

This Appendix set out summaries of the main clauses of our Articles of Association adopted on November 1, 2013 and its subsequent amendments which shall become effective as of the date on which the H Shares are listed on the Hong Kong Stock Exchange. As the main purpose of this Appendix is to provide potential investors with an overview of the Articles of Association, it may not necessarily contain all information that is important for investors. As discussed in the appendix headed “Appendix VII — Documents Delivered to the Registrar of Companies and Available for Inspection” to this prospectus, the full document of the Articles of Association in Chinese is available for examination.

1 DIRECTORS AND BOARD OF DIRECTORS

(1) Power to allocate and issue shares

The Articles of Association does not contain clauses that authorize the Board of Directors to allocate or issue shares. The Board of Directors is entitled to prepare a proposal for share allotment or issue, which are subject to approval by the shareholders at the shareholders’ general meeting in the form of a special resolution. Any such allotment or issue shall be in accordance with the procedures stipulated in appropriate laws and administrative regulations.

(2) Power to dispose fixed assets

Upon the Board of Directors’ disposal of fixed assets, if the sum of the expected value of the fixed assets to be disposed of, and the value received from the fixed assets disposed of within the four months preceding this suggestion for disposal exceeds 33% of the value of fixed assets indicated on the latest audited balance sheet at the shareholders’ general meeting, the Board of Directors shall not dispose of or agree to dispose of such fixed assets without the prior approval of the Shareholders’ general meeting.

The disposal of fixed assets here refers to the acts of the transfer of rights and interests in certain assets, but does not include the acts of the provision of guarantees with fixed assets.

The validity of the transactions with respect to the disposal of fixed assets of our Company shall not be affected by the violation of the above restrictions contained in the Articles of Association.

(3) Indemnification or compensation for loss of office

As provided in the contract entered into between our Company and the Directors or Supervisors in connection with their emoluments, they are entitled to compensation or other payments for loss of office or retirement as a result of the acquisition of our Company, subject to the approval of the shareholders at the shareholders’ general meeting in advance.

The aforesaid acquisition of our Company refers to one of the following circumstances:

- (i) An offer made by any person to all the shareholders; or

- (ii) An offer is made by any person such that the offeror will become the Shareholder. The definition of Controlling Shareholder is the same as defined in the Articles of Association.

If the relevant Director or Supervisor fails to comply with the above requirements, any payment received shall belong to the person who sells the shares for accepting the aforesaid offer. The Director or Supervisor shall bear all expenses arising from the distribution of such payments to the person in a proportional manner and all related expenses shall not be deducted from these payments distributed.

(4) Loans to Directors, Supervisors or other management

Our Company shall neither provide the Directors, Supervisors or senior management of our Company or our parent company with loans or loan guarantees either directly or indirectly nor provide persons related to the aforesaid personnel with loans or loan guarantees.

In the event that our Company provides loans in violation of this restriction, the person who receives the loan(s) must pay off the loan(s) immediately, regardless of the conditions of loans. Any loan provided by our Company in violation of the above requirements shall not be mandatorily enforced against us, unless under the following circumstances:

- (i) The loan provider unknowingly provides loans to personnel related to the Directors, Supervisors or senior management of our Company or its parent company;
- (ii) The collateral provided by our Company is sold lawfully by the lender to the buyer in good faith.

The following situations are exempted from the above clauses:

- (i) Our Company provides our subsidiaries with loans or loan guarantees;
- (ii) Our Company provides any of the Directors, Supervisors or senior management with loans, loan guarantees or other fund pursuant to the employment contracts approved at the Shareholders' general meeting to pay all expenses incurred for the purpose of our Company or performing our duties; and
- (iii) In case that the normal scope of business of our Company covers the provision of loans or loan guarantees, our Company may provide Directors, Supervisors or senior management or their related personnel with loans or guarantees for loans, provided that the conditions governing the loans or loan guarantees shall be normal commercial conditions.

For the purpose of the above, guarantee includes the acts of the guarantor bearing the liabilities or providing properties to ensure that the obligor performs the obligations.

(5) Financial aid for acquiring the Shares of our Company

The Articles of Association provided that:

- (i) Our Company or our subsidiaries, including our affiliates, shall not provide any financial assistance at any time or in any manner to personnel that acquires or plans to acquire our Shares. Such aforesaid personnel that acquire our Shares include any who undertake obligations, directly or indirectly, from acquiring the Shares.
- (ii) Our Company or our subsidiaries, including our affiliates, shall not provide the aforesaid obligor with financial aid at any time or in any manner to mitigate or exempt their obligations.

The above assuming obligations include obligator undertaking obligations by signing agreements or making arrangements (no matter whether the agreements or arrangements are enforceable on demand or bearing the obligations by itself or jointly with any other person) or changing its financial status in any other manner.

The above financial aid includes, but is not limited to:

- (i) Gifts;
- (ii) Guarantees (including acts of the guarantor assuming liabilities or providing property to ensure that the obligor performs the obligations), compensation (excluding compensation arising from mistakes of our Company), release or waiver of rights;
- (iii) Provision of loans or signing of contracts whereby our Company performs obligations before others, change of the parties to the loans/contracts as well as the assignment of the rights in the loans/contracts;
- (iv) Financial aid provided by our Company in any other manner when it is insolvent, has no net assets, or will result in significant decreases in net assets.

The following acts are not prohibited:

- (i) Related financial aid provided by our Company which is in good faith in our interest and the main purpose of the financial aid is not to acquire our Shares or is an incidental part of a master plan of our Company;
- (ii) The lawful distribution of our properties by way of dividend;
- (iii) Distribution of dividends in the form of shares;
- (iv) Reducing the registered capital, redeeming the Shares or adjusting the equity structure pursuant to the Articles of Association;

- (v) Our Company grants loans within our scope of business and in the ordinary course of our business, provided that such loans shall not result in reduction in the net assets of our Company or even if the net assets are reduced, this financial aid is paid from the profit available for distribution;
- (vi) Our Company provides the employee stock ownership plan with fund, provided that such loans shall not result in reduction in the net assets of our Company or, even if the net assets are reduced, this financial aid is paid from the profit available for distribution.

(6) Disclose matters relating to the contract rights of our Company and voting on the contracts

When our Directors, Supervisors and senior management has material interests in the contracts, transactions or arrangements that our Company has entered into or plans to enter into in any manner directly or indirectly (except for employment contracts that our Company has entered into with the Directors, Supervisors and senior management), the above personnel shall disclose the nature and degree of their interests to the Board of Directors as soon as possible no matter whether the above contracts, transactions, arrangements or suggestions are subject to the approval of the Board of Directors in normal circumstances.

An interested Director shall not be counted in the quorum of a meeting of the Board and shall refrain from voting on a contract, transaction or arrangement in which he or any of his associates is materially interested.

Unless the Directors, Supervisors and senior management who have interests have made disclosure to the Board of Directors in accordance with the above requirements and the Board of Directors approves the matters at the meeting in which they are not included in the quorum nor participate in voting, our Company shall have the right to cancel the contracts, transactions or arrangements, except where the opposite party is a party in good faith without knowledge of the acts of related Directors, Supervisors and senior management violating their obligations. For these purposes, a Director, Supervisor or senior management of our Company is deemed to be interested in a contract, transaction or arrangement in which an associate of him or her is interested.

Where a Director, Supervisor or senior management of our Company gives to the Board a general notice in writing before our Company's first consideration of entering into contracts, transactions and arrangements, stating that, by reason of the facts specified in the notice, he or she is interested in contracts, transactions or arrangements which may subsequently be made by our Company, such notice shall be for the purpose of this paragraph to be a sufficient declaration of his or her interests, so far as the content stated in such in such notice is concerned.

(7) Remuneration

Our Company shall sign written agreements with our Directors and Supervisors regarding remuneration, which shall be subject to prior approval of the Shareholders' general meeting. The aforesaid remuneration includes:

- (i) Remuneration as the Directors, Supervisors or senior management of our Company;

- (ii) Remuneration as the Directors, Supervisors or senior management of our subsidiaries;
- (iii) Remuneration for providing other services for management of our Company and our subsidiaries;
and
- (iv) Compensation received by such Directors or Supervisors as a result of loss of position or retirement.

No Director or Supervisor shall institute any litigation against our Company over any interests payable relative to the aforesaid unless provided for in the aforesaid contracts.

(8) Resignation, Appointment and Dismissal

None of the following persons shall serve as our Director, Supervisor or senior management if any of the following circumstances apply:

- (i) A person who has no civil capacity or has limited civil capacity;
- (ii) A person who has been convicted of the offense of corruption, bribery, larceny, embezzlement, or disrupting the socialist market economic order and is within five years of the expiry date of punishment or has been deprived of political rights because of this conviction and is within five years of the expiry date of the sentence;
- (iii) A person who has served as director, factory manager or manager of a company or enterprise that is bankrupt and liquidated, was personally liable for the bankruptcy of the company or enterprise, and is within three years of the date of completion of bankruptcy and liquidation of the company or enterprise;
- (iv) A person who has served as the legal representative of a company or enterprise whose business license was revoked and was ordered to shut down due to violation of the law, was personally liable, and is within three years of the date on which the business license of our Company or enterprise was revoked;
- (v) A person who has a large sum of debt, which was not paid at maturity;
- (vi) A person who is investigated by the judicial agencies for violation of criminal law and whose case is pending;
- (vii) A person who has been given penalties of prohibition against entering into the securities market from the security authority of the State Council and the term of such penalties has not expired;
- (viii) A person who was judged by the competent agencies to have violated the provisions of relevant securities laws, has been involved in deceptive or dishonest acts and is within five years of the date on which the judgment was made;

- (ix) A person who is not a natural person;
- (x) Other circumstances provided for by the regulatory authorities and the stock exchange of the place where our Company is listed, pursuant to the provisions of the laws, administrative rules and regulations.

The validity of the acts of our Directors or senior management on behalf of our Company to bona fide third parties shall not be affected by any irregularities in their appointment, election or qualifications.

The Board of Directors consists of nine directors, of which three of them are independent directors. They are elected at the shareholders' general meeting. The Directors are not required to hold shares of our Company. Written notices of intent to nominate candidates for Directors and indication of consent of such candidates to accept such nomination shall be given to our Company by notice for a period of not less than seven days before the shareholders' general meeting. A single proposal shall be made for each candidate for Director.

The chairman and vice chairman of the Board shall be elected and dismissed by a vote of more than one half of the Directors. The shareholders' general meeting may remove any Director whose term has not expired by an ordinary resolution without affecting any claim for damages that may be made pursuant to any contract.

The chairman, vice chairman and other Directors of the Board serve three-year terms. Upon expiration of the term, the Director may be re-elected.

Managers or other senior management shall serve the office of director concurrently. However, the total number of directors serving the office of manager or other senior management concurrently and labor union representative holding the office of director shall not exceed half of the total number of directors of the Company.

(9) Borrowing Rights

The Articles of Association does not include any special provision regarding the manner in which the Directors may exercise the borrowing rights or the manner in which such a right is created, except regarding the power of the Board to develop schemes for our Company to issue bonds and for listing pursuant to the Articles of Association, such bond issue must be approved by the Shareholders through a special resolution at the shareholders' general meeting.

(10) Responsibilities

Our Directors, Supervisors and senior management shall bear the obligations of good faith and diligence towards our Company. In the event of violation of obligations owed to our Company by our Directors, Supervisors and senior management, we shall have the right to take the following measures in addition to various rights and remedial measures stipulated in legal and administrative regulations:

- (i) Require related Directors, Supervisors or senior management to compensate our Company for losses sustained as a result of their neglect of duty;

- (ii) Cancel any contract or transaction entered into between our Company and related Directors, Supervisors or senior management as well as any contract or transaction entered into between our Company and any third person when the third person knew or should have known that the Directors, Supervisors or senior management acting on behalf of our Company violated their obligations owed to our Company;
- (iii) Require the relevant Directors, Supervisors or senior management to turn over the proceeds obtained from the violation of their obligations;
- (iv) Recover funds collected by the relevant Directors, Supervisors or senior management that should have been collected for our Company, including but not limited to commissions;
- (v) Require the relevant Directors, Supervisors or senior management to return the interest earned or that may be earned from funds that should have been paid to our Company; and
- (vi) Adopt rulings on legal procedures to repossess the property of the related Directors, Supervisors or senior management that has been obtained through the violation of duties.

When performing their responsibilities, our Directors, Supervisors and senior management must comply with the principle of integrity and shall not put themselves in situations where their own interests may conflict with the obligations they have undertaken. This principle includes, but is not limited to, performing the following obligations:

- (i) Sincerely taking the best interests of our Company as the starting point of any action;
- (ii) Exercising one's rights within but not exceeding the scope of authority;
- (iii) Exercising conferred discretionary powers personally without being manipulated by others; not transferring discretionary powers to other persons unless and to the extent permitted by laws and administrative regulations or with the informed consent given in a shareholders' general meeting;
- (iv) Treating Shareholders of the same type equally and Shareholders of different types fairly;
- (v) Entering into any contract, transaction or arrangement with our Company is not allowed, unless in line with the Articles of Association or otherwise by the approval of the shareholders' general meeting with its full knowledge;
- (vi) Seeking private gain using the properties of our Company in any manner is not allowed, unless agreed by the Shareholders' general meeting with its full knowledge;
- (vii) Using one's position to take bribes or other illegal gains is not allowed, nor is any form of embezzlement of our property, including, but not limited to, opportunities beneficial to our Company;

- (viii) Accepting commissions associated with transactions of our Company is not allowed unless agreed by the Shareholders' general meeting with its full knowledge;
- (ix) Compliance with the Articles of Association, discharging duties in a faithful manner, safeguarding the interests of our Company rather than seeking private gain by taking advantage of one's position and authority in our Company;
- (x) Unless agreed by the shareholders' general meeting with its full knowledge, one shall not abuse his position to appropriate the business opportunities for himself or other persons which should otherwise belong to the Company, or operate businesses similar to those of the Company for himself or other persons, or competing with our Company in any manner.
- (xi) Misappropriation of our funds is not allowed, nor is depositing the assets or funds of our Company in an account opened in one's own name or other names;
- (xii) Lending funds of our Company to our shareholder or any other person or using the property of our Company to provide guarantee for any other person without the consent of the shareholders' general meeting or the Board in contravention of provision of the Articles of Association;
- (xiii) Using his connected relations with our Company to prejudice the interests of our Company;
- (xiv) Disclosing any confidential information relating to our Company obtained during employment without the consent of the shareholders' general meeting with its full knowledge; using such information is also not allowed even it is in the interest of our Company; however, under the following circumstances the information may be disclosed to a court or other competent government agencies as required by (1) the provisions of the law; (2) the public interest; (3) the interest of such Directors, Supervisors or senior management.

Any incomes obtained by relevant personnel in violation of any provisions of the above Article shall belong to the Company. They shall be accountable to indemnify the Company against any losses incurred.

Our Directors, Supervisors and senior management may not direct the following personnel or institutions ("related personnel") to do acts that the Directors, Supervisors and senior management is prohibited from doing:

- (i) Spouses or minor children of our Directors, Supervisors, or senior management;
- (ii) The trustee of the Directors, Supervisors, senior management or the persons mentioned in (i) above;
- (iii) Partners of Directors, Supervisors, senior management or persons mentioned in (i) and (ii) above;
- (iv) The company under de facto control by the Directors, Supervisors and senior management individually or jointly with the persons or other directors, supervisors and senior management of companies mentioned in (i), (ii) and (iii) above;

- (v) Directors, Supervisors or senior management of the controlled companies mentioned in (iv) above.

The good faith obligation owed by our Directors, Supervisors and senior management may not necessarily terminate with the expiration of their terms; their obligation to keep the trade secrets of our Company in confidence shall survive the expiration of their terms. The duration of other obligations shall be determined in accordance with the principle of fairness, depending on the length of time from the occurrence of the events to the time of resignation, as well as the circumstances and conditions under which the relationship with our Company is terminated.

A Director, Supervisor or senior management of our Company may be relieved of liability for specific breaches of his duty with the informed consent of the shareholders given at a shareholders' general meeting, save under the relevant circumstances provided by the Articles of Association.

In addition to the obligations imposed by laws, administrative regulations or the Hong Kong listing rules of which shares of our Company are listed, our Director, Supervisor, and senior management, when exercising the functions and powers conferred upon him by our Company, owes the following obligations to each shareholders:

- (i) not to cause our Company to operate outside the business scope stipulated in our business license;
- (ii) to act honestly in the best interests of our Company;
- (iii) not to expropriate in any guise our Company's property, including (but not limited to) usurpation of opportunities advantageous to our Company;
- (iv) not to expropriate the individual rights of shareholders, including (but not limited to) rights to distribution and voting rights, save pursuant to a restructuring of our Company submitted to shareholders' general meeting for approval in accordance with the Articles of Association.

Each of our Directors, Supervisors, and senior management owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

In the event of violation of laws, administrative regulations or the provisions under the Articles of Association by a Director or senior management in performing his duties resulting loss suffered by our Company for a continuous period of one hundred and eighty days, the shareholders that solely or collectively hold 1% or more shares of the Company have the right to make written request to the supervisory board to file a litigation with a court. In the event of violation of laws, administrative regulations or the provisions under these Articles of Association by the supervisory board in performing its duties that has led to loss and damage suffered by our Company for a continuous period of one hundred and eighty days, the shareholders have the right to make written request to the Board of Directors to file a litigation with a court.

Upon receipt of the writing request by the shareholders as stipulated above, in case the supervisory board and the board of directors refuses to file a litigation or fails to file a litigation within thirty days from receipt of

such request, or under an urgent circumstances that failure in filing a litigation immediately is to prejudice our Company's interest that may not be indemnified, the shareholders as mentioned in the preceding paragraph shall have the right to file a litigation with a court directly in its own name for protection of our Company's interests.

In the event that any person prejudices the lawful rights of our Company, causing losses to our Company, the shareholders specified in the Articles of Association may file litigation with a court in accordance with the provisions of the preceding two paragraphs.

In the event of violation of laws, administrative regulations or the provisions under the Articles of Association by a Director or senior management in performing his duties resulting damage to the shareholders' interest, the shareholders may file litigation with a court.

2 MODIFICATION OF THE ARTICLES OF ASSOCIATION

We may amend the Articles of Association based on the laws, administrative regulations and the provisions of the Articles of Association.

Any amendment to the Articles of Association passed in a shareholders' general meeting which requires the approval of the competent authorities shall be reported to the competent authorities for approval; where the amendment of the Articles of Association involves our registration, it shall be necessary to carry out lawfully prescribed registration change.

3 VARIATION OF RIGHTS OF EXISTING SHARES OR CLASSES OF SHARES

If our Company proposes to vary or abrogate the rights of a class of shareholders, the variation or abrogation must be approved by a special resolution of the shareholders in a shareholders' general meeting and by the affected class of shareholders at a separate meeting convened and conducted in accordance with the Articles of Association before it may proceed, save pursuant to the provision of the Articles of Association of the unlisted or untraded Unlisted Shares of our Company and the conversion of foreign invested shares into overseas-listed foreign invested shares.

Where any changes in domestic and foreign laws, regulations and the Hong Kong listing rules of the place where the shares of the Company are listed, as well as decisions of domestic and foreign regulatory authorities which lead to the change of the class of shareholders' rights or repeal, it shall not require the approval of shareholders' general meeting or classified shareholders' meeting.

The following events shall be deemed to be a variation or abrogation of the rights of a class of shareholders:

- (i) an increase or decrease in the number of shares in that class, or an increase or decrease in the number of shares of a class which have voting rights, distribution rights or other rights which are equal or superior to the shares of that class;

- (ii) an exchange of all or part of the shares of that class for the shares of a different class or the exchange of all or part of the shares of a different class for the shares of that class or the grant of a right or rights to such conversion;
- (iii) a cancellation or reduction of the right to accrued dividends or the right to cumulative dividends attached to that class of shares;
- (iv) a reduction or cancellation of the preferential rights of that class of shares to dividends or a distribution of surplus assets in the event of the winding up or liquidation of the Company;
- (v) an increase, cancellation or reduction of any conversion right, option, voting right, transfer right, pre-emptive right or right to acquire securities of the Company attached to that class of shares;
- (vi) a cancellation or reduction of any right attached to that class of shares to receive payment from the Company in specified currencies;
- (vii) a creation of a new class of shares which have voting rights, distribution rights or other rights equal or superior to that class of shares;
- (viii) a creation or increase of restrictions on the right of transfer or ownership attached to that class of shares;
- (ix) an issue of rights to subscribe for, or convert into, shares of that class or another class(es);
- (x) an increase in the right or privileges of other classes of shares;
- (xi) a restructuring of the Company which will result in (a) class(es) of shareholders bearing (a) disproportionate amount(s) of obligations to other class(es) in the course of such restructuring; and
- (xii) a variation or abrogation of the relevant provisions in the Articles of Association.

Whether or not the affected classified shareholders have voting rights at the shareholders' general meeting, in the event of matters described above from (ii) through (viii), (xi) and (xii), they have voting rights at the classified shareholders' meeting, but the interested shareholders shall have no voting rights at the classified shareholders' meeting.

The above "interested shareholders" shall have the following meanings:

- (i) if the Company has made an acquisition offer to all shareholders in the same proportion or has acquired chased its own shares through open transactions on a stock exchange in accordance with the Articles of Association, the controlling shareholders as defined in the Articles shall be "interested shareholders";

- (ii) if the Company has acquired its own shares by an agreement outside a stock exchange in accordance with the Articles of Association, shareholders in relation to such an agreement shall be “interested shareholders”;
- (iii) under a restructuring proposal of the Company, shareholders who will bear liability in a proportion smaller than that of the liability borne by other shareholders of the same class, or shareholders who have an interest that is different from the interest of other shareholders of the same class shall be “interested shareholders”.

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

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

In the event that the number of shares with voting power represented by shareholders planning to attend the meeting accounts for more than one half of the total number of said classified shares with voting power at the meeting, our Company may convene a classified shareholders’ meeting. If this number is not reached, our Company shall again inform the shareholders of the matters to be deliberated as well as the date and venue of the meeting within five days in the form of an announcement and our Company may convene a classified shareholders’ meeting once the announcement is delivered. If there were specific provisions in the Hong Kong listing rules of the place where shares of our Company are listed, those provisions shall be followed.

The notice of the classified shareholders’ meeting needs only to be sent to the shareholders who have the right to vote at the meeting.

Insofar as possible, classified shareholders’ meeting shall be held in accordance with the same procedures as those of the shareholders’ general meeting. Unless otherwise provided in the Articles of Association, clause that relates to the procedures for convening the shareholders’ general meeting in the Articles of Association shall apply to classified shareholders’ meeting.

Apart from the holders of other classified shares, the holders of Unlisted Shares and the holders of overseas listed foreign shares are considered as different classified shareholders.

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

- (i) Upon the approval by a special resolution at the shareholders’ general meeting, our Company either separately or concurrently issues Unlisted Shares and overseas-listed foreign shares once every 12 months, and the number of those shares to be issued shall not account for more than 20% of each of its outstanding shares;

- (ii) The plan to issue Unlisted Shares and overseas-listed foreign shares upon the establishment of our Company is completed within 15 months of the date of approval by the securities regulatory agency of the State Council;
- (iii) Upon the approval by the securities regulatory authorities of the State Council, the unlisted or untraded Unlisted Shares held by our shareholders will convert their Unlisted Shares into overseas-listed foreign shares and become listed or traded on an overseas stock exchange.

4 SPECIAL RESOLUTIONS NEEDED TO BE ADOPTED BY MAJORITY VOTE

The resolutions of the shareholders' general meeting are categorized as ordinary resolutions and special resolutions.

An ordinary resolution can be passed by a simple majority of the votes held by the shareholders (including proxies) attending the shareholders' general meeting.

A special resolution can be passed by a two-thirds majority of the votes held by the shareholders (including proxies) attending the shareholders' general meeting.

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

The ordinary shareholders of our Company have the right to attend or appoint a proxy to attend and exercise their corresponding voting rights at the shareholders' general meeting. When voting at the shareholders' general meeting, the shareholder (including proxy) may vote in accordance with the number of shares with voting power held with each share representing one vote.

All votes of the shareholders at the shareholders' general meeting shall be taken by poll. When voting at a general meeting, shareholders (including their proxies) who are entitled to two or more votes are not required to vote against or in favor with their total number of votes.

When the number of dissenting votes equals the number of supporting votes, the chairman of the meeting is entitled to one additional vote.

6 REQUIREMENTS FOR ANNUAL SHAREHOLDERS' GENERAL MEETINGS

The shareholders' general meetings are divided into annual shareholders' general meetings and extraordinary shareholders' general meetings. The annual shareholders' general meeting shall be convened once a year and be held within six months of the end of the previous fiscal year.

7 ACCOUNTING AND AUDITS

(1) Financial and accounting systems

Our Company shall develop its financial accounting systems pursuant to laws, administrative regulations, as well as the requirements set by the relevant state department.

Our Board of Directors shall submit the financial reports of our Company, as required by the laws, administrative regulations or directives promulgated by local governments and competent departments to be prepared by our Company, at every annual shareholders' general meetings.

Apart from the PRC accounting standards and regulations, the financial reports of our Company shall be prepared and conformed to international accounting standards or the accounting standards of overseas areas where the Shares are listed. In the event of any major discrepancy between the financial reports prepared in accordance with the two accounting standards, such difference must be provided in the notes to the financial reports. As to the distribution of after-tax profits of our Company in a fiscal year, the after-tax profits indicated on the two financial reports, whichever is lower, shall prevail.

Our Company shall make its financial reports available for inspection by the shareholders 20 days before the annual shareholders' general meeting is convened. Each of our shareholders is entitled to obtain such financial reports.

Our Company shall send the aforesaid reports to each of the holders of the overseas-listed foreign invested shares by postage-paid mail or by other ways approved by the stock exchange where our shares are listed, including publication on our website or the websites designated by the stock exchange where our shares are listed, at least 21 days before the annual shareholders' general meeting is convened. The recipient's address shall be the address as shown in the register of shareholders.

The interim results or financial information published or disclosed by our Company shall at the same time be prepared in accordance with PRC accounting standards, regulations, international accounting standards as well as the accounting standards of the overseas areas in which the shares are listed.

Our Company must publish the financial reports twice in each fiscal year. Interim financial reports shall be published within 60 days of the end of the first six months of a fiscal year, while the annual financial report shall be published within 120 days of the completion of each fiscal year.

The Company shall not keep any accounting books other than those specified by law.

(2) Appointment and Dismissal of Accountants

Our Company shall appoint an independent accounting firm that conforms to the relevant provisions of the state to audit and review the annual financial reports and other financial reports of our Company, audit the accounting statements, verify the net assets or offer other consulting services.

The first accounting firm of our Company may be engaged at the inaugural meeting before the initial annual shareholders' general meeting, and the term of such accounting firm shall be terminated when the initial annual shareholders' general meeting concludes. If the aforesaid power was not exercised at the inaugural meeting, such power may be exercised by our Board of Directors.

The term of the accounting firm appointed by our Company shall start at the close of the annual shareholders' general meeting and continue until the close of the next annual shareholders' general meeting.

If there is a vacancy of the office of the accounting firm, the Board of Directors may fill up the vacancy by appointing an accounting firm before convening the shareholders' general meeting. But during period when the vacancy subsists, if the Company has other accounting firm in office, such firm can continue to carry out the relevant duty.

Save as the aforesaid, the engagement of an accounting firm by the Company must be decided by the shareholders' general meeting, and the Board of Directors shall not engage an accounting firm before any resolution is made by the shareholders' general meeting. Regardless of the terms of the contract howsoever entered into between our Company and the accounting firm, the shareholders' general meeting may dismiss such accounting firm through an ordinary resolution prior to the expiration of the term of any accounting firm. Any right of the accounting firm to claim compensation against our Company for the termination of office shall not be affected by such termination.

Remuneration of the accounting firm and the manner in which the remuneration is determined shall be decided by the shareholders' general meeting.

Before dismissing or stop reappointing with the accounting firm, our Company shall notify the accounting firm in advance, and the accounting firm shall be entitled to state its opinion at the shareholders' general meeting.

In the event that the accounting firm requests to resign, it shall declare to the shareholders' general meeting whether our Company is affected by any improprieties.

The accounting firm shall resign by sending a written resignation notice to our Company's legal address. The notice shall take effect on the date of delivery to that address or on the date specified in the notice, whichever is later. The notice shall include the following statements:

- (i) Its resignation does not include any statement that should be explained to the shareholders or creditors of our Company; or
- (ii) Any statement that should be explained.

Within 14 days of receipt of the notice of resignation from the accounting firm, our Company shall send the copy of the notice to relevant competent authorities. If the notice includes statements mentioned in (ii) of the

preceding paragraph, our Company shall retain a copy thereof for perusal by the shareholders. Our Company should also send the aforesaid copies of statement to each of the holders of the overseas-listed foreign invested shares by postage-paid mail, and the recipient's address shall be the address as shown in the register of shareholders, or under the precondition that it conforms to the applicable laws, regulations and Hong Kong listing rules, to publish the aforesaid copies of statement on our Company's website or the websites designated by the stock exchange where our shares are listed.

In the event that the resignation notice of the accounting firm includes any statement that should be explained to our shareholders or creditors, the accounting firm may request the Board of Directors to convene an extraordinary shareholders' general meeting to hear its explanations regarding the resignation.

8 NOTIFICATION AND AGENDA OF SHAREHOLDERS' GENERAL MEETING

The shareholders' general meeting is the authorized organ of our Company that can perform duties and exercise powers in accordance with the law.

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

Shareholders' general meetings are classified into annual shareholders' general meeting and extraordinary shareholders' general meeting. Under any of the following circumstances, our Company shall convene an extraordinary shareholders' general meeting within two months of the date of occurrence the incident:

- (i) The number of Directors is less than the number specified in the "Company Law" or less than two thirds of the number required in the Articles of Association;
- (ii) The uncovered losses of our Company reach one-third of its total paid-in share capital;
- (iii) The shareholders with 10% or more of our shares individually or jointly request to convene an extraordinary shareholders' general meeting in writing;
- (iv) When the Board of Directors considers it necessary;
- (v) When the Supervisory Committee proposes to convene;
- (vi) Any other circumstances stipulated in laws, administrative regulations, regulations of the authorities or the Articles of Association.

The independent directors and the supervisory committee have the right to propose to the Board of Directors to convene an extraordinary shareholders' general meeting. The Board of Directors shall give its

feedback in writing stating whether it agrees or disagrees to convene the extraordinary shareholders' general meeting within ten days after receipt of the proposal in accordance with the laws, administrative rules and provisions in the Articles of Association. In the event that the Board of Directors gives its consent to convene the extraordinary shareholders' general meeting, a notice of shareholders' general meeting shall be issued within five days after the Board of Directors passed the relevant proposal. With regard to the proposal to convene an extraordinary shareholders' general meeting by the independent directors, if the Board of Directors does not agree to convene an extraordinary general meeting, it shall state the reason and publish an announcement. With regard to the proposal to convene an extraordinary shareholders' general meeting by the supervisory committee, if the Board of Directors does not agree to convene an extraordinary general meeting, or fails to give a feedback within ten days after the receipt of the proposal, the Board of Directors shall be deemed to be unable to perform or failing to perform its function of convening a shareholders' general meeting. The supervisory committee itself may convene and preside over the shareholders' general meeting.

Shareholders individually or jointly holding 10% or more of our shares have the right to require to convene an extraordinary shareholders' general meeting or a classified shareholders' meeting in accordance with the following procedures:

- (i) Sign one or more counterpart requisitions requiring the Board of Directors to convene an extraordinary shareholders' general meeting or a classified shareholders' meeting and stating the objectives of the meeting. The Board of Directors shall give its feedback in writing stating whether it agrees or disagrees to convene the extraordinary shareholders' general meeting within ten days after receipt of the proposal in accordance with the laws, administrative rules and provisions in the Articles of Association. The aforesaid shareholding is calculated as at the date of the submission of the written requisition is made by the shareholders.
- (ii) If the Board of Directors agrees to convene the extraordinary shareholders' general meeting or the classified shareholders' meeting, a notice for convening the extraordinary shareholders' general meeting or the classified shareholders' meeting shall be issued within five days upon adoption of the resolution by the Board of Directors. Any changes made to the original requisition in the notice shall require the approval of relevant shareholders.
- (iii) If the Board of Directors does not agree to convene the extraordinary shareholders' general meeting or the classified shareholders' meeting, or if it fails to give its feedback in writing within ten days upon receipt of such requisition, shareholders individually or jointly holding more than 10% of our shares are entitled to propose to the supervisory committee in writing to convene an extraordinary shareholders' general meeting or the classified shareholders' meeting.
- (iv) If the supervisory committee agrees to convene the extraordinary shareholders' general meeting or the classified shareholders' meeting, a notice for convening such meeting shall be issued within five days upon receipt of such requisition. Any changes made to the original requisition in the notice shall require the approval of relevant shareholders.

- (v) If the supervisory committee fails to issue a notice for such meeting within the prescribed period, shareholders individually or jointly holding more than 10% of the shares of our Company for more than 90 consecutive days may convene and preside at the meeting at their own discretion. Before the resolution of shareholders' general meeting is announced, the proportion of shares held by the convening shareholders should not be less than 10%. Convening shareholders shall submit relevant certificates to the securities regulatory authority and the stock exchange in which our Company is located when the notice of shareholders' general meeting is issued and the resolutions of the meeting are announced.

When convening a shareholders' general meeting, the Board of Directors, the supervisory committee and shareholders individually or jointly holding more than 3% of our shares are entitled to propose to our Company.

When convening a shareholders' general meeting, our Company shall send a written notice of the meeting 45 days before the meeting is convened to notify registered holders of the matters to be deliberated at the meeting, as well as the date and venue of the meeting. Shareholders planning to attend the meeting shall send our Company a written reply concerning attendance 20 days before the meeting.

Our Company shall calculate the number of shares with voting power represented by shareholders planning to attend the meeting in accordance with the written replies received 20 days before the convention of the meeting. In the event that the number of shares with voting power represented by shareholders planning to attend the meeting reaches more than one half of our total number shares with voting power, our Company may convene a shareholders' general meeting; If this number is not reached, our Company shall again notify the shareholders of the matters to be deliberated as well as the date and venue of the meeting within five days in the form of an announcement and our Company may convene a shareholders' general meeting once the announcement is delivered. Resolution not stated in the notice of meeting should not be passed in extraordinary shareholders' general meetings.

The notice of the shareholders' general meeting shall be in writing and comprises of the following:

- (i) Specified venue, date and time of the meeting;
- (ii) Specified matters to be deliberated at the meeting;
- (iii) Specify the shareholding record date for shareholders who are entitled to attend the meeting;
- (iv) Provision to the shareholders of the information and explanations necessary for the shareholders to make sound decisions about the matters to be deliberated; This principle includes, but is not limited to, the provision of the specific terms and contract(s), if any, of the proposed transaction(s) and detailed explanations about related causes and effects when our Company proposes mergers, redemption of shares, restructuring of stock capital or other restructuring;
- (v) In the event that any of the Directors, Supervisors, managers or other senior management has material interests at stake in matters to be deliberated, the nature and extent of the interests at stake

shall be disclosed. If the matters to be deliberated affect any Director, Supervisor, manager or other senior management as a shareholder in a manner different from how they affect other shareholders of the same type, the difference shall be explained;

- (vi) Inclusion of the full text of any special resolution to be proposed for adoption at the meeting;
- (vii) A clear explanation that the shareholder is entitled to attend and vote at the shareholders' general meeting, or to appoint one or more proxy to attend and vote at the meeting on his or her behalf and that such may not necessarily be shareholders;
- (viii) Specified delivery time and place of the power of attorney for proxy voting of the meeting;
- (ix) Specified name and contact number of the contact person for the meeting.

The notice of the shareholders' general meeting shall be sent in person or by postage-paid mail, to the shareholders regardless of whether such shareholders have the right to vote at the shareholders' general meeting, and the recipient's address shall be as shown in the register of shareholders, or under the precondition that it conforms to the applicable laws, regulations and Hong Kong listing rules, to publish the notice on our Company's website or the websites designated by the stock exchange where our shares are listed. For holders of Unlisted Shares, the notice of the shareholders' general meeting may be given in the form of an announcement.

The announcement of the notice of the shareholders' general meeting shall be published in one or more newspapers designated by the securities regulatory agency of the State Council within a period of 45 to 50 days before the meeting is convened. Once the announcement is made, all holders of the Unlisted Shares shall be deemed to have received the notice of the relevant shareholders' general meeting. In the event that the notice of the meeting is not sent to persons entitled to receive it due to accident or oversight, or such persons fail to receive notice of the meeting, the meeting and resolutions made at the meeting shall not be thereby affected.

After the notice of a shareholders' general meeting is issued, the shareholders' general meeting shall not be postponed or cancelled without a proper reason and the proposals stated in the notice of the shareholders' general meeting shall not be cancelled. In the event of any postponement or cancellation, the convener shall issue an announcement and state the reasons therein at least two working days before the original date of the shareholders' general meeting.

Resolutions of the shareholders' general meeting shall be divided into ordinary resolutions and special resolutions. Matters which require the approval of an ordinary resolution at a shareholders' general meeting shall include:

- (i) To decide on the company's operational policies and investment plans;
- (ii) To elect or replace the Directors and Supervisors who are not representatives of the employees and decide on matters relating to the remuneration of Directors and Supervisors;

- (iii) To approve reports of the Board of Directors;
- (iv) To approve reports of the supervisory committee;
- (v) To approve the company's proposed annual financial budget and financial accounts;
- (vi) To approve the company's proposals for profit distribution and for recovery of losses;
- (vii) To decide on the appointment or resignation of the accounting firm;
- (viii) To approve the external guarantee issues which shall be reviewed at the shareholders' general meeting;
- (ix) Other matters to be approved at the shareholders' general meeting as prescribed by the law, administrative regulations, department regulations, Hong Kong listing rules in which shares of the company are listed or the Articles of Association.

The following matters shall be approved by the shareholders' general meeting through special resolutions:

- (i) Adopt resolutions concerning the increase or reduction of the Company's registered capital;
- (ii) Adopt resolutions on merger, division, dissolution, liquidation or the change of form of the Company;
- (iii) Adopt resolutions on bonds issuance by the Company or other issuance of securities and public listing plans;
- (iv) Amend the Articles of Association;
- (v) The Company's purchase or sale of material assets within one year that exceeding 30% of the latest audited total assets of the Company;
- (vi) Share incentive scheme;
- (vii) Other matters as required by the laws, administrative regulations or the Articles of Association, or as determined by ordinary resolution of the shareholders' general meeting which could materially affect our Company and need to be approved by special resolution.

Where any shareholder is, under the applicable laws and regulations and Hong Kong listing rules of which the shares of our Company are listed, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by such shareholder (or their proxies) in contravention of such requirement or restriction shall not be counted.

If the content of a resolution of our shareholders' general meeting or the Board of Directors violates any laws or administrative regulations, a shareholder has the right to file a petition with the court to invalidate the resolution.

If the procedure for convening or the method of voting at a shareholders' general meeting or a meeting of the Board of Directors violates any laws, administrative regulations or the Articles of Association, or if the contents of a resolution breaches the Articles of Association, a shareholder may file a petition with the court to revoke the resolution within 60 days from the date on which the resolution was passed.

9 SHARE TRANSFERS

Shares of the Company held by the promoter are not transferable within one year commencing from the date of establishment of the Company. Shares of the Company that are already in issue prior to its public offering are not transferable within one year commencing from the date on which the shares of the Company were listed and traded on a stock exchange.

The Directors, Supervisors and senior management of the Company shall report to the Company the number of shares held by them in the Company and the subsequent changes in their shareholdings. The number of shares transferred every year during the term of office shall not exceed 25% of the total number of the Company's shares in his or her possession; and shares of the Company in his or her possession are not transferable within one year commencing from the date on which the shares of the Company were listed and traded. Such personnel shall not transfer the Company's shares in their possession within six months after they have terminated their employment with the Company.

Any gains from the sale of shares of the Company by any Company's Director, Supervisor, senior management or shareholders holding more than 5% of the shares in the Company within six months after purchasing such shares, or thereafter any gains from repurchasing such shares in the Company within six months after the sale thereof, shall be vested in by the Company. The Board of the Company shall forfeit such gains from the abovementioned parties.

If the Board of the Company fails to comply with the provision set forth in the preceding paragraph, a shareholder shall have the right to require the Board to effect the same within 30 days. If the Board of the Company fails to do so within the said time limit, a shareholder shall have the right to initiate proceedings in a court directly in his own name in the interests of the Company.

If the Board of the Company fails to comply with the provision set forth in the above, the responsible Director(s) shall be jointly and severally liable in accordance with the law.

All the fully paid-up H Shares can be freely transferred in accordance with the Articles of Association. However, the Board may refuse to recognize any instrument of transfer without giving any reason, unless:

- (i) a fee (for each instrument of transfer) of HK\$2.50 or any higher fee as agreed by the Board has been paid to the Company for registration of the instruments of transfer or other documents which is

related to or will affect ownership of the shares, such fee or fees shall not exceed the maximum fees prescribed by the Hong Kong Stock Exchange from time to time in its Hong Kong Listing Rules;

- (ii) the instrument of transfer only involves H Shares listing in Hong Kong;
- (iii) the stamp duty chargeable on the instrument of transfer has been paid;
- (iv) the relevant share certificate and, upon the reasonable request of the Board, any other evidence in relation to the right of the transferor to transfer the shares has been submitted;
- (v) if it is intended to transfer the shares to joint owners, then the maximum number of joint owners shall not exceed four (4);
- (vi) the relevant shares do not carry any lien of the Company;
- (vii) no transfer shall be made to minors or persons of unsound mind or others under legal disability.

The alteration and rectification of each part of the register of shareholders shall be carried out in accordance with the laws of the place where the register is maintained.

No changes in the register of shareholders due to the transfer of shares may be made within 30 days before the date of a shareholders' general meeting or within five days prior to the reference date set by the Company for the purpose of distribution of dividends.

10 POWER OF THE COMPANY TO REPURCHASE ITS OWN SHARES

The Company may, with the approval in accordance with the procedures provided in the Articles of Association and subject to the approval of the relevant governing authorities of the State, repurchase its issued shares in the following circumstances:

- (i) cancellation of its shares for the purpose of reducing its company registered capital;
- (ii) merging with other companies which hold shares of the Company;
- (iii) granting shares as incentive to the staff of the Company;
- (iv) acquiring the shares of shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or division of the Company;
- (v) other circumstances permitted by the laws and administrative regulations.

If the Company buy-backs its own shares due to items (i), (ii), (iv) of the preceding paragraph, the Company shall cancel or transfer such shares within the period prescribed by laws, regulations and Hong Kong listing rules. If the Company buy-backs its own shares in accordance with item (iii) of the preceding paragraph, the funds used for the purchase shall be taken from the after-tax profits of the Company, and the shares so repurchased shall not exceed the maximum proportion prescribed by laws and regulations, and shall be transferred to the employees within the prescribed time.

The Company may, upon the approval of the relevant state governing authorities, repurchase its shares in one of the following ways:

- (i) making an offer of repurchase to all its shareholders in the same portion;
- (ii) repurchasing Shares through public dealing on a stock exchange;
- (iii) repurchasing by an agreement outside a stock exchange;
- (iv) other ways as approved by the relevant regulatory authority.

The Company may, with the prior sanction of shareholders obtained at a shareholder's general meeting in accordance with the Articles of Association, repurchase its shares by an agreement outside the stock exchange but the Company may rescind or vary such contract or waive any of its rights under a contract so entered into by the Company with the prior approval of shareholders obtained at a shareholder's general meeting in the same manner. A contract to repurchase shares as mentioned above includes but is not limited to an agreement to become obliged to repurchase or acquire rights to repurchase shares.

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

Unless the Company is in the course of liquidation, it shall comply with the following provisions in relation to repurchase of its issued shares:

- (i) where the Company buy-backs its shares at par value, payment shall be made out of the book surplus distributable profits of the Company and out of the proceeds from any issue of new shares made for the purpose of the repurchase;
- (ii) where the Company buy-backs its shares at a premium to the par value, payment up to their par value may be made out of the book surplus distributable profits of the Company and the proceeds from any issue of new shares made for the purpose of the repurchase. Payment of the portion in excess of the par value shall be effected as follows:
 - (1) if the Shares being repurchased were issued at par value, payment shall be made out of the book surplus distributable profits of the Company;

- (2) if the Shares being repurchased were issued at a premium to the par value, payment shall be made out of the book surplus distributable profits of the Company and the proceeds from any issue of new shares made for the purpose of the repurchase, provided that the amount paid out of such proceeds shall neither exceed the aggregate of the premiums received by the Company on the issue of the shares repurchased nor the amount of the share premium account (or the capital reserve fund account) of the Company (including the premiums on the new issues) at the time of the repurchase;

- (iii) payment by the Company for the following purposes shall be made out of the Company's distributable profits:
 - (1) acquisition of rights to repurchase Shares;

 - (2) variation of any contract to repurchase Shares;

 - (3) release of any of the Company's liabilities under a contract to repurchase Shares;

- (iv) After the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with the relevant regulations, the amount deducted from the distributable profits for paying up the par value portion of the repurchased shares shall be transferred to the Company's share premium account (or capital reserve account).

11 DIVIDENDS AND OTHER METHODS OF DISTRIBUTION

The Company may distribute dividends by way of cash or shares (or both).

Any amount paid up in advance of calls on any share may carry interest but shall not entitle the holder of the share to participate in respect thereof in a dividend subsequently declared.

The Company shall appoint receiving agents for holders of overseas-listed foreign invested shares.

Such agents shall receive on behalf of such shareholders dividends and other monies payable by the Company in respect of their Shares.

The receiving agent appointed for holders of overseas-listed foreign invested shares in Hong Kong shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

After the resolution in respect of profit distribution has been adopted at the shareholders' general meeting, the Board of the Company is required to complete the distribution of dividends (or shares) within two months after such meeting is convened.

12 PROXIES OF SHAREHOLDERS

Any shareholder entitled to attend and vote at a shareholders' general meeting shall be entitled to appoint one or more persons (whether or not a shareholder) as his proxy to attend and vote on his behalf. A proxy so appointed shall be entitled to exercise the following rights in accordance with the authorization of such shareholder:

- (i) the shareholder's right to speak at the shareholders' general meeting;
- (ii) the right to demand, whether on his own or together with others, a poll;
- (iii) the right to vote by raising hands or ballot unless otherwise provided by the applicable rules governing the listing of securities or other securities laws and regulations; however, if the number of proxies entrusted is more than one, such proxies must vote by ballot.

The shareholder shall appoint a proxy in writing with the signature of the principal or his attorney duly authorized in writing, or if the principal is a legal person either under seal or with the signature of its Director or attorney duly authorized.

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

If the principal is a legal person, its legal representative or any person authorized by resolutions of its Board of Directors or other governing body shall attend the shareholders' general meeting as the principal's representative.

Any form issued to a shareholder by the Board for the purpose of appointing a proxy shall be such as to enable the shareholder, according to his free will, to instruct his proxy to vote in favor of or against the motions proposed and in respect of each individual matters to be voted on at the meeting. Such a form shall contain a statement that in the absence of specific instructions from the shareholder, the proxy may vote at his own discretion.

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

13 INSPECTION OF THE REGISTER OF SHAREHOLDERS AND OTHER RIGHTS OF SHAREHOLDERS

Our company established the register of shareholders in accordance with the documents provided by the securities registration agency.

Pursuant to the understanding reached and agreement entered into between the securities regulator under the State Council and the overseas securities regulatory agency, our Company may keep overseas a register of shareholders of the overseas-listed foreign invested shares and entrust an overseas agency to manage it. The original register of shareholders of the H Shares shall be kept in Hong Kong.

Our Company shall keep a copy of the register of shareholders of the overseas-listed foreign invested shares at our residential address. The overseas entrusted agency shall at all times guarantee consistency between the original and copy of the register of shareholders of the overseas-listed foreign invested shares.

In case of inconsistency between the original and copy of the register of shareholders of the overseas-listed foreign invested shares, the original shall prevail.

Our Company shall keep a complete register of shareholders.

The register of shareholders shall include the following:

- (1) Register of shareholders kept at our residential address other than those specified in (ii) and (iii);
- (2) Register of shareholders of our overseas-listed foreign invested shares kept at the location of the overseas stock exchange where such Shares are listed;
- (3) Register of shareholders kept in other locations according to the decision of the Board of Directors as required for the listing of the Shares of our Company.

Different parts of the register of shareholders shall not overlap. The transfer of Shares registered in a certain part of the register of shareholders shall not be registered elsewhere in the register of shareholders as long as the Shares remain registered.

Any alteration or rectification to any part of the register of shareholders shall be made in accordance with the laws in the place where such part of the register of shareholders is maintained.

No change of the register of shareholders as a result of the transfer of Shares shall be made within 30 days before the shareholders' general meeting is convened or within five days prior to the record date on which our Company decides to distribute dividends.

When our Company convenes the shareholders' general meeting, distributes dividends, goes into liquidation or is involved in other actions that require the confirmation of equities, the Board of Directors shall fix a date as the equity registration date, upon expiration of which the Shareholders whose names appear on the register of shareholders shall be the Shareholders who enjoy relevant interests.

Any person who objects to the register of shareholders and requests to register his or her name (title) in the register of shareholders or to remove his or her name (title) from the register of shareholders may apply to the court with jurisdiction to amend the register of shareholders.

The Shareholders are entitled to obtain the following information, including but not limited to:

- (i) The Articles of Association after paying the cost;
- (ii) The right to inspect and copy the following after paying a reasonable fee:
 - (1) All parts of the register of shareholders;
 - (2) Personal data of the Directors, Supervisors and senior management;
 - (3) Status of the issued share capital of our Company;
 - (4) Report on the total book value, quantity, maximum and minimum prices of each class of own Shares repurchased by our Company since the previous accounting year and all expenses paid by our Company for this purpose;
 - (5) Counterfoil of bonds of our Company, minutes of the shareholders' general meeting, resolutions of the Board of Directors' meeting, resolutions of the supervisory committee meeting and financial accounting reports;
 - (6) The latest audited financial statement of our Company and the reports of the Board of Directors, the auditors and the supervisory committee;
 - (7) Copies of the latest report of annual inspection submitted to the State Administration for Industry and Commerce of the People's Republic of China or other administrative agencies.

Whenever a Shareholder proposes to inspect the relevant information as described above or requests materials, he or she shall provide our Company with written documents certifying the type and number of the Shares held. Our Company shall provide the relevant information and materials in accordance with the requirements of the Shareholder after verifying his or her identity, and charge reasonable fees for providing the copies of aforementioned information.

14 QUORUM OF SHAREHOLDERS' GENERAL MEETING

If the number of Shares carrying voting rights represented by the Shareholders intending to attend a meeting exceeds one half of the total number of Shares carrying voting rights, our Company may convene the shareholders' general meeting. Otherwise, our Company shall, within five days, inform the Shareholders again, about the matters to be discussed in the meeting, with the date and location of the meeting by an announcement. Our Company may convene a shareholders' general meeting after such announcement has been made.

If the number of a class of Shares carrying voting rights represented by the Shareholders intending to attend a meeting exceeds one half of the total number of such class of Shares, our Company may convene the classified meeting; otherwise, our Company shall, within five days, inform the Shareholders again of the matters to be reviewed in the meeting, the meeting date and place through an announcement. Our Company may convene classified shareholders' meeting after such announcement has been made.

15 RIGHTS OF MINORITY SHAREHOLDERS IN RELATION TO FRAUD OR OPPRESSION

In addition to the obligations imposed by laws, administrative regulations or the Hong Kong listing rules required by the stock exchange on which Shares of our Company are listed, Controlling Shareholders shall not exercise their voting rights in respect of the following matters in a manner prejudicial to the interests of all or part of the Shareholders of our Company:

- (i) To release the responsibility of a Director or Supervisor to act honestly in the best interests of our Company;
- (ii) 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 our Company's assets, including (without limitation to) any opportunities beneficial to our Company;
- (iii) To approve the expropriation by a Director or Supervisor (for his/her own benefit or for the benefit of another person) of the personal rights of other Shareholders, including (without limitation to) rights to distributions and voting rights save pursuant to a restructuring proposal submitted to Shareholders for approval in accordance with the Articles of Association.

16 PROCEDURES OF LIQUIDATION

Under any of the following circumstances, our Company shall be lawfully dissolved and liquidated:

- (i) Occurrence of other dissolving reasons as required by the Articles of Association;
- (ii) The shareholders' general meeting adopts a resolution to dissolve;
- (iii) Our Company needs to be dissolved for the purpose of merger or division;

- (iv) Our Company is declared legally bankrupt as a result of failure to pay debts as they fall due;
- (v) The business license is revoked, or our Company is ordered to close or be eliminated according to applicable law;
- (vi) Where our Company encounters significant difficulties in business and management, continuous survival may be significantly detrimental to the interests of the Shareholders, and the difficulties may not be overcome through other means, Shareholders who hold more than 10% of the Shares carrying voting rights may request the court to dissolve our Company.

Where our Company is dissolved due to the provisions set forth in (i), (ii), (v) and (vi) above, the liquidation team shall be established within 15 days and the personnel of the liquidation team shall consist of the persons determined by the Directors or the shareholders' general meeting. In the event the liquidation team is not established during such period, the creditors can request the People's Court to appoint relevant personnel to establish the liquidation team for liquidation. In the event that our Company is dissolved in accordance with the provisions set forth in (iv) above, the People's Court shall organize the Shareholders, related agencies and professionals to form the liquidation team and carry out liquidation pursuant to relevant provisions of the law.

If the Board of Directors decides to liquidate our Company (except where our Company is liquidated after declaring bankruptcy), the Board of Directors shall state in the notice of the shareholders' general meeting convened for this purpose that the Board of Directors has performed a comprehensive investigation of the status of our Company and believes that our Company is able to payoff all of our debts within 12 months of the start of liquidation.

After the resolution to liquidate our Company is adopted by the shareholders' general meeting, the powers and duties of the Board of Directors shall terminate immediately.

In accordance with the instructions of the shareholders' general meeting, the liquidation team shall at least once a year report at the shareholders' general meeting on the income and expenditure of the liquidation team, progress of the business and liquidation of our Company, and submit a final report at the shareholders' general meeting upon completion of liquidation.

Within ten days of the establishment of the liquidation team, the creditors shall be notified and an announcement shall be published in newspaper approved by the stock exchange on which the Shares were listed within 60 days. The creditors shall declare their claims to the liquidation team within 30 days of the date on which the notice is received or 45 days of the date of announcement if the notice is not received.

When reporting claims, a creditor shall explain the relevant particulars of the claims and provide supporting materials. The liquidation team shall register the claims. In the period of reporting claims, the liquidation team shall not make any debt repayment to the creditors.

The liquidation team shall exercise the following powers during the liquidation period:

- (i) Take stock of our Company's assets and prepare a balance sheet and a list of assets respectively;
- (ii) Notify or publish an announcement to creditors;
- (iii) Deal with and liquidate any pending business associated with our Company;
- (iv) Payoff all outstanding taxes and taxes in connection with liquidation;
- (v) Settle claims and debts;
- (vi) Dispose of the remaining assets of our Company after paying up all the debts;
- (vii) Represent our Company in any civil litigation proceedings.

After it has categorized our Company's assets and after it has prepared the balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to a shareholders' general meeting or to the People's Court for confirmation.

The property of our Company remained after the property is respectively applied to payment of the liquidation expenses, the wages, social insurance premiums and statutory compensation of staff and workers and the outstanding taxes, and to full payment of the debts of our Company shall be distributed in proportion to the shareholdings of the Shareholders.

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

If the liquidation committee, having ascertaining our Company's assets and having prepared a balance sheet and an inventory of assets, discovers that our Company's assets are insufficient to repay its debt, it shall apply to the People's Court for a declaration of bankruptcy.

After our Company is declared bankrupt by a ruling of the People's Court, the liquidation committee shall transfer the liquidation matters to the People's Court.

Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report, a statement of income and expenses received and made during the liquidation period and a financial report, which shall be verified by a Chinese certified public accountant and submitted to the shareholders' general meeting or the relevant competent authority for confirmation. The liquidation committee shall, within 30 days after the confirmation by the shareholders' general meeting or the relevant competent authority, submit the documents referred to in the preceding paragraph to the registration authority and apply for cancellation of registration of our Company, and publish a public announcement relating to the termination of our Company.

17 OTHER IMPORTANT PROVISIONS MATERIAL TO OUR COMPANY AND THE SHAREHOLDERS**(1) General Provisions**

Our Company is a permanently existing joint stock limited company.

Our Company may invest in other companies, provided that, unless required by law, it may not become a jointly liable investor for the liability commitments of the invested company.

The Articles of Association constitute a law-binding document regulating the organization and conduct of our Company, the rights and obligations between our Company and each of its shareholders and among the shareholders. Shareholders may sue Shareholders in accordance with the Articles of Association, Shareholders may sue the Directors, Supervisors and senior management, Shareholders may sue our Company, and our Company may sue Shareholders, Directors, Supervisors and senior management.

(2) Shares and transfers

Our Company may increase stock capital by the following means:

- (i) Public offering of new shares;
- (ii) Private issue of new shares;
- (iii) Alloting bonus Shares to its existing Shareholders;
- (iv) Conversion of the reserve into share capital;
- (v) Other means approved by the laws, administrative regulations and relevant regulatory authorities.

Upon approval to increase our Company's stock capital to issue new Shares according to the provisions of the Articles of Association, the matter shall be dealt with in accordance with the procedures of related laws and administrative regulations of the State.

Our Company may reduce our registered capital. Our Company may reduce its registered capital in accordance with the procedures stipulated by the Company Law and other regulations and the provisions of the Articles of Association.

Where our Company reduces our registered capital, it must prepare a balance sheet and an inventory of assets.

Where our Company reduces our registered capital, it shall inform the creditors and issue an announcement in accordance with the requirements of the Company Law, and to repay its debt or to provide relevant guarantee according to the requirements from the creditors.

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

Our Company may issue shares to domestic investors and foreign investors after approval of the securities authority of the State Council.

Foreign investors referred to in the preceding paragraph mean those investors of foreign countries and regions of Hong Kong, Macau and Taiwan who subscribe for Shares issued by our Company; domestic investors mean those investors within the territory of the PRC outside the preceding regions who subscribe for Shares issued by our Company.

Shares issued by our Company to domestic investors and subscribed to in RMB are known as Unlisted Shares. Shares issued by our Company to foreign investors and subscribed to in foreign currencies are known as foreign invested shares. Foreign invested shares that are listed overseas are known as overseas-listed foreign invested shares. Shareholders of Unlisted Shares and overseas-listed foreign invested shares are ordinary Shareholders.

Upon the approval by the securities regulatory authorities of the State Council, the Unlisted Shares and foreign invested shares of our company which are not listed for trading can be listed on foreign stock exchanges for trading and can be transferred as overseas-listed foreign invested shares. Such Unlisted Shares and foreign invested shares listed on foreign stock exchanges for trading after transferred as overseas-listed foreign invested shares should comply with the regulatory procedures, provisions and requirements of foreign stock exchanges.

(3) Shareholders

A shareholder of our Company is a person who lawfully holds Shares and has his name recorded on the register of shareholders. A shareholder enjoys rights, and is subject to obligations, according to the class and number of Shares he holds. Holders of the same class of Shares enjoy the same rights and subject to the same obligations.

The rights of our ordinary Shareholders are as follows:

- (i) To receive distribution of dividends and other forms of benefits according to the number of Shares held;
- (ii) To request, convene, hold, participate in or appoint a shareholder proxy to participate in and exercise voting rights at the shareholders' general meeting according to the provisions of the laws;
- (iii) To manage the operations of our Company, provide suggestions or submit queries;
- (iv) To transfer, give for free or make liens of Shares in accordance with the laws, administrative regulations, the regulatory requirements of the securities regulatory authorities on which the Shares are listed and the Articles of Association;
- (v) To obtain relevant information according to the provisions of the Articles of Association;

- (vi) To participate in the distribution of the remaining assets of our Company according to the number of shares held upon our termination or liquidation;
- (vii) To require our Company to acquire Shares of Shareholders who disagree with the resolutions on the merger or division of our Company which are passed by the shareholders' general meeting;
- (viii) Other rights conferred by laws, administrative regulations and the Articles of Association.

Our Company may not exercise any power to freeze or otherwise impair any of the rights attaching to any Share by reason only that any person interested directly or indirectly in the Shares of our Company has failed to disclose his/her interests to our Company.

The Share certificates are signed by the chairman of the Board of Directors. Where the stock exchange on which the Shares are listed requires our other senior management of our Company to sign the Share certificates, they are also to be signed by other senior management. The Share certificates are to become effective after being affixed with the stamp of our Company or print-stamped. Affixing our Company stamp to the Share certificates is subject to the authorization of the Board of Directors. The signature of the legal representative and related senior management of our Company may also be printed on the Share certificates. Subject to the issue and trading of the Shares of our Company without using papers, other requirements of the stock exchange of the place where our Company's shares are listed are applicable.

If any person whose name appears in the register of shareholders or requests to register his or her name (title) in the register of shareholders loses his or her Share certificates (that is, 'original Share certificates'), he or she may apply to our Company to reissue new Share certificates for those Shares (that is, 'related Shares').

In the event a holder of Unlisted Shares applies to our Company for a reissue after losing the Share certificates, the matter shall be dealt with pursuant to related provisions of the Company Law.

In the event a holder of overseas-listed foreign invested shares applies to our Company for reissue after losing the Share certificates, the matter shall be dealt with pursuant to the laws and rules of the stock exchange where the original register of holders of the overseas-listed foreign invested shares is kept, or other related provisions.

If a holder of H Shares loses Share certificates and applies for a replacement issue, the Share certificates shall be issued in compliance with the following requirements:

- (i) The applicant shall submit the application in the standard format designated by our Company and attach a notary certificate or legal declaration. The contents of the notary certificate or legal declaration shall include the reason for the applicant's request, circumstances and evidence of loss of Share certificates, as well as a statement that nobody else may request to be registered as a Shareholder with respect to the pertinent Shares.
- (ii) Before deciding to issue new Share certificates, our Company does not receive any statement in which any person other than the applicant requests to be registered as the Shareholder with respect to the Shares.

- (iii) If our Company decides to issue new Share certificates to the applicant, we shall publish an announcement in a newspaper designated by the Board of Directors indicating that we plan to reissue new Share certificates. The announcement period shall be 90 days and the announcement shall be published at least once every 30 days.
- (iv) Before publishing the announcement indicating that we plan to reissue new Share certificates, our Company shall submit a copy of the announcement to be published to the securities exchange on which the Shares are listed and may publish the announcement after receiving a reply from the stock exchange confirming that the announcement has been displayed at the stock exchange. The period of displaying the announcement at the stock exchange is 90 days.

If the application for reissue of new Share certificates is not approved by the registered Shareholders of the related Shares, our Company shall mail the copy of the announcement to be published to the Shareholders.

- (v) In the event that nobody raises any objection to the reissue of new Share certificates to our Company, upon expiration of the 90-day display period of the announcement specified in (iii) and (iv) above, the new Share certificates may be reissued according to the application.
- (vi) When reissuing new Share certificates, our Company shall immediately cancel the original Share certificates and register the cancellation and replacement issue on the register of shareholders.
- (vii) All expenses incurred by our Company from the cancellation of the original Share certificates and replacement issue of the new Share certificates shall be borne by the applicant. Before the applicant has provided reasonable security, our Company shall have the right to refuse to take any action.

(4) Shareholders failing to be contacted

Subject to the requirements of the relevant laws and rules of the PRC, the Company may exercise the right to forfeit unclaimed dividends, but the said right shall be exercised only after the expiration of the corresponding limitations period applicable after the distribution of dividend.

The Company may stop sending dividend cheques by mail to certain holders of the overseas-listed foreign invested shares who failed to withdraw two successive dividend cheques or to whom the initial dividend cheques could not be delivered and bounced.

Subject to compliance with the relevant laws and regulations of the State, our Company is entitled to sell:

- (i) Our Company has paid dividends at least three times on these Shares within 12 years, but no one has claimed the dividends during that period;
- (ii) Upon expiration of the 12-year period, our Company publishes an announcement in a newspaper, indicating our intention to sell the Shares and notifies such intention to the stock exchange of which such shares are listed.

(5) Board of Directors

The Board is accountable to the shareholders and exercises the following powers:

- (i) To convene shareholders' general meetings and to report on its performance to Shareholders at the shareholders' general meetings;
- (ii) To implement the resolutions of the shareholders' general meetings;
- (iii) To decide on our operational plans and investment plans;
- (iv) To formulate our proposed annual preliminary and annual final financial budgets;
- (v) To formulate our profit distribution plans and plans for recovery of losses;
- (vi) To formulate proposals for increases in or reductions of our registered share capital, issuance of bonds or other securities and listing plans;
- (vii) To formulate proposals for merger, separation, dissolution of our Company or change of the nature of our Company;
- (viii) To formulate proposals for material acquisitions and the purchase of our Company's shares;
- (ix) Within the scope authorized by our shareholders' general meeting, to decide on external investments, purchases and sales of assets, pledges of assets, material guarantees, and entrusted wealth management and connected transaction matters;
- (x) To decide on the establishment of our internal management structure;
- (xi) To decide on the establishment of special committees under the Board of Directors, and to appoint and dismiss the chairmen of the special committees under the Board of Directors;
- (xii) To appoint or dismiss the president of our Company, the secretary of the Board of Directors and the secretary of our Company; based on the nomination of the president, appoint or dismiss our vice president and senior management such as the chief financial officer and the chief engineer, and determine their remunerations;
- (xiii) To establish the basic management system of our Company;
- (xiv) To formulate proposals for any amendment to the Articles of Association;
- (xv) To formulate proposals for the equity incentive plan of our Company;

- (xvi) To manage our disclosure of our Company's information;
- (xvii) To propose the appointment or replacement of the accounting firm that performs audits for our Company at the shareholders' general meeting;
- (xviii) To attend to the work report of our president and review the work of the president;
- (xix) To consider issues on provision of external guarantees to be decided outside the shareholders' general meeting pursuant to the requirements of the Articles of Association;
- (xx) Other powers and duties authorized by the laws, administrative regulations, regulations of the competent authorities, the place where our Company's shares are listed and this Articles of Association as well as the shareholders' general meeting.

In case that the Hong Kong listing rules of the stock exchange on which the shares of the Company are listed provide that matters within the above mentioned functions and powers of the Board, or any transaction or arrangement of the Company require the approval of the shareholders' general meeting, then such matter shall be submitted to the shareholders' general meeting for approval.

Resolutions relating to the above, with the exception of item (vi), (vii) and (xiv) above which shall require the consent of more than two thirds of the Directors, shall require the consent of more than half of the Directors.

Meetings of the Board shall be held regularly at least twice each year and shall be convened by the Chairman of the Board of directors. A quorum will be formed by more than half of the Directors attending a Board meeting except where the Board is considering a connected transaction in accordance with the Articles of Association.

In the event that a Director is connected to companies associated with matters to be resolved at the Board meeting, such Director shall not exercise his/her voting rights on such resolution, nor shall he/she votes on behalf of other Directors. The Board meeting may be convened with of the attendance of more than half of the Directors without such connected relationship. Resolutions shall be approved by more than half of the Directors without such connected relationship at the Board meeting. When there is less than three Directors without connected relationship present at the Board meeting, such matters shall be submitted to the shareholders' general meeting for consideration.

Meetings of the Board of Directors shall be attended by the Directors in person; in the event that Directors are unable to attend the meeting for some reason, the Directors may appoint in writing other Directors to attend the Board of Directors meeting. The proxy letter shall specify the proxy's name, entrusted matters, authority domain and the valid term, and shall be affixed with the signature or seal of the consignor. Directors attending board meetings on behalf of other Directors shall exercise their powers as Directors within their scope of authorization. If a Director fails to attend a Board meeting and does not appoint an attorney to attend, the Director is deemed to have relinquished his rights to vote at that meeting.

A Director shall be deemed to be unable to carry out his duties if he or she fails to attend two consecutive Board meetings in person and fails to appoint another Director to attend Board meetings on his behalf either. The Board shall propose at the shareholders' general meeting for the removal of such Director.

When voting on a resolution of the Board of Directors, each member shall have one vote. Where the number of votes cast for and against a resolution is equal, the Chairman of the Board of Directors shall have the right to cast an additional vote.

(6) Independent Directors

Members of the Board of the Company shall include more than one-third of the independent non-executive Directors, and the number of independent directors shall not be less than three. At least one of the independent non-executive directors must have appropriate professional qualifications or accounting or related financial management expertise. At least one of the company's independent non-executive directors must be ordinarily resident in Hong Kong.

(7) Secretary of the Board of directors

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

(8) Company Secretary

The Company shall employ a company secretary who ensures the effective communication between the members of the Board of Directors and acting in compliance with the policies formulated by the Board of Directors and procedures. The selection, appointment and dismissal of the company secretary are subject to the approval of the Board of Directors and the relevant decision shall be made in the meeting of the Board of Directors and would not be dealt with by way of written resolutions.

The company secretary, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Hong Kong Stock Exchange, capable of discharging the functions of company secretary. The company may select the company secretary who is currently an employee of the Company and has day-to-day knowledge of the Company's affairs, or engages an external service provider as its company secretary.

(9) Supervisory Committee

The Company shall have a Supervisory Committee. The Supervisory Committee shall be composed of three members, one of whom shall be the chairman of the Supervisory Committee. The election or removal of the chairman of the Supervisory Committee shall be decided by over two-thirds of the Supervisors.

The Supervisory Committee shall be composed of the shareholders' representatives and the representatives of the Company's staff and workers. The shareholders' representatives shall be elected and removed by the

shareholders' general meeting. The ratio of the staff and workers' representatives in the Supervisory Committee shall not be lower than one-third, and the representatives of the Company's staff and workers shall be democratically elected and removed by the Company's staff and workers.

Meetings of the Supervisory Committee may be held only if attended by more than half of the supervisors. Decisions of the Supervisory Committee shall be made by the affirmative vote of over two thirds of the Supervisors.

The terms of office of Supervisors shall be three years, renewable upon re-election.

The Directors, the senior management officers of the Company shall not act concurrently as Supervisors.

The Supervisory Committee shall be accountable to the shareholders' general meeting and exercise the following functions and powers in accordance with law:

- (i) to examine the Company's financial affairs;
- (ii) to supervise the Directors and senior management officers in their performance of duties and to propose the removal of Directors and senior management officers who have contravened any law, administrative regulations, the Articles of Association or shareholders' resolutions;
- (iii) to demand any Director, the senior management officer of the Company who acts in a manner which is harmful to the Company's interests to rectify such behavior;
- (iv) to inspect financial information such as financial reports, business reports and profit distribution plans considered to be proposed in the shareholders' general meeting and, in case doubt, professionals such as registered accountants and certified auditors may be hired to provide assistance in the name of the Company;
- (v) to propose to convene an extraordinary shareholders' general meeting, and to convene and preside over shareholders' general meetings when the Board fails to perform the duty of convening and presiding over the general meeting;
- (vi) to advance proposals at a shareholders' general meeting;
- (vii) to propose to convene an extraordinary meeting of the Board of Directors;
- (viii) to institute a suit to the Directors or senior management officers of the Company pursuant to the Company law;
- (ix) to conduct investigation into any irregularities in the Company's operations identified; if necessary, professionals such as accounting firms and law firms may be hired to provide assistance at the expense of the Company,
- (x) other functions and powers conferred the Articles of Association.

Supervisors may attend meetings of the Board of Directors and may make inquiries or suggestions to the matters to be resolved by the Board of Directors.

(10) President

Our Company includes one president, which is appointed or dismissed by the Board of Directors. Our president is responsible to the Board of Directors and exercises the following powers:

- (i) Be in charge of the producing and operational management of our Company and report to the Board of Directors on work;
- (ii) Organize the implementation of the resolutions of the Board of Directors;
- (iii) Organize the implementation of the annual operation plans and investment schemes of our Company as developed by the Board of Directors;
- (iv) Formulate the structure scheme of the internal management agency of our Company;
- (v) Formulate the fundamental management system of our Company;
- (vi) Formulate the detailed rules of our Company;
- (vii) Propose to the Board of Directors the appointment or dismissal of the vice president, Chief Financial Officer or chief engineer of our Company;
- (viii) Appoint or dismiss other management except those who shall be appointed or dismissed by the Board of Directors;
- (ix) Other powers authorized by the Articles of Association or the Board of Directors.

(11) Reserves

When our Company distributes its annual after-tax earnings, 10% of the earnings must be allocated to our statutory reserve. When our Company's accumulated statutory reserve exceeds 50% of our Company's registered capital, no more allocations shall be provided.

If our statutory reserve is insufficient to offset our losses incurred during the previous year, the earnings generated during the current year must be used to make up the losses before allocating the statutory reserve in accordance with the requirements set forth in the preceding paragraph.

After allocation to the statutory reserve from the after-tax earnings of our Company, we may also allocate to the reserves at will from after-tax earnings in line with the resolution(s) adopted at the shareholders' general meeting.

After offsetting the losses and allocating to the reserve, the remaining earnings may be distributed to the shareholders based on the proportion of respective shareholdings, except for the non-pro rata distributions as required by the Articles of Association.

If the shareholders' general meeting violates the above requirements and distributes profit before making up loss of our Company and making allocation for the statutory reserve, shareholders must return to our Company the amount of profit distributed which is in violation of the requirements.

No profit shall be distributed in respect of our shares held by our Company.

Our statutory reserves must be used only for offsetting our losses, expanding the scale of our business and operations or for conversion into capital to increase our capital, but the capital reserve shall not be used to offset our losses.

When the statutory reserve is converted into share capital, the amount remaining in such reserve shall not be less than 25% of the registered capital of the Company before the conversion.

(12) Settlement of Disputes

Our Company shall comply with the following rules governing the settlement of disputes:

- (i) Whenever there occur any disputes or claims between holders of the overseas-listed foreign invested shares and our Company, the holders of the overseas-listed foreign invested shares and our Company's Directors, Supervisors, president or other senior management, or holders of the overseas-listed foreign invested shares and the holders of the Unlisted Shares, regarding the rights or obligations relating to the affairs of our Company imposed by the Articles of Association, the "Company Law" or other relevant laws and administrative regulations, such disputes or claim of rights shall be referred by the relevant parties to arbitration;

Where the aforesaid dispute or claim of rights is referred to arbitration, the entire claim or the dispute as a whole must be referred to arbitration, and parties who have a cause of action based on the same facts or whose participation is necessary for the settlement of such dispute or claim, are bound by the award of the arbitration provided that such person is our Company or a shareholder of our Company, a Director, a Supervisor, the president or other senior management.

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

- (ii) A claimant may elect for arbitration at either the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Centre in accordance with its Arbitration Rules. Once a claimant refers a dispute or claim of rights to arbitration, the other party must submit to the arbitral body so elected by the claimant.

If a claimant elects for arbitration at Hong Kong International Arbitration Centre, any party may request the arbitration to be conducted in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.

- (iii) The laws of the People's Republic of China are applicable to the arbitration for the disputes or claims of rights referred to paragraph (i) above, unless otherwise provided in the laws and administrative regulations;
- (iv) The award of an arbitration body shall be final and binding on all parties.