

Summary of Articles of Association

This is a summary of certain provisions of the Articles of Association of the Company.

Summary of Articles of Association

The Company was incorporated as a joint stock limited company in China under the *Company Law of the People's Republic of China* (hereinafter referred to as the "Company Law").

This appendix contains a summary of major terms of the Articles of Association passed by the Company on June 2, 2015 applicable after the issuing and listing of H shares, the principal objective of which is to provide potential investors with an overview of the Articles of Association. As the information contained herein is in summary form, it may not contain all the information which is important to potential investors.

1. Directors and board of directors (the "Board")**(a) Power of share allotment and issuance**

No provisions of the Articles of Association empower the Board to allot or issue shares. The Board shall make a motion for share allotment or issuance that shall be for approved by a special resolution at the general meeting. Any such allotment or issuance shall be made in accordance with procedures as stipulated in relevant laws and administrative regulations.

(b) Powers of disposing of assets of the Company or any of its subsidiaries

The Board may decide on the Company's matters such as foreign investment, acquisition, asset sale, assets mortgage, external guarantees, entrusted wealth management and connected transactions, within the scope of authority granted by the general meeting.

(c) Compensation or payments for loss of positions

The remuneration contracts entered into by the Company with its directors or supervisors, in connection with the takeover of the Company, subject to the approval of shareholders at a general meeting, to receive compensation or other payments for loss of office or their retirement.

A takeover of the Company means:

- (i) a tender offer is made to all shareholders of the Company; or
- (ii) a tender offer is made such that the offeror will become the Company's controlling shareholder (as defined in the Articles of Association).

In the event that any relevant director or supervisor does not comply with the provisions above, any payment received by them shall be possessed by persons who will sell their shares due to the tender offer, and such director or supervisor shall bear the responsibility that distributes the expenses proportionally to such person caused by such payment, and related expenses shall not be deducted from such payment.

(d) Loans to directors, supervisors and other management members

The Company shall not, directly or indirectly, provide any loans or guarantee to the directors, supervisors, general manager or any other senior management members of the Company or its parent company, or their connected parties.

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

- (i) the lender is unwitting when providing the loans to relevant directors, supervisors, general manager or other management members of the Company or its holding company; or
- (ii) collaterals that the Company provides have been lawfully sold by the lender to bona fide purchasers.

The following transactions shall not be subject to restrictions above.

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

For these purposes, guarantee includes an undertaking or property provided to secure the performance of obligations by the obligor.

(e) Providing financial assistance with regard to purchase of shares of the Company or any of its subsidiaries.

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

The following transactions are not prohibited:

- (i) the provision of financial assistance where the Company's principal purpose for giving that assistance is genuinely for the Company's interests and not for the purpose of acquiring the Company's shares or the provision of such assistance is incidental to some broader objective of the Company;
- (ii) a distribution of the Company's assets by way of dividend lawfully declared;
- (iii) a distribution of dividends by way of shares;

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

In this regard,

- (i) "Financial assistance" includes, but not limited to,
 - (aa) gifts;
 - (bb) guarantees (including any liability or the property that the guarantor provides to ensure the obligator to perform his duties), compensation (except for an indemnity in respect of the Company's own fault), removal or waiver of rights;
 - (cc) provision of loans or execution of agreements where the Company performs its obligations prior to other parties, changes in loans or contractual parties, transfer of rights in the loans or contract; or
 - (dd) financial assistance provided by any other means when the Company is insolvent, has no net assets, or its net assets could decrease substantially; and
- (ii) "incurring a liability" includes incurring a liability by making an agreement or arrangement (whether enforceable or unenforceable, and whether made on one's own account or on the account of any other person) or by changing one's financial position by any other means.

(f) Disclosure of rights and interest of the contracts related to the Company or any of its subsidiaries and matters related to voting with respect of the contracts.

When directors, supervisors, general manager or other senior management members, directly or indirectly in any way, have significant interests in contracts, transactions or arrangements that are signed or will be signed with the Company (except the employment contracts), they shall disclose the nature and extent of such interest to the Board as soon as possible, no matter whatever the above contracts, transactions, arrangements or suggestions are subject to approval from the Board.

Unless interested directors, supervisors, general manager or other senior management members make disclosure to the Board in accordance with preceding paragraph of this article, and the Board approves such matters at meetings without reckoning in quorum nor voting, the Company shall have the right to withdraw the contracts, transactions or arrangements, except situations where good faith parties are unwitting of the violation by related directors, supervisors, general manager or other senior management members of their obligations. Directors, supervisors, general manager or other senior management members of the Company is deemed to be interested in a contract, transaction or arrangement in which they have interest.

Where directors, supervisors, general manager or other senior management members of the Company state in a written notice they issue to the Board that, based on the contents specified in the

notice, they have interests in a contract, transaction and arrangement possibly entered into by the Company in future and that such notice has been delivered to the Board prior to the date on which the Company considers signing related contracts, transactions and arrangements for the first time, they may be deemed to have made proper disclosure of the contents contained in the notice in accordance with the Articles of Association.

(g) Remuneration

The Company shall sign written remuneration contracts respectively with its directors or supervisors, with prior approval from shareholders at the general meeting. The above remuneration shall include:

- (i) the remuneration paid in the capacity of directors, supervisors or senior management members of the Company;
- (ii) the remuneration paid in the capacity of directors, supervisors or senior management members of any of the Company's affiliates;
- (iii) remuneration paid for providing other services to the management of the Company and any of its subsidiaries; and
- (iv) the compensation for the resignation or retirement of such directors or supervisors.

Except contracts signed with regard to the above matters, directors or supervisors shall not bring a lawsuit against the Company in relation to any remuneration payable as a result thereof.

(h) Retirement, appointment and dismissal

The following persons shall not serve as the Company's directors, supervisors, general manager or other senior management members:

- (i) those who have no capacity or limited capacity for civil conduct;
- (ii) those who have been sentenced to penalties with execution time not exceeding five years or have been deprived of political rights for crime because of the crimes of embezzlement, bribery, encroachment of property, misappropriation of property or undermining social order, and it has not reached five years since the enforcement;
- (iii) those who act as the directors, factory directors or managers of a company or an enterprise in bankruptcy liquidation and are personally liable for the bankruptcy of such company or enterprise, and it has not exceeded three years since the liquidation of such company or enterprise is completed;
- (iv) those who act as the legal representative of a company or an enterprise with business license revoked and is personally liable for such revocation or closure, and it has not exceeded three years since the business license of that company or enterprise is revoked;
- (v) those who have failed to pay a relatively large debt when due;
- (vi) those who are investigated by the judicial authority due to violation of the criminal law and such a case has not been concluded;
- (vii) those who are not permitted to act as leaders of enterprises according to laws and administrative regulations;

(viii) non-natural persons; and

(ix) those who are convicted of violating relevant securities laws and regulations and involving fraud or dishonest behaviors, and it has not exceeded five years since such conviction is made.

Effects of the acts that directors, general manager or other senior management members have done for the bona fide third party on behalf of the Company shall not be affected by any incompliance in the appointment, election, or qualifications of such directors, general manager or other senior management members.

The Company sets up the Board which is composed of nine directors. Non-employee representative directors shall be elected at the general meeting. Directors are not required to hold any shares of the Company.

The Chairman and Vice Chairman shall be elected and dismissed by a majority of all directors. Directors may be dismissed by the ordinary resolutions at the general meeting. The term of office of the chairman and other directors is three years, and is renewable upon re-election.

The list of candidates for directors and supervisors shall be submitted, in the form of proposal, to the general meeting for approval.

(i) Power of borrowing

By complying with national laws and administrative regulations, the Company has the right to raise or borrow funds including (but not limited to) issuing bond, mortgaging or pledging part or all of the Company's properties, and to exercise other rights permitted by national laws and administrative regulations, provided that such activities shall not harm or abolish rights of any shareholders.

The Articles of Association does not contain any special provisions specifying the ways by which related directors can exercise their power of borrowing, except (a) provisions with regard to the power of directors to propose the plan of bond issuance for the Company; (b) provisions stipulating that bond issuance must be approved by shareholders in the special resolutions passed at the general meeting.

(j) Responsibilities

Directors, supervisors, general manager and other senior management members of the Company shall be liable for faith and diligence to the Company. In addition to the various rights and remedies stipulated in relevant laws and administrative regulations, the Company has the right to take following measures when directors, supervisors, general manager or other senior management members violate their obligations to the Company:

- (i) to claim against such a director, supervisor, the general manager or other senior management members for losses incurred by the Company as a result of his breach;
- (ii) to rescind any contract or transaction entered into between the Company and the director, supervisor, the general manager or other senior management members and a third party where such third party has knowledge or should have had knowledge of the breach of duty;
- (iii) to account for the profits made by the director, supervisor, the general manager or other senior management members as a result of his breach;

- (iv) to recover any monies received by the director, supervisor, the general manager or other senior management members which should have been received by the Company, including (but not limited to) commissions; and
- (v) to demand the return of the interest earned or which may have been earned on any monies by the director, supervisor, the general manager or other senior management members which should have been receivable by the Company.

When performing its duties, the Board shall comply with laws, administrative regulations, the Articles of Association and the resolutions of general meeting. When performing their duties, directors, supervisors, general manager and other senior management members of the Company act in the principle of good faith, and shall not put themselves in situations where their own responsibilities may conflict with their interests. Such principles include (but not limited to):

- (i) acting bona fide in the best interest of the Company;
- (ii) exercising his power within the scope specified and not to act ultra vires;
- (iii) exercising the discretion vested in him by person and not manipulated by others; not transferring his discretion to others in the unless it is permitted by laws and administrative regulations or to the knowledge of the general meeting;
- (iv) treating shareholders of the same class equally, and treating shareholders of different classes fairly;
- (v) not entering into contracts, transactions or arrangements with the Company, unless otherwise provided for in this Articles of Association, or to the knowledge of the general meeting;
- (vi) not making use of the Company's property in any form for his personal interests, without approval of a general meeting to its knowledge;
- (vii) not abusing his power to take bribes or earn other illegal income, and not misappropriating the Company's funds or property in any form, including (but not limited to) opportunities favorable to the Company;
- (viii) not accepting commissions related to the Company's transactions, without approval of the general meeting to its knowledge;
- (ix) complying with this Articles of Association, performing his duties faithfully and safeguarding the Company's interests, and not seeking personal gains by using their positions and power in the Company;
- (x) not competing with the Company in any form, without approval of the Shareholders' general meeting to its knowledge;
- (xi) not misappropriating the Company's funds or lending the funds to others, not depositing the Company's assets with accounts opened in his own name or in the name of others, and not providing guarantees to the Company's shareholders or other individuals; and
- (xii) not disclosing confidential information that he comes to know in relation to the Company during his service at the Company without the approval of the general meeting to its knowledge, or making use of such information, unless for the Company's benefits, provided that, however, such information may be disclosed to the court or competent government authorities if: (aa) stipulated by laws; (b) required by public interest; or (cc) in the interest of directors, supervisors, general manager or other senior management members.

Directors, supervisors, general manager or other senior management members of the Company shall not instruct persons related to them to do things that are not permitted. Persons related to directors, supervisors, general manager or the other senior management members are:

- (i) the spouse or minor children of directors, supervisors, general manager or other senior management members;
- (ii) trustees of directors, supervisors, general manager, or other senior management members or any person mentioned in Item (i) above;
- (iii) partners of directors, supervisors, general manager or other senior management members or any person mentioned in Items (i) and (ii) above;
- (iv) companies that are controlled individually by directors, supervisors, general manager or other senior management members, or jointly with one or more persons mentioned in Item (i), (ii) and (iii) above, or jointly with any other directors, supervisors, general manager or other senior management members of the Company; or
- (v) the Company's directors, supervisors, general manager or other senior management members mentioned in Item (iv) above.

The fiduciary duty of the Company's directors, supervisors, general manager or other senior management members shall not necessarily terminate as the end of their terms of office. Their obligations to keep business secrets to the Company remain valid at the end of their terms of office. Whether other obligations remain in force shall be determined in the principle of fairness and depending on time duration between the occurrence of such events and the time of resignation, and circumstances and conditions where the relationships with the Company may be terminated.

The responsibility assumed by directors, supervisors, general manager or other senior management members in violation of certain specific obligation may be removed at the general meeting to its knowledge, except situations stipulated in the Articles of Association.

In addition to responsibilities stipulated in relevant laws, administrative regulations or the listing rules of the stock exchange on which the Company's shares are listed, directors, supervisors, general manager and other senior management members shall assume following responsibilities to shareholders when executing their power and perform their obligations:

- (i) ensuring the Company not to exceed the business scope stipulated in its business license;
- (ii) acting bona fide in the best interests of the Company;
- (iii) not depriving any of the Company's properties in any form, including (but not limited to) opportunities favorable to the Company; and
- (iv) not depriving the personal rights and interests of the shareholders, including (but not limited to) the rights of profit distribution and voting, but excluding the corporate reorganization submitted to and approved by the general meeting in accordance with the Articles of Association.

When exercising their power and discharging their duties, directors, supervisors, general manager and other senior management members of the Company shall act as cautiously, diligently and skillfully as a reasonably prudential person does under similar circumstances.

Where the Company incurs losses as a result of directors or senior management members of the Company having violated any provision of law, administrative regulation or the Articles of Association of the Company in the course of performing their duties to the Company, shareholders individually or collectively holding 1% or more shares of the Company for 180 consecutive days or longer have the right to request in writing the Board of Supervisors to bring a lawsuit to the court. Where the Company incurs losses as a result of the Board of Supervisors having violated any provision of law, administrative regulation or the Articles of Association of the Company when performing its duties to the Company, shareholders may request the Board to bring a lawsuit to the court.

In the event that the Board of Supervisors or the Board refuses to bring a lawsuit after receiving the written requests from shareholders as described in the preceding paragraph, or have not brought a lawsuit within 30 days after receiving such requests, or under urgent circumstances which will incur irreparable damages to the Company's interests if a lawsuit is not brought immediately, shareholders mentioned in the preceding paragraph shall have the right to directly bring a lawsuit to the court in its own name and in the interest of the Company.

In the event that the legitimate interests of the Company are infringed upon by a third party which causes losses to the Company, the aforementioned shareholders may bring a lawsuit to the court in accordance with the two preceding paragraphs.

In the event that directors or senior management members have violated laws, administrative regulations or this Articles of Association and this has harmed the interests of shareholders, shareholders may bring a lawsuit to the court.

2. Amendment of Articles of Association

The Company may amend its Articles of Association according to stipulations of relevant laws, administrative regulations and the Articles of Association.

Amendments to the mandatory provisions of the Articles of Association shall not take effect until they are approved by the corporate approval body authorized by the State Council and the securities regulatory authority under the State Council. With regard to any changes to the Company's registration information, relevant procedures of registration shall be made according to law.

3. Change of rights of existing shares or classes of shares

The Company shall not change or abolish the rights attached to shares of any class ("class shares"), unless approved by shareholders in general meeting by means of special resolution or approved by shareholders of that class in general meeting separately convened in accordance with the Articles of Association. The following circumstances shall be considered as change or abolishment of rights of certain class:

- (i) increasing or reducing the number of such class shares, or increasing or reducing the number of class shares with voting power, distribution power or other privileges equal to or more than those of such class shares;
- (ii) converting all or part of shares of that class into another class, or changing all or part of the shares of another class into that class or granting such rights of conversion;

- (iii) cancelling or reducing the shares or rights of accumulated dividends owned or generated by the shares of that class;
- (iv) reducing or cancelling the priority to obtain dividends or the priority to obtain property rights in liquidation of the Company;
- (v) increasing, cancelling or reducing the conversion rights, stock options, voting power, assignment rights, right of priority placement or the right to obtain corporate bonds;
- (vi) cancelling or reducing the rights owned by the shares of that class to collect account payables of the Company in specific currency;
- (vii) setting up new classes which have same or more voting power, distribution rights or other privileges compared with the shares of that class;
- (viii) setting limitation or increasing the limitation on transfer of the shares or ownership of the shares of that class;
- (ix) issuing rights of subscription for or converting into the Company's shares of that class or another class;
- (x) increasing the rights or privileges of the shares of other classes;
- (xi) the Company's restructuring plan that may cause shareholders of different classes take responsibilities disproportionately during restructuring; and
- (xii) amending or cancelling the provisions stipulated by the Articles or Association.

Shareholders of the affected class, whether or not having the right to vote at general meetings, shall nevertheless have the right to vote at class shareholders' meetings in respect of matters concerning paragraphs (ii) to (viii), (xi) and (xii) above, but Interested Shareholder(s) (as defined below) shall not be entitled to vote at class shareholders' meetings.

Resolutions of class shareholders shall be approved by more than two thirds of the voting shareholders who attend class shareholders' meeting.

The Company shall give written notice 45 days before the class shareholders' meeting is convened, to inform all registered shareholders holding shares of that class of the matters to be considered in the meeting as well as the date and location of such meeting. Shareholders who intend to attend the meeting shall confirm their attendance in writing, and such written reply shall be sent back to the Company 20 days before the class shareholders' meeting is convened.

The Company can convene a class shareholders' meeting if the number of voting class shares held by shareholders who intend to attend the meeting is more than half of the total number of such shares of the Company, class shareholders' meeting. If not, the Company shall make a public announcement within 5 days to inform shareholders once again of matters to be considered in the meeting as well as the date and the location of the meeting. Once the announcement is made, the Company may convene the class shareholders' meeting.

Notice of class shareholders' meeting will only be sent to shareholders who have the right to vote at the meeting.

Procedures for any class shareholders' meeting shall be the same to those stipulated in the Articles of Association. Any provision about the holding of general meeting in the Articles of Association shall be applicable to all class shareholders' meeting.

Apart from holders of shares of other classes, holders of Domestic Shares and foreign shares are considered as shareholders of different classes. Voting by shareholders of different classes is not required in the following circumstances:

- (i) the Company (individually or under the circumstance in which the special resolution is approved at the same time by shareholders in general meeting every 12 months) individually issues no more than 20% of already issued Domestic Shares or foreign shares;
- (ii) the Company's plan to issue domestic shares or foreign shares at its inception is completed within 15 months since the plan is approved by the securities regulatory authority of the State Council; and
- (iii) shares registered in the Company's register of Domestic Shares are transferred to foreign investors and are traded on foreign stock exchanges, with approval from the securities regulatory authority of the State Council.

With regard to rights of class shares in provisions of Articles of Association, "interested shareholders" refer to:

- (i) the controlling shareholders defined by the Articles of Association, in case of repurchasing shares by sending the offer of repurchasing shares to all shareholders or open transaction at stock exchange;
- (ii) shareholders related to the contract, in case of repurchasing shares by means of contract under the regulations of Articles of Association outside the stock exchange;
- (iii) shareholders taking responsibilities with proportions lower than other shareholders or shareholders who have interests different from other shareholders of that class, in case of the Company's restructuring.

4. Special resolutions—subject to approval of majority voting

Resolutions of general meeting can be divided into ordinary resolutions and special resolutions.

Ordinary resolutions can only be approved with more than half of the votes of shareholders (including proxies) who participate in the meeting.

Special resolutions can only be approved with more than two thirds of the votes of shareholders (including proxies) who participate in the meeting.

5. Voting rights (general rights relating to voting or request to vote)

Shareholders of common stocks of the Company are entitled to attend or authorize representatives to attend and vote at general meeting. When shareholders (including proxies) vote at general meeting, they can exercise the right to vote according to the number of shares with voting power. Each share has one vote.

At any shareholders' meeting, voting shall be on a poll. On a poll taken at a meeting, a shareholder (including his proxy) entitled to two or more votes need not cast all his votes in the same way.

In the case of an equality of votes, the chairman of the meeting shall be entitled to an additional vote.

In accordance with applicable laws and regulations and the listing rules of stock exchange in which the shares of the Company are listed, when any shareholder abstains his voting right for certain decision item, or the shareholder is restricted to vote for (or against) certain decision item, if any circumstance in violation of this provision or limitation occurs, votes made by such shareholder or his representative shall not be counted.

6. Regulations relating to annual general meeting of shareholders

General meetings of shareholders can be divided into annual general meetings and extraordinary general meetings. General meetings of shareholders shall be called by directors. Annual general meetings of shareholders shall be held within six months after the end of accounting year, and the meeting shall be held on yearly basis.

7. Accounting and auditing

(a) Financial and accounting systems

The Company shall draw up financial and accounting systems and internal audit system in accordance with laws, administrative regulations and PRC accounting standards prepared by the financial regulatory department of the State Council.

The Board of the Company shall submit the financial report prepared by the Company in accordance with laws, regulations or orders issued by local government and supervision department with jurisdiction rights to shareholders at the annual general meeting.

The preparation of financial report of the Company shall not only observe the accounting standards and regulations of China but also be in line with international accounting standards or the accounting standards in the region outside China where the shares of the Company are listed. If there are significant differences between the financial statements separately prepared, it should be accounted for and explained in the financial statements. In terms of distribution of after-tax profits for certain accounting year, the lower after-tax profits as shown in the different set of financial statements shall be adopted.

The financial reports shall be put in the Company 20 days before the annual meeting for shareholders to review. Each shareholder of the Company has the right to obtain one copy of the financial report.

The Company shall send above-mentioned financial report at least 21 days before the annual meeting by prepaid postage mail to the registered addresses of all holders of foreign shares.

The interim results or financial information published or disclosed by the Company shall be prepared in accordance with the accounting rules, regulations and laws of China and international accounting standards or the accounting standards of the listed location of the Company.

The Company shall release its financial statements in each financial year for two times. The interim report shall be released within 60 days after the end of the first six month of each financial year. And the annual report shall be released within 120 days after the end of each financial year.

The Company shall not keep any other book not allowed by law.

(b) The appointment and dismissal of accountants

The Company shall appoint qualified independent accounting firm which meets relevant regulations of the country to be responsible for the financial report of the Company and to review other financial reports of the Company.

The tenure of accounting firm appointed by the Company starts when the annual general meeting is completed and ends when the next annual general meeting is finished.

Regardless of how the contract entered into by the Company and accounting firm stipulates, as long as the right of claim of the accounting firm is not harmed when the accounting firm is replaced, shareholders may replace the accounting firm by means of ordinary resolution in general meeting before the tenure of accounting firm expires.

The auditing fee of the accounting firm shall be determined by the general meeting.

Before dismissal of the accounting firm or discontinuity to appoint the accounting firm, notice must be sent to the accounting firm beforehand to inform the accounting firm about the dismissal or discontinuity of appointment. The accounting firm is entitled to participate in the general meeting and make a statement at the meeting.

If the accounting firm discharges the appointment, it shall explain to the Company if the Company has improper matter or not.

The accounting firm can send the resignation letter in written form to the legal address of the Company to resign. The notice comes into effect on the day when the notice is sent to the legal address of the Company or on the later day written in the notice. The following statement shall be included in the notice:

- (i) The resignation does not involve any statement which shall be explained to shareholders or creditors of the Company; or
- (ii) any statement should be made

Within fourteen (14) days after the Company receives the notice mentioned in the previous paragraph, the copy of the notice shall be sent to relevant responsible institutions. If the notice has the statement mentioned in (ii) of previous paragraph, the Company shall keep the copy of that statement within the Company for shareholders to review. The Company shall also send the copy of above-mentioned statement by means of prepaid mail to every shareholder who is entitled to receive the Company's financial condition statements according to the addresses registered in register of shareholders.

If the letter of resignation of the accounting firm has any statement about the situation which shall be explained to the shareholders or creditors of the Company, the accounting firm can require the Board to convene an extraordinary general meeting to hear the explanation about the resignation.

8. Notice and agenda of general meeting

General meeting is the organ of authority of the Company, and it can exercise powers and perform duties according to law.

Unless the Company is in a crisis or subject to any special circumstance, it may not enter into any contract with anyone other than a director, general manager and other senior management personnel to manage all or part of the important part of any business of the Company, unless otherwise approved by the shareholders at a general meeting by means of special resolution.

Shareholders meetings can be divided into annual general meetings and extraordinary meetings. If the following circumstances occur, directors shall convene an extraordinary meeting within two months after any of the following events occur:

- (i) When the number of directors is less than the quorum prescribed by the *Company Law* or less than two thirds of the quorum required by the Articles of Association;
- (ii) When the unrecovered loss of the Company is higher than one third of the total amount of capital stock;
- (iii) When shareholders individually or collectively holding 10% or more than of the shares of the Company make a written request to convene an extraordinary general meeting;
- (iv) When directors consider it necessary to convene an extraordinary general meeting, or when supervisors make the request to convene an extraordinary meeting;
- (v) Other circumstances stipulated by laws and regulations or the Articles of Association.

Before the Company calls a general meeting, a written notice shall be sent 45 days before the meeting is held to inform all shareholders registered in the book about the date and location of the meeting. Shareholders who intend to participate in the general meeting shall reply in written form 20 days before the meeting is held.

When the company holds a general meeting, the Board, the Board of Supervisors, shareholders who individually or jointly hold 3% or more shares of the Company are entitled to put forward a proposal to the Company. Shareholders individually or jointly hold 3% or more shares of the Company can put forward a temporary proposal 10 days before the general meeting is held and submit the proposal to the convener of the meeting.

The Company shall calculate the number of shares with voting power represented by shareholders who intend to participate the meeting according to the written reply received 20 days before the general meeting is held. If the number of shares with voting power represented by the shareholders who intend to participate in the meeting is more than half of the total amount of shares, the Company can call a general meeting. If the number of shares does not reach half of the total amount of shares, the Company shall inform shareholders once again about items to be considered in the meeting and date and location of the meeting within 5 days. After the notice is made, the company can call a general meeting. Extraordinary general meeting shall not decide to notify unmarked matters.

The notice for general meeting shall be made in written form, and the following contents shall be included in the notice:

- (i) time, location and time limit of the meeting;
- (ii) items and proposals to be reviewed at the meeting;
- (iii) providing data and explanation needed by shareholders to make wise decisions for items to be discussed; this principle includes (but not limited to) specific conditions and contracts (if applicable) of proposed trade made by the Company to merger with another

company, repurchase the shares of the Company, reorganization of shares or other reorganizations; serious explanation for the causes and consequences shall be made;

- (iv) If any director, supervisor, general manager or other senior management personnel has important interests with the items to be discussed, the nature and extent of the interests shall be disclosed. If the items to be discussed has more influence over that directors, supervisors, general manager or other senior management personnel as shareholders compared with shareholders of other classes, the differences shall be explained;
- (v) full text of the special resolution proposed at the meeting for approval;
- (vi) clear explanatory note: all shareholders are entitled to participate in the general meeting and authorize one or several agents in written form to attend the meeting and vote. Agent of the shareholder does not have to be a shareholder of the Company;
- (vii) time and location of the delivery of power of attorney, and
- (viii) names and telephone numbers of the contact persons of the general meeting.

The notice of general meeting shall be sent to shareholders (whether the shareholders are entitled to vote in general meeting or not) by specially-assigned personnel or prepaid mail. The address of the recipient shall be based on the registered address in register of shareholders. For shareholders of Domestic Shares, the notice of general meeting can also be made by means of public announcement.

Announcement of the general meeting shall be published 45 days to 50 days before the meeting is held in one or more than one of the newspapers designated by the Securities Regulatory Authority of the State Council. Once the announcement is made, it shall be considered that all shareholders of domestic shares have been notified about the general meeting. If the persons entitled to receive the notice are not notified due to negligence, or such persons have not received the notice for the meeting, the meeting and resolutions made at the meeting will not be invalidated.

If shareholders want to convene an extraordinary general meeting or class shareholders' meeting, the following procedure should be followed:

- (i) Two or more shareholders jointly held more than 10% (including 10%) of the shares with voting power of the meeting to be held can sign one or several written request with same content, which can be submitted to the Board to convene an extraordinary meeting or class shareholders' meeting; and the issues of the meeting shall be clarified. After the Board receives the above-mentioned written request, it shall convene an extraordinary meeting or class shareholders' meeting. Above-mentioned number of shares shall be calculated according to the date of written request made by shareholders.
- (ii) If the board fails to send the notice to call the meeting within 30 days after receiving above-mentioned written notice, the shareholders who made the request can call the meeting by themselves four months after the Board receive their request. The procedure of calling the meeting shall be the same as the procedure for the Board to call a general meeting.

If the meeting is called by shareholders or because the Board fails to hold the meeting in accordance with above-mentioned requirements, reasonable expenses incurred shall be borne by the Company and deducted from the payments owned by the Company to negligent directors.

Issues need to be approved by ordinary resolutions at general meeting include:

- (i) work reports of the Board and the Board of Supervisors;
- (ii) profit distribution plan and plan for making up losses prepared by the Board;
- (iii) election, dismissal, remuneration and payment method of remuneration of board members and supervisors of shareholders' representatives;
- (iv) annual budget report, final accounting report, balance sheet, income statement and other financial statements; and
- (v) others issues apart from those should be approved by special resolutions in accordance with the regulations of laws, administrative regulations, listing rules of the stock exchange in which the shares of the company are listed or provisions of the Articles of Association.

Issues need to be approved by special resolutions at general meeting include:

- (i) increasing or reducing capital stock of the Company, repurchasing shares of the Company and issuing shares of any class, equity warrants and other similar securities;
- (ii) the issuance of company bonds;
- (iii) division, merger, dissolution and liquidation of the Company;
- (iv) amendment of the Articles of Association;
- (iv) amend the Articles of Association;
- (v) the equity incentive plan; and
- (vi) other important issues prescribed in laws, regulations or the Articles of Associations and considered be the general meeting by means of ordinary resolution to be significantly influential to the Company and shall be approved by means of special resolution.

If the resolutions of general meeting or the board meeting violate any laws or administrative regulations, shareholders are entitled to make the request to the court to rule relevant resolutions invalid.

If the procedures or voting methods of general meeting or board meeting violate laws, regulations or the Articles of Association, or the contents of the resolution violate the Articles of Association, within sixty (60) days since the resolution is approved, shareholders can request the court to revoke relevant resolutions

9. Transfer of shares

With the approval of the Securities Regulatory Agency of the State Council, the holders of Domestic Shares of the Company may transfer its shares to foreign investors, and such transfer of shares can be listed on foreign stock exchanges or be traded. The listing or trading of any transfer of shares in foreign stock exchanges shall abide by relevant supervisory processes, rules and regulations of foreign stock exchanges.

Shares held by the originator of the Company shall not be transferred one (1) year after the Company is established. Shares issued before the Company's public issue shall not be transferred one year (1) after the shares are listed or traded in the stock exchange.

Directors, supervisors and senior management personnel of the Company shall declare to the Company the number of shares held by them and the changes of the shares afterwards. Transferable shares held by directors, supervisors and senior management personnel during their tenure shall not exceed 25% of the total shares of the Company, and the shares they hold shall not be transferred within one year (1) after the listing or trading of shares of the company in stock exchanges. If above mentioned personnel leave their positions, they shall not transfer the shares of the company the held within six (6) months.

If directors, supervisors, senior management personnel or shareholders holding more than 5% of the company's shares sell the shares they hold within six (6) months after they buy the shares or repurchase the shares within six (6) months after they sell the shares, the resulting income belongs to the Company. Board of the directors of the Company shall collect the income from above-mentioned personnel. If Board of the Company fails to observe this regulation, responsible director(s) shall undertake due obligations independently or jointly in accordance with law.

If the Board of the company does not comply with the provision in preceding paragraph, shareholders are entitled to require the Board to implement relevant provisions within thirty (30) days. If the Board fails to implement this within above-mentioned time, shareholders are entitled to file a claim in court for the benefits of the Company in their own names.

All H shares fully paid up can be transferred according to the Articles of Association. Unless following conditions are fulfilled, the Board may refuse to admit any transfer deed without giving any reason:

- (i) any transfer document or other document related to or might influence the transfer of shares shall be registered. Cost shall be paid to the company according to the expense standard in Hong Kong Listing Rules and shall not be higher than the highest expense set forth in Hong Kong Listing Rules from time to time;
- (ii) the transfer document only involves listed foreign shares listed in Hong Kong;
- (iii) the stamp duty of the transfer document has been paid;
- (iv) evidence of relevant shares and of the fact that transferor reasonably required by the Board has the rights to transfer the shares has been submitted;
- (v) if the shares are to be transferred to joint holder, the number of joint holders shall be less than 4;
- (vi) relevant shares have no lien from any company.

10. Rights of the Company to repurchase its own shares

After receiving approval according to procedures stipulated in the Articles of Association and from competent authorities of the country, the Company can repurchase its issued shares under the following conditions:

- (i) cancelling shares to reduce the share capital of the Company;
- (ii) merging with another company which holds the Company's shares;
- (iii) distributing shares to employees of the Company as reward;

- (iv) repurchasing shares because shareholders are against the resolutions of merger or separation made by the general meeting; or
- (v) other situations permitted by laws and administrative regulations.

After the Company repurchases the shares in accordance with Article 30 (i), (ii) and (iv) of the Articles of Association, such shares should be cancelled within the time limit stipulated by laws and administrative regulations. The Company shall apply to the original registration authority for change of registration, and corresponding notice shall be made. To repurchase the shares according to Article 30 (iii) of the Articles of Association, 5% of the total shares in issue of the Company shall not be exceeded. And the shares shall be transferred to employees within 1 year.

With the approval of the competent authorities of the country, the Company may repurchase shares by any of the following ways:

- (i) issuing repurchase offer to all shareholders in the same proportion;
- (ii) repurchasing shares by means of public trading on the stock exchange;
- (iii) repurchasing by means of agreements outside the stock exchange; and
- (iv) by other means as recognized by relevant regulatory authorities.

Unless the Company has entered liquidation procedures, the Company must observe the following provisions in relation to repurchasing shares issued:

- (i) when the Company repurchases the shares at par value, relevant payments shall be made from the Company's distributable book surplus of profit and funds raised from issuing new shares for such repurchase;
- (ii) when the Company repurchases the shares at a price higher than the par value, the payment shall be made from distributable book surplus of profit and funds raised from issuing new shares for such repurchase, to the maximum of relevant face value. The part higher than the face value shall be handled by the following methods:
 - (a) if the shares repurchased are issued at par value, the payment shall be made from distributable book surplus of profit;
 - (b) if the shares repurchased are issued at prices higher than face value, the payment shall be made from distributable book surplus of profit and newly issued raise funds in order to repurchase the shares, but the amount of payment made from newly issued raise funds shall not exceed total amount of the premium obtained by the Company when the issued shares are repurchased. The amount shall not be higher than the premium account or capital accumulation fund account when the issued shares are repurchased (including the premium of newly issued shares);
- (iii) the Company's payments for the following purposes shall be made from distributable profits of the Company:
 - (a) obtaining the rights of repurchased shares;
 - (b) changing any contract of repurchased shares;
 - (c) relieving any liability of the Company in the repurchased shares contract.

- (iv) when the registered capital of the Company is reduced in accordance with the cancelled aggregate par value of the shares based on relevant provisions, in order to pay the face value of repurchased value, amount deducted from distributable profit shall be put into the premium account of the shares or capital reserve account.

If the Company is entitled to repurchase redeemable shares for the purpose of redemption:

- (i) If the repurchase is not carried out by market method or by tendering, the repurchase price of the shares must be limited to a maximum price; and
- (ii) if the repurchase is carried out by means of tendering, the tendering shall be sent to all shareholders on equal basis.

11. Dividends and other distribution methods

The Company can distribute its dividend in the form of cash or other forms permitted by laws and regulations.

Any share capital paid by shareholder before calls of capital are entitled to the interests, but shareholders are not entitled to the dividend distributed afterwards with prepaid stock capital.

The Company shall appoint the receiving agent on behalf of foreign shareholders to collect the dividend distributed by the Company for those shares or other account payables.

The appointed receiving agent representing holders of foreign shares listed in Hong Kong shall be a trust company registered in accordance with the Trustee Ordinance of Hong Kong.

12. Proxies entrusted by shareholders

Any shareholder who has the right to attend general meeting and the right to vote can entrust one or more than one persons (whether such person is shareholder or not) as his proxy to attend general meeting and to vote. The proxy has the right to exercise the following rights with the authorization of the shareholder:

- (i) the same right to speak as shareholders in the meeting;
- (ii) the right to make the request on one's own or together with others to vote by poll;
- (iii) unless otherwise stipulated by relevant laws, administrative regulations and relevant stipulations of securities supervision institution in location of listing, the voting right can be exercised by raising hands or casting votes. However, if the shareholders' proxy is on behalf of several shareholders, the voting must be carried out by casting votes.

A shareholder shall appoint the proxy in written form, and the document shall be signed by the consignor or the proxy officially entrusted in written form. If the consignor is the legal person, the document shall be stamped with the corporate seal or signed by directors or the officially authorized proxy. The power of attorney shall be placed at the domicile of the Company or other place in the notice of the meeting at least 24 hours before the relevant meeting of the voting for the power of attorney starts or 24 hours before the set time of voting. If the power of attorney is sign by the consignor with certificate of authorization or other personnel authorized by other authorization documents, the power of attorney or certificate of authorization should be certified by a notary. The certificate of authorization or other authorization documents certified by a notary, together with the power of attorney appointing the representative shall be sent to the registered office or other location specified in the meeting notice.

If the consignor is a legal person, the legal representative or any personnel authorized by resolutions of the Board or other decision-making institutions can attend the general meeting on behalf of the consignor.

The format of power of attorney appointing the shareholder's agent sent to shareholders by directors shall enable shareholders to instruct the authorized agent to vote for, against or abstain from voting for the motion and each issue proposed in the meeting in accordance with the willingness of the shareholders. If there is no instruction from the shareholders, the power of attorney shall specify that shareholder's proxy can vote according to his own will.

If the consignor has deceased, has been incapacitated, has withdrawn the signed authorization or relevant shares has been transferred before the start of the voting in the meeting attended by the shareholder's proxy, as long as the Company has not received the written notice about the decease, incapacitation, withdrawal or transfer before the beginning of the meeting, the vote made by the shareholder's proxy according to the power of attorney is still valid.

13. Calls on stock capital and forfeiture of shares

Shareholders are entitled to the interests of the stock capital of any share paid before calls on stock capital, but shareholders are not entitled to the dividend distributed afterwards in terms of the prepaid stock capital.

Under the premise of observing relevant laws and regulations of China and the provisions of Stock Exchange of Hong Kong Limited, the Company is entitled to confiscate unclaimed dividends. However, such right shall not be exercised before the expiry of relevant time limit.

14. Inspecting register of shareholders and other rights of shareholders

The Company must keep register of shareholders.

In accordance with the memorandum of understanding or agreement reached between the securities regulatory authority of the State Council and overseas securities regulatory authority, the Company can keep the register of holders of foreign shares outside the territory of China and entrust a foreign agency to control the register of shareholders.

The duplicate of register of shareholders of foreign shares shall be kept in the registered office of the Company. The entrusted foreign agency must make sure that the registration information in original copy and duplicate of register of shareholders is the same. The original copy of the register of shareholders of overseas listed foreign shares registered in Hong Kong must be kept in Hong Kong.

If the registration information in the original copy is inconsistent with duplicate of register of shareholders of foreign shares, the original copy shall prevail. The Company shall keep complete register of shareholders.

The register of shareholders must include the following parts:

- (i) register of shareholders kept at the registered office of the Company (except from what are referred to in (ii) and (iii) in below paragraphs);
- (ii) register of shareholders of foreign shares of the Company listed overseas kept in the location of stock exchange trading foreign shares; and

- (iii) register of shareholders considered by the Board as necessary to be kept at other places for listing.

Different parts of register of shareholders shall not be repeated. When the register of shareholders comes into effect after registration, transfer of shares registered in any part of the register of shareholders shall not be registered at other part of the register of shareholders. Amendment or modification of any part of the transfer of shares shall be carried out in accordance with laws of the location where the transfer of shares are kept.

Within 30 days before the general meeting is held or within five days of the record date after the Company distributes dividends, changes of any share shall not be registered on register of shareholders.

If the Company decides to convene a general meeting of shareholders, distribute dividends, conduct liquidation or carry out any other matters which require the confirmation of stock rights, the Board shall determine the record date. At the end of record date, all persons listed in the register of shareholders are shareholders of the Company.

Any person who is against the issues contained in register of shareholders, willing to add his name in register of shareholders or delete his name from register of shareholders can apply to the court of the jurisdiction to change the information of register of shareholders.

Shareholders are entitled to obtain (but are not limited to) the following information:

- (i) copy of Articles of Association after paying the fee;
- (ii) after paying reasonable fee, the right to review and copy:
 - a. register of shareholders of all shareholders;
 - b. personal data of directors, supervisors, general manager and other senior management personnel of the Company;
- (iii) share capital of the Company;
- (iv) the latest audited financial statements and reports of the Board, auditors and the Board of Supervisors of the Company;
- (v) counterfoils of company bonds, meeting minutes of general meeting (only for reference of shareholders), special resolutions of general meeting, special resolutions of board meetings and resolutions of the meetings of the Board of Supervisors;
- (vi) the total par value, amount, highest value and lowest value of each classified share repurchased by the Company in the last financial year, and the report of all expenses made for this; and
- (vii) the copy of latest annual inspection report submitted to China's State Administration for Industry and Commerce other responsible institutions for filing.

If shareholders make the request to review above mentioned information or ask for the copy of materials, written documents proving the classification of shares of the Company they hold and number of the shares shall be provided to the Company. After the Company verifies the identity of the shareholder, required information shall be offered to the shareholder as requested.

15. Quorum of the general meeting

If the total amount of shares with voting power represented by shareholders who intend to participate in the meeting is more than half (including half) of the total shares with voting power of the Company, the Company can hold a general meeting of shareholders.

If the total amount of classified shares with voting power represented by shareholders who intend to participate in the meeting is more than half (including half) of the total shares of that classification of the Company, the Company can hold a general meeting of shareholders.

16. Rights of defrauded or oppressed non-controlling shareholders

Apart from duties regulated in laws, administrative regulations or listing rules of listing location, when controlling shareholders exercise their rights as shareholders, they shall not exercise their right to vote on the following matters in a method harming all or part of shareholders of the Company:

- (i) exemption of responsibilities of directors or supervisors to sincerely handle matters for the best interest of the Company;
- (ii) approval for directors or supervisors to strip assets of the Company in any form (for the benefit of themselves or others), including (but not limited to) opportunities to the benefits of the Company; or
- (iii) approval for directors or supervisors to strip the individual rights of the Company of other shareholders (for the interests of themselves or others), including (but not limited to) any distributed right or voting right; but the restructuring plan submitted to shareholder meeting in accordance with the Articles of Association for approval is excluded.

17. Procedures on dissolution and liquidation

The Company shall conduct dissolution and liquidation in accordance with laws upon occurrence of any of the following events:

- (i) the term of operation prescribed by the Company's Articles of Association has expired, or any other cause for dissolution has occurred;
- (ii) the general meeting has adopted a resolution for dissolution;
- (iii) dissolution is required due to merger or division of the Company;
- (iv) business license of the Company is revoked; the Company is ordered to close down or canceled in accordance with laws;
- (v) operation and management of the Company have serious difficulties, and the continuity of the Company will cause heavy losses to the interests of shareholders. The difficulties cannot be solved by other means, hold more than ten percent of the voting rights of all shareholders.

If the Company is to be dissolved pursuant to the provisions in (i), (ii), (iv) and (v), a liquidation team shall be established within 15 days from the date of occurrence of the issue causing liquidation to carry out liquidation. The liquidation team shall be composed of persons confirmed by directors or general meeting. If the liquidation team is not established within the time limit for liquidation, creditors may apply to the People's Court to designate professionals to set up liquidation team to carry out liquidation.

The liquidation team shall notify creditors within ten days of its establishment, and shall make an announcement in a newspaper within 60 days of its establishment. The liquidation team shall register the declared creditor's rights.

The liquidation team shall perform the following functions and exercise the following authorities during the liquidation:

- (i) identifying the Company's assets and preparing a balance sheet and a schedule of assets respectively;
- (ii) notifying all creditors through notice or public announcement;
- (iii) handling the Company's ongoing businesses which are related to liquidation;
- (iv) making full payment of taxes owed and all taxes during the liquidation;
- (v) identifying the Company's creditor's rights and debtor's liabilities;
- (vi) disposing of the remaining assets after full payment of company debts; and
- (vii) participating in civil actions on behalf of the Company.

After identifying the Company's assets and preparing the balance sheet and schedule of assets, the liquidation team shall prepare a liquidation plan, which shall be submitted to general meeting and the people's court for ratification.

After identification of company assets and preparation of the balance sheet and schedule of assets, if the liquidation team discovers that the Company does not have sufficient assets to fully repay its debts, the liquidation team shall file a bankruptcy application with the people's court. Once the Company is adjudged bankrupt by a ruling of the people's court, the liquidation team shall transfer the liquidation affairs to the people's court to handle.

Upon completion of the Company's liquidation, the liquidation team shall prepare a liquidation report, which shall be submitted to the shareholders' committee or the people's court for confirmation. Above-mentioned documents shall be submitted to the Company registration authority to apply for de-registration of the Company. A public announcement shall be made to announce the termination of the Company.

18. Other Important Provisions Related to the Company or Its Shareholders

(a) General provisions

The Company is a limited liability company with permanent existence.

The Company may invest in other businesses, and it shall assume liability to the extent of its capital contributions.

The Articles of Association is a legally binding document used for standardizing the Company's organization and behaviors and relationship of rights and obligations between the Company and shareholders and between shareholders. The shareholders may bring a suit against the Company in accordance with the rights and liabilities concerning the Company's matters conferred in the Articles of Association, and vice versa, the shareholders may also prosecute against each other according to these rights and liabilities. The shareholders may also sue the directors, supervisors, general manager and other senior managers. The suits in the Articles of Association include the prosecutions brought to the court and to the arbitration authority for arbitration.

(b) Shares and transfer

Foreign investors in the Articles of Association refer to the investors who subscribe the shares issued by the Company in Hong Kong, Macao, Taiwan and overseas. Domestic investors refer to the investors who subscribe the shares issued by the Company in China (excluding the investors in those areas mentioned in the previous sentence).

The Company may increase the share capital in the following way:

- (i) issuing shares publicly;
- (ii) issuing shares non-publicly;
- (iii) placing of new shares to existing shareholders;
- (iv) bonus issue to existing shareholders;
- (v) conversion of capital reserve into share capital; and
- (vi) other ways permitted in laws and administrative regulations or approved by the securities regulatory authority under the State Council.

If the Company issues new shares for a capital increase, it must obtain the approval in advance according to the regulations in the Articles of Association and it shall comply with relevant national laws and administrative regulations in implementation.

The Company can reduce the registered capital according to the Company Law and other regulations and procedures required in the Articles of Association.

After the approval of the securities regulatory authority under the State Council, the Company's holders of Domestic Shares may transfer its shares to foreign investors; moreover, the transferred shares can be listed or traded on foreign stock exchange. All these transactions must comply with the regulatory procedures, rules and regulations of foreign stock exchange.

(c) Shareholders

The shareholders of the Company refer to those who hold the shares of the Company and whose names have been listed in the register of shareholders.

The shareholders enjoy rights and assume the obligations according to the type and quantity of shares held by them. The holders of shares of the same type shall enjoy the same rights and bear the same kind of obligations.

The holders of Domestic Shares and foreign shares are the holders of ordinary shares unless specified otherwise; they enjoy the same rights and bear the same kind of obligations. The holders of ordinary shares have the following rights:

- (i) obtain dividends and other benefits according to the number and proportion of shares held by them;
- (ii) request, convene and preside over, participate in or designate the agent of shareholders to attend a general meeting, and exercise the voting rights;
- (iii) supervise and inspect the Company's business operations, and give proposal and inquiries;

- (iv) transfer, gift or pledge the shares in accordance with the relevant laws, administrative regulations and the provisions in the Articles of Association;
- (v) obtain the relevant information in accordance with the provisions of the Articles of Association;
- (vi) have a certain amount of shares in the remaining assets according to the number of shares held if the Company is closed down or liquidated;
- (vii) have the right to require the Company to purchase his/her shares in case of objection to the merger or division; and
- (viii) other rights conferred by the relevant laws, administrative regulations and the Articles of Association.

The Company should not freeze or reduce the attached rights of the relevant shares in other ways because of failure of one or more holder who directly or indirectly own shares in disclosure of interests to the Company.

It is not necessary for shareholders to further inject the equity unless specified in the agreement. The Company's stocks are issued in the registered form.

The Company's stocks must be signed by the chairman of the Company. If the listed stock exchange requires that the stocks shall be signed by senior management, the stocks must be signed by senior management. After the stocks are stamped with the Company's seal or are stamped with the Company's seal in printed form, they enter into force.

The signature of the Company's legal representative or other senior management staff on the stock can be printed by the machine.

For any registered shareholder of the Company or the person whose name is required to be registered in the register of shareholders owing to the Company's shares, in the case of the loss of the Company's stocks ("original shares"), he/she can apply the Company for the issuance of new shares for the replacement of these shares ("relevant shares").

If the domestic shareholders apply for issuance of new shares for the replacement of original shares, the Company shall handle this matter according to the relevant provisions of the Company Law. If the holders of foreign stocks listed in Hong Kong lose the stocks and apply for the issuance of new shares, the following conditions must be met:

- (i) The applicant must submit the form prescribed by the Company together with a certificate approved by the notary or a legally sworn document, in which the reasons for application, the situation of the loss of original stocks and relevant evidences and the statement that no other people have the right of requiring to be registered as shareholders are given.
- (ii) Before the Company decides to reissue new shares, there should be nobody but the applicant claiming to be registered as holders of these shares.
- (iii) If the Company decides to reissue new shares to the applicant for replacement, it should announce the decision at least once every 30 days in the newspaper designated by the Board within 90 days.

- (iv) Before the Company publishes the decision of issuing new shares for replacement, it must submit a copy of this announcement to the stock exchange where the relevant stocks have been listed; only after it receives the reply of the stock exchange and confirms that this announcement has been displayed somewhere in this stock exchange, can it publish the notice. The relevant notice shall be displayed somewhere in the stock exchange for 90 days. For the application for issuance of new shares for replacement without the consent of the shareholder registered for the relevant shares, the Company shall send a copy of this notice which will be published to this registered shareholder.
- (v) If the Company has not received the notice of any person against this application within 90 days mentioned in (iii) and (iv) above, the Company can reissue new shares to the applicant for replacement.
- (vi) When the Company reissues new shares for replacement according to the Articles of Association, it must cancel original stocks in real time and keep the record of cancellation of original stocks and re-issuance of new shares in the corresponding register of shareholders.
- (vii) The expenditures upon the cancellation of original stocks and re-issuance of new shares shall be assumed by the applicant. The Company reserves the right of refusing to handle any replacement procedure unless the applicant can provide the reasonable assurance for payment of the relevant expenses.

(d) Shareholders who cannot be contacted

If the dividend warrant has not been cashed for twice consecutively, the Company may exercise the power of sending the dividend warrant to the holder of shares listed overseas by post. However, if the Company fails in sending the dividend warrant by post for the first time, that is, the dividend warrant has been returned by post, it may also exercise the relevant powers.

The Company shall not exercise the power of selling the shares of the shareholders who cannot be contacted unless the following conditions are met:

- (i) The dividends have been paid for the relevant shares at least three times during the period of 12 years, but they have not been received by the shareholder over these years; and
- (ii) On the expiration of 12 years' term, the shareholder publishes the notice in newspaper that he/she expects to sell the held shares, and the shareholder notifies the stock exchange company of this news.

(e) Board

The Board is responsible for the general meeting, and may exercise the following functions and powers:

- (i) convene the general meeting and report to the general meeting on the work;
- (ii) implement the resolutions of the general meeting;
- (iii) determine the Company's business plans and investment programs;
- (iv) develop the Company's annual financial budget plans and final accounting plans;
- (v) prepare the Company's profit distribution plans and loss recovery plans;

- (vi) develop the plans for the increase or decrease of registered capitals, issuance of stocks, bonds or other securities and listing;
- (vii) prepare the plan for major acquisition or repurchase of shares of the Company or the merger, separation and dissolution of the Company or the change of corporate form;
- (viii) in the scope of the general meeting, decide on foreign investment, acquisition and sale of assets, pledge of asset, external guarantee, entrusted financing and related transactions and other matters;
- (ix) decide on the establishment of the Company's internal management departments;
- (x) decide on the appointment or dismissal of general manager and the Board Secretary; decide on the appointment or dismissal of deputy general manager, financial manager and other senior management personnel according to the nomination of the general manager as well as their remuneration and incentives;
- (xi) formulate the Company's basic management system;
- (xii) formulate the plan for modification of the Articles of Association;
- (xiii) apply to the general meeting for hiring or changing the accounting firm providing the services for auditing the Company's annual financial statements;
- (xiv) hear the general manager's work report and check the general manager's work;
- (xv) check any major transaction, major sale, major acquisition and anti-acquisition action under Hong Kong Listing Rules, and report to the general meeting for approval;
- (xvi) approve any transaction under Hong Kong Listing Rules except those major transactions, major sales, major acquisitions and anti-acquisition actions which must be published;
- (xvii) approve the interested transactions without the approval or announcement at the general meeting and under the Hong Kong Listing Rules;
- (xviii) approve the interested transactions requiring the approval or announcement at the general meeting under the Hong Kong Listing Rules;
- (xix) exercise other powers regulated in laws, legal regulations and the listing rules of the stock exchange where the Company's stocks are listed and conferred by the general meeting and Articles of Association.

After more than half of the directors vote to consent, the Board can finally make the decision upon the above matters, but for the matter of external guarantees, there should be more than two-thirds of the directors voting to consent. The Board shall perform its duties in accordance with national laws, administrative regulations, the Articles of Association and the shareholders' resolutions.

The Board meeting shall be held at least four times annually, which should be convened by the chairman of the board.

If the director is unable to attend the board meeting of directors, he/she may entrust another director in the written form to attend on his behalf. In this letter of authorization, the scope of authorization must be clearly defined.

The director who attends the board meeting shall exercise his/her power within the scope of authorization. If the director is unable to attend the board meeting and he/she does not designate another person to attend on his/her behalf, he/she shall be deemed to have waived his/her right to vote at the meeting.

Each director has one vote. The resolution of the Board will take into effect after obtaining the consent of more than half of directors unless specified in the Articles of Association. When the votes for the resolution and the votes against the resolution are equal, the chairman of the board is entitled to an extra vote.

However, when the chairman has some relationship with the enterprise involved in the resolution of the board meeting, he/she shall not vote on the resolution or exercise voting rights on behalf of other directors. The meeting of the Board can be held if more than half of directors attending the meeting have no relationship with the involved enterprise in the resolution; the resolution at the board meeting shall be passed by more than half of directors. If the non-related directors present at the board meeting are less than three in number, this matter shall be submitted to the general meeting for approval.

(f) Independent director

The Board of the Company consists of 9 directors, including 3 independent directors.

(g) Board secretary

The Board Secretary must be a natural person with necessary expertise and experience, who is appointed by the Board.

(h) Board of Supervisors

The Company must set up the Board of Supervisors.

The Board of Supervisors consists of five members, including no less than one-third representatives of the employees.

The appointment or dismissal of the Chairman of the Board of Supervisors shall be passed by two-thirds or more of the members of the Board of Supervisors. The resolutions of the Board of Supervisors shall be passed by two-thirds or more of supervisors.

The supervisor has a term of three years, who can be re-elected.

The directors, general manager and other senior management personnel shall not serve concurrently as supervisor. The Board of Supervisors is responsible for the general meeting, and may exercise the following functions and powers:

- (i) review the Company's periodic reports prepared by the Board to review and provide written comments;
- (ii) supervise the Company's financial situation;
- (iii) supervise the duty behaviors of the directors and executives; give suggestions on the dismissal of directors and executives who violating against laws, administrative regulations, the Articles of Association or the resolutions of the board meeting;

- (iv) require the directors and executives to correct their behaviors when their behaviors damage the Company's interests;
- (v) propose the convening of extraordinary general meeting; convene and chair the general meeting when the Board fails to perform this duty according to the regulations in the Company Law;
- (vi) make proposals to the general meeting;
- (vii) bring a legal action against the directors and executives in accordance with the provisions of the Company Law;
- (viii) investigate the Company's operation when finding abnormality; hire the accounting firm, law firm and other professional institutions to assist in its work if necessary (The costs are assumed by the Company).

The supervisors may attend the board meetings.

(i) General manager

The Company must have a general manager, who is appointed and dismissed by the Board. The general manager shall be responsible for the Board and exercise the following powers:

- (i) presided over the Company's production, operation and management work, and report to the Board on the work;
- (ii) organize and implement the resolutions of the board meeting, annual business plans and investment programs;
- (iii) prepare the plan for the Company's internal management structure;
- (iv) formulate the Company's basic management system;
- (v) formulate specific rules and regulations;
- (vi) request the Board to appoint or dismiss deputy general manager, chief financial officer, chief accountant, chief engineer, chief technologist and other senior management personnel;
- (vii) decide on the appointment or dismissal of other managers except those appointed or dismissed by the Board; and
- (ix) other powers conferred by the Articles of Association or the Board.

(j) Accumulation fund

When the Company distributes the after-tax profits of the current year, it must withdraw 10% of its profits as the legal accumulation fund of the Company. When the accumulation fund reaches up to or above 50% of the registered capital of the Company in amount, it can no longer be withdrawn.

If the Company's legal accumulation fund is insufficient to cover losses of the Company in the past years, the profits gained in the current year shall be first used to make up for these losses before the withdrawal of legal accumulation fund based on the above-mentioned regulations.

After the legal accumulation fund is withdrawn from the after-tax profits of the Company, the Company can also withdraw any accumulation fund from the after-tax profits in accordance with the resolutions made at the general meeting.

For the surplus after-tax profit after the recovery of losses and withdrawal of accumulation fund, it can be distributed to the shareholders according to the proportion of shares they hold unless specified otherwise in the Articles of Association.

If the general meeting violates the provisions in the preceding paragraphs and distributes the profits to shareholders before the recovery of losses and withdrawal of legal accumulation fund, the shareholders must return the profits distributed in violation of the Company's regulations.

The stocks of the Company held by the Company are not involved in the distribution of profits.

(k) Settlement of disputes

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

- (i) For the disputes or claims concerning the Company's affairs which occur based on the rights and obligations regulated in the Articles of Association, the Company Law and other laws and administrative regulations (i) between the shareholders of foreign shares listed overseas and the Company, between the shareholders of foreign shares listed overseas and directors, supervisors, general or other executives of the Company, between the shareholders of foreign shares listed overseas and the shareholders of Domestic Shares, the parties concerned shall submit such disputes or claims to arbitration.

When the disputes or claims are submitted to arbitration, they should refer to all claims or disputes as a whole. If the person who has the cause of action arising from the identical matter or the person involved in the solution of the dispute or claim is the Company's shareholder, director, supervisor, general manager or executive, he/she shall be subject to arbitration.

As for the disputes about the definition of shareholder and register of shareholders, they may not be settled by arbitration.

- (ii) The party applying for arbitration can choose China International Economic and Trade Arbitration Commission for arbitration in accordance with its arbitration rules, or choose Hong Kong International Arbitration Centre for arbitration in accordance with its securities arbitration rules. After one party applying for arbitration submits the disputes or claims to the arbitral authority, the other party must agree to arbitrate in this arbitral authority.

If one party applying for arbitration chooses Hong Kong International Arbitration Centre for arbitration, either party can require in accordance with its securities arbitration rules that the arbitration be held in Shenzhen.

- (iii) Unless otherwise provided in the laws and administrative regulations, any disputes or claims arising out of item (i) above shall be resolved in accordance with the laws of the PRC.
- (iv) The decision made by the arbitral body shall be final and conclusive, and shall be binding on the parties.