
APPENDIX VII SUMMARY OF THE ARTICLES OF ASSOCIATION

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

1. EFFECTIVE DAY OF THE ARTICLES OF ASSOCIATION OF THE COMPANY

This Articles were adopted by a special resolution on the general meeting, and will be effective on the day of the Company's Overseas listed Foreign Shares (H Shares) being listed on The Stock Exchange of Hong Kong Limited (hereinafter referred as "Hong Kong Stock Exchange"). Upon the effective day of the Articles, the existing Articles of the Company and amendments thereto will lapse automatically.

2. ISSUANCE OF SHARES

The Company shall create ordinary shares at all times; and if needed, upon approval being granted by the authorities authorised by the State Council, the Company may create shares of other classes.

Shareholders of different classes of the Company rank *pari passu* over dividends or any forms of distribution.

The Company shall issue Shares under the principles of openness, fairness and equity, and Shares of the same class shall carry same rights.

The issue conditions and price per Shares of the same class in the same issue shall be the same; and every Shares purchased by any entity or individual shall be at the same price.

All shares issue by the Company have a par value of RMB1 per Share.

The Company may, upon obtaining approval from the securities regulatory authority under the State Council or other relevant regulatory authorities, issue Shares to domestic investors and overseas investors.

The Company or its subsidiaries (including its affiliates) shall not give any financial assistance, in the form of gift, advance, guarantee, compensation, loan, etc., to person who acquires or proposes to acquire shares of the Company.

3. INCREMENT AND REDUCTION OF CAPITAL AND REPURCHASE OF SHARES**(a) Increment of Capital**

The Company may, based on its requirements for operation and development and in accordance with the relevant provisions of the laws and regulations, having obtained the approval of the shareholder's general meeting, increase its capital by way of:

- (i) offer of new shares to investors not particularly designated;
- (ii) non-open offer of Shares;
- (iii) place new shares to its existing shareholders;
- (iv) bonus issue of new shares to existing shareholders;
- (v) transfer of capital reserve fund into capital;
- (vi) any other way permitted by laws, administrative regulations and relevant regulatory authorities.

After obtaining the approval required by this Articles, the Company can issue Shares to increase its capital pursuant to the laws and administrative regulations of the PRC.

(b) Reduction of Capital

The Company may reduce its registered capital. The reduction of registered capital should be made in accordance with the Company Law and any other relevant requirements as well as procedures stipulated in this Articles.

When the Company proposes of reducing its registered capital, it must draw up a balance sheet and an inventory of assets.

The Company shall notify its creditors within 10 days of the date of the resolution authorising the reduction of capital, and publish a public notice in newspapers within 30 days of that date. Creditors shall, within 30 days of receiving the notice or 45 days of the first publication of the public notice (for those who have not received a notification), have a right to require the Company to settle its debts or to offer corresponding guarantees for their settlement.

The registered capital of the Company following the reduction of capital shall not fall below the minimum statutory requirement.

(c) Repurchase of Shares

The Company may, according to the provisions of the relevant laws, administrative regulations, departmental rules and the Articles, repurchase its shares under the following circumstances:

- (i) to reduce registered capital of the Company;
- (ii) to merge with another company that holds shares in the Company;
- (iii) to grant shares to employees of the Company as incentives;
- (iv) to acquire shares held by shareholders (upon their request) who vote against any resolution proposed in any shareholders' general meeting on the merger or division of the Company;
- (v) other circumstances as permitted by laws and administrative regulations.

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

The Company may conduct the repurchase in one of the following manners:

- (i) an offer to repurchase made to all shareholders in equal proportions;
- (ii) to repurchase through open transactions in stock exchanges;
- (iii) to repurchase through off-market agreements outside a stock exchange;
- (iv) other means as permitted by laws of PRC, administrative regulations and other relevant competent authorities.

Where the Company repurchases its shares through off-market agreements outside a stock exchange, it shall seek prior approval of the shareholders at the shareholders' general meeting in accordance with the Articles. The Company may release or vary a contract so entered into by the Company or waive its rights thereunder with prior approval by shareholders at shareholders' general meeting obtained in the same manner.

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

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

In respect of the redeemable shares that the Company has the rights to repurchase, if the repurchases are not made on the market or by an offer, the prices shall be limited to a maximum price; if repurchases are made by an offer, such offer should be made available to all shareholders equally.

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Shares repurchased in accordance with the laws by the Company shall be cancelled within the period prescribed by laws and administrative regulations, and the Company shall apply to the original company registration authority for registration of the change of its registered share capital.

The amount of the Company's registered share capital shall be reduced by the aggregate par value of those cancelled shares.

Except where the Company is in the course of liquidation, it must comply with the following provisions in repurchasing its own issued shares:

- (i) Where the Company repurchases its shares at their par value, the amount of the total par value shall be deducted from the Company's distributable profits or out of the proceeds of a fresh issue of shares made for that purpose;
- (ii) Where the Company repurchases its shares at a premium, an amount equivalent to their total par value shall be deducted from the distributable profits of the Company or out of the proceeds of a fresh issue of shares made for that purpose. Payment of the portion in excess of their par value shall be effected as follows:
 - (a) if the shares being repurchased were issued at their par value, payment shall be made out of distributable profits of the Company;
 - (b) if the shares being repurchased were issued at a premium, payment shall be made out of distributable profits of the Company or the proceeds of a fresh issue of shares made for that purpose, provided that the amount paid out of the proceeds of the fresh issue may not exceed the aggregate of premiums received by the Company on the issue of the shares repurchased or the current balance of the Company's capital common reserve account (inclusive of the premiums from the fresh issue);
- (iii) Payment by the Company in consideration for:
 - (a) the acquisition of rights to repurchase shares;
 - (b) the variation of any contract to repurchase shares;
 - (c) the release of any obligation under any contract to repurchase shares;shall be made out of the Company's distributable profits;
- (iv) To the extent that shares are repurchased out of an amount deducted from the distributable profits of the Company, the amount of the Company's registered capital reduced under the relevant requirements shall be transferred to the Company's capital reserve account.

Where the laws, regulations, rules, regulatory documents and relevant requirements of the securities regulatory authorities in the place where the Company's shares are listed have any other provisions in respect of the finance arrangement related to the aforesaid shares repurchase, such provisions shall prevail.

4. TRANSFER OF SHARES

Unless otherwise provided by PRC laws, administrative regulations and relevant requirements of the securities regulatory authorities in the place where the Company's shares are listed, the shares of the Company may be transferred freely without any lien being attached. Transfer of overseas listed foreign shares listed in Hong Kong requires to be registered by the share registrar in Hong Kong entrusted by the Company.

The Company will not accept any pledge with its own shares as the subject.

Shares of the Company held by promoters are not allowed to transfer within a year from the date of the establishment of the Company.

The transfer of Shares issued before the initial public offering of the Company shall be made compliance with the laws, administrative regulations and relevant requirements of the Listing Rules. The transfer of more than 5% of the Company's shares shall be made in accordance with the laws, administrative regulations, regulatory documents and relevant requirements of the Listing Rules. Directors, Supervisors and other senior management members of the Company shall report to the Company their shareholdings in the Company and changes therein and shall not transfer in a given year during their terms of office more than 25% of the total number of shares of the Company which they hold, save and except changes in shareholdings caused by judicial enforcement, inheritance, bequest and legal division of assets; the shares of the Company held by them shall not be transferred within one year from the first day on which the shares of the Company are listed and traded. The aforesaid persons shall not transfer the shares of the Company held by them within six months from the date of their leaving the Company.

Where any Director, Supervisor, senior management members or shareholder holding 5% or above of the Company's shares in issue sell his shares in the Company within a period 6 months after their purchase, or purchase shares in the Company again within a period of 6 months after their disposal, the gains so earned shall belong to the Company, and the Board of Directors of the Company may forfeit such gains for the benefit of the Company. However, if a securities company holds 5% or more of the Company's shares as a result of its underwriting of the untaken shares in an offer, the sales of those shares shall not be under the said 6- month restriction.

If the Board does not act in accordance with the provisions of the above paragraph, shareholders shall have the right to request the Board to take action within 30 days from the date of request. If the Board does not take such action within the said period, then the shareholders shall be entitled to commence proceedings with the People's Court directly in their own names for the benefit of the Company.

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Where the Board does not act in accordance with the provisions of the first paragraph of this Article, the responsible directors shall assume joint and several liability.

All fully paid overseas listed foreign shares listed on the Hong Kong Stock Exchange may be transferred freely in accordance with this Articles. However, the Board may refuse to recognise any instrument of transfer without stating any reasons unless the following conditions are satisfied:

- (i) instrument of transfer and any other documents related to the title of any Shares or may affect the title of any Shares shall be registered, and made payment to the Company for such registration according to the expenses stipulated by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited (hereinafter referred to as the “Hong Kong Listing Rules”);
- (ii) the instrument of transfer only involves the overseas listed foreign shares listed on the Hong Kong Stock Exchange;
- (iii) the stamp duty required by the law of Hong Kong for the instrument of transfer being paid;
- (iv) the relevant share certificates and evidence reasonably required by the Board showing that the transferor has the right to transfer such shares have been provided;
- (v) if the shares are to be transferred to joint holders, the number of joint registered shareholders shall not exceed four;
- (vi) the relevant Shares of the Company are free from all liens.

If the Board refuses to register the transfer of shares, the Company shall deliver a notification related to the refusal of shares transfer to the transferor and transferee within 2 months from the date of the application for transferring the Shares.

All transfers of overseas listed foreign shares listed in Hong Kong shall be effected by instruments of transfer in writing in an ordinary or usual form or in any other form acceptable to the Board (including the standard transfer format or form of transfer specified by Hong Kong Stock Exchange from time to time); The instruments of transfer may be signed by hand only or (where the transferor or transferee is a corporation) by the company’s seal. Where the transferor or transferee is a recognised clearing house (“Recognised Clearing House”) (as defined by relevant regulations in Hong Kong laws from time to time) or its nominee, the form of transfer may be signed by hand or in a machine-imprinted format.

All instruments of transfer shall be maintained at the legal address of the Company or such places as the Board may specify from time to time.

5. SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS

The Company's share certificates shall be in registered form. The following shall be specified in the Company's share certificates:

- (i) the name of the Company;
- (ii) the date on which the Company was established;
- (iii) the class and par value of the shares and the number of shares represented;
- (iv) the number of the share certificate;
- (v) any other matters needed to be specified as required by the Company Law and the securities regulatory authorities in the place where the Company's Shares are listed.

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

During the period of H shares listing in Hong Kong, the Company shall ensure that all its listing documents include the statements stipulated below and shall instruct and cause each of its share registrars not to register the subscription, purchase or transfer of any of its shares in the name of any particular holder unless and until such holder delivers to such share registrar a signed form in respect of such shares bearing statements to the following effect:

- (i) The acquirer of Shares agrees with the Company and each Shareholder of the Company, and the Company agrees with each Shareholder, to observe and comply with the Company Law, the Special Regulations and other requirements related to the laws, administrative regulations and the Articles of Association.
- (ii) The acquirer of shares agrees with the Company, each shareholder, Director, Supervisor, President and other senior management members of the Company and the Company acting for itself and for each Director, Supervisor, President and other senior management members agrees with each shareholder to refer all differences and claims arising from the Articles of Association or any right or obligation conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the Company to arbitration in accordance with the articles of association, and any reference to arbitration shall be deemed to authorise the arbitration tribunal to conduct hearing in open session and to publish its award. Such arbitration shall be final and conclusive.
- (iii) The acquirer of shares agrees with the Company and each shareholder of the Company that shares in the Company are freely transferable by the holder thereof.

- (iv) The acquirer authorises the Company to enter into a contract on his behalf with each Director, President and other officer whereby such Directors, President and other senior management members undertake to observe and comply with their obligations to shareholders stipulated in the Articles of Association.

Share certificates shall be signed by the chairman of the Board. Where the signatures of the general manager or other senior management members of the Company are required by the securities regulatory authorities or securities exchange(s) in the place where the Company's shares listed, the share certificates shall also be signed by such general manager or other relevant senior management members. The shares certificates of the Company shall take effect immediately upon the Company's seal being affixed or printed thereon. The affixture of the Company's seal on the share certificate shall be authorised by the Board. The signatures of the chairman of the Board, the general manager or other relevant senior management members appearing on the share certificate may also be printed.

Stipulations applicable to the securities regulatory authorities or securities exchange(s) in the jurisdiction where the shares of the Company are listed shall be separately defined in case the shares of the Company are issued and transacted in a paperless manner.

6. SHAREHOLDERS AND GENERAL MEETING

(a) Shareholders

The name of the Company's shareholders shall be recorded in the register of shareholders, with the following particulars being recorded:

- (i) the name or title, address or residence, and occupation or nature of each shareholder;
- (ii) the category and quantity of shares held by each shareholder;
- (iii) the amount paid or payable on the shares held by each shareholder;
- (iv) share certificate numbers of the shares held by each shareholder;
- (v) the date on which each shareholder was registered as a shareholder;
- (vi) the date on which each shareholder ceased to be a shareholder.

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

All acts or transfer of overseas listed foreign shares will be record in the register of shareholders of overseas listed foreign shares which is kept in the place where such shares are listed.

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When two or more persons are registered as joint shareholders of any share, they shall be deemed to be joint owners of such shares and subject to constraints of the following terms:

- (i) joint shareholders shall not form by more than four individuals, which means the Company shall not register more than four persons as joint shareholders for any share;
- (ii) all the joint holders of any share shall jointly or severally assume the liability to pay for all amounts payable for the relevant shares;
- (iii) in case one of the joint holders has deceased, only the surviving joint holders shall be deemed by the Company to be such persons as having the ownership of the relevant shares. But the Board shall have the right, for the purpose of making amendments to the register of shareholders, to demand a death certificate of such shareholder where it deems it appropriate to do so; and
- (iv) for joint holding of any shares, only the joint holder whose name appears first in the register of shareholders is entitled to receive the certificate for the relevant shares, receive the Company's notices, and to attend and exercise all voting rights of the relevant shares in the shareholders' general meetings of the Company. Any notice served on the above persons shall be deemed to have been served on all joint holders of the relevant shares.

The Company may, pursuant to any understanding or agreement reached between the securities regulatory authorities under the State Council and overseas securities regulatory authorities, keep the register of the shareholders of overseas listed foreign shares in any place outside the PRC, and entrust its administration to an overseas agency. The original register of shareholders of overseas listed foreign shares listed on Hong Kong Stock Exchange shall be kept in Hong Kong.

The Company shall maintain an office copy of this register at the address of the Company; the entrusted overseas agent shall ensure that the original and duplicate copies of the register of shareholders of overseas listed foreign shares are consistent at all times.

Where the original and office copies of the register of shareholders of overseas listed foreign shares are not consistent, the original version shall prevail.

The Company shall have a complete register of shareholders.

The register of shareholders shall include the followings:

- (i) the register of shareholders maintained at the Company's residence (other than those parts as described in items (2) and (3) of this Article);
- (ii) the register of shareholders of overseas listed foreign shares of the Company maintained at the place where the overseas securities exchange on which the shares are listed is located;

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- (iii) the register of shareholders maintained at such other place as the Board may consider necessary for the purpose of listing of the Company's shares.

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

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

Transfers may not be entered in the register of shareholders within 30 days prior to the date of a shareholders' general meeting or within 5 days before the record date set by the Company for the purpose of distribution of dividends.

Other regulations of the securities regulatory authorities in the jurisdiction where the shares of the Company are listed shall prevail.

When the Company intends to convene a shareholders' general meeting, distribute dividends, liquidate and engage in other activities that involve determination of shareholdings, the Board or the shareholders' general meeting shall designate a day to be the record day. Shareholders whose names appear in the register of shareholders at the end of the record date are shareholders who are entitled to relevant interests.

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

Any shareholder who is registered in, or any person who requests to have his name (title) entered in, the register of shareholders may, if his share certificates (the "Original Certificates") are stolen, lost or misplaced, apply to the Company for a replacement share certificate in respect of such shares (the "Relevant Shares").

The Company shall not have any obligation to indemnify any person for any damages suffered thereby arising from the cancellation of the Original Certificates or the issuance of a replacement share certificate, unless such person concerned can prove that the Company has committed a fraudulent act.

A shareholder of the Company is a person who lawfully holds shares of the Company and has his name (title) recorded in the register of members.

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

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

- (i) the right to dividends and other distributions in proportion to the number of shares held;
- (ii) the right to attend or appoint a proxy to attend shareholders' general meetings and to exercise the voting right;
- (iii) the right to supervise and manage the business activities of the Company and to put forward proposals and raise inquiries;
- (iv) the right to transfer shares in accordance with the laws, administrative regulations and provisions of the Articles;
- (v) the right to obtain relevant information in accordance with the provisions of the Articles, including:
 - (a) the right to obtain a copy of the Articles, subject to payment of the cost of such copy;
 - (b) the right to inspect and copy, subject to payment of a reasonable charge:
 - (1) all parts of the register of shareholders;
 - (2) personal particulars of each of the Company's Directors, Supervisors, general manager and other senior management members;
 - (3) report on the state of the Company's share capital;
 - (4) the latest audited financial statements of the Company, and reports of the Board, auditor and Supervisory Committee;
 - (5) special resolutions of shareholders' general meetings and/or the Board of the Company;
 - (6) reports showing the aggregate par value, quantity, maximum and minimum price paid in respect of each class of shares repurchased by the Company since the end of the last accounting year and the aggregate amount of cost incurred by the Company for this purpose, and their breakdown by domestic and foreign invested shares;
 - (7) minutes of shareholders' general meetings;
 - (8) duplicate of the latest Annual Application Form that has been filed with Chinese AIC or other competent authority;

- (9) corporate bond counterfoils;
- (10) resolutions of Board meetings;
- (11) resolutions of supervisory meetings; and
- (12) the financial report.

Documents of items (1) to (8) (except item (2)) mentioned above shall be made available by the Company, according to the requirements of the Listing Rules, at the Company's address in Hong Kong, for the public and overseas-listed foreign invested shareholders to inspect with no charge (the item (vii) is only for shareholders to inspect);

- (vi) with respect to shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or division of the Company, the right to demand the Company to acquire the shares held by them;
- (vii) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining assets of the Company in accordance with the number of shares held;
- (viii) such other rights conferred by the laws, regulations, rules, normative documents and the Article.

The Company shall not exercise its rights to freeze or harm in any other forms the rights attaching to any shares held in the event that any person has not disclosed the rights and interests they hold directly or indirectly.

Shareholders shall notify the Company in advance if, through subscription or assignment of the Company's shares or the shares of the Company's shareholders or otherwise, the shareholders will hold not less than 5% of the Company's registered share capital. Shareholders shall be able to hold such amount of the Company's shares upon approval from the relevant securities supervision and administrative authorities under the PRC State Council. Shareholders that hold or beneficially own 5% or more of the Company's shares shall not have any voting rights with respect to any matters until such approval is properly obtained from the relevant securities supervision and administrative authorities under the PRC State Council. The abovementioned shareholders shall dispose the corresponding shares if they are unable to obtain such approval within one year from the date of acquiring the shares.

Shareholders demanding inspection of the relevant information or copies of the materials mentioned in the preceding provision shall provide to the Company written documents evidencing the class and number of shares of the Company they hold. Upon verification of the shareholder's identity, the Company shall provide such information at the shareholder's request.

If a resolution passed at the Company's general meeting or Board meeting violates the laws or administrative regulations, the shareholders shall have the right to submit a petition to the people's court to render the same as invalid.

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If the procedures for convening, or the method of voting at, a shareholders' general meeting or Board meeting violate the laws, administrative regulations or the Articles, or the contents of a resolution violates the Articles, shareholders shall be entitled to submit a petition to the people's court to rescind such resolutions within 60 days from the date on which such resolution is adopted.

The ordinary shareholders of the Company shall assume the following obligations:

- (i) to abide by laws, administrative regulations and the Articles;
- (ii) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (iii) not to divest the shares unless required by the laws and regulations;
- (iv) not to abuse their shareholders' rights to harm the interests of the Company or other shareholders; and not to abuse the independent legal person status of the Company and the limited liability of shareholders to harm the interests of any creditor of the Company;

Shareholders of the Company who abuse their shareholder's rights and thereby cause loss on the Company or other shareholders shall be liable for indemnity according to the law.

Where shareholders of the Company abuse the Company's position as an independent legal person and the limited liability of shareholders for the purposes of evading repayment of debts, thereby materially impairing the interests of the creditors of the Company, such shareholders shall be jointly and severally liable for the debts owed by the Company.

- (i) other obligations imposed by laws, administrative regulations and the Articles.

Shareholders are not liable to make any further contribution to the share capital other than as agreed by the subscribers of the relevant shares on subscription.

Where a shareholder holding 5% or more voting shares of the Company pledges any shares in his possession, he shall report the same to the Company in writing on the day on which he pledges his shares.

(b) General Rules of Shareholders' General Meeting

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

- (i) to decide on the operating policies and investment plans of the Company;
- (ii) to elect and remove Directors and Supervisors (not being staff representatives), and to fix the remuneration of the relevant Directors and Supervisors;

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- (iii) to examine and approve the reports of the Board;
- (iv) to examine and approve the reports of the Supervisory Committee;
- (v) to examine and approve the proposed annual financial budgets and final accounts of the Company;
- (vi) to examine and approve the profit distribution plans and loss recovery plans of the Company;
- (vii) to adopt resolutions on any increase or reduction of registered capital of the Company;
- (viii) to adopt resolutions on any issuance of bonds of the Company;
- (ix) to adopt resolutions on matters such as merger, division, dissolution, liquidation and conversion of corporate form of the Company;
- (x) to amend the Articles of Association;
- (xi) to adopt resolutions on the appointments, dismissals or non-reappointments of accounting firms;
- (xii) to examine and approve matters relating to security under Article 64;
- (xiii) to examine matters relating to the purchases and disposals of the Company's material assets within one year, which exceed 15% the Company's latest audited total assets;
- (xiv) to examine and approve the external investments of which the value of a single investment reaches or exceeds 10% of the latest audited net assets of the Company;
- (xv) to examine and approve the connected transactions that shall be examined by the shareholders' general meeting as required by laws and regulations of the jurisdiction where the Company's shares are listed;
- (xvi) to examine the implementation plans on mechanism for long-term effective incentives;
- (xvii) to examine and approve the proposals submitted by shareholders separately or collectively holding not less than 3% (including 3%) of the Company's voting shares;
- (xviii) to examine other matters required by laws, administrative regulations, departmental rules or the Articles to be resolved by shareholders' general meeting.

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For matters to be decided at shareholders' general meeting as prescribed by laws, administrative regulations and the Articles, such matters have to be reviewed at shareholders' general meeting so as to ensure that the shareholders of the Company have a right to decide over those matters. When it is deemed necessary and reasonable, in relation to resolutions that have been made but their relevant specific matters cannot be decided upon during the shareholders' general meeting, the shareholders' general meeting may authorise the Board to decide upon such matters within the scope of authorisation of the shareholders' general meeting subject to the applicable laws, regulations and Articles of Association.

The following securities provided to third parties by the Company are subject to the review and approval of the general meeting of shareholders.

- (i) any security provided after the total amount of security to third parties provided by the Company has reached or exceeded 20% of the Company's latest audited net assets (except providing a counter-guarantee for its own liabilities).
- (ii) a security to be provided in favour of an object which has an asset-liability ratio in excess of 70%.
- (iii) a single security in excess of 10% of the Company's latest audited net assets.

Shareholders' general meetings shall be annual general meetings of shareholders and extraordinary general meetings of shareholders. The annual general meeting of shareholders shall be held once every year within six months after the end of the previous accounting year.

The Company shall hold an extraordinary general meeting of shareholders within two months upon the occurrence of one of the following circumstances:

- (i) the number of Directors is less than the number required by the Company Law or less than two-thirds of the number required by the Articles;
- (ii) the uncovered losses are in excess of one third of the Company's total number of paid-up shares;
- (iii) shareholders separately or collectively holding not less than 10% of the Company's shares request in writing;
- (iv) the Board considers it necessary;
- (v) the Supervisory Committee proposes to convene;
- (vi) such other circumstances as provided for by laws, administrative regulations, departmental rules or the Articles.

The number of shares aforementioned in item (3) shall be calculated as of the date when such shareholders request in writing.

(c) Proposals and Notices of Shareholders' General Meetings

The contents of a proposal shall be within the scope of the duties and responsibilities of the shareholders' general meeting, have definite topics and specific matters for resolution, as well as be compliance with the laws, administrative regulations and the Articles.

The board of Directors, the Supervisory Committee, and shareholders individually or jointly holding 3% or more of the Company's shares shall have the right to submit proposed resolutions to the Company for a shareholders' general meeting of the Company.

Shareholders individually or jointly holding 3% or more of the Company's shares may submit extra proposed resolutions to the convener of a shareholders' general meeting in writing 10 days prior to the meeting. The convener shall issue a supplementary notice of the general meeting and announce the contents of such extra proposed resolutions within 2 days after receipt thereof.

Except as provided by the preceding paragraph, the convener of a shareholders' general meeting shall not amend the proposed resolutions set out in the notice of the meeting or add any new proposed resolutions subsequent to the issue of the notice of the general meeting.

A written notice of a shareholders' general meeting to be held by the Company shall be given to all shareholders whose names appear in the register of members, 45 days before the meeting is held, specifying the matters to be considered at and the date and place of the meeting. A shareholder who intends to attend the shareholders' general meeting shall deliver a written reply slip confirming his intention to attend the meeting to the Company 20 days before the meeting is held.

The Company shall calculate the number of voting shares represented by shareholders who intend to attend a shareholders' general meeting on the basis of the written replies it has received 20 days before the date of the shareholders' general meeting. In the event that the number of voting shares represented by shareholders who intend to attend the meeting is more than half of the total number of the voting shares of the Company, the Company may hold the general meeting; if not, the Company shall, within 5 days, notify shareholders again of the matters to be considered at, and the date and place for, the meeting by public announcement. The Company may hold the shareholders' general meeting after such an announcement has been made.

The interval between the shareholding record date of a shareholders' general meeting and the date of the meeting shall not exceed 7 working days. Once the shareholding record date is confirmed, it shall not be altered

Unless the Articles otherwise requires, the notice of a general meeting shall be sent to shareholders (regardless of whether they are entitled to vote at the general meeting) by personal delivery or by prepaid mail. The addresses of the recipients shall be such addresses as shown in the register of members. For holders of domestic-invested shares, such notice of the shareholders' general meeting may also be given by way of announcement.

The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authorities of the State Council. Once such an announcement is made, all holders of the domestic-invested shares shall be deemed to have received the relevant notice of the shareholders' general meeting.

The announcement to shareholders of overseas listed foreign shares shall be issued on the website of Hong Kong Stock Exchange, or published in one or more newspapers designated. Once such an announcement is made, all holders of the domestic-invested shares shall be deemed to have received the relevant notice of the shareholders' general meeting.

(d) Holding of Shareholders' General Meetings

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

- (i) the right which the shareholder has to speak at the meeting;
- (ii) the right to demand a poll alone or jointly with others;
- (iii) the right to exercise voting rights on a show of hands or on a poll, provided that where more than one proxy is appointed, the proxies may only exercise such voting rights on a poll.

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

Individual shareholders attending a shareholders' general meeting in person shall produce their identity cards or other valid proof or evidence of their identities as well as stock account cards and, in the case of attendance by proxies, the proxies shall produce valid proof of their identities and the proxy forms from shareholders.

Where a shareholder is a legal entity, its legal representative or a proxy authorised by such legal representative, the Board, or other decision making authorities shall attend a shareholders' general meeting. In case of attendance by legal representatives, they shall produce their identity cards and valid proof of their capacities as legal representatives and, in the case of attendance by proxies of such legal representatives, such proxies shall produce their identity cards and the letters of authorisation duly issued by such legal representatives, the Board or other decision making authorities.

All Directors, Supervisors and the Secretary to the Board shall attend shareholders' general meetings. The general manager and other senior management members shall also be present at the meeting.

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For a shareholders' general meeting convened by the Board, the meeting shall be presided over by the chairman of the Board; if the chairman of the Board is unable to perform or fails to perform his duties, the deputy chairman of the Board shall preside over the meeting; where the deputy chairman of the Board is unable to perform or fails to perform his duties, a director jointly selected by more than one half of all directors shall preside over the meeting. In the event that the Board is unable to perform or fails to perform the duties of convening shareholders' general meetings, the Supervisory Committee shall in time convene and preside over the meetings; in the case of the failure of the Supervisory Committee to convene and preside over a shareholders' general meeting, shareholders severally or jointly holding 10% or more of the Company's shares for more than ninety consecutive days shall be entitled to convene and preside over the meeting on an unilateral basis. Where the shareholders fail to elect a chairman for any reasons, the shareholder (including his proxy) present in person or by proxy who holds the largest number of shares carrying the right to vote thereat shall be the chairman to preside over the meeting.

Shareholders' general meeting convened by the Supervisory Committee shall be presided over by the chairman of the Supervisory Committee. If the chairman of the Supervisory Committee is unable or fails to perform his duties, a supervisor elected by more than half of supervisors shall preside over the meeting.

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

When a shareholders' general meeting is held and the chairman of the meeting violates the rules of procedures such that the general meeting cannot proceed, a person may be elected to preside over the meeting, subject to approval of shareholders entitled to more than half of the voting rights present at the meeting.

The Company shall formulate rules of procedures of the shareholders' general meeting to specify in details the convention and voting procedures of the meeting, including notice, registration, deliberation of proposals, votes, vote counting, announcement of voting results, form of resolutions, minutes and the signatures thereon, announcements, as well as the principles of authorisation by the shareholders' general meeting to the Board, the contents of such authorisation shall be expressly specified. The rules of proceedings of the general meeting shall be an appendix to the Articles of Association upon approved by the shareholders' general meeting.

At the annual general meeting, the Board and the Supervisory Committee shall report their respective work of the previous year to the general meeting, and the Supervisory Committee shall make specific statements on the financial position and compliance situation of the Company. Each independent director shall also make his duty report.

Directors, Supervisors and senior management members shall make response to and give explanation of the inquiries and suggestions made by shareholders, provided that those involve company trade secrets.

The chairman of the meeting shall, prior to voting, announce the number of shareholders and proxies attending the meeting in person as well as the total number of their voting shares, which shall be the number of shareholders and proxies attending the meeting in person and the total number of their voting shares as indicated in the meeting's registration record.

The convener shall ensure that a shareholders' general meeting is held continuously until final resolutions have been reached. In the event that the general meeting is suspended or the shareholders fail to reach any resolution due to force majeure or other special reasons, necessary measures shall be taken to resume the meeting as soon as possible or the meeting shall be terminated directly and an announcement of such termination shall be made promptly. At the same time, the convener shall report to the agency of the CSRC in the locality of the Company and the stock exchange.

(e) Voting and Resolutions of Shareholders' General Meeting

Resolutions of a shareholders' general meeting can be ordinary resolutions or special resolutions.

An ordinary resolution of a shareholders' general meeting shall be passed by an affirmative vote of more than half of the Company's total voting shares being held by the shareholders who are present at the meeting (including proxies).

A special resolution of a shareholders' general meeting shall be passed by an affirmative vote of more than two-thirds of the Company's total voting shares being held by the shareholders who are present at the meeting (including proxies).

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

- (i) the work reports of the board of Directors and the Supervisory Committee;
- (ii) the plans formulated by the board of Directors for profit distribution and making up losses;
- (iii) the appointment and removal of members of the board of Directors and the Supervisory Committee and their remuneration and the methods of payment thereof;
- (iv) the Company's annual financial budgets and final accounts, balance sheets, income statements and other financial statement;
- (v) the annual reports of the Company;
- (vi) other matters other than those required by laws, administrative regulations or the Articles to be approved by special resolutions.

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

- (i) the increase or reduction of the Company registered capital and the issue of any class of shares, warrants and other similar securities of the Company;
- (ii) the issue of corporate bonds;
- (iii) any spin-off, merger, dissolution or liquidation;
- (iv) the amendments to the Articles of Association;
- (v) acquisition or disposal of material assets or provision of guarantees by the Company within 1 year which involves an amount exceeding 15% of the Company's latest audited total assets;
- (vi) repurchase of the Company's shares;
- (vii) Implementation Plan for long-term incentives program;
- (viii) such other matters as may be required by laws, administrative regulations or the Articles or which, pursuant to ordinary resolutions passed at shareholders' general meeting, are considered to have material effects on the Company and require approval by special resolutions.

Shareholders (including proxies) shall exercise their voting rights according to the number of voting shares they represent, with one vote for each share.

Shares in the Company which are held by the Company do not carry any voting rights, and shall not be counted in the total number of voting shares represented by shareholders present at a shareholders' general meeting.

The board of Directors, Independent Directors and shareholders who meet the relevant requirements may collect votes from shareholders.

Where the Hong Kong Listing Rules requires any shareholder to abandon his or her voting on specific resolution, or restricts any shareholder to vote for or against specific resolution, any vote of the shareholder or his or her proxy against the relevant requirement or restriction shall not be included.

Unless vote is cast on poll particularly as required by the relevant requirements of the securities regulatory authorities of the jurisdictions where the shares of the Company are listed, or a poll is (before or after any voting by show of hands) demanded by the following persons, voting at a shareholders' general meeting shall be by a show of hands:

- (i) the chairman of the meeting;

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- (ii) at least two shareholders entitled to vote or their proxies;
- (iii) one or more shareholders (including proxies) individually or jointly holding more than 10% of the voting shares represented by all shareholders present at the meeting.

Unless a poll is so demanded, a declaration by the chairman of the meeting that a resolution has on a show of hands been carried, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour or against such resolution at the meeting.

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

A poll demanded on such matters as the election of chairman or the adjournment of the meeting, shall be taken forthwith. A poll demanded on any other matters shall be taken at such time as the chairman may decide, and the meeting may proceed to discuss other matters, while the results of the poll shall still be deemed to be a resolution of that meeting.

On a poll taken at a meeting, a shareholder (including proxy) entitled to two or more votes need not cast all his votes for, against or abstain in the same way.

In the case of an equality of votes, whether it is by show of hands or a poll, the chairman of the meeting shall be entitled to an additional vote.

The chairman of the meeting shall determine, according to the results of the votes, whether the resolutions of the shareholders' general meeting are approved. The chairman's decision is the final decision, and the results of the votes shall be announced in the meeting. The results of the votes shall be recorded in the meeting minutes.

Save where the Company is in a crisis or other special circumstances, without the prior approval of a special resolution of a shareholders' general meeting, the Company shall not enter into a contract with a person other than a Director, Supervisor, general manager or other senior management member whereby the management of all or a material part of the business of the Company is delegated to such person.

The shareholders' general meeting should vote on each motion individually. Should there be different motions on the same issue, voting should be done according to the order of the motions raised. Except for special reasons such as force majeure causing the shareholders' general meeting to suspend or unable to reach a resolution, the shareholders' general meeting shall not set aside any motion or have any motion not voted.

When considering a proposed resolution at a shareholders' general meeting, no amendments shall be made thereto. Otherwise, any change made thereto shall be considered as a new proposed resolution, of which the voting shall not proceed in that meeting.

The same vote may only be cast once at the venue of a shareholders' general meeting, or by online voting or other means. In the event of multiple casting of the same vote, only the outcome of the first casting of such vote shall be counted.

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At any shareholders' meeting, voting shall be with registered voter.

Before the relevant proposed resolution is voted on at the shareholders' general meeting, two representatives of the shareholders shall be elected to take part in counting the votes and scrutinizing the conduct of the poll. Any shareholder who is interested in the matter under consideration and his proxy shall not take part in counting the votes or scrutinizing the conduct of the poll.

When the relevant proposed resolution is being voted on at the shareholders' general meeting, lawyers, the shareholders' representatives and representatives of the Supervisors shall be jointly responsible for counting the votes and scrutinizing the conduct of the poll, and the voting result shall be announced at the meeting. The voting results relating to such proposed resolution shall be recorded in the minutes of meeting.

Shareholders of the Company or their proxies, who have cast their votes by online voting or by other means, shall have the right to check the voting results in the way in which they have cast their votes.

The ending time of a shareholders' general meeting shall not be earlier than that of online or other access to the meeting. The chairman of the meeting shall announce the status and results of voting in respect of each proposed resolution, and whether or not such proposed resolution has been passed according to such voting results.

Prior to the formal announcement of voting results, the relevant parties from the Company, the persons responsible for counting votes and scrutinizing the conduct of the relevant poll, the major shareholders, the person in charge of the relevant internet service provider involved in relation to voting at the shareholders' general meeting, online or by other means, shall be obliged to keep the status of voting confidential.

In the event that the chairman of the meeting has any doubt as to the result of a resolution put forward to the vote, he may have the votes counted. In the event that the chairman of the meeting fails to have the votes counted, any shareholder present in person or by proxy objects to the result announced by the chairman of the meeting may demand that the votes be counted immediately after the declaration of the voting result, the chairman of the meeting shall have the votes counted immediately.

In the event that the votes are counted at the shareholders' general meeting, the counting results shall be recorded in the minutes of the meeting.

The minutes of the meeting together with the attendance book for shareholders' signing and the proxy forms for proxies attending the meeting shall be kept at the domicile of the Company.

Copies of the minutes of the meeting shall be available for inspection during business hours of the Company by any shareholder without charge. If a shareholder demands from the Company a copy of such minutes, the Company shall send a copy to him within 7 days after receipt of reasonable charges.

Where a shareholders' general meeting has passed the resolutions for electing directors and Supervisors, the newly elected Directors and Supervisors shall fill their positions immediately after the announcement of the result of the voting, except otherwise specified in the resolution of the shareholders' general meeting.

Where a proposed resolution in relation to the payment of cash dividends, the issue of bonus shares or the capitalisation of capital reserves has been passed at a shareholders' general meeting, the Company shall implement the specific plans within two months after the conclusion of the shareholders' general meeting.

(f) Special Procedures for Voting by Class Shareholders

Shareholders holding different classes of shares shall be class shareholders.

Class shareholders shall enjoy rights and assume obligations pursuant to the provisions of laws, administrative regulations and the Articles.

Save for shareholders of shares of other classes, the holders of domestic-invested shares and holders of overseas-listed foreign-invested shares are deemed to be different classes of shareholders.

Where the capital of the Company includes shares which do not carry voting rights, the words "non-voting" must appear in the designation of such shares.

Where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting."

Any variation or abrogation of the rights of any class of shareholders proposed by the Company shall be approved by a special resolution of a general meeting and by the shareholders of the affected class at a separate class meeting convened in accordance with Article 123 to 128.

The following circumstances shall be deemed to be circumstances where the variation or abrogation of the rights of shareholders of a certain class is involved:

- (i) increasing or decreasing the number of shares of that class, or increasing or decreasing the number of shares of another class having the same or more rights of or to voting, distribution or other privileges when compared with shares of such class;
- (ii) converting all or part of the shares of such class into shares of other classes, or converting all or part of the shares of other classes into shares of such class or granting rights to effect such conversion;
- (iii) removing or reducing rights to accrued dividends or cumulative dividends attached to shares of such class;

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- (iv) reducing or removing the right to receive priority dividends or, in the event of the liquidation of the Company, to receive priority distribution of property attached to shares of such class;
- (v) increasing, removing or reducing the right of conversion, options, voting rights, the right to transfer, priority in placement and the right to acquire securities of the Company attached to shares of such class;
- (vi) removing or reducing the right to receive sums payable by the Company in particular currencies attached to shares of such class;
- (vii) creating a new class of shares having the same or more rights of or to voting, distribution or other privileges when compared with the shares of such class;
- (viii) imposing restrictions on the transfer or ownership of the shares of such class or increasing such restrictions;
- (ix) issuing subscription rights or share conversion rights in respect of shares of such class or another classes;
- (x) increasing the rights and privileges of shares of another classes;
- (xi) proposing to restructure the Company where the proposed restructuring scheme will result in different classes of shareholders having to assume disproportionate liabilities in such restructuring;
- (xii) varying or repealing the terms provided in this chapter.

Shareholders of the affected class, whether or not having the right to vote at shareholders' general meetings, shall have the right to vote at the relevant class meeting in relation to any of the matters under circumstances (2) to (8) and (11) to (12) mentioned above, but interested shareholders shall not be entitled to vote at the relevant class meeting.

Interested shareholders mentioned in the preceding paragraph shall have the following meanings:

- (i) in the case of an offer by the Company to repurchase its own shares to all shareholders on a *pro rata* basis or a repurchase by the Company of its own shares on a stock exchange in accordance with Article 28 of the Articles, "interested shareholder" shall mean the controlling shareholder as defined in Article 287 of the Articles;
- (ii) in the case of a repurchase by the Company of its own shares by an off-market agreement in accordance with Article 28 of the Articles, "interested shareholders" shall mean the shareholders connected with such agreement;

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- (iii) in the case of a proposed restructuring of the Company, “interested shareholder” shall mean a shareholder of a class assuming a smaller proportion of liabilities than the other shareholders of that class or who has interests different from those of the other shareholders of the same class.

A resolution of a class meeting shall be passed in accordance with Article 124 by at least a two-thirds majority calculated on the basis of the voting rights held by the shareholders present and entitled to vote at the class meeting.

Written notice of a meeting of any class of shareholders of the Company shall be issued 45 days prior to the date of the class meeting to all shareholders of such class whose names appear on the register of members, specifying the matters to be considered at and the place, the date and the time of the meeting. Shareholders who intend to attend the meeting shall deliver to the Company written replies of their intention to attend 20 days prior to the date of the meeting. When calculating the time limit, the date of meeting shall not be included. If the number of voting shares at such meeting held by shareholders who intend to attend such meeting reaches not less than one-half of the total number of voting shares at such meeting, the Company may hold such class meeting; if this cannot be attained, the Company shall further notify the shareholders by way of announcement within five days thereof specifying the matters to be considered and the place, the date and the time of the meeting. After such announcement has been given, the Company may then hold the class meeting.

Where there is any special regulation under the listing rules of the place(s) where the Company’s Shares are listed, such requirement shall prevail.

The quorum for a separate class meeting (other than an adjourned meeting) to consider a variation of the rights of any class of shares shall be the holders of at least one-third of the issued shares of that class.

Notice of a class meeting only needs to be given to shareholders entitled to vote thereat.

Unless otherwise provided for in the Articles, the procedures for holding the class meeting shall be similar to those for holding the shareholders’ general meeting as far as possible, and the provisions in the Articles of Association relating to the procedures for a shareholders’ general meeting shall apply to the class meeting.

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

- (i) where the Company issues, upon approval by a special resolution at a shareholders’ general meeting, domestic-invested shares and overseas-listed foreign-invested shares once every 12 months, either separately or concurrently, and the respective numbers of domestic-invested shares and overseas-listed foreign-invested shares proposed to be issued do not exceed 20% of the respective numbers of the issued domestic-invested shares and overseas-listed foreign-invested shares;

- (ii) where the Company's plan to issue domestic-invested shares and overseas-listed foreign-invested shares at the time of incorporation is carried out within 15 months from the date of approval by the securities regulatory authorities of the State Council;
- (iii) Where upon the approval from the securities authority of the State Council, the domestic-invested shares of the Company may be converted into foreign-invested shares, and such shares may be listed and traded in an overseas stock exchange.

7. DIRECTORS AND THE BOARD OF DIRECTORS

(a) Directors

Directors of the Company shall have their qualifications be approved by the China Securities Regulatory Commission before assuming office. The Company shall not appoint any personnel who has not obtained the qualification to be Director and shall not violate the provision by authorizing unqualified personnel to effectively exercise the duties.

The general manager or other senior management members may concurrently serve as a Director (other than Independent Directors), provided that the aggregate number of the Directors who concurrently serve as general manager or other senior management members shall not exceed one half of all the Directors of the Company.

Non-employee representative Directors shall be elected or replaced by the general meetings, while employee representative Directors shall be elected or replaced by the Company's employee representatives assembly. The term of office of a Director shall be three years and is eligible for re-election. A Director shall not be removed without reason from his office by the shareholders' general meeting or the employee representatives assembly before the end of his/her term. If a Director is removed by the general meetings or the employee representatives assembly of the Company, relevant explanation shall be provided. The Director being removed shall be entitled to state his/her opinion at the general meeting or the employee representatives assembly, CSRC or CSRC Shanghai Bureau. Subject to full compliance with the relevant laws and administrative regulations, the general meeting may by ordinary resolution remove any Director before the expiration of his term of office (but without prejudice to such Director's right to claim damages based on any contract).

Written notice of intention to nominate a candidate for the post of Director and the candidate's agreement to be nominated must be given to the Company seven days prior to the convening of the annual general meeting (Such seven-day period shall commence no earlier than the second day after the issue of the notice of the meeting at which the election shall be conducted and no later than seven days prior to the shareholders' general meeting). The term of the nomination and the acceptance of the nomination shall be no less than seven days.

The term of office of Directors shall commence from the date of appointment up to the maturity of the current term of office of the Board.

Those in the board of directors as employees' representatives are elected by the employees of the Company by employees' representative meeting means to join the board of directors directly.

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The Directors shall not be required to hold shares of the Company.

The Directors shall comply with the laws, administrative regulations and the Articles and shall faithfully perform their due diligence obligations to the Company.

Subject to the prior approval at the Shareholders' general meeting, the Company shall include the compensation matters in the written contract to be entered between the Company and the Directors or Supervisors. The stated compensation matters shall include: the compensation of Directors, Supervisors and senior management of the Company; the compensation of directors, supervisors and senior management of Company's subsidiaries; the compensation for the services provided in managing the Company and its subsidiaries; the compensation for Directors and Supervisors due to their loss of position or retirement. Unless based on the aforementioned contract, Directors and Supervisors shall not take legal actions against the Company for the compensation matters stated above.

The Company shall not provide loans or loan guarantees directly or indirectly to directors, supervisors, general manager or other senior management of both the Company and its parent company, nor shall the Company provide loans or loan guarantees to affiliated parties of the aforementioned personnel.

The rule above does not apply to the following situations: the Company provides loans or loan guarantees to its subsidiaries; the Company, based on the letter of appointment approved at the Shareholders' general meeting, provides loans, loan guarantees or other funds to the Directors, Supervisors, General Manager or other senior management to reimburse them on the expenses incurred by them for the interest of the Company or for discharging their respective responsibilities

(b) the Board of Directors

The Board consists of 17 Directors, including six independent Directors and at least one with a senior title of accounting profession or qualified as a certified public accountant. The Board shall comprise one Chairman and one Vice Chairman.

The Board exercises the following powers:

- (i) to convene shareholders' general meetings and report its work to the shareholders' general meeting;
- (ii) to implement the resolutions of shareholders' general meetings;
- (iii) to decide on the Company's business plans and investment plans;
- (iv) to formulate the Company's plans on annual financial budgets and final accounts;
- (v) to formulate the Company's profit distribution plans and plans on making up losses;

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- (vi) to formulate the proposal for increase or decrease of the registered capital of the Company, issue and listing of bonds or other securities of the Company;
- (vii) to formulate plans for substantial acquisition, repurchase of shares of the Company or merger, division, dissolution and alteration of corporate form of the Company;
- (viii) to determine external investments, acquisition and disposal of assets, assets pledge, external guarantees matters and connected transactions of the Company within the authorisation of the general meeting;
- (ix) to formulate the implementation plan of the long-term incentives program for the management and employees;
- (x) to determine the establishment of the Company's internal management structure;
- (xi) to appoint or dismiss general manager, the Secretary to the Board, General Compliance Officer and, based on the nomination by the general manager, to appoint or dismiss senior management members including deputy general manager, assistants of general manager and chief financial controller of the Company and to determine their remunerations, incentives and punishments;
- (xii) to formulate the basic management system of the Company; and based on the approved business scopes and the Company's own business managing characteristics to establish a clear and effective internal control mechanism, so as to formulate a comprehensive and practicable internal control system;
- (xiii) to formulate proposals for amendment to the Articles;
- (xiv) to manage information disclosure of the Company;
- (xv) to propose at shareholders' general meetings for the appointment or change of accountants' firm conducting auditing for the Company;
- (xvi) to hear the work report and inspect the work of the general manager;
- (xvii) to consider and approve the fundamental system of compliance management and the compliance reports; responsible for monitoring the implementation of compliance policies;
- (xviii) to exercise any other powers specified in relevant laws, administrative regulations, departmental rules and conferred by the Articles.

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The Board resolutions related to the increase or decrease of registered capital, bonds issue, merger, spin-off, dissolution and amendment to the Articles, shall be passed by not less than two-thirds of the Directors.

The chairman of the board of directors shall exercise the following authorities:

- (i) to preside over shareholders' general meetings and to convene and preside over Board meetings;
- (ii) to supervise and check on the implementation of resolutions passed at the meeting of the board of directors;
- (iii) to sign share certificates, bonds and other marketable securities of the Company;
- (iv) to sign important documents of the board of directors and other documents that shall be signed by the legal representative of the Company;
- (v) to exercise the authorities of legal representatives;
- (vi) in case of emergency circumstances of force majeure events such as extraordinary natural disasters, to exercise special disposal powers which are in compliance with legal requirements and are in the interests of the Company on matters of the Company and provide post-event reports to the board of Directors and the shareholders' general meeting;
- (vii) to exercise other functions and powers conferred by the board of Directors.

The board of Directors shall meet regularly and board of meetings shall be held at least four times a year at approximately quarterly intervals. A fourteen days' prior written notice for convening the meeting shall be given to all Directors and Supervisors.

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

One person shall have one vote when voting on the resolution of the board of directors.

Where the number of votes cast for and against a resolution is equal, the Chairman shall have the right to cast an additional vote.

If any Director has connection with the enterprise involved in the resolution made at a Board meeting, the said Director shall not vote on the said resolution for himself or on behalf of other Director. The Board meeting may be held when more than half of the non-connected Directors attend the meeting. The resolution of the Board meeting shall be passed by more than half of the non-connected Directors. If the number of non-connected Directors attending the meetings is less than 3, the matter shall be submitted to the shareholders' general meeting for examination.

(c) Borrowing power

Subject to compliance with applicable laws, administrative regulations and Listing Rules, the Company has the power to raise and borrow money, which includes, without limitation, the issue of debentures and the charging or mortgaging of the Company's properties. The Company also has the right to provide guarantee for any third party. The Articles of Association do not contain any specific provision in respect of the manner in which issuing bonds may be exercised by the Directors nor do they contain any specific provision in respect of the manner in which such powers may be varied, other than: (a) provisions which give the Board the power to formulate proposals for the issue of bonds by the Company; and (b) provisions which provide that the issue of bonds must be approved by the shareholders' general meeting.

8. THE SUPERVISORY COMMITTEE

(a) Supervisors

The Supervisory Committee shall comprise shareholders' representatives and employees' representatives of the Company.

Directors, general manager, deputy general manager, assistant of general manager, chief financial controller and other senior management personnel as well as direct relatives and major social relationships thereof shall not hold the position of Supervisors.

Prior to their appointment, Supervisors of the Company shall have their qualification be approved by CSRC.

Each Supervisor shall serve for a term of three years. Non-employees' representative Supervisors shall be elected or removed by the Shareholders' general meeting and employees' representative Supervisors shall be democratically elected or removed by the meeting of the Company's employees' representatives. The term is renewable upon re-election and re-appointment.

The Supervisors shall ensure that all information disclosed are true, accurate, complete, prompt, and fair.

The Supervisors may attend board meetings as non-voting participants, and deliver enquiry or suggestion regarding resolutions at Board meetings.

Supervisors have the right to know the operation of the Company and to undertake the confidential duties accordingly. The Company shall have its internal audit reports, compliance inspection reports, monthly or quarterly financial reports, annual financial reports and other significant matters be reported to the Supervisory Committee in a timely manner.

Any Supervisor who fails to attend Supervisory Committee meetings in person two times consecutively, shall be deemed non-performance of duties and shall be removed and replaced by the shareholders' general meeting or the general meeting of employees' representatives.

Any Supervisor is obligated to perform his/her duty with diligence and in good faith in accordance with the laws, administrative regulations and the Articles of Association. Any Supervisor who violates any laws, administrative regulations, departmental rules or the Articles during the course of performing his duties and causes losses to the Company shall be liable for compensation to any loss caused to the Company.

(b) Supervisory Committee

The Company shall have a Supervisory Committee. The Supervisory Committee shall compose of 11 Supervisors, including representatives of shareholders and representatives of employees, of which the ratio of employees' representatives shall not be less than one-third. The Supervisory Committee shall have one chairman and one vice chairman. The election or removal of the chairman of the Supervisory Committee and vice chairman shall be determined by the affirmative votes of two-thirds or more of the members of the Supervisory Committee. Meetings of the Supervisory Committee shall be convened and presided over by the chairman of the Supervisory Committee. Where the chairman of the Supervisory Committee is incapable of performing or fails to perform his/her duties, the vice chairman of the Supervisory Committee shall convene and preside over the meetings; if the vice chairman of the Supervisory Committee is incapable of performing or fails to perform his/her duties, a Supervisor elected by not less than half of the Supervisors shall convene and preside over Supervisory Committee meetings.

Employee representative Supervisor of the Supervisory Committee shall be admitted to the Supervisory Committee directly after he/she is being elected by the employee representatives assembly.

The Supervisory Committee shall be accountable to the shareholders' general meeting and shall perform the following duties:

- (i) to review the Company's periodical reports prepared by the board of directors and to express its comments in writing;
- (ii) to inspect the Company's financial position;
- (iii) to supervise the behaviors of the directors and senior management personnel in performing their duties, and to advise on dismissal of any directors and senior management personnel who are in breach of laws, administrative regulations, the Articles or resolutions of the shareholders' general meetings;
- (iv) to enquire on the conduct of Directors and senior management personnel;
- (v) to demand the directors and senior management personnel to rectify their errors if they have acted in a harmful manner to the Company's interest;

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- (vi) to propose to convene an extraordinary general meeting, and where the board of directors fails to perform the duties in relation to convening or presiding over a shareholders' general meeting as required by the Company Law, to convene and preside over the shareholders' general meeting;
- (vii) to engage an accountant firm qualified for engaging securities related business to conduct the audits on retiring or resigning senior management personnel;
- (viii) to propose motions in a shareholders' general meeting;
- (ix) to take legal actions against directors and senior management personnel in accordance with Article 152 of the Company Law;
- (x) to examine the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the Board to the general meetings and, to conduct investigations whenever queries or unusual conditions of operation of the Company arises and if necessary, to engage professional personnel such as certified public accountants, practising auditors and lawyers to assist in the investigations;
- (xi) to conduct investigations whenever unusual conditions of operation, financial conditions and compliance of the Company arise and if necessary, to engage professional institutions such as firms of accountants and lawyers to assist in the investigations. Any reasonable costs arising therefore shall be borne by the Company;
- (xii) to exercise other authorities as authorized by the Company's Articles of Association or the general meetings.

The Supervisory Committee may require the Directors, personnel of manager level and other related personnel to attend meetings of the Supervisory Committee to answer any questions raised by the Supervisory Committee.

When the Supervisory Committee investigate the conduct of Directors, personnel of manager level of the Company in the performance of their duties, it may understand the situation through the Directors, personnel of manager level and the other involved personnel of the Company, who should provide assistance.

The Supervisory Committee shall carry out his/her compliance management duties in accordance with the requirements of the laws, regulations and the Articles, and shall be responsible for the validity of the compliance management of the Company.

The Supervisory Committee shall meet at least once in every six months. The chairman of Supervisory Committee shall convene the meeting and notify all Supervisors in writing 10 days before convening the meeting.

APPENDIX VII SUMMARY OF THE ARTICLES OF ASSOCIATION

The Supervisory Committee shall convene meeting regularly within 120 days after the expiration of the last fiscal year for consideration and approval of inspection reports on the annual financial condition and the condition of compliance.

Each Supervisor is entitled to request that an explanation of his comments made at the meetings be noted in the minutes. The minutes of Supervisory Committee meetings shall be maintained as corporate archives by the Secretary to the Board for a period of 20 years.

9. PROFIT DISTRIBUTION

A Company can use profit before tax next year to offset loss for the current year; if the profit before tax of the next year is insufficient to offset the loss, the excessive part can be carried forward to next subsequent year; loss carry forward that exceeds statutory pre-tax offset period can use profit after tax to offset. For the year that the Company realizes the profit after tax (after offset loss, the same as below), the Company will appropriate the profit after tax in the following order: statutory surplus reserve, general risk reserve, transaction risk reserve and distribution to shareholders. 10% of the realized profit after tax of that year will be appropriated as statutory surplus reserve fund. When the aggregate statutory surplus reserve fund has reached 50% or more of the Company's registered capital, the Company may cease to make any further appropriation. 10% of the realized profit after tax of that year will be appropriated as general risk reserve. Not less than 10% of the realized profit after tax of that year will be appropriate as transaction risk reserve.

Subject to the resolution at the general meeting, the Company may also appropriate fund to statutory surplus reserve from profit after tax. The remaining profit after taxation, after recovery of losses and appropriation of reserve fund and all reserves shall be distributed to shareholders in proportion to their shareholdings. If a general meetings violates the provisions in the preceding paragraph of this Article and profits are distributed to the shareholders before the Company makes up losses or makes allocations to the statutory reserve fund, the profits distributed in violation of the provisions must be returned to the Company. No profit shall be distributed in respect of the shares of the Company which are held by the Company. The gain in fair value of the Company's distributable profit shall not be distributed to Shareholders by cash. If the standard required by the laws and the administrative regulations (such as net gearing ratio) not being met, no profit may be distributed to the Shareholders. If undistributed profit is negative, no profit may be distributed to the Shareholders. If capital reserve is negative, no cash distribution shall be made to the Shareholders.

Reserves of the Company are used for offsetting losses sustained by the Company, expanding the Company's production and operation or increasing the capital of the Company. However, capital reserve shall not be used for offsetting losses sustained by the Company.

When the statutory reserve fund is converted into capital, the balance of the statutory reserve shall not fall below 25% of the Company's registered capital before the increase of the capital.

APPENDIX VII SUMMARY OF THE ARTICLES OF ASSOCIATION

The Company adopts a continuous, stable and aggressive profit distribution policy, which focuses on providing reasonable investment returns to Shareholders. The Company may, according to the profit made by the Company and taking into account the actual situation as well as current and long-term benefit of the Company, distribute dividend by way of cash or shares. In principle, the Company will distribute cash dividend for the year with profit. If no cash distribution proposal has been submitted for year with earnings, the Company will state the reasons for not distributing the profit and the usage of the profit retained in the periodic report. The Company may distribute interim dividend. The accumulated cash distribution of profit for the last three years of the Company were not less than 30% of the average annual distributable profit.

Any distributing of dividends by way of shares shall be resolved by general meeting and report to the relevant competent authorities, such as the CSRC, for approval.

Holders of shares which have been paid up before payment calls by the Company are entitled to dividends. Holders of prepaid shares are not entitled to dividends declared thereafter.

In relation to the receipt of dividends by shareholders, the Company is entitled to forfeit unclaimed dividends, provided that such power shall only be exercised in accordance with the relevant PRC laws, rules, regulations and regulatory documents and six years or thereafter after the date of announcement of the distribution.

The Company shall have the right to terminate sending dividend warrants to holders of overseas-listed foreign-invested shares by mail, but the Company shall exercise the right only after a dividend warrant fails to be redeemed for two consecutive occasions, however the Company can exercise the right after the first occasion on which such a dividend warrant is returned as undelivered.

In relation to the exercise of right to issue warrants to bearer, no warrant thereof shall be issued to replace one that has been lost unless the Company is satisfied beyond reasonable doubt that the original warrant thereof has been destroyed.

The Company shall have the power to sell, in such manner as the Board thinks fit, any shares of a Shareholder of overseas-listed foreign-invested shares who is untraceable, but is subject to the following conditions:

- (i) the Company has distributed dividends for at least 3 times in respect of such shares within 12 years, but none of such dividends was claimed; and
- (ii) the Company, after the expiration of a period of 12 years, made an advertisement on one or more newspapers of the place which the Company is listed, stating its intention to sell such shares, and notified the securities regulatory authority of the place which the Company is listed of such intention.

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

The receiving agents appointed by the Company shall satisfy the relevant requirements of the laws of the place and relevant regulations of the stock exchange where the Company's shares are listed.

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

10. FINANCIAL REPORTS

The Company shall prepare its annual financial reports and submit to the CSRC and the stock exchange(s) within four months from the ending date of each fiscal year, the half year financial reports it prepare and submit to the local office of the CSRC and the stock exchange(s) within two months from the ending date of the first six months of each fiscal year, and the quarterly reports it prepare and submit to the local office of the CSRC and the stock exchange(s) within one month from the ending dates of the first three and first nine months of each fiscal year respectively.

The aforesaid financial report shall be drafted in accordance with the relevant laws, administrative rules and regulations, and announced according to the requirement of the securities regulatory authority of the place which the Company's shares listed.

The Board shall place before the shareholders at every annual general meeting such financial reports as are required by any laws, regulations, by-laws or directives to be prepared by the Company.

The Company's financial reports shall be made available for shareholders' inspection at the Company 20 days before the date of every annual general meetings. Each shareholder shall be entitled to obtain a copy of the financial reports referred to in this Chapter.

Unless otherwise required by this Articles, the Company shall deliver, by hand or by prepaid post, the abovementioned report or report of the Directors (together with balance sheet and income statement) to the address of each overseas listed foreign shares' holders as registered in the register of members at least 21 days before such annual general meeting; or the Company may published its report on the website of the Shanghai Stock Exchange and in a newspaper specified in this Articles, and on the website of the Hong Kong Stock Exchange or in one or more newspapers specified by it. Once an announcement is made, all shareholders are deemed to have received the aforementioned financial report.

The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or that of the overseas place where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, explanations shall be made in the financial statements. When the Company is to distribute its after-tax profits, the lower of the after-tax profits as shown in the two financial statements shall be adopted.

Any interim results or financial information published or disclosed by the Company must also be prepared and presented in accordance with PRC accounting standards and regulations, and also in accordance with either international accounting standards or that of the overseas place where the Company's shares are listed.

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

11. LIQUIDATION

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

- (i) resolution on dissolution is passed by shareholders at a general meeting;
- (ii) dissolution is necessary due to a merger or division of the Company;
- (iii) the Company's business license is revoked or it is ordered to close down or it is cancelled according to law;
- (iv) where the Company gets into serious trouble in operations and management and its continuation may cause substantial loss to the interests of its shareholders, and no solution can be found through any other channel, shareholders representing 10% or more of the total voting rights of the Company may request the people's court to dissolve the Company;
- (v) the Company is legally declared bankrupt due to its failure to repay debts due;
- (vi) other reasons for dissolution as specified in the Articles arises.

Upon the occurrence of the situation mentioned in (6) above, the Company may continue to exist by amending the Articles.

The amendment of the Articles pursuant to the preceding paragraph shall be subject to the approval of more than two-thirds of the voting rights held by the shareholders present at the shareholders' general meetings.

Where the Company is dissolved under subparagraphs (1), (3), (4) and (6) of the Article 270, a liquidation committee shall be set up in accordance with the laws within 15 days after the liquidation is approved by the securities regulatory authority of the State Council, and its members shall be determined by shareholders at a general meeting by way of ordinary resolution. If a liquidation committee is not set up within the specified period to carry out liquidation procedures, creditors may apply to the people's court for appointment of relevant persons to form a liquidation committee so as to proceed with the liquidation.

Where the Company is dissolved pursuant to subparagraph (3) of the preceding Article, the Company shall apply to the CSRC with reason of dissolution and the plan of settling liabilities. The Company will be dissolved after obtaining of the approval in the CSRC.

APPENDIX VII SUMMARY OF THE ARTICLES OF ASSOCIATION

Where the Company is dissolved pursuant to subparagraph (4) of the preceding Article, the people's court shall, according to the relevant laws, organize to form a liquidation committee comprising the securities regulatory authority under the State Council, shareholders, relevant authorities and relevant professionals to enforce bankruptcy liquidation in accordance with the relevant bankruptcy law.

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

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

The liquidation committee shall act in accordance with the instructions of the shareholders' general meeting to make a report at least once every year to the shareholders' general meeting on the committee's receipts and payments, the business of the Company and the progress of the liquidation and to present a final report to the shareholders' general meeting on completion of the liquidation.

During the liquidation period, the liquidation committee shall exercise the following functions and duties:

- (i) to ascertain the Company's assets and separately prepare a balance sheet and an inventory of assets;
- (ii) to notify creditors by sending notice or by making announcement;
- (iii) to deal with and settle the Company's outstanding business deals in relation to the liquidation;
- (iv) to settle outstanding taxes as well as taxes arising in the course of liquidation;
- (v) to ascertain all claims and debts;
- (vi) to dispose of the remaining assets of the Company after the repayment of debts; and
- (vii) to represent the Company in any civil proceedings.

The liquidation committee shall notify creditors within 10 days from the date of its establishment and make announcement, such as by newspaper, within sixty (60) days of that date. Creditors should, within 30 days after receipt of the notice, or for those who do not receive the notice, within 45 days from the date of the announcement, declare their claims to the liquidation committee.

APPENDIX VII SUMMARY OF THE ARTICLES OF ASSOCIATION

When declaring their claims, creditors shall explain relevant particulars of their claims and provide supporting materials. The liquidation committee shall register the claims.

During the period of declaration of claims, the liquidation committee shall not repay any debts to the creditors.

After checking the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and submit the same to a general meetings or people's court for confirmation.

The property of the 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 the Company shall be distributed in proportion to the shareholdings of the shareholders.

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

If the liquidation committee, after ascertaining the Company's assets and preparing a balance sheet and an inventory of assets, discovers that the Company's assets are insufficient to repay its debts, it shall immediately apply to the people's court for a declaration of bankruptcy.

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

Following the completion of liquidation, the liquidation committee shall present a report on liquidation and prepare a statement of the receipts and payments and the financial accounts for the period of the liquidation which shall be audited by PRC certified public accountants and then submitted to the shareholders' general meeting or relevant competent authorities for confirmation.

The liquidation committee shall submit the aforesaid documents to the company registration authority, apply for cancellation of company registration, and announce the termination of the Company within 30 days after confirmation is obtained from the relevant competent authorities,.

12. AMENDMENTS TO THE ARTICLES

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

The Company shall amend the Articles of Association under any of the following situations:

- (i) there is a discrepancy between the provisions of the Articles of Association and those of laws and administrative regulations after the amendment to the Company Law or relevant laws and administrative regulations;
- (ii) there are changes in the situation of the Company resulting in inconsistency in relation to the scenarios mentioned in the Articles of Association;
- (iii) the shareholders' general meeting resolves to amend the Articles of Association.

Where the amendments to the Articles passed by the general meetings need the examination and approval of the competent authorities, these amendments shall be submitted hereto for approval.

Any amendment to the Articles of Association involving anything set out in the Mandatory Provisions for Articles of Association of Companies shall become effective upon approval by the department in charge of company approval affairs authorised by the State Council and by the CSRC. If there is any change relating to the registered particulars of the Company, application shall be made for registration of the changes in accordance with the laws.

The Board may amend the Articles of Association in accordance with the resolution on amendments to the Articles of Association passed at the shareholders' general meeting and the approval opinions of the relevant competent authorities.

Any amendment to the Articles of Association shall be subject to announcement if so required by the laws and regulations.