listed, each of the Directors, Supervisors, president and other members of the senior management of the Company owes the following responsibilities to each Shareholder, in the exercise of his/her duties and powers entrusted by the Company:

- (1) not to cause the Company to exceed the scope of the business stipulated in its business licence;
- (2) to act honestly in the best interests of the Company;
- (3) not to expropriate in any way, the property of the Company, including (without limitation) usurpation of opportunities advantageous to the Company; and
- (4) not to expropriate the individual rights of Shareholders, including (without limitation) rights to distributions and voting rights, save for the restructuring of the Company submitted to the Shareholders' general meeting for approval in accordance with the Articles of Association.

In addition to any rights and remedies provided by the laws and administrative regulations, where a Director, Supervisor, president or members of the other senior management of the Company is in breach of his/her duties to the Company, the Company has a right to:

- (1) claim damages from the Director, Supervisor, president or other senior management personnel in compensation for losses sustained by the Company as a result of such breach;
- (2) rescind any contract or transaction entered into by the Company with the Director, Supervisor, president or other members of the senior management or with a third party (where such third party knows or should know that there is a breach of duties by such Director, Supervisor, president or other members of the senior management);
- (3) demand an account of the profits made by the Director, Supervisor, president or other members of the senior management for breach of his/her duties;

- (4) recover any funds received by the Director, Supervisor, president or other senior management that should have been received by the Company, including (without limitation) commissions; and
- (5) demand payment of the interest earned or which may have been earned by the Director, Supervisor, president or other senior management on the funds that should have been paid to the Company.

Where a Director or members of the senior management contravenes the laws, administrative regulations or the Articles of Association in the performance of his/her duties resulting in any loss to the Company, Shareholders holding alone or in aggregate more than 1% of the Shares of the Company consecutively for 180 days shall have the right to request in writing for the Supervisory Committee to institute litigation at the People's court. Where a Supervisor violates the laws, administrative regulations or the Articles of Association in the discharge of their duties resulting in losses to the Company, the aforesaid Shareholders may request in writing for the Board to institute litigation at the people's court.

In the event that the Supervisory Committee or the Board refuses to institute litigation after receiving the written request from Shareholders, or fails to institute litigation within 30 days after receiving the request, or in case of emergency where failure to institute litigation immediately will result in irrecoverable damage to the interest of the Company, Shareholders mentioned in the foregoing shall have the right to institute litigation directly at the People's court in their own name for the benefit of the Company.

For other parties who infringe the lawful interests of the Company resulting in losses to the Company, Shareholders as described above may institute litigation at the People's court in accordance with provisions in the two foregoing paragraphs.

Where a Director or senior management contravenes the laws, administrative regulations or the Articles of Association in infringement of Shareholders' interests, Shareholders may institute litigation at the People's court.

2 AMENDMENTS TO THE ARTICLES OF ASSOCIATION

The Company may amend its Articles of Association in accordance with the requirements of law, administrative regulation and the Articles of Association. The Company shall amend the Articles of Association in case of one of the following conditions:

- (1) the provisions of Articles of Association conflict with the revised Company Law or relevant laws and administrative regulations;
- (2) any changes of the Company do not accord with the provisions of Articles of Association;
- (3) a Shareholders' general meeting resolves to amend the Articles of Association.

Where the amendment to the Articles of Association approved by a Shareholders' general meeting is subject to the approval of the competent authorities, such amendment shall be submitted to the competent authorities for approval accordingly. Where the amendment to the Articles of Association involves the contents of the Mandatory Provisions, such amendment shall become effective upon approval by the competent department authorized by the State Council and the securities regulatory authority under the State Council. In respect of the changes relating to the registered particulars of the Company, alteration of registration shall be made in accordance with law.

The Directors shall amend the Articles of Association in accordance with the resolutions of the Shareholders' general meeting and the opinions of the competent authorities.

Where the amendment to the Articles of Association is required to be disclosed by laws and regulations, such amendment shall be announced in accordance with relevant requirements.

3 SPECIAL VOTING PROCEDURES FOR CLASS SHAREHOLDERS

Shareholders holding different classes of Shares shall be class shareholders. Class shareholders shall enjoy the rights and assume the obligations stipulated by laws, administrative regulations and the Articles of Association.

Rights conferred on any class of Shareholders in the capacity of Shareholders may not be varied or abrogated by the Company unless approved by a special resolution of the Shareholders' general meeting and by holders of Shares of that class at a separate meeting conducted in accordance with Articles 133 to 137 of the Articles of Association.

The following circumstances shall be deemed to be a variation or abrogation of the rights of a class shareholder:

- (1) an increase or decrease in the number of Shares of such class, or an increase or decrease in the number of Shares of a class having voting or equity rights or privileges equal or superior to those of the Shares of such class;
- (2) an exchange of all or part of the Shares of such class into Shares of another class or an exchange or creation of a right of exchange of all or part of the Shares of another class into the Shares of such class;
- (3) a removal or reduction of rights to accrued dividends or rights to cumulative dividends attached to Shares of such class;
- (4) a removal or reduction of a dividend preference or a liquidation preference on assets distribution attached to Shares of such class;
- (5) an addition, a removal or reduction of conversion privileges, options, voting rights, transfer or pre-emptive rights, or rights to acquire securities of the Company attached to Shares of such class;
- (6) a removal or reduction of rights to receive payment payable by the Company in particular currencies attached to Shares of such class;
- (7) a creation of a new class of Shares having voting or equity rights or privileges equal or superior to those of the Shares of such class;
- (8) a restriction of the transfer or ownership of the Shares of such class or an addition to such restriction;
- (9) an issuance of rights to subscribe for, or convert into, Shares of such class or another class;
- (10) an increase of the rights or privileges on Shares of another class;
- (11) a restructuring of the Company where the proposed restructuring will result in different classes of Shareholders bearing a disproportionate burden of such proposed restructuring;

(12) a variation or abrogation of provisions in the Articles of Association.

Shareholders of the affected class, whether or not otherwise having the right to vote at the Shareholders' general meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning paragraphs (2) to (8), (11) and (12) above, but interested Shareholder(s) shall not be entitled to vote at class meetings.

Resolutions of a class meeting shall be passed by votes representing not less than two-thirds of the voting rights of Shareholders of that class represented at the relevant meeting who are entitled to vote at class meetings, as set out in Article 133 of the Articles of Association.

Written notice of a class meeting shall be given 45 days before the date of the class meeting to notify all of the Shareholders in the share register of the class of the matters to be considered and the place, date and time of the class meeting. A Shareholder who intends to attend the class meeting shall deliver his written reply concerning attendance at the class meeting to the Company 20 days before the date of the class meeting.

If the number of Shares carrying voting rights at the meeting represented by the Shareholders who intend to attend the class meeting amounts to half or more of the voting Shares at the class meeting, the Company may hold the class meeting; if not, the Company shall notify the Shareholders of the class, again by public notice, within five days, of the matters to be considered, the date and the place for the class meeting. The Company may then hold the class meeting after publication of such notice.

Notice of class meetings needs only be served on Shareholders entitled to vote thereat.

Subject to the Articles of Association, meetings of any class of Shareholders shall be conducted in a manner as similar as possible to that of Shareholders' general meetings. The provisions of the Articles of Association relating to the manner of conducting any Shareholders' general meeting shall apply to any meeting of a class of Shareholders.

Except for holders of Shares of other classes, holders of domestic shares and overseas-listed foreign-invested shares are deemed to be Shareholders of different classes.

The special procedures for voting at a meeting of a class of Shareholders shall not apply in the following circumstances:

- (i) where the Company issues domestic shares and overseas-listed foreign-invested shares, upon the approval by a special resolution of the Shareholders' general meeting, either separately or concurrently once every 12 months, not more than 20% of each of its existing issued domestic shares and overseas-listed foreign-invested shares; or
- (ii) where the plan of the Company to issue domestic shares and overseas-listed foreign-invested shares at the time of its establishment is carried out within 15 months from the date of approval of the securities regulatory authority under the State Council; or
- (iii) where the transfer of the domestic shares held by the holders of domestic shares of the Company to foreign investors and the listing on overseas stock exchange are approved by the securities regulatory institution under the State Council.

4 SPECIAL RESOLUTIONS—MAJORITY REQUIRED

Resolutions of Shareholders' general meetings shall be divided into ordinary resolutions and special resolutions.

To adopt an ordinary resolution, votes representing one-half or more of the voting rights of the Shareholders (including proxies) present at the meeting must be exercised in favor of the resolution in order for it to be passed.

To adopt a special resolution, votes representing two-thirds or more of the voting rights of the Shareholders (including proxies) present at the meeting must be exercised in favor of the resolution in order for it to be passed.

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

A Shareholder whose name appears on the register of members of the Company as at the record date or his/her proxy shall be entitled to attend the Shareholders' general meetings and exercise his/her voting right at the meeting in accordance with the laws, regulations and the Articles of Association. Any Shareholder is entitled to attend the Shareholders' general meeting in person or by proxy to vote on his/her behalf. A Shareholder (including his/her proxy) when voting at a meeting may exercise his/her voting rights in accordance with the number of voting Shares carrying the right to vote and each Share shall have one vote.

At any Shareholders' general meeting, a resolution shall be decided on a show of hands unless a poll is required according to the regulatory authority of the place where the Shares of the Company are listed or otherwise stipulated in other laws and regulations or demanded before or after any vote by show of hands:

- (1) by the chairman of the meeting;
- (2) by at least two Shareholders entitled to vote or their proxies; or
- (3) by one or more Shareholders present in person or by proxy and representing 10% or more of all Shares carrying the right to vote at the meeting.

Unless a poll is so required according to the regulatory authority of the place where the Shares of the Company are listed or otherwise stipulated in other laws and regulations or demanded by individuals, a declaration by the chairman that a resolution has, on a show of hands, been carried out to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favor of or against such resolution.

The demand for a poll may be withdrawn by the person who makes such demand.

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to casting a vote.

Other than the cumulative voting system, all resolutions shall be voted at the Shareholders' general meeting one by one. As for the different resolutions on the same matter, voting shall be proceeded according to the order by which these resolutions are proposed. Other than special reasons such as force majeure which results in the interruption of the Shareholders' general meeting or makes it impossible to come to resolution, the Shareholders' general meeting shall not postpone the motions or decline to poll.

Insofar as a particular resolution is concerned, a Shareholder shall only cast his/her vote in one of the following ways: on-site, online or by other method as stipulated. In the event of multiple votes by the same Shareholder on the same resolution, the vote that was cast in the first instance shall prevail.

6 SHAREHOLDERS' GENERAL MEETING

Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. Annual general meetings shall be convened once a year within six months from the end of the previous financial year.

7 ACCOUNTS AND AUDIT

(a) Financial and Accounting System

The Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and the requirements stipulated by the relevant authorities of the PRC. The Company shall prepare a financial report at the end of each financial year for audit and review.

The Company shall submit its annual financial report to the CSRC and stock exchanges within four months from the end of a financial year. The Company shall submit its interim financial report to the relevant authorities authorized by the CSRC and stock exchanges within two months from the end of the first six months of a financial year. The Company shall submit its quarterly financial report to the relevant authorities authorized by the CSRC and stock exchange within one month from the end of the first three months and first nine months of a financial year respectively.

The above financial reports shall be prepared in accordance with laws, administrative regulations and the requirements of authorities and shall be published in accordance with the applicable requirements of the regulatory authorities in the place where the Shares of the Company are listed.

The Board shall place before the Shareholders at every annual general meeting such financial reports to be prepared by the Company as are required by any laws, administrative regulations or regulatory documents promulgated by competent regional and central governmental authorities.

The financial statements of the Company shall, in addition to being prepared in accordance with PRC Accounting Standards and regulations, be prepared in accordance with either IFRS, or that of the overseas jurisdiction where the Shares of the Company are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in the notes to the financial statements. When the Company is to distribute its profits after tax, it is required to distribute dividends based on the lower of the distributable reserves of the Company determined under the two accounting standards.

The financial reports of the Company shall be made available for inspection of Shareholders at the Company 20 days before the date of every annual general meeting. Each Shareholder shall be entitled to obtain a copy of the financial reports.

Subject to the Articles of Association, the Company shall dispatch to each holder of H Shares the aforesaid financial reports or reports of Directors, accompanied by the balance sheets (including all

the documents required by law to be annexed thereto) and statement of profit and loss or income and expenditure account, by delivery or by prepaid mail or other methods as permitted by the stock exchange of the place where the Shares of the Company are listed, to the address of Shareholders listed on the register of members no later than 21 days before the date of the annual general meeting.

Interim results or financial information announced or disclosed by the Company shall be prepared in accordance with the PRC Accounting Standards and regulations as well as the international accounting standards or the local accounting standards of the place where Shares of the Company are listed.

The Company shall not establish separate accounting books other than the statutory ones. Assets of the Company shall not be deposited in any account opened in the name of any individual.

(b) Appointment and Dismissal of Accountants

The Company shall appoint an independent accounting firm which is qualified to engage in securities-related business and meets relevant requirements of China to perform, amongst others, audit of accounting statements, net asset verification, other relevant consultancy services.

The term of the accounting firm appointed by the Company shall be one year from the close of the Shareholders' general meeting to the close of the next meeting and shall be subject to re-appointment.

Without prejudice to the right of the accounting firm to claim compensation for being dismissed and replaced, the Shareholders may replace the accounting firm through an ordinary resolution at the Shareholders' general meeting prior to the expiration of the term of the accounting firm notwithstanding the terms and conditions of the contract entered into between the Company and the accounting firm.

Remuneration of the accounting firm and the manner in which the remuneration is determined shall be decided at the Shareholders' general meeting. The remuneration of the accounting firm appointed by the Board shall be confirmed by the Board.

Appointment, dismissal or termination of the contract of the accounting firm by the Company is subject to the resolution at the Shareholders' general meeting and shall be filed with the securities regulatory authority under the State Council.

Before replacing or terminating the contract with the accounting firm, the Company shall send a notice to the accounting firm in advance notifying it of the matters relating to the dismissal, replacement or contract termination, and the accounting firm shall be entitled to attend the Shareholders' general meeting and make a statement.

Where it is proposed that any resolution be passed at a Shareholders' general meeting concerning the appointment of an accounting firm, which is not an incumbent firm, to fill a casual vacancy in the office of the accounting firm, reappointment of a retiring accounting firm which was appointed by the Board to fill a casual vacancy, or removal of the accounting firm before the expiration of its term of office, the following provisions shall apply:

- (1) before notice of meeting is given to the Shareholders, a copy of the appointment or resignation proposal shall be sent to the firm proposed to be appointed or proposing to leave its post or the firm which has left its post. Leaving includes removal, resignation and retirement.

- (2) if the accounting firm which is leaving its post makes representations in writing and requests the Company to notify such representations to the Shareholders, the Company shall, unless the representations are not duly received:
 1. to state the fact of the representations having been made in any notice of the resolution to be given to Shareholders; and
 2. to attach a copy of the representations to the notice for delivery to the Shareholders in the manner as stipulated in the Articles of Association.
- (3) If the representations of the accounting firm are not sent in accordance with paragraph (2), the relevant accounting firm may require that the representations be read out at the Shareholders' general meeting and may lodge further complaints.
- (4) The accounting firm leaving its post shall be entitled to attend the following meetings:
 1. the Shareholders' general meeting at which its term of office would otherwise have expired;
 2. any Shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal; and
 3. any Shareholders' general meeting convened on its resignation.

The accounting firm leaving its post shall be entitled to receive all notices of, and other communications relating to, any such meetings, and to speak at any such meeting in relation to matters as the former accounting firm of the Company.

Where the Company removes or does not reappoint the accounting firm, it shall notify the accounting firm 30 days in advance and the accounting firm is entitled to attend the Shareholders' general meeting to present its opinion. In the case of the resignation of the accounting firm, it shall make clear in the Shareholders' general meeting whether there has been any impropriety on the part of the Company.

Any accounting firm may resign its office by depositing at the registered address of the Company, a resignation notice which shall become effective on the date of such deposit or at such later date as may be stipulated in such notice. Such notice shall include the following:

- (1) a statement to the effect that there are no circumstances connected with its resignation which necessary to be brought to the notice of the Shareholders or creditors of the Company; or
- (2) a statement of any relevant situations which needs to be brought to notice.

Where a notice is deposited under the preceding paragraph, the Company shall send a copy of the notice to the relevant governing authority within 14 days after receiving of such notice. If the notice contains a statement under paragraph (2) of the preceding paragraph, a copy of such statement shall be placed at the registered address of the Company for the inspection of Shareholders. Unless otherwise required by the Articles of Association, the Company shall also send a copy of such statement by prepaid mail to every Shareholder of overseas-listed foreign-invested shares at the address registered in the register of Shareholders.

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

8 NOTICE OF SHAREHOLDERS' GENERAL MEETINGS AND BUSINESS TO BE CONDUCTED THEREAT

The Shareholders' general meeting is the organ of authority of the Company and its functions and powers shall be exercised in accordance with the law.

The Company shall not, without the prior approval of Shareholders' general meeting, enter into any contract with any person other than a Director, Supervisor, president or other senior management whereby the management of the whole or any substantial part of the business of the Company is to be handed over to such person unless under exceptional circumstances such as involving in a crisis.

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

- (1) when the number of Directors is less than the number of Directors required by the PRC Company Law or two-thirds of the number of Directors specified in the Articles of Association;
- (2) when the unrecoverable losses of the Company amount to one-third of the total amount of its paid-up share capital;
- (3) when Shareholders individually or collectively holding 10% or more of the Shares of the Company request by written notice;
- (4) when deemed necessary by the Board;
- (5) when suggested by the Supervisory Committee; or
- (6) other conditions required by law, administrative regulations, department regulations or the Articles of Association.

The number of Shares referred to in item (3) above represents the number of Shares held by the Shareholder as of the date when he/she submits the written notice.

When the Company convenes a Shareholders' general meeting, written notice of the meeting shall be given 45 days before the date of the meeting to notify all of the Shareholders in the register of Shareholders of the matters to be considered and the place, date and time of the meeting. A Shareholder who intends to attend the meeting shall deliver his written reply concerning the attendance of the meeting to the Company 20 days before the date of the meeting.

The Board, the Supervisory Committee and Shareholders individually or jointly holding 3% or more of the total number of the Shares of the Company shall have the right to make proposals to the Company. Shareholders individually or jointly holding 3% or more of the total number of the Shares of the Company shall have the right to make a temporary proposal 10 days prior to the Shareholders' general meeting by furnishing the same to the convener in writing. The convener shall issue a supplemental notice of Shareholders' general meeting within two days after receiving the proposal to make public the contents of the temporary proposal.

Save for the situation stated in the preceding paragraph, the convener of the meeting shall not modify the proposals contained in the notice or add new proposals upon the issuance of the notice of Shareholders' general meeting.

The Company shall, based on the written replies received from the Shareholders 20 days before the date of the Shareholders' general meeting, calculate the number of voting Shares represented by the Shareholders who intend to attend the meeting. If the number of voting Shares represented by the Shareholders who intend to attend the meeting reaches one-half of the total voting Shares, the Company may hold the meeting; if not, the Company shall, within five days, notify the Shareholders again by way of public announcement the matters to be considered, the place, date and time for the meeting. The Company may hold the meeting after publication of such announcement.

A notice of meeting of Shareholders shall be required to:

- (1) be in writing;
- (2) specify the place, date and time and duration of the meeting;
- (3) state the details of all the matters and proposals to be considered at the meeting;
- (4) provide such information and explanation as necessary for the Shareholders to make an informed decision on the matters to be discussed. Without limiting the generality of the foregoing, where a proposal is made to consolidate and repurchase the Shares of the Company, to reorganize its share capital, or to restructure the Company in any other way, the specific terms and the contract, if any, of the proposed transaction shall be provided and the reason and effect of such proposal shall be properly explained;
- (5) contain a disclosure of the nature and extent of the material interests of any Director, Supervisor, president and senior management in the matters to be discussed, and difference in the effect which the matters to be discussed will have on them in their capacity as Shareholders in so far as it is different from the effect on the interests of Shareholders of the same class;
- (6) contain the full text of any special resolution to be proposed for approval at the meeting;
- (7) conspicuously contain a statement specifying that all Shareholders are entitled to attend and vote at the Shareholders' general meeting, and any Shareholder entitled to attend and vote at such meeting is entitled to appoint one or more proxies to attend and vote at such meeting on his/her behalf and that a proxy need not be a Shareholder of the Company;
- (8) specify the date and place for the delivery of proxy form for use at the meeting;
- (9) specify the record date of the Shareholders who are entitled to attend the Shareholders' general meeting; and
- (10) specify the names and telephone numbers of the contact persons for the meeting.

Any notice and supplementary notice of the Shareholders' general meetings shall sufficiently and completely disclose all contents of all motions in full. If any matter to be discussed requires opinions of the independent non-executive Directors, the opinions and reasons of the independent non-executive Directors shall be disclosed together with the issuance of notice and supplementary notice of Shareholders' general meeting.

If a Shareholders' general meeting is held online or otherwise, the designated time and voting procedures online or through other means shall be expressly stated in the notice of Shareholders' general meeting. Where online voting or voting through other means is adopted for the Shareholders' general meeting, it shall commence no earlier than 3:00 p.m. on the day before the convening of the Shareholders' general meeting but no later than 9:30 a.m. on the date of the meeting and shall end no earlier than 3:00 p.m. on the day when the Shareholders' general meeting is concluded.

The interval between the record date and the date of the meeting shall not be more than 7 working days. The record date shall not be changed once confirmed.

Unless otherwise required by the Articles of Association, the notice of Shareholders' general meeting shall be delivered to the Shareholders (whether having voting rights at the Shareholders' general meeting or not) by hand or by post with postage prepaid. Address of the recipient shall be consistent with the address set out in the register of Shareholders. In respect of the domestic Shareholders, notice of Shareholders' general meeting may also be made through public announcement.

The announcement referred to in the previous paragraph shall be published in one or more newspapers designated by the securities regulatory authority under the State Council and in the place where the Shares of the Company are listed 45 to 50 days prior to the date of the meeting. Upon the publication of announcement, all Shareholders of domestic shares shall be deemed to have received notice of the relevant Shareholders' general meeting.

The Company may deliver notice of Shareholders' general meeting by way of publishing on the website of the Company and the website prescribed by the Hong Kong Stock Exchange or other ways permitted by the Hong Kong Listing Rules and the Articles of Association to Shareholders of overseas-listed foreign-invested shares instead of delivery by hand or post with postage prepaid, provided that such arrangement is in compliance with laws, administrative regulations, regulatory documents and relevant regulations of the securities regulatory authorities in the place where the Shares of the Company are listed and complies with the relevant procedures.

The accidental omission to give notice of a meeting to, or the failure to receive the notice of a meeting by, any person entitled to receive notice shall not invalidate the meeting and the resolutions passed thereat.

After the notice of the Shareholders' general meeting is issued, proposals set out in such notice shall not be cancelled without valid reasons. In the event of any postponement or cancellation of the Shareholders' general meeting, the convener shall publish a public announcement at least two working days before the original date of the Shareholders' general meeting and state the relevant reasons.

Shareholders who hold more than 10% of the Shares of the Company individually or collectively shall have the right to request the Board to convene an extraordinary general meeting and the request shall be made in writing. The Board shall within ten days after receipt of the request provide a written reply, pursuant to the laws, administrative regulations and the Articles of Association, stating its agreement or disagreement to convene the extraordinary general meeting.

In the event that the Board agrees to convene an extraordinary general meeting, a notice of the Shareholders' general meeting shall be given within five days after the resolution of the Board, and any changes to the original request shall be subject to the approval of the relevant Shareholders.

In the event that the Board does not agree to convene an extraordinary general meeting, or fails to reply within ten days after receipt of the request, Shareholders holding more than 10% of the Shares of the Company individually or collectively shall have the right to request the Supervisory Committee to convene an extraordinary general meeting and the request shall be made in writing.

In the event that the Supervisory Committee agrees to convene an extraordinary general meeting, a notice of the Shareholders' general meeting shall be given within five days after receipt of the request, and any changes to the original proposal in the notice shall be subject to the approval of the relevant Shareholders.

In the event that the Supervisory Committee fails to send the notice of Shareholders' general meeting within the specified time, the Supervisory Committee shall be deemed not to convene and preside over the Shareholders' general meeting, and Shareholders having held more than 10% of the Shares of the Company separately or collectively for more than 90 consecutive days may convene and preside over the meeting.

Any reasonable expenses incurred by the Shareholders for reason of failure of the Board and the Supervisory Committee to duly convene a meeting shall be reimbursed by the Company and any sum so reimbursed shall be set-off against sums payable by the Company to the defaulting Directors.

Whenever deciding to convene the Shareholders' general meeting, the Supervisory Committee or Shareholders shall notify the Board and apply to the branch of the CSRC and the stock exchange in the place where the Company are located for filing.

Prior to making the announcement of resolutions of the Shareholders' general meeting, the Shareholders who proposed to convene the meeting shall hold no less than 10% of Shares of the Company.

While delivering the notice of Shareholders' general meeting and making the announcement of resolutions of the Shareholders' general meeting, the Shareholders who proposed to convene the meeting shall submit relevant certifications to the branch of the CSRC and the stock exchange where the Shares of the Company is listed.

The following matters shall be approved at the Shareholders' general meeting as ordinary resolutions:

- (1) work reports of the Board and the Supervisory Committee;
- (2) profit distribution plan and loss recovery plan formulated by the Board;
- (3) engagement and dismissal of members of the Board and the Supervisory Committee, as well as their remuneration and payment methods;
- (4) annual preliminary and final budgets plans, balance sheets and profit statement and other financial statements of the Company;
- (5) annual report of the Company; and
- (6) matters other than those required by the laws and administrative regulations, listing rules of the stock exchange in the place where the Shares of the Company are listed or by the Articles of Association to be approved by way of a special resolution.

The following matters shall be approved at the Shareholders' general meeting as special resolutions:

- (1) the increase or decrease of share capital and the issue of Shares of any class, warrants and other similar securities;

- (2) the issue of corporate bonds;
- (3) the division, merger, dissolution and liquidation of the Company;
- (4) amendments to the Articles of Association;
- (5) purchase or sale of material assets or provision of guarantee by the Company within a year, reaching an amount of 30% or more of our audited total assets value for the most recent period;
- (6) share option incentive plans;
- (7) proposals for adjustment of profit distribution policies; and
- (8) matters required by laws, administrative regulations, listing rules of the stock exchange in the place where the Shares of the Company are listed or the Articles of Association and any other matters considered by the Shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and should be approved as a special resolution.

Where any Shareholder is, under the listing rules of the place where overseas-listed foreign-invested shares are listed, required to abstain from voting on any particular matter being considered and approved or any particular matter being considered and approved, the votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted.

Where the resolutions adopted by the Shareholders' general meeting of the Company or the meetings of the Board violate any laws, administrative regulations, Shareholders shall have the right to require a People's court to declare such resolutions null and void.

Where the procedures for convening of and voting in a Shareholders' general meeting or a meeting of the Board violate any law, administrative regulations or the Articles of Association, or the resolution is in violation of the Articles of Association, the Shareholders may request the People's court to revoke the resolution within 60 days from the date when it is made.

After a People's court has declared the resolutions referred to above null and void, the Company shall file an application with the company registration authority for cancelling the registration of change.

9 TRANSFER OF SHARES

Shares of the Company held by the promoters shall not be transferred within one year from the date of the establishment of the Company.

Shares issued prior to the public offering of the Shares by the Company shall not be transferred within one year from the date the Shares of the Company were listed on the stock exchange(s).

Directors, Supervisors and other senior management of the Company shall report to the Company their shareholdings and changes therein and shall not transfer more than 25% of the total number of Shares held by them during their terms of office per year. The Shares held by them shall not be transferred within one year from the date the Shares of the Company are being listed and traded. The aforesaid person(s) shall not transfer the Shares of the Company held by them within six months commencing from the termination of their services.

Any gains from sale of Shares in the Company by any Directors, Supervisors and other senior management or Shareholders holding 5% or more of the domestic shares in the Company within six months after their purchase of the same, and any gains from purchase of Shares in the Company by any of the aforesaid parties within six months after sale of the same shall belong to the Company. The Board shall forfeit such gains from the abovementioned parties. However, if a securities company holds 5% or more of the Shares by buying the remaining Shares pursuant to an underwriting arrangement, the six month limitation for selling the said Shares shall not apply.

If the Board does not act in accordance with the provisions of the foregoing paragraph, the Shareholders shall be entitled to request the Board to effect the same within 30 days. If the Board fails to do so within the aforesaid period, the Shareholders are entitled to commence proceedings with a People's court directly in their own names for the interests of the Company.

Where the Board does not act in accordance with the provisions of the foregoing paragraph, the responsible Directors shall assume joint liability.

Save as otherwise stipulated by the relevant laws, administrative regulations, the Articles of Association and relevant requirements under the securities regulatory authority of the place where the Shares of the Company are listed, the Shares of the Company may be freely transferrable free of any lien. Where the overseas-listed foreign-invested shares listed in Hong Kong are to be transferred, it shall be registered with a share registrar in Hong Kong appointed by the Company.

Any fully paid overseas-listed foreign-invested shares listed in Hong Kong are free to be transferred pursuant to the Articles of Association, provided that the Board may refuse to recognize any instrument of transfer without any reason unless the following conditions are satisfied:

- (1) instruments of transfer and other documents relating to the ownership of any Shares or affecting the ownership of Shares shall be registered and a fee determined pursuant to the charging standard under the Hong Kong Listing Rules shall be paid to the Company for the registration subject to the maximum amount as prescribed from time to time by the Hong Kong Listing Rules;
- (2) the instrument of transfer that only relates to the overseas-listed foreign-invested shares listed in the Hong Kong Stock Exchange;
- (3) the stamp duty on the instrument of transfer payable according to the laws in Hong Kong has been paid;
- (4) provision of the relevant share certificates and other evidence as may be reasonably required by the Board to prove the right of the transferor to transfer the Shares;
- (5) if the Shares are to be transferred to joint holders, the number of joint holders shall not exceed four; and
- (6) the relevant Shares are not subject to any lien of companies.

Where the Board refuses to register the transfer of the Shares, the Company shall deliver a notification to the transferor and transferee, informing them of such refusal of registration of share transfer within two months from the date of the application for transferring the Shares.

All transfers of the overseas-listed foreign-invested shares listed on the Hong Kong Stock Exchange shall be effected by an instrument of transfer in writing in usual or common form or in any

other forms as accepted by the Board (including standard transfer format or form specified by the Hong Kong Stock Exchange from time to time). An instrument of transfer may be signed by hand or stamped with a corporate seal (in the event that the transferor or transferee is a corporate entity). If the transferor or transferee is a recognized clearing house as defined in the relevant provisions in force from time to time of the laws of Hong Kong (hereinafter referred to as “**recognized clearing house**”) or its nominee(s), the instrument of transfer may be signed by hand or executed by means of a machine imprinted signature.

All instruments of transfer shall be maintained at the registered address of the Company or any other place as the Board may specify from time to time.

Transfers may not be entered in the register of Shareholders within 30 days prior to the date of a Shareholders’ general meeting or within five days prior to the record date set by the Company for the purpose of distribution of dividends.

Requirements of the securities regulatory authority of the place where the Shares of the Company are listed shall prevail.

10 RIGHTS TO REPURCHASE ITS OUTSTANDING SHARES IN ISSUE

The Company may repurchase its issued Shares pursuant to requirements under laws, administrative regulations, requirements of authorities and the Articles of Association under the following circumstances:

- (1) reducing the registered capital of the Company;
- (2) merging with another company that holds Shares in the Company;
- (3) granting Shares to employees of the Company as incentives;
- (4) acquiring Shares held by Shareholders (upon their request) who vote against any resolution proposed in any Shareholders’ general meeting on the merger or division of the Company; or
- (5) other circumstances as permitted by relevant laws and administrative regulations of the PRC and the securities regulatory authority of the place where the Shares of the Company are listed.

Save as aforementioned, the Company shall not purchase or sell the Shares of the Company.

Any repurchase of Shares by the Company for the purpose of items (1) to (3) of the foregoing paragraph shall be resolved at the Shareholders’ general meeting. For the circumstance set out in item (1), such Shares shall be cancelled within 10 days and such change in registered capital shall be forthwith registered with the administrative departments under the SAIC, and for circumstances set out in items (2) and (4), such Shares shall be transferred or cancelled within six months.

Where the Company has acquired its Shares pursuant to item (3) of the foregoing paragraph, the Shares so acquired shall not exceed 5% of the total Shares issued by the Company. The capital used for acquisition shall be financed by the profit after tax of the Company, and such Shares so acquired shall be transferred to employees within one year.

Acquisition of the Shares of the Company may be carried out in any of the following manners:

- (1) to make a repurchase offer to all Shareholders in proportion to their respective shareholdings;
- (2) to repurchase Shares in open trading on a stock exchange;
- (3) to repurchase by way of agreement other than through a stock exchange; or
- (4) other means as permitted by the laws and administrative regulations of the PRC and the securities regulatory authority of the place where the Shares of the Company are listed.

Where the Company repurchases its Shares by way of agreement other than through a stock exchange, it shall seek prior approval of the Shareholders at the Shareholders' general meeting in accordance with the Articles of Association. The Company may release or vary a contract so entered into by the Company or waive its rights thereunder with prior approval by Shareholders at a Shareholders' general meeting obtained in the same manner.

The contract to repurchase Shares as referred to in the preceding paragraph includes, but not limited to, an agreement to become obliged to repurchase or to acquire the right to repurchase Shares.

The Company shall not assign a contract for repurchasing its Shares or any of its right thereunder.

In the event that the Company has the rights to repurchase the redeemable Shares, that is where repurchases are not made through the market or by tender, the cost of such repurchase shall not exceed a certain price limit; and where repurchases are made by tender, such tenders shall be made available to all Shareholders under the same conditions.

Unless the Company is in the course of liquidation, it must comply with the following provisions in repurchasing its own issued and outstanding Shares:

- (1) where the Company repurchases Shares of the Company at par value, payment be deducted from the book balance of distributable profits of the Company or out of the proceeds of a new issue of Shares made for that purpose;
- (2) where the Company repurchases its Shares at a premium, an amount equivalent to their total par value shall be deducted from the book balance of distributable profits of the Company or out of the proceeds of a new issue of Shares made for that purpose. Payment of the portion in excess of their par value shall be effected as follows:
 - (i) if the Shares being repurchased were issued at their par value, payment shall be made out of the book balance of distributable profits of the Company; or
 - (ii) if the Shares being repurchased were issued at a premium, payment shall be made out of the book balance of distributable profits of the Company or the proceeds of a new issue of Shares made for that purpose, provided that the amount paid out of the proceeds of the new issue may not exceed the aggregate of premiums received by the Company on the issue of the Shares repurchased or the current balance of the premium account (or capital reserve account) of the Company (inclusive of the premiums from the new issue);

- (3) payment by the Company in consideration for the following shall be made out of the distributable profits of the Company:
 - (i) acquisition of rights to repurchase the Company's Shares;
 - (ii) variation of any contract to repurchase the Company's Shares; and
 - (iii) release of any obligation under any contract to repurchase the Company's Shares;
- (4) After the reduction of the aggregate par value of the cancelled Shares from the registered capital of the Company in accordance with relevant requirements, the amount for repurchases Shares at par value out of the distributable profits of the Company shall be transferred to the premium account (or capital reserve account) of the Company.

Unless otherwise stated herein, the financial treatment involved in the repurchase of Shares shall comply with the relevant laws and administrative regulations of the PRC and the securities regulatory authority of the place where the Shares of the Company are listed.

11 RIGHTS FOR SUBSIDIARIES TO HOLD SHARES OF PARENT COMPANY

The Articles of Association do not prohibit subsidiaries from holding shares of the parent company.

12 DIVIDENDS AND DISTRIBUTION

Basic principles for the profit distribution policy of the Company are as follows:

- (1) The Company shall take into full account to return to investors and distribute dividends to the Shareholders a certain proportion to the distributable profit realized for the year as set out in the consolidated financial statements;
- (2) The profit distribution policy shall remain consistent and stable, and shall be in the interest of the Company in the long term in the interests of all Shareholders as a whole and in line with the sustainable development of the Company; and
- (3) The Company shall give priority to profit distribution in cash over dividends. Cash dividends shall be distributed from profit of the Company upon fulfillment of the relevant conditions concerning cash dividends.

Specific policies for the profit distribution of the Company are as follows:

- (1) When distributing after-tax profits of a certain year, the Company shall set aside 10% of its after-tax profits for the statutory surplus reserve fund of the Company. When the aggregate balance in the statutory surplus reserve fund amounts to 50% or more of the registered capital of the Company, the Company may cease to make further allocations.

Where the statutory surplus reserve fund of the Company is not enough to make up losses of the Company for the preceding year, the profits of current year shall be applied first to make up the losses before being allocated to the statutory surplus reserve fund in accordance with the preceding paragraph.

Subject to a resolution of the Shareholders' general meeting, after allocation has been made to the statutory surplus reserve fund of the Company from its after-tax profits, the Company may set aside funds for the discretionary reserve fund.

The remaining after-tax profits after making up the losses and allocating the reserve funds shall be distributed to Shareholders in accordance with the proportion of Shares held by the Shareholders except for distributions that are not conducted on a pro rata basis based on shareholding as provided by the Articles of Association.

- (2) Form of profit distribution: The Company may distribute dividends in the form of cash or shares, a combination of cash and shares or capitalization of capital reserves or other forms in compliance with laws and regulations.

Subject to the principles for dividend distribution and the long term development of the Company, the Company shall make profit distribution once every year in principle and such profit distribution shall be proposed by the Board. Interim profit distribution may be made by the Company subject to circumstances.

- (3) Specific conditions and proportion for cash dividends distributed by the Company: Except for certain special circumstances, if the Company records profit for the year and its accumulated undistributed profit is positive, it shall distribute dividends in cash, and the profit distributed in cash per annum shall not be less than 10% of the distributable profit realized for the year as set out in the consolidated financial statements of the Company in principle and the aggregate profits distributed in cash for every three years shall not be less than 30% of the average annual distributable profits realized for the latest three years as set out in the consolidated financial statements of the Company in principle.

Special circumstances refer to the following:

1. where the production and operation of the Company are materially affected by force majeure (e.g. war, natural disasters and etc.);
 2. where there are substantial changes in the external operating environment and such changes materially affect the production and operation of the Company; or
 3. where other events that shall have significant impact on the production and operation of the Company and its capital condition has occurred or expected to occur within the next 12 months.
- (4) Subject to the conditions of cash dividends and in the case of mature development of the Company and the absence of material capital expenditure arrangement, the proportion of cash dividend to profit distribution shall be at least 80%. In the case of mature development of the Company and the occurrence of material capital expenditure arrangement, the proportion of cash dividend to profit distribution shall be at least 40%. In the case of growth of the Company and the occurrence of material capital expenditure arrangement, the proportion of cash dividend to profit distribution shall be at least 20%.
- (5) Specific condition for the Company to distribute dividends on shares: When the Company is in a sound operating condition, and the Board considers that the Company's stock price does not reflect its scale of capital, and distributing dividends in shares will be in the interests of all shareholders as a whole, the Company may propose the distribution of dividends in shares upon fulfillment of the above conditions concerning cash dividends. The Company shall distribute dividends of shares on the basis of reasonable returns for shareholders and sustainable share capital by taking into account practical factors such as the growth of the Company and dilution of net assets per share.

- (6) Approval process for the profit distribution plan of the Company:
1. The profit distribution plan of the Company shall be submitted to the Board and the supervisory committee of the Company for consideration after incorporating opinions of shareholders (particularly minority and medium shareholders) and independent directors. The Board shall thoroughly discuss the rationality of the profit distribution plan and form a special resolution, which will then be submitted to the general meeting for consideration. When formulating cash dividend plan, the directors shall study and discuss the timing, conditions and minimum proportion, adjustment conditions and relevant decision-making procedures in respect of cash dividend of the Company. Independent directors may collect opinions from minority and medium shareholders when formulating the cash dividend plan which shall be submitted directly to the board meeting for consideration. The Company shall take the initiative to communicate and interact with shareholders through various channels such as shareholder hotline in order to extensively receive the opinions and requests of minority and medium shareholders on the cash dividend plan. Prompt reply to the concerns of minority and medium shareholders shall also be given access to online voting for shareholders shall be provided by the Company when the profit distribution plan is considered at the general meeting.
 2. Where the Company resolves not to distribute cash dividend under special circumstances as specified in provision (3) above, the Board shall explain the specific reasons for not distributing cash dividend, the exact purpose for the retained profit and the estimated investment return, and submit such to the general meeting for consideration after independent Directors have given their opinions thereon, and disclose the same in the media designated by the Company.
 3. The Company shall strictly comply with the cash dividend policy set out in this Articles of Association and the cash dividend plan considered and approved by the general meeting. In the event that adjustment or change of the cash dividend policy set out in this Articles of Association is necessary due to the special circumstances stated in the provision (3) above, the Company shall make the adjustment or change upon thorough discuss, compliance with the relevant decision-making procedures and approval of no less than two-thirds of voting rights of shareholders present at the general meeting. The reasons and opinions of the independent directors on the relevant issues shall be disclosed in the current annual report.
- (7) Implementation of the profit distribution plan: After the profit distribution plan has been resolved at a general meeting, the Board shall complete the dividend (or share) distribution within two months after the holding of such meeting.
- (8) If a general meeting violates the provision (1) above and profits are distributed to the shareholders before the Company makes up losses or makes allocations to the statutory reserve fund, shareholders shall return the profits distributed in violation of the provisions to the Company.
- No profit shall be distributed in respect of the shares of the Company which are held by the Company.
- (9) The Company shall comply with the decision-making procedures set out in this Articles of Association when formulating its profit distribution policy. The Board shall study and

discuss matters relating to the returns for shareholders, set out a specific and clear plan on the returns for shareholders and explain the reasons for the formulation of the plan in detail.

- (10) The supervisory committee shall supervise the implementation of the cash dividend policy and the plan on returns for shareholders by the Board and whether the implementation is in compliance with the relevant decision-making procedures and information disclosure requirements. The supervisory committee shall give specific opinions and monitor the prompt rectification of the Board in the event of any of the following circumstances: 1. the cash dividend policy and the plan on returns for shareholders are not strictly implemented; 2. the relevant decision-making procedures in respect of the cash dividend are not strictly implemented; 3. the disclosure and implementation of the cash dividend policy are not true, accurate or complete.

Any amount paid up by Shareholders in advance of calls on any Shares may carry interest but the holder of such Shares shall not be entitled to participate in respect thereof in a dividend subsequently declared.

The Company shall appoint receiving agents on behalf of the holders of overseas-listed foreign-invested shares to receive on behalf of such Shareholders dividends declared and all other monies owing by the Company in respect of such shares.

The receiving agents appointed by the Company shall satisfy the relevant requirements of the laws of the place and relevant regulations of the stock exchange where the Shares of the Company are listed. The receiving agents appointed for the holders of overseas-listed foreign-invested shares listed on the Hong Kong Stock Exchange shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

13 PROXIES

Any Shareholder entitled to attend and vote at a Shareholders' general meeting shall have the right to appoint one or several persons (who may not be Shareholders) to act as their proxies to attend and vote at the meeting on their behalf. The proxies so appointed by the Shareholders may exercise the following rights:

- (1) have the same right as the Shareholder to speak at the meeting;
- (2) have authority to demand or, jointly with others, to demand a poll; and
- (3) have the right to vote by hand or on a poll unless otherwise provided by relevant laws and administrative regulations and relevant provisions of the securities regulatory authority of the place where the Shares of the Company are listed. Where more than one proxy is appointed, the proxies may only exercise the voting right on a poll.

Where such Shareholder is a recognized clearing house as defined in relevant provisions in Hong Kong enacted from time to time (or its nominee), such Shareholder is entitled to appoint one or more persons as it thinks fit to act on its behalf at any Shareholders' general meetings or any other class meetings; where not less than one person is authorized, the letter of attorney shall specify the number and class of shares involving each person so authorized and shall be signed by the authorized person of recognized clearing house. Such persons so authorized shall be entitled to attend the meeting

(without presentation of share certificate, notarially certified and/or further supporting copy of that power of authority) and exercise their rights on behalf of the recognized clearing house (or its nominee) as if they were individual Shareholders of the Company.

A Shareholder shall appoint his/her proxy(ies) in writing. Instruments issued by Shareholders appointing proxies to attend the Shareholders' general meeting shall specify the following:

- (1) name of the proxy;
- (2) proxy's voting right;
- (3) the instructions in relation to voting for or against, or abstaining from voting on each item to be considered at the Shareholders' general meeting;
- (4) the date of the issue and the valid term of the letter of attorney; and
- (5) the signature (or seal) of the appointer or the authorized person appointed in writing. Where the appointer is a legal entity or a corporation, the letter of attorney shall be affixed with its common seal or duly signed by its legal representative (or Director) or authorized person duly appointed.

A letter of proxy shall be lodged at the registered address of the Company or other places specified in the notice of meeting 24 hours before the relevant meeting for voting, or 24 hours before the designated time of voting. Where the letter of attorney is signed by a person under a letter of attorney on behalf of the appointer, the letter of attorney or other authorization documents authorized to be signed shall be notarized. A notarially certified copy of that letter of attorney or other authorization documents, together with the letter of proxy, shall be deposited at the domicile of the Company or other places specified in the notice of meeting.

Where the appointer is a legal person, its legal representative or other persons authorized by the resolutions of the Board or other decision-making organ to act as its representatives may attend the Shareholders' general meeting of the Company as a representative of the appointer.

Any letter of proxy provided by a Shareholder to the Board for appointing a proxy shall allow the Shareholder to freely instruct the proxy to cast vote for or against or abstain from voting on each resolution dealing with the matters to be resolved at the meeting. Such letter of proxy shall contain a statement that in the absence of instructions by the Shareholder, the proxy of such Shareholder may vote at his/her own will.

Where the appointer has deceased, been incapacitated to act or withdrawn the appointment or the letter of proxy, or where the relevant Shares have been transferred prior to the voting, a vote given in accordance with the letter of proxy shall remain valid, provided that no written notice of such event has been received by the Company prior to the commencement of the relevant meeting.

14 CALLS ON SHARES AND FORFEITURE OF SHARES

As required by the Articles of Association, any amount paid up by Shareholders in advance of calls on any Shares may carry interest but the holder of such Shares shall not be entitled to participate in respect thereof in a dividend subsequently declared. No other provisions are set out in the Articles of Association in relation to calls on Shares and forfeiture of Shares.

15 REGISTER OF SHAREHOLDERS AND OTHER RIGHTS OF SHAREHOLDERS

The Company may, in accordance with the mutual understanding and agreements made between the securities regulatory authority of the State Council and overseas securities regulatory authorities, maintain its register of holders of overseas-listed foreign-invested shares outside the PRC and appoint overseas agent(s) to manage such register. The original register of holders of overseas-listed foreign-invested shares listed in the Hong Kong Stock Exchange shall be maintained in Hong Kong.

The Company shall maintain a duplicate of the register of holders of overseas-listed foreign-invested shares at the registered address of the Company. The appointed overseas agent(s) shall ensure the consistency between the original and the duplicate of the register of holders of overseas-listed foreign-invested shares at all times.

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

The Company shall maintain a complete register of Shareholders.

The register of Shareholders shall include the following:

- (1) the register of Shareholders maintained at the registered address of the Company (other than those parts as described in items (2) and (3) of this paragraph);
- (2) the register of Shareholders in respect of the holders of overseas-listed foreign-invested shares of the Company maintained at the place where the overseas stock exchange in which the shares are listed is located; and
- (3) the register of Shareholders maintained at such other place as the Board may consider necessary for the purpose of listing of the shares of the Company.

Different parts of the register of Shareholders shall not overlap with one another. No transfer of the Shares registered in any part of the register shall, during the existence of that registration, be registered in any other part of the register of Shareholders.

Alteration or rectification of each part of the register of Shareholders shall be made in accordance with the laws of the place where that part of the register of Shareholders is maintained.

Transfers may not be entered in the register of Shareholders within 30 days prior to the date of a Shareholders' general meeting or within five days prior to the record date set by the Company for the purpose of distribution of dividends.

Requirements of the securities regulatory authority of the place where the Shares of the Company are listed shall prevail.

When the Company intends to convene a Shareholders' general meeting, distribute dividends, liquidate and engage in other activities that involve determination of shareholding, the Board shall appoint a record date for the registration of shareholdings, and Shareholders whose names appear on the register of Shareholders at the end of the record date shall be Shareholders.

When the Company intends to convene a Shareholders' general meeting, distribute dividends, liquidate and engage in other activities that involve determination of the capacity of Shareholders, the

Board or the convener of the Shareholders' general meeting shall appoint a record date for the registration of shareholdings, and Shareholders whose names appear on the register of Shareholders at the end of the record date shall be Shareholders for their entitlements.

Shareholders have the right to obtain relevant information in accordance with the provisions of the Articles of Association, including:

- (1) the right to obtain a copy of the Articles of Association, subject to payment of the cost of such copy;
- (2) the right to inspect and copy, subject to payment of a reasonable charge:
 - (i) all parts of the register of Shareholders;
 - (ii) personal particulars of each of the Directors, Supervisors, president and other senior management of the Company, including their present name and alias, and any former name and alias, principal residential address, nationality, primary and all other part-time occupations and respective positions, identification document and identification number;
 - (iii) the state of the Company's share capital;
 - (iv) 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 incurred by the Company for this purpose;
 - (v) the debenture records of the Company, minutes of Shareholders' general meetings, resolutions of Board meetings, resolutions of meetings of the Supervisory Committee and the financial and accounting report; and
 - (vi) a copy of the latest annual report statements submitted to the administrative departments under the SAIC or filed with other competent authorities

Shareholders demanding to inspect or get a copy of the relevant information stipulated in the foregoing paragraphs shall provide written documents evidencing the class of shares they hold and the number of such shares. The Company shall provide the information as requested by the Shareholders upon verifying the identification of such Shareholders.

Copies of the meeting minutes shall be available for inspection during business hours of the Company by any Shareholder without charge. In case any Shareholder demands a copy of such minutes from the Company, the Company shall deliver a copy of such minutes within seven days after the receipt of reasonable costs.

16 QUORUM FOR SHAREHOLDERS' GENERAL MEETINGS

The Company may convene a Shareholders' general meeting where the number of voting Shares represented by Shareholders intending to attend the meeting amounts to half or more of the voting Shares of the Company; or, if that number is lower, the Company shall within five days notify the Shareholders again of the matters proposed to be considered at the meeting, the date and the place of the meeting by way of public announcement. After such public announcement, the Company may hold the Shareholders' general meeting.

The Company may convene a class meeting where the number of voting Shares represented by Shareholders intending to attend the meeting amounts to half or more of the voting Shares of that class of the Company; or, if that number is lower, the Company shall within five days notify the Shareholders again of the matters proposed to be considered at the meeting, the place, the date and time of the meeting by way of public announcement. After such public announcement, the Company may hold the class meeting.

17 RESTRICTIONS ON THE RIGHTS OF CONTROLLING SHAREHOLDER

The Controlling Shareholder or the de facto Controlling Shareholder shall not use his/her connected relationship to prejudice the interests of the Company. In violation of such provisions, he/her shall be liable to compensate the Company for the losses thereof.

The Controlling Shareholder and the de facto Controlling Shareholder of the Company have the duty to act in good faith towards the Company and public Shareholders of the Company. The Controlling Shareholder shall strictly exercise his/her rights as a capital contributor in accordance with the laws and shall not take advantage of profit distribution, asset restructuring, external investment, capital appropriation and loan guarantee to the detriment of the legal interests of the Company and public Shareholders. Nor shall they take the advantage of their controlling position to the detriment of the Company and public Shareholders.

In addition to obligations imposed by laws, administrative regulations or required by the stock exchange of the place in which Shares of the Company are listed, the Controlling Shareholder shall not exercise his 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 of the Company:

- (1) to relieve a Director or Supervisor of his/her duty to act honestly in the best interests of the Company;
- (2) to approve the expropriation by a Director or Supervisor (for his/her own benefit or for the benefit of another person), in any way, of the assets of the Company, including (without limitation) opportunities beneficial to the Company; or
- (3) to approve the expropriation by a Director or Supervisor (for his own benefit or for the benefit of another person) of the individual interests of other Shareholders, including (without limitation) rights to distributions and voting rights save pursuant to a restructuring submitted to the Shareholders' general meeting for approval in accordance with the Articles of Association.

18 LIQUIDATION OF THE COMPANY

The Company shall be dissolved due to any of the following reasons:

- (1) expiry of terms of operation or any dissolution events as stipulated in the Articles of Association occur;
- (2) a resolution for dissolution is passed at a Shareholders' general meeting;
- (3) dissolution as a result of a merger or division of the Company;
- (4) the business licence of the Company is revoked, or the Company is ordered to close down or is closed down in accordance with laws;

- (5) Shareholders holding not less than 10% of all the voting rights of the Company applied to the People's court for dissolution when the Company experiences severe difficulties in its operations and management and that continual operation of the Company will bring significant losses to the interest of Shareholders while there are no other ways to resolve the difficulties; or
- (6) the Company is legally declared insolvent due to its failure to repay debts due.

Should the Company dissolve due to reasons stipulated in the aforesaid items (1), (2), (4) and (5), it shall set up a liquidation committee to begin liquidation within 15 days after the occurrence of the dissolution event. The liquidation committee shall comprise members determined by the resolutions of the Shareholders' general meeting, failing which creditors may apply to the People's court for the establishment of a liquidation committee comprising designated persons.

Where the Board decides to liquidate the Company (due to causes other than the declaration of insolvency), the Board shall include a statement in its notice convening a Shareholders' 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 its debts in full within 12 months from the commencement of the liquidation.

Upon passing of the resolution for the liquidation of the Company by the Shareholders' general meeting, all functions and powers of the Board shall cease.

The liquidation committee shall exercise the following functions and powers during the period of liquidation:

- (1) to categorize the assets of the Company and prepare a balance sheet and an inventory of assets respectively;
- (2) to notify the creditors or to publish public announcements;
- (3) to dispose of and liquidate any unfinished businesses of the Company;
- (4) to pay all outstanding taxes and taxes incurred in the course of liquidation;
- (5) to settle claims and debts;
- (6) to deal with the surplus assets remaining after repayment by the Company of its debts; and
- (7) to represent the Company in any civil proceedings.

The liquidation committee shall inform its creditors within ten days from the date of its establishment, and shall publish a public announcement in newspaper within 60 days from the date of its establishment. A creditor shall claim his rights within 30 days from the date of receipt of a written notice or, in the case of a creditor who does not receive such notice, within 45 days from the date of public announcement.

The creditors shall provide a statement and evidence with respect thereof in claiming their rights. The liquidation committee shall register the rights of the creditors.

During the liquidation period, the liquidation committee shall not settle any debt with the creditors.

After the liquidation committee has sorted the assets of the Company and prepared a balance sheet and an inventory of assets, it shall prepare a liquidation plan and submit it to the Shareholders' general meeting or the People's court for confirmation.

The assets of the Company shall be used to pay off its debts in the following order:

- (1) to pay liquidation expenses;
- (2) to pay wages due to staff and workers, social insurance expenses and statutory compensation;
- (3) to pay taxes due;
- (4) to settle indebtedness of the Company; and
- (5) to distribute to the Shareholders on pro rata basis.

No asset of the Company shall be distributed to the Shareholders before repayment of debts in accordance with items (1) to (4).

If the liquidation committee, having sorted the assets of the Company and prepared the balance sheet and an inventory of assets, discovers that there are insufficient assets in the Company to pay off its debts, it shall apply to the People's court forthwith for a declaration of bankruptcy.

Upon declaration of bankruptcy of the Company by the People's court, the liquidation committee shall hand over the liquidation matters to the People's court.

Upon completion of liquidation, the liquidation committee shall prepare a liquidation report, an income and expenditure statement and financial account for the period of liquidation and, after they are certified by a PRC certified public accountant, submit to the Shareholders' general meeting or the People's court for confirmation.

The liquidation committee shall, within 30 days from the date of confirmation by the Shareholders' general meeting or the People's court, submit the aforesaid documents to the company registration authority for cancellation of the registration of the Company and make an announcement on its termination.

19 OTHER PROVISIONS MATERIAL TO THE COMPANY AND OUR SHAREHOLDERS

(a) General Provisions

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

The Company may invest in other enterprises such as companies with limited liabilities and joint stock companies. The Company's liabilities to an investee company shall be limited to the amount of its capital contribution or value of its subscribed shares to such investee.

The Articles of Association constitute a legally binding document regulating the organization and activities of the Company, and the rights and obligations between the Company and each Shareholder and among the Shareholders inter se from the effective date of the Articles of Association. The Articles of Association shall have binding effect on the Company, and its Shareholders, Directors, Supervisors and senior management. Such persons shall be entitled to exercise their rights regarding

the Company according to the Articles of Association. Pursuant to the Articles of Association, the Shareholders may bring legal action against (i) any Shareholder; (ii) the Directors, Supervisors, chief executive officer and other senior management of the Company; and (iii) Company. Pursuant to the Articles of Association, the Company may bring legal actions against the Shareholders, Directors, Supervisors, president and other senior management. The above legal actions include applying to the court for legal actions or applying for arbitration with the arbitration board.

(b) The Company may, based on its operation and development needs and in accordance with the relevant provisions of the laws and regulations, having obtained the approval of the Shareholders' general meeting, increase its registered capital. The Company may increase its capital in the following ways:

- (1) issue new open offer of shares;
- (2) non-public issue of Shares;
- (3) issue and allot new Shares to its existing Shareholders;
- (4) issue new Shares to existing Shareholders;
- (5) transfer of capital reserve fund into capital; or
- (6) any other way permitted by law, administrative regulations and the CSRC.

Upon approval in accordance with the provisions of the Articles of Association, the increase in share capital of the Company by means of the issuance of new Shares shall be made in accordance with the procedures set out in relevant national laws and administrative regulations and required by the securities regulatory authorities where the Company is listed.

The Company may reduce its share capital, which shall be made in accordance with the procedures set out in the PRC Company Law, other relevant regulations and the Articles of Association.

When the Company needs to reduce its registered share capital, it must draw up a balance sheet and an inventory of assets.

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

(c) Shareholders

A Shareholder of the Company is a person who lawfully holds Shares in the Company and whose name (title) is entered in the register of Shareholders.

A Shareholder shall enjoy rights and assume obligations according to the class of Shares held by him/her. Shareholders who hold Shares of the same class shall enjoy the same rights and assume the same obligations.

Shares issued by the Company for the subscription of domestic investors and other qualified investors in Renminbi are called domestic shares. Shares issued by the Company for the subscription of foreign investors and other qualified investors in foreign currencies are called foreign-invested shares. Foreign shares which are listed overseas are called overseas-listed foreign-invested shares.

Foreign-invested shares issued by the Company and listed in the Hong Kong Stock Exchange shall be referred to as H Shares. H Shares are shares which have been admitted for listing on the Hong Kong Stock Exchange, the nominal value of which is denominated in Renminbi and which are subscribed for and traded in Hong Kong dollars.

The foreign currency referred to in the preceding paragraph shall be the legal currency of other countries or regions (other than Renminbi) which is recognized by the foreign exchange administration authority of the State and can be used for payment of the Shares of the Company.

Both Shareholders of domestic shares and overseas-listed foreign-invested shares are ordinary Shareholders, who enjoy the same rights and assume the same obligations.

The ordinary Shareholders of the Company shall enjoy the following rights:

- (1) to obtain dividends and other distributions in proportion to the number of Shares held;
- (2) to request, convene, preside over, attend or appoint a proxy to attend Shareholders' general meetings and to vote thereat in accordance with laws;
- (3) of supervisory management over the business operations of the Company, and the rights to present proposals or to raise enquires;
- (4) to transfer, grant or pledge Shares held by him/her in accordance with laws, administrative regulations and provisions of the Articles of Association;
- (5) to obtain relevant information in accordance with the provisions of the Articles of Association, including:
 1. to obtain a copy of the Articles of Association, subject to payment of the cost of such copy;
 2. to inspect and copy, subject to payment of a reasonable charge:
 - (i) all parts of the register of Shareholders;
 - (ii) personal particulars of each of our Directors, Supervisors, president and other members of the senior management, including present name and alias and any former name and alias, principal residential address, nationality, primary and all other part-time occupations, identification document and its number;
 - (iii) reports on the state of the share capital of the Company;
 - (iv) 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 costs incurred by the Company for this purpose;
 - (v) the debenture records of the Company, minutes of Shareholders' general meetings, resolutions of the meetings of the Board, resolutions of the meetings of the Supervisory Committee and the financial accounting report; and
 - (vi) copy of the latest annual return filed with the SAIC or other authorities;
- (6) in the event of the termination or liquidation of the Company, to participate in the distribution of remaining assets of the Company in accordance with the number of Shares held;

- (7) to request the Company for a repurchase of Shares held by the Shareholders who are against the resolutions of the merger or division of the Company passed at the Shareholders' general meeting; and
- (8) other rights conferred by laws, administrative regulations, requirements of authorities and the Articles of Association.

The Company shall not use any powers or otherwise to freeze or harm any rights attached to Shares held by any person only owing to his/her non-disclosure to the Company in respect of his direct or indirect interests in the Shares.

Share certificates of the Company shall be in registered form.

The share certificates shall be signed by the chairman of the Board. Where the securities regulatory authority or securities exchange on which the Shares of the Company are listed requires the president or other senior management of the Company to sign on the share certificates, the share certificates shall also be signed by such personnel. The share certificates shall take effect after being affixed or imprinted with the seal of the Company. The share certificates shall only be affixed with the seal of the Company under the authorization of the Board. The signature of the chairman of the Board, president or other relevant members of the senior management of the Company may be in printed form.

Should the Shares of the Company be issued and traded in scripless form, stipulations of the securities regulatory authority or stock exchange at the place where such Shares listed shall otherwise be applicable.

For any person who is a registered Shareholder or who claims that his name (title) should be recorded in the register of Shareholders, he may apply to the Company for a replacement share certificate in respect of such shares (the “**Relevant Shares**”) if his share certificate (the “**Original Share Certificate**”) is lost.

Applications for a replacement share certificate by Shareholders of domestic shares shall be handled pursuant to the PRC Company Law.

Applications for a replacement share certificate by holders of overseas-listed foreign-invested shares shall be handled pursuant to the laws, the rules of the stock exchange, or other relevant regulations of the jurisdiction where the original copy of register of Shareholders for overseas-listed foreign shares is maintained.

Applications for a new share certificate by holders of overseas-listed foreign-invested shares of companies listed in Hong Kong Stock Exchange who lost their share certificates shall be handled in compliance with the following requirements:

- (1) Applicants shall submit an application to the Company in a prescribed form along with a notarization or a statutory declaration stating the grounds upon which the application is made and the circumstances and evidence of the loss of share certificate. Moreover, the applicant shall declare that no other person shall be entitled to have his name recorded into the register of Shareholders with respect to the Relevant Shares.
- (2) The Company shall not have received any declaration made by any person other than the applicant declaring that his name shall be recorded into the register of Shareholders with respect to such shares prior to the issue of a replacement share certificate to the applicant.

- (3) In the event that the Company intends to issue a replacement share certificate to an applicant, it shall publish an announcement of such intention at least once every 30 days within a period of 90 days in the newspaper prescribed by the Board.
- (4) Prior to its publication, the Company shall deliver, to the stock exchange on which its Shares are listed, a copy of aforementioned announcement. The Company may publish the announcement upon receipt of confirmation from such stock exchange confirming the announcement has been exhibited on the premises of the stock exchange. Such announcement shall be exhibited on the premises of the stock exchange for a period of 90 days.

In case an application for a replacement share certificate 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.

- (5) If, upon expiration of the ninety-day (90) period for announcement and exhibition referred to in items (3) and (4) of this Article, the Company has not received from any person any objection to such application, the Company may issue a replacement share certificate to the applicant according to his application.
- (6) Where the Company issues a replacement share certificate under this Article, it shall forthwith cancel the Original Share Certificate and enter the cancellation and issue in the register of Shareholders accordingly.
- (7) All expenses relating to the cancellation of an original certificate and the issue of a replacement share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until a reasonable guarantee is provided by the applicant for such expenses.

(d) Untraceable Shareholders

Subject to the PRC laws, the Company may forfeit unclaimed dividends upon the expiration of applicable validity period.

The Company may stop mailing dividend warrants to a holder of overseas-listed foreign-invested shares should the Shareholder fails to cash in the warrant after the warrant is mailed twice to him. However, if a single mailing to the Shareholder fails and is returned to the Company, the Company can exercise the abovementioned rights.

The Company may sell the shares of holders of overseas-listed foreign-invested shares whom the Company has failed to contact in a manner as the Board thinks fit, provided that the following requirements are met:

- (1) dividends on the relevant shares have been delivered at least three times within 12 years and have not been claimed;
- (2) the Company has placed announcement in one or more newspapers of the place where the Shares of the Company are listed after the 12 years have elapsed, stating its intention to sell the shares, and informed the Hong Kong Stock Exchange of such intention.

(e) Regulations on the authority of the Board and the Board meeting

The Board shall be accountable to the Shareholders' general meeting and exercises the following powers:

- (1) to convene Shareholders' general meetings and to report its work to the Shareholders' general meeting;
- (2) to implement the resolutions of Shareholders' general meetings;
- (3) to decide on the Company's business plans, investment plans and annual financing plans of the Company;
- (4) to formulate the plans on annual financial budget and final report of the Company;
- (5) to formulate the profit distribution plan and plan of the Company on making up losses;
- (6) to formulate the proposals for increase or decrease of the registered capital of the Company and issue of bonds or other securities of the Company and listing thereof;
- (7) to formulate plans for substantial acquisition, acquisition of shares of the Company or merger, division, dissolution and alteration of corporate form of the Company;
- (8) to decide on the investment, asset acquisition and disposal, pledge of assets, guarantee, entrusted wealth management, entrusted loan and connected transactions of the Company within the scope as authorized by the Shareholders' general meeting;
- (9) to decide on the establishment of an internal management organization of the Company
- (10) to appoint or dismiss the president and the secretary to the Board and, based on the nomination by the president, to appoint or dismiss senior management, including vice presidents and chief financial officer of the Company and to determine their remunerations, incentives and punishments;
- (11) to formulate the basic management system of the Company;
- (12) to formulate proposals for amendment to the Articles of Association;
- (13) to manage information disclosure of the Company;
- (14) to propose to the Shareholders' general meeting to appoint or change accounting firm in charge of the audit of the Company;
- (15) to listen to the work report and inspect the work of the president;
- (16) to formulate and implement the share option scheme of the Company; and
- (17) other functions and powers provided by laws, administrative regulations, department rules or the Articles of Association.

Except for the Board resolutions in respect of the matters specified in items (6), (7) and (12) above and as provided by laws, administrative regulations and the Articles of Association which shall be passed by no less than two-thirds of the Directors, the Board resolutions in respect of all other matters may be passed by more than one half of the Directors.

Regular meetings shall be held by the Board at least four times per year, i.e. about one meeting per quarter. Regular meetings shall be convened by the chairman by a meeting notice served to all Directors and Supervisors at least 14 days before the meeting.

In the event of any of the following circumstances, the Board shall convene and preside over extraordinary meetings within ten days upon receipt of the proposal:

- (1) when proposed by Shareholders holding, individually or collectively, not less than 10% of the Shares of the Company with voting rights;
- (2) when proposed by more than one third of the Directors;
- (3) when proposed by more than one half of the independent Directors.
- (4) when proposed by the Supervisory Committee;
- (5) when proposed by the president;
- (6) when considered necessary by the chairman of the Board;
- (7) when proposed by all special committees; or
- (8) when required by securities regulators.

Directors shall attend a meeting of the Board in person and may authorize other Directors in writing to attend the meeting on their behalf if they are not able to attend due to certain reasons.

A Director who fails to attend a Board meeting in person and fails to appoint another Director to attend the Board meeting successively for two times shall be deemed unable to discharge his duties. The Board shall put forward a proposal at the Shareholders' general meeting to replace such Director.

A meeting of the Board shall only be held if it has a quorum of more than half of the Directors or entrusted directors. Unless otherwise provided by laws, administrative regulations or the Articles of Association, resolutions of the Board shall be approved by more than half of all Directors.

Each Director shall have one vote for the resolutions of the Board.

Where there is an equality of votes for and against a particular resolution, the chairman shall be entitled to have a casting vote.

When a Director and the enterprises involved in the resolutions of the Board meeting have connected relations, such Director shall not exercise his/her voting rights on such proposal nor can he/she exercise any voting rights on behalf of others Directors. The meeting may be held if it has a quorum of more than half of the unconnected Directors or their proxies. The resolutions of the Board meeting shall be passed by more than half of the unconnected Directors. If the number of unconnected Directors or their proxies attending the board meeting is less than three, such matter shall be proposed to the Shareholders' general meeting for consideration.

(f) Independent Non-executive Director

The independent non-executive Directors shall comprise at least one-third of the Directors on the Board, and at least one of those independent non-executive Directors shall be a professional accountant, i.e. a person with a senior title or qualification as a certified public accountant.

(g) Supervisory Committee

The Company shall have a supervisory committee. The Supervisory Committee shall compose of three Supervisors, one of whom shall act as the chairman.

The term of office of Supervisors shall be three years, renewable upon re-election and reappointment.

The appointment or removal of the chairman of the Supervisory Committee shall be determined by two-thirds or more of the members of the Supervisory Committee.

The chairman shall convene and preside over meetings of the Supervisory Committee. Should the chairman be unable to or fail to carry out his duties, a Supervisor shall be appointed to act as chairman by more than half of the Supervisors to convene and preside over the meetings of the Supervisory Committee.

The Supervisory Committee shall comprise of representatives of Shareholders and one representative of staff and workers of the Company. The representatives of Shareholders shall be elected and removed by Shareholders' general meeting. The representative of workers and staff of the Company shall be elected and removed by the workers and staff of the Company in the workers and staff representative meeting, workers and staff meeting or through other democratic election.

Directors, the president and other members of the senior management shall not act concurrently as Supervisors.

The Supervisory Committee shall hold at least one meeting every six months, which is to be convened by the chairman. Supervisors are entitled to propose to convene extraordinary meetings of the Supervisory Committee.

The Supervisory Committee shall be accountable to the Shareholders' general meeting and exercise the following powers in accordance with laws:

- (1) to review, verify and provide written opinions on regular reports of the Company prepared by the Board ;
- (2) to examine the financial situation of the Company;
- (3) to supervise the Directors, the president and other senior management of the Company and propose to remove Directors and members of the senior management for violation of applicable laws, administrative regulations, the Articles of Association or the resolutions of the Shareholders' general meeting;
- (4) to demand rectification as necessary from a Director, the president and other members of the senior management when the acts of such person are harmful to the interests of the Company;
- (5) to propose to convene an extraordinary general meeting and to convene and preside over the Shareholders' general meeting when the Board of the Company fails to perform the duties of convening and presiding over the Shareholders' general meeting as stipulated in the Company Law;
- (6) to make proposals to the Shareholders' general meeting;
- (7) to represent the Company in communication with the Directors, or institute proceedings against the Directors and members of the senior management according to the stipulations in Article 152 of the PRC Company Law;
- (8) to undergo investigation should abnormality arise in the operation of the Company and, if necessary, to engage professional institutions such as an accounting firm or law firm to assist in its investigation at the cost of the Company;

- (9) to verify the financial information, such as the financial report, business report and profit distribution plans to be submitted by the Board to the Shareholders' general meetings and, should any queries arise, to engage, in the name of the Company, qualified accounting and auditing firms for a re-rectification of aforesaid information; and
- (10) to exercise other powers specified in the laws, administrative regulations, relevant provisions of the securities regulatory authority of the place where the Shares of the Company are listed and the Articles of Association and those conferred by the Shareholders' general meeting.

Any reasonable fee incurred from the engagement of attorneys, certified public accountants and auditors shall be borne by the Company.

Supervisors are entitled to attend the meetings of the Board and inquire about or provide suggestions on resolutions of the Board.

(h) President

The Company shall have one president, who shall be appointed and dismissed by the Board. The term of office of the president shall be three years, renewable upon re-election and reappointment.

Our president shall be accountable to the Board and exercise the following powers:

- (1) to be in charge of the manufacturing, operation and management of the Company, organize the implementation of the resolutions of the Board and report their work to the Board;
- (2) to organize the implementation of business plan, investment plan and annual financing plan of the Company;
- (3) to draft plans for the establishment of the internal organizational structure of the Company;
- (4) to draft the basic management system of the Company;
- (5) to formulate specific rules and regulations for the Company;
- (6) to propose to the Board concerning the appointment or dismissal of our vice president and chief financial officer;
- (7) to appoint or dismiss management and staff other than those required to be appointed or dismissed by the Board and formulate the salary, welfare and awards system for them;
- (8) to decide on any individual fixed asset investment with the amount of less than 1% of the latest audited net asset value of the Company and report to the Board;
- (9) to decide on interim financing with the amount of less than 1% of the latest audited net asset value of the Company and report to the Board; and
- (10) to exercise other powers conferred by the Articles of Association or the Board.

Senior management shall be present at meetings of the Board. However, the president shall have no voting rights at the meetings unless he is also a Director.

(i) Dispute Resolution

Unless otherwise provided by the Articles of Association, the Company shall comply with the following rules to resolve disputes:

- (1) Whenever any disputes or claims arise between holders of the overseas-listed foreign-invested shares and the Company, holders of the overseas-listed foreign-invested shares and the Directors, Supervisors, the president or other senior management of the Company, or holders of the overseas-listed foreign-invested shares and holders of domestic shares, based on the Articles of Association or any rights or obligations conferred or imposed by the Company Law or any other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration.

Where a dispute or claim of rights is referred to arbitration, the entire claim or dispute shall be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall abide by the arbitration provided that such person is the Company or a Shareholder, Director, Supervisor, the president or other senior management of the Company.

Disputes in relation to the identification of Shareholders and the share register may not be referred to arbitration.

- (2) A claimant may elect arbitration at either the China International Economic and Trade Arbitration Commission in accordance with its rules or the Hong Kong International Arbitration Centre (“HKIAC”) in accordance with its securities arbitration rules. Once a claimant refers a dispute or claim to arbitration, the other party shall submit to the arbitral body elected by the claimant.

If a claimant elects arbitration at the HKIAC, 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 HKIAC.

- (3) If any disputes or claims of rights described in item (1) are subject to arbitration, the Laws of Peoples’ Republic of China shall apply, save as otherwise provided in laws and administrative regulations.
- (4) The award of an arbitration body shall be final and conclusive and binding on all parties.