

This Appendix mainly provides investors with an overview of the Articles of Association. As the following information is in summary form, it does not contain all the information that may be important to investors.

SHARE ISSUE

The shares of the Company shall be issued in an open, fair and equal manner. Each share of the same class shall rank pari passu with each other. Shares of a class in each issuance shall be issued under the same terms and at the same price. Each of the shares shall be subscribed for at the same price by subscribers.

INCREASE, DECREASE AND REPURCHASE OF SHARES

According to the operation and development needs of the Company, subject to the laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are listed, the Company may increase the capital by the following ways upon approval of resolutions at the Shareholders' meeting:

- (i) Issuance of shares to non-particular targets;
- (ii) Issuance of shares to particular targets;
- (iii) Distribution of bonus shares to existing shareholders;
- (iv) Converting the reserve funds into share capital;
- (v) Other means required by the laws, administrative regulations, securities regulatory authority in the place where the Company's shares are listed or approved by the securities regulatory authority in the place where the Company's shares are listed.

The Company may decrease our registered share capital. The Company's decrease of registered share capital shall comply with the procedures stipulated in the PRC Company Law and other relevant provisions and the Articles of Association.

The Company may, pursuant to requirements of laws, administrative regulations, departmental rules and the Articles of Association, repurchase its own shares in the following circumstances:

- (i) Reduce the Company's registered capital;
- (ii) Merger with other companies which hold our shares;
- (iii) Use the shares as an employee stock ownership plan or equity incentive plan;
- (iv) Purchase its shares from shareholders, who have voted against the resolutions on the merger or division of the Company at a Shareholders' meeting upon their request;
- (v) Use of shares for conversion of corporate bonds convertible into shares issued by the Company;
- (vi) Necessary for the Company to maintain its value and protect the interests of the shareholders.

Subject to applicable laws and the securities regulatory rules of the place where the Company's shares are listed, the Company may repurchase its own shares by one of the following ways under the circumstances (i), (ii) and (iv) set out above:

- a) by way of centralized bidding at stock exchange;
- b) by way of offer;

c) other methods recognized by the securities regulatory rules of the place where the Company's shares are listed and the securities regulatory authority of the place where the Company's shares are listed.

If the share repurchase is made under the circumstances stipulated in (iii), (v) or (vi) above, it shall be conducted by way of open centralized trading.

The Company's repurchase of its own shares under the circumstances (i) and (ii) set out above shall be subject to approval at a Shareholders' meeting. Repurchase of the Company's shares under the circumstances (iii), (v) or (vi) set out above shall be approved at the Board meeting attended by more than two thirds of the directors.

After the Company has repurchased its shares under the foregoing provisions, such shares shall be cancelled within ten days after repurchase in the circumstance (i), or shall be transferred or cancelled within six months in the circumstances (ii) and (iv); and in the circumstances (iii), (v) or (vi) set out above, the total number of the Company's shares held by the Company shall not exceed 10% of its total issued shares, and shall be transferred or cancelled within three years.

TRANSFER

Shares of the Company shall be transferred in accordance with laws, administrative regulations, securities regulatory rules of the place where the Company's shares are listed and the Articles of Association.

The Directors and senior management personnel of the Company shall notify the Company of their holdings of shares of same class in the Company and the changes therein. The shares transferrable by them during each year of their tenures as determined on their appointment shall not exceed 25% of their total holdings of shares of same class in the Company. The shares in the Company held by them shall not be transferred within one year from the date on which the Company's shares are listed for trading. The shares in the Company held by them shall not be transferred within half a year from their departure from the Company.

Any gains from sale of Company's shares or other securities with an equity nature by the Directors and senior management members or shareholders holding over 5% of the Company's shares within six months after their purchase of the same, and any gains from the purchase of the shares or other securities with an equity nature by any of the aforesaid parties within six months after sale of the same shall be disgorged and paid to the Company, and the Board of Directors of the Company shall be responsible for recovering such gains from the above mentioned parties. However, a securities company which holds over 5% of the Company's shares as a result of its undertaking of the untaken shares in an offer or there are other circumstances stipulated by the CSRC, sale those Company's shares shall not be subject to the six-month time limit.

Shares or other securities with the nature of equity held by Directors, senior executives and individual shareholders as mentioned in the preceding paragraph include shares or other securities with the nature of equity held by their spouses, parents or children, or held by them by using other people's accounts.

If the Board of Directors of the Company fails to implement the provisions mentioned above, the responsible Directors shall bear joint and several liability in accordance with law.

SHAREHOLDERS AND SHAREHOLDERS' MEETINGS

General Provisions of Shareholders

The Company shall make a register of shareholders on the basis of the certificates provided by the securities registrar of the place where the Company's shares are listed. The register of shareholders shall be the sufficient evidence proving the holding of the shares of the Company by the shareholders. The original register of shareholders of H Shares listed in Hong Kong is kept in Hong Kong and is available for inspection by

shareholders. Shareholders shall enjoy rights and assume obligations according to the class of shares they hold. Shareholders holding shares of the same class shall enjoy the same rights and assume the same obligations.

When the Company holds a Shareholders' meeting, distributes dividends, liquidates and engages in other acts requiring confirmation of shareholdings, the Board of Directors or the convener of the Shareholders' meeting shall decide the share register date, and shareholders who registered after market close on the share register date are entitled to relevant rights and interests.

The Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited ("Hong Kong Listing Rules") on the period of closure of register of members before the Shareholders' meeting or the reference date for the Company's distribution of dividends shall prevail.

The rights of our shareholders are as follows:

- (i) to receive distribution of dividends and other forms of benefits according to the number of shares held;
- (ii) to legally require, convene, preside over, participate in or authorize proxies of shareholders to attend the Shareholders' meeting and exercise corresponding voting rights;
- (iii) to supervise operational activities of the Company, provide suggestions or submit queries;
- (iv) to transfer, grant or pledge shares they held according to the provisions of the laws, administrative regulations and the Articles of Association;
- (v) to read the Articles of Association, the list of shareholders, Company bond stubs, Shareholders' meeting minutes, resolutions of meetings of the Board of Directors, and financial and accounting reports;
- (vi) to participate in the distribution of the remaining assets of the Company according to the proportion of shares held upon our termination or liquidation;
- (vii) to require the Company to acquire the shares from shareholders voting against any resolutions adopted at the Shareholders' meeting concerning the merger and division of the Company;
- (viii) other rights conferred by laws, administrative regulations, departmental rules, or the Articles of Association.

Where any shareholder demands to read the relevant information or obtain any of the aforesaid materials, he/she shall submit to the Company written documents proving the class(es) and number of share he/she holds in the Company. The Company shall provide the same in accordance with the shareholder's demand after verifying the shareholder's identity.

In the event that any resolution of the Shareholders' meeting or resolution of the Board of Directors violates laws or administrative regulations, the shareholder is entitled to request the People's Court to deem it as invalid.

If the convening procedure or voting method of the Shareholders' meeting or the Board meeting violates laws, administrative regulations or the Articles of Association, or the content of the resolution violates the Articles of Association, the shareholders shall have the right to request the People's Court to revoke such resolution within sixty days from the date of the resolution. However, this shall not apply if the convening procedure or voting method of a Shareholders' meeting or Board meeting has only minor defects that do not have a material impact on the resolution.

Where a director or a senior management personnel other than the member of the Audit Committee violates any laws, administrative regulations or the Articles of Association in the course of performing his or her duties and thereby causes losses to the Company, the shareholders individually or jointly holding more than 1% of the

Company's shares for 180 consecutive days or more shall have the right to request, in written form, the Audit Committee to initiate a legal proceeding in the people's court. Where a member of the Audit Committee violates any laws, administrative regulations or the Articles of Association in the course of performing his or her duties and thereby causes losses to the Company, the aforesaid shareholders may request, in written form, the Board of Directors to initiate a legal proceeding in the people's court.

In the event that the Audit Committee and the Board of Directors refuse to initiate legal proceedings upon receiving the written request from a shareholder, as specified in the preceding paragraph, or fails to initiate such legal proceedings within 30 days from the date on which such request is received, or in case of emergency where failure to initiate such proceedings immediately will cause irreparable damage to the Company's interests, shareholders mentioned in the preceding paragraph shall have the right to initiate legal proceedings in the people's court directly in their own names for the benefit of the Company.

Where the legitimate rights and interests of the Company are damaged and the Company thereby suffers any loss, the shareholders individually or collectively holding over 1% of the Company's shares for 180 consecutive days may initiate a legal proceeding in the people's court in accordance with the provisions of the preceding two paragraphs.

Where any director or a senior management personnel damages the shareholders' interests by violating any laws, administrative regulations or the Articles of Association, the shareholders may initiate a legal proceeding in the people's court.

The obligations of shareholders are as follows:

- (i) to abide by laws, administrative regulations and the Articles of Association;
- (ii) to provide share capital according to the shares subscribed for and share participation methods;
- (iii) not to return shares unless prescribed otherwise in laws and administrative regulations;
- (iv) not to abuse shareholders' rights to infringe upon the interests of the Company or other shareholders;
not to abuse the Company's status as an independent legal entity or the limited liability of shareholders to damage the interests of the Company's creditors;

Any shareholder who abuses shareholders' rights and causes the Company or other shareholders to suffer a loss shall be liable for making compensation in accordance with the law.

Any shareholder who abuses the status of the Company as an independent legal entity or the limited liability of shareholders to evade debts and seriously damages the interests of the Company's creditors shall assume joint and several liability for the Company's debts.

- (v) other duties that shall be assumed as stipulated by laws, administrative regulations and the Articles of Association.

General Provisions for Shareholders' Meetings

Shareholders' meeting of the Company comprises all shareholders. The Shareholders' meeting is the organ of authority of the Company, which exercises its powers in accordance with laws:

- (i) to elect and remove the Directors (other than the employee representatives) and to decide on matters relating to the remuneration of Directors;
- (ii) to examine and approve reports of the Board of Directors;
- (iii) to examine and approve the Company's proposals for profit distribution plans and loss recovery plans;

- (iv) to decide on any increase or decrease of the Company's registered capital;
- (v) to decide on the issuance of bonds by the Company;
- (vi) to decide on matters such as merger, division, dissolution and liquidation or change of corporate form of the Company;
- (vii) to amend the Articles of Association;
- (viii) resolution on appointment and dismissal of an accounting firm that provides audits for the Company;
- (ix) to examine and approve the provision of guarantees stipulated in Article 42 of the Articles of Association;
- (x) to examine matters relating to the purchases and disposals of the Company's material assets within one year, which exceed 30% of the Company's latest audited total assets;
- (xi) to examine and approve matters relating to changes in the use of proceeds;
- (xii) to examine the equity incentive plans and employee stock ownership plans;
- (xiii) to examine other matters as required by the laws, administrative regulations, departmental rules, or the Articles of Association, which shall be decided by the Shareholders' meeting.

The Shareholders' meeting may authorize the Board of Directors to make resolutions on issuance of bonds by the Company.

Except for otherwise provided by laws, administrative regulations, requirements of the CSRC or the securities regulatory rules of the place where the Company's shares are listed, the aforesaid powers of the Shareholders' meeting shall not be exercised by the Board of Directors or any other institution or individual on its behalf upon authorization.

The following acts of external guarantee by the Company shall be submitted to the Shareholders' meeting for deliberation and approval:

- (i) any guarantee to be provided after the total amount of external guarantees provided by the Company and its controlling subsidiaries has exceeded 50% of the Company's net assets as audited in the latest period;
- (ii) any guarantee to be provided after the total amount of external guarantees provided by the Company and its controlling subsidiaries has exceeded 30% of the Company's total assets as audited in the latest period;
- (iii) any guarantee to be provided to a party whose ratio of liabilities to assets exceeds 70% as per its most recent financial statements;
- (iv) a single guarantee for an amount of more than 10% of the net assets audited in the latest period;
- (v) the guarantee to be provided to a shareholder, or to de facto controller or related party thereof;
- (vi) based on the cumulative guarantee amount within latest twelve months, guarantee with a total amount exceeding 30% of the Company's total assets audited in the latest period;
- (vii) Other guarantees stipulated by the CSRC, stock exchanges or the Articles of Association.

The following acts of external financial assistance of the Company shall be submitted to the Shareholders' meeting for deliberation and approval:

- (i) any financial assistance to be provided to a party whose ratio of liabilities to assets exceeds 70% as per its most recent financial statements;
- (ii) a single financial assistance or cumulative financial assistance provided within any consecutive 12 months with amount of more than 10% of the Company's net assets audited in the latest period;
- (iii) Other circumstances stipulated by Shenzhen Stock Exchange or the Articles of Association.

The Company shall not provide financial assistance to any Director, senior management personnel, controlling shareholder, de facto controller and other connected persons.

Where the Company provides financial assistance to other connected persons, it shall submit the same for consideration at a Shareholders' meeting and connected shareholders shall abstain from voting on the matter when it is considered at the Shareholders' meeting.

Shareholders' meetings comprise annual Shareholders' meetings and extraordinary Shareholders' meetings. An annual Shareholders' meeting shall be held once a year and within six months after the end of the prior accounting year.

The Company shall convene an extraordinary Shareholders' meeting within two months from the date of the occurrence of any of the following circumstances:

- (i) the number of directors is less than the number provided for in the PRC Company Law or less than two-thirds of the number prescribed in the Articles of Association;
- (ii) the losses of the Company that have not been made up reach one-third of its total share capital;
- (iii) such is requested by a shareholder alone or shareholders jointly holding over 10% of the Company's voting shares;
- (iv) when the Board considers it necessary;
- (v) when the Audit Committee proposes that such a meeting shall be held;
- (vi) other circumstances as specified by laws, administrative regulations, department rules, securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

Convening of Shareholders' Meetings

Independent directors shall have the right to propose to the Board of Directors to convene an extraordinary Shareholders' meeting and the exercise of such power by the independent directors shall be approved by more than half of all independent directors. Regarding the proposal requesting to convene an extraordinary Shareholders' meeting by independent directors, the Board of Directors shall give a written reply stating its agreement or disagreement to the convening of the extraordinary Shareholders' meeting within 10 days after receiving the proposal in accordance with the laws, administrative regulations and the Articles of Association.

Where the Board of Directors approves the convening of the extraordinary Shareholders' meeting, it shall send the notice thereof within 5 days after the said approval resolution of the Board of Directors; otherwise, the reasons for such disapproval shall be stated and announced.

The Audit Committee shall have the right to propose to the Board of Directors to convene an extraordinary Shareholders' meeting and such proposal shall be submitted in writing. The Board of Directors shall give a

written reply stating its agreement or disagreement to the convening of the extraordinary Shareholders' meeting within 10 days after receiving the proposal in accordance with the laws, administrative regulations and the Articles of Association. If the Board of Directors agrees to convene an extraordinary Shareholders' meeting, a notice for convening such meeting shall be issued within 5 days after the date of the resolution of the Board of Directors and any changes to the original proposal contained in the notice shall be subject to the approval of the Audit Committee.

If the Board of Directors disagrees to convene the extraordinary Shareholders' meeting or does not give any written reply within 10 days after receiving the proposal, the Board of Directors shall be deemed as failing to perform the duty of convening a Shareholders' meeting. In such cases, the Audit Committee may convene and preside over the meeting.

Shareholders individually or jointly holding more than 10% of shares of the Company are entitled to request the Board of Directors in writing to convene an extraordinary Shareholders' meeting. The Board of Directors shall, in accordance with the requirements of laws, administrative regulations and the Articles of Association, reply with a written opinion to state whether it agrees or disagrees to convene an extraordinary general meeting within 10 days upon receipt of the request.

If the Board of Directors agrees to convene the extraordinary Shareholders' meeting, it shall issue a notice of convening the Shareholders' meeting within 5 days after the date of the resolution of the Board of Directors. Any changes made to the original proposal in the notice shall be agreed by the relevant shareholders.

If the Board of Directors disagrees to convene the extraordinary Shareholders' meeting or does not reply within 10 days upon receipt of the proposal, shareholders individually or jointly holding more than 10% of the shares of the Company are entitled to request the Audit Committee in writing to convene an extraordinary Shareholders' meeting.

If the Audit Committee agrees to convene the extraordinary Shareholders' meeting, it shall issue a notice of convening the Shareholders' meeting within 5 days upon receipt of the proposal. Any changes made to the original proposals in the notice shall be agreed upon by the relevant shareholders.

If the Audit Committee does not issue the notice of a Shareholders' meeting within the prescribed period, it shall be deemed as the Audit Committee not convening and not holding the Shareholders' meeting. Then the shareholders individually or jointly holding more than 10% of the shares of the Company for more than 90 consecutive days are entitled to convene and hold the meeting by themselves.

Where the Audit Committee or shareholders decide to convene a Shareholders' meeting by themselves, a written notice shall be submitted to the Board of Directors and a file shall be made with the stock exchange.

Before making an announcement on the resolution(s) of the Shareholders' meeting, the shareholders convening the meeting shall hold not less than 10% of the shares.

The Audit Committee or the shareholders convening the meeting shall submit relevant evidencing materials to the stock exchange before the notice of Shareholders' meeting and the announcement on resolutions of the Shareholders' meeting are dispatched.

Where the Audit Committee or shareholders convene and hold a Shareholders' meeting by themselves, the expenses necessarily accrued therefrom shall be borne by the Company.

Proposals and Notices of Shareholders' Meetings

The Company may convene a Shareholders' meeting, and the Board of Directors, the Audit Committee, as well as shareholders who individually or collectively hold more than 1% of the Company's shares, have the right to submit proposals to the Company.

Shareholders who individually or collectively hold more than 1% of the Company's shares may submit a temporary proposal in writing to the convener 10 days prior to the Shareholders' meeting. The convener shall issue a supplementary notice of the Shareholders' meeting within 2 days after receiving the proposal, announcing the content of the temporary proposal and submit the temporary proposal for consideration at the Shareholders' meeting. However, this does not apply if the temporary proposal violates the provisions of laws, administrative regulations, the securities regulatory rules of the place where the Company's shares are listed or the Articles of Association, or if it is not within the scope of the Shareholders' meeting's authority.

Except for the circumstances specified in the preceding paragraph, after the convener has issued the notice of the Shareholders' meeting, it shall not modify the proposals already listed in the notice or add new proposals.

Any proposal that is not stated in the notice of the Shareholders' meeting or do not comply with the Articles of Association shall not be voted and approved at the Shareholders' meeting.

The convener shall notify each shareholder by announcement at least 21 days before the annual Shareholders' meeting, and at least 15 days before the extraordinary Shareholders' meeting.

When calculating the period for giving notice, the day of the meeting shall not be included.

A notice of a Shareholders' meeting shall include the following:

- (i) the time, venue and duration of the meeting;
- (ii) matters and proposals submitted to the meeting for consideration;
- (iii) a prominent written statement that all shareholders are entitled to attend Shareholders' meeting and are entitled to appoint in writing a proxy to attend and vote at the meeting and that such proxy need not be a shareholder of the Company;
- (iv) the record date of registration of shareholders entitled to attend the Shareholders' meeting;
- (v) the name and telephone number of the regular contact person for the meeting.

CONVENING OF SHAREHOLDERS' MEETINGS

All shareholders registered on the share right registration date or their proxies shall be entitled to attend the general meetings and exercise voting rights in accordance with relevant laws, regulations and these Articles of Association.

Shareholder may attend the Shareholders' meeting in person, or appoint proxy(ies) to attend or vote on behalf of such shareholder.

Individual shareholder attending the meeting in person shall present his or her identity card or other valid license or certificate that can prove his or her identity. Proxies attending the meeting on others' behalf shall present valid proof of their identities and the power of attorney from the appointing shareholder.

Corporate shareholders shall attend the meeting by its legal representative or the proxy appointed by its legal representative. Where the legal representative attends the meeting, he shall present his identification card and valid proof that can prove his qualification as legal representative, copy of business license (with official seal) and valid proof of equity; and where he appoints a proxy to attend the meeting, the proxy shall present his own identification card , and the written power of attorney, copy of business license (with official seal) and valid proof of equity legally issued by the legal representative of the corporate shareholder (except for shareholders that are recognized clearing houses and their proxies).

If the said shareholder is a recognized clearing house (or its agent) as defined by relevant laws and regulations of the place where the Company's shares are listed, the shareholder may authorize one or more

suitable persons or corporate representatives to act as its representative at any general meeting (including but not limited to Shareholders' meeting and creditors' meeting); however, if more than one person are authorized, the proxy form shall clearly indicate the number and types of shares each person is authorized in relation to. The proxy form shall be signed by authorized person(s) of the clearing house. The persons after such authorization may represent the recognized clearing house (or its agent) to attend such meetings (without the need to produce evidence in respect of shareholding, notarized authorization and/or further evidence to prove due authorization) to exercise the rights, speak at the meeting and exercise rights (including but not limited to voting rights) as if they were the individual shareholders of the Company.

Voting and Resolutions of the Shareholders' Meeting

Resolutions of the Shareholders' meeting shall be divided into ordinary resolutions and special resolutions. An ordinary resolution at a Shareholders' meeting shall be passed by a majority of the votes held by the shareholders (including shareholders' proxies) present at the Shareholders' meeting. A special resolution at a Shareholders' meeting shall be passed by at least two-thirds of the votes held by shareholders (including shareholders' proxies) present at the Shareholders' meeting.

The following matters shall be resolved by an ordinary resolution at a Shareholders' meeting:

- (i) work reports of the Board of Directors;
- (ii) profit distribution proposals and loss recovery proposals of the Board of Directors;
- (iii) appointment and removal of members of non-employee representative directors, their emolument and manner of payment;
- (iv) annual reports of the Company;
- (v) matters other than those required by laws, administrative regulations, requirements of securities regulatory rules of the place where the Company's shares are listed or by the Articles of Association to be adopted by special resolution.

The following matters shall be resolved by a special resolution at a Shareholders' meeting:

- (i) increase or reduction of the Company's registered capital;
- (ii) the split, division, merger, dissolution and liquidation of the Company;
- (iii) amendments to the Articles of Association;
- (iv) the Company's purchase or disposal of major assets within one year or guarantee amount exceeding 30% of the latest audited total assets of the Company;
- (v) the share incentive plan;
- (vi) other matters required to be resolved by way of a special resolution by the laws, administrative regulations or the Articles of Association, and matters which, according to an ordinary resolution of the Shareholders' meeting, may have a significant impact on the Company and shall be resolved by way of a special resolution.

Shareholders (including proxies thereof) may exercise their voting rights based on the number of voting shares they represent. Each share is entitled to one vote, unless individual shareholders are required to abstain from voting on individual matters in accordance with the securities regulatory rules of the place where the shares of the Company are listed. On a poll taken at a meeting, a shareholder (including proxy thereof) entitled to two or more votes need not cast all his/her/its votes in the same way.

When considering the material matters affecting the interests of minority investors at the Shareholders' meeting, the votes by minority investors shall be counted separately, and the results of such separate vote counting shall be publicly disclosed in a timely manner.

The shares of the Company held by the Company do not carry voting rights, and shall not be counted in the total number of voting shares represented by shareholders attending a Shareholders' meeting.

Shareholders who purchase the voting shares of the Company in violation of the provisions of Clause 1 and Clause 2 of Article 63 of the Securities Law shall not exercise the voting right of the shares that exceed the prescribed ratio within thirty-six months after the purchase, and such number shall not be counted in the total number of voting shares represented by shareholders attending a Shareholders' meeting.

The Board, independent directors and shareholders who hold more than 1% of voting shares of the Company or investors protection institutes established in accordance with laws, administrative regulations or rules of the CSRC may publicly solicit for the voting rights from shareholders. Information including the specific voting intention shall be fully disclosed to the shareholders from whom voting rights are being collected. Consideration or *de facto* consideration for soliciting shareholders' voting rights is prohibited. Except for statutory conditions, the Company shall not impose any minimum shareholding limitation for soliciting voting rights.

DIRECTORS AND BOARD OF DIRECTORS

General Provisions of Directors

Directors of the Company comprise executive Directors, non-executive Directors and independent Directors. Directors of the Company shall be natural persons. A person may not serve as a Director of the Company if he is:

- (i) a person who does not have or who has limited capacity for civil acts;
- (ii) a person who has been sentenced to criminal punishment for corruption, bribery, infringement of property, misappropriation of property or for damaging the order of the socialist market economy, or who has been deprived of his/her political rights due to criminal offense, where less than 5 years have elapsed since the sentence was served, or less than 2 years have elapsed since the date of expiration of the probationary period if such person is sentenced to probation;
- (iii) a person who served as a director, or factory director or manager and who bore personal liability for the bankruptcy liquidation of a company or enterprise, where less than 3 years have elapsed since the date of completion of the bankruptcy liquidation of such company or enterprise;
- (iv) a person who served as a legal representative of a company or enterprise which had its business license revoked and was ordered to close down due to violation of law and who bore personal liability for such violation, where less than 3 years have elapsed since the date of the revocation of business license and order to close down of such company or enterprise;
- (v) a person who has a relatively large amount of debts which have fallen due but have not been settled and was listed as a dishonest person subject to enforcement by the people's court;
- (vi) a person who is banned by the CSRC from entering into the securities market for a period which has not yet expired;
- (vii) the period of being publicly identified by the stock exchange as unsuitable to serve as directors and senior management members of listed companies has not yet expired;
- (viii) Other contents required by the laws, administrative regulations and the securities regulatory rules of the place where the Company's shares are listed.

Directors shall comply with laws, administrative regulations and the Articles of Association, and shall owe the following duties of loyalty to the Company and take measures to avoid the conflict between their own interests and those of the Company and shall not seek any improper interests by taking advantage of their powers.

Directors shall bear the following duties of loyalty to the Company:

- (i) not to expropriate the Company's property or misappropriate the Company's funds;
- (ii) not to open any account in their own name or in any other name for the deposit of the Company's funds;
- (iii) not to exploit their positions to accept bribes or obtain other illegal income;
- (iv) not to enter into any contract or transaction, directly or indirectly, with the Company without reporting to the Board or the general meeting and approval by a resolution of the Board or the general meeting in accordance with the provisions of the Articles of Association;
- (v) not to use the advantages of his/her position to obtain for himself/herself or for others business opportunities attributable to the Company, unless it has been reported to the Board or the general meeting and approved by a resolution of the general meeting, or the Company is forbidden to use such business opportunities in accordance with the provisions of laws, administrative regulations or the Articles of Association;
- (vi) not to operate a business similar to that of the Company for his/her own account or on behalf of others without reporting to the Board or the general meeting and approval by a resolution of the general meeting;
- (vii) not to accept commissions from others on transactions with the Company for their own benefit;
- (viii) not to disclose secrets of the Company without authorization;
- (ix) not to use their connected relations to impair the interests of the Company;
- (x) other obligations of loyalty stipulated by laws, administrative regulations, department rules and the Articles of Association.

The income obtained by the Directors in violation of the provisions of this Article shall belong to the Company; losses caused to the Company by such persons shall be indemnified by the same.

In compliance with the laws, administration regulations and the Articles of Association, the Directors shall perform obligations of diligence to the Company and exercise the reasonable care normally expected of management personnel in the best interests of the Company in the performance of their duties.

The Directors shall have the following obligations of diligence to the Company:

- (i) to exercise the rights conferred by the Company prudently, conscientiously and diligently to ensure that the Company's commercial acts comply with the requirements of national laws and administrative regulations and various national economic policies, and that its commercial activities do not exceed the scope of business specified in the business license;
- (ii) to treat all shareholders fairly;
- (iii) to keep abreast of the Company's business operation and management status;
- (iv) to sign written confirmation on regular reports of the Company and to ensure the integrity, accuracy and completeness of the information disclosed by the Company;

- (v) to truthfully provide relevant information and materials to the Audit Committee and shall not impede the Audit Committee in the exercise of their duties and powers;
- (vi) other obligations of diligence as stipulated by laws, administrative regulations, departmental rules and the Articles of Association.

The Board of Directors

The Board of Directors of the Company consists of nine Directors, including three non-employee representative Directors, three independent Directors. At least one independent Director shall be accounting professional who meets the relevant regulations. The Board of Directors shall have one chairman and one vice chairman.

The Board of Directors shall exercise the following duties and powers:

- (i) to convene Shareholders' meetings and report to Shareholders' meetings;
- (ii) to implement the resolutions of the Shareholders' meeting;
- (iii) to determine the operation plans and investment plans of the Company;
- (iv) to formulate the profit distribution plans and loss recovery plans of the Company;
- (v) to formulate plans of the Company regarding increase or reduction of the registered capital, issuance of bonds or other securities and listing;
- (vi) to formulate plans for substantial acquisition, repurchase of the Company's shares, or merger, division, dissolution and change of corporate form of the Company;
- (vii) under the provision of the Articles of Association, to decide on the repurchase of the Company's shares applied for the purpose of employee stock ownership plan or equity-based incentives, converting the shares into corporate bonds issued by listed company/companies that could be converted into shares or, where it is necessary, maintaining the Company's value and shareholders' rights;
- (viii) to decide on external investment, acquisition and disposal of assets, pledge of assets, external guarantee, entrusted wealth management, connected transactions, external donations and other matters under the authority granted by the Shareholders' meeting;
- (ix) to determinate the structure of the Company's internal management organization;
- (x) to decide on the appointment or removal of the Company's manager, Secretary to the Board and other senior management personnel, and determine their remunerations matters and incentives and disincentives matters; and, based on the recommendations of the manager, to decide on the appointment or removal of such senior management personnel as the vice manager(s) and financial controller of the Company;
- (xi) to develop the basic management system of the Company;
- (xii) to formulate the amendment to the Articles of Association;
- (xiii) to manage the information disclosure of the Company;
- (xiv) to propose to the Shareholders' meeting the engagement or replacement of the accounting firm that provides audits for the Company;

- (xv) to debrief the work report of the manager of the Company and check the works of the manager;
- (xvi) other functions and powers granted by the laws, administrative regulations, departmental rules, the Articles of Association or the Shareholders' meeting. Matters beyond the scope of authorization of the Shareholders' meeting shall be submitted for consideration at the Shareholders' meeting.

Where a Director is connected to the enterprise involved in the resolution of the Board meeting, he/she shall not exercise the right to vote on the resolution, nor shall he/she exercise the right to vote on behalf of another Director. The Board meeting can be held by more than half of the uninterested Directors. The resolutions of the Board meeting shall be adopted by more than half of the uninterested Directors. If the number of uninterested Directors present at the Board meeting is less than three, the matter shall be submitted to the Shareholders' meeting for consideration.

Special Committees under the Board

The Audit Committee shall comprise three directors, all of whom shall be non-executive Directors who do not hold any senior management position in the Company. The majority of the members shall be independent Directors. Among the members, there shall be an accounting professional who meets relevant provisions and the convenor shall be the accounting professional among independent non-executive Directors.

The Audit Committee shall be responsible for reviewing the Company's financial information and its disclosure, and supervising and evaluating internal and external auditing work and internal control. The following matters shall be submitted to the Board of Directors for consideration after being approved by more than half of all Audit Committee members:

- (i) Disclosure of financial information in the financial accounting report and periodic report, as well as the internal control and evaluation report;
- (ii) Engagement or dismissal of the accounting firm performing audit of the Company;
- (iii) Appointment or dismissal of the officer in charge of finance of the Company;
- (iv) Change of accounting policies, accounting estimates or correction of material accounting errors for reasons other than changes in accounting standards;
- (v) Other matters as stipulated by laws, administrative regulations, regulatory rules of the place where the Company's shares are listed, provisions of stock exchanges and the Articles of Association.

Under the Board of Directors there shall be other special committees as a Strategy and Investment Decision-making Committee, a Remuneration and Appraisal Committee and a Nomination Committee, to perform their duties in accordance with the Articles of Association and the authorization of the Board of Directors, and the proposals of the special committees shall be submitted to the Board of Directors for consideration and decision. The detailed rules for the work of the special committees shall be formulated by the Board of Directors. Independent Directors shall constitute the majority of the Remuneration and Appraisal Committee and the Nomination Committee, who shall also serve as the convener.

SENIOR MANAGEMENT PERSONNEL

The Company has one general manager, who will be nominated by the chairman and appointed or dismissed at the discretion of the Board.

The Company has several deputy general managers, who will be appointed or dismissed at the discretion of the Board.

The Company's general manager, deputy general manager, financial controller and secretary to the Board are senior management personnel of the Company.

The general manager shall be accountable to the Board and exercise the following functions and powers:

- (i) to be in charge of the production, operation and management of the Company, to organise the implementation of the resolutions of the Board, and to report on his or her work to the Board;
- (ii) to arrange for the implementation of the Company's annual business plans and investment plans; to be entitled to approve investment projects with a total external investment amount not exceeding 5% of the most recently audited net assets, within the investment plan approved by the Board;
- (iii) to draft the plan for establishment of the Company's internal management organisation;
- (iv) to draft the Company's basic management system;
- (v) to formulate the detailed rules and regulations of the Company;
- (vi) to request the Board to engage or dismiss deputy general manager and chief financial officer;
- (vii) to decide on the appointment or dismissal of management personnel other than those to be engaged or dismissed by the Board;
- (viii) other functions and powers granted by the Articles of Association or the Board.

The Company shall have a secretary to the Board, who shall be responsible for the preparation of the Shareholders' meetings and Board meetings of the Company, keeping of documents, management of shareholders' information of the Company and handling matters such as information disclosure. The secretary to the Board shall comply with the relevant provisions of laws, administrative regulations, departmental rules and the Articles of Association.

FINANCIAL AND ACCOUNTING SYSTEM, PROFIT DISTRIBUTION AND AUDIT

Financial and Accounting and Profit Distribution Systems

The Company shall submit and disclose its annual reports to the securities regulatory authority in the place where the Company's shares are listed and stock exchanges within four months upon the expiration of each fiscal year, and its interim reports to the securities regulatory authority in the place where the Company's shares are listed and stock exchanges within two months upon the expiration of the first six months of each fiscal year.

The above-mentioned annual reports and interim reports shall be prepared in accordance with relevant laws, administrative regulations, the CSRC and requirements of stock exchanges.

The Company shall not set up any other accounting books except for the legal accounting books. The funds of the Company shall not be deposited into an account established in the name of any individual.

When the Company distributes the after-tax profits of the current year, it shall allocate 10% of the profits into the statutory reserve fund. The Company may not withdraw statutory common reserve fund if the cumulative amount has exceeded 50% of the Company's registered capital.

Where the statutory common reserve fund of the Company is not sufficient to recover its losses in the previous years, the profits of the current year shall be used to make up the loss before the withdrawing of the statutory common reserve fund in accordance with the above provisions.

After withdrawing the statutory common reserve fund from the after-tax profit by the Company, the discretionary reserve may be withdrawn from the after-tax profit with the approval from the Shareholders' meeting.

After the Company has made up its losses and made allocations to its common reserves, the remaining after-tax profits shall be distributed in proportion to the shareholdings of its shareholders, unless these Articles of Association provide that distributions are to be made otherwise than proportionally.

If the Shareholders' meeting violates the aforesaid provision and distributes profits to shareholders before the Company has made up its losses and made allocations to its statutory common reserve fund, the shareholders shall return the profits distributed in violation of the provisions to the Company.

The Company's shares held by the Company shall not be subject to profit distribution.

The Company shall appoint one or more payment receiving agents in Hong Kong for shareholders of H shares. The payment receiving agent shall receive and hold on behalf of such shareholders of H shares any dividends allocated to H shares and other amounts payable by the Company, for future payments to such shareholders of H shares. The payment receiving agent appointed by the Company shall satisfy the requirements under the laws and regulations and the securities regulations and rules of the places where the Company's shares are listed.

The Company's common reserves shall be used to make up the Company's losses, to expand the Company's production and operations or, through conversion into capital, to increase the Company's registered capital.

In the case of making up the Company's losses, the discretionary common reserve and legal common reserve shall be utilized firstly; and, if any shortfall, the capital common reserve may be utilized in accordance with the regulations.

When funds in the statutory common reserve are converted into registered capital increase, the funds remaining in such reserve will not be less than 25% of the Company's registered capital before the conversion.

Internal Audit

The Company shall implement the internal audit system, which specifies the leadership mechanism, responsibility and authority, staffing, financial security, use of audit results and accountability in respect of internal audit work. The internal audit organization of the Company supervises and inspects the business activities, risk management, internal control, financial information and other matters of the Company.

Employment of Accounting Firms

The Company employs an accounting firm that complies with the provisions of the Securities Law to conduct audits of accounting statements, internal control audit, verification of net assets and other related consulting services for a period of one year, which may be renewed.

Employing and dismissing an accounting firm for the Company shall be decided by a Shareholders' meeting through an ordinary resolution. The Board shall not appoint an accounting firm before a Shareholders' meeting is held.

The Company shall guarantee to provide true and complete accounting vouchers, accounting books, financial accounting reports and other accounting materials to the hired accounting firm, and shall not refuse, conceal or make false reports.

The remuneration or method of determining the remuneration of an accounting firm shall be determined by the Shareholders' meeting.

When the Company dismisses or does not renew the employment of an accounting firm, it shall give a 30-day prior notice to the accounting firm, and the accounting firm shall have the right to state its opinions at the general meeting where a voting process concerning the dismissal of such accounting firm is carried out.

Where an accounting firm tenders its resignation, it shall inform the Shareholders' meeting of whether there is any irregularity in the Company.

MERGER, DIVISION, CAPITAL INCREASE AND REDUCTION, DISSOLUTION AND LIQUIDATION

Merger, Division, Capital Increase and Reduction

Merger of the Company may take the form of merger by absorption or merger by new establishment.

A company absorbs other companies as an absorption merger, and the absorbed company is dissolved. The merger of two or more companies to create a new company is a new merger, and the merging parties are dissolved.

In the case of a merger, parties to the merger shall execute a merger agreement, and shall prepare the balance sheets and a schedule of assets. The Company shall notify its creditors within 10 days from the date of making the merger resolution, and make an announcement in a media the Company designated for information disclosure or on the National Enterprise Credit Information Publicity System within 30 days. Creditors may require the Company to pay off debts or provide corresponding guarantees within 30 days from the date of receiving the announcement or within 45 days from the date of announcement if they fail to receive it.

In the event of a merger of companies, the debts and liabilities of the merging parties shall be inherited by the surviving company or the new company established after the merger.

If the Company is to be divided, its property shall be divided accordingly.

For the division of the Company, a balance sheet and a list of assets shall be prepared. The Company shall notify its creditors within ten days from the date of making the resolution on division, and make an announcement in media the Company designated for information disclosure or on the National Enterprise Credit Information Publicity System within 30 days. Where there are provisions under the rules of the places where the Company's shares are listed, such provisions shall prevail.

The Company shall prepare a balance sheet and a property list for any reduction of registered capital.

The Company shall notify its creditors within 10 days from the date of making the resolution on decrease of registered capital, and make an announcement in a media the Company designated for information disclosure or on the National Enterprise Credit Information Publicity System within 30 days. Creditors may require the Company to pay off debts or provide corresponding guarantees within 30 days from the date of receiving the announcement or within 45 days from the date of announcement if they fail to receive it.

Where the merger or division of the Company results in a change in its registered particulars, such change shall be registered with the company registrar according to law. Where the Company is dissolved, it shall cancel its registration according to law. Where a new company is established, its establishment shall be registered according to law.

The increase or reduction of the Company's registered capital shall be registered with the company registrar according to law.

DISSOLUTION AND LIQUIDATION

The Company shall be dissolved for the following reasons:

- (i) Expiry of term of business stipulated in the Articles of Association or occurrence of any other trigger for dissolution stipulated in the Articles of Association;
- (ii) The Shareholders' meeting adopts a resolution to dissolve;

- (iii) The Company needs to be dissolved for the purpose of merger or division;
- (iv) The business license is revoked, or the Company is ordered to close or be eliminated according to applicable law;
- (v) Where the Company encounters significant difficulties in business and management, continuous survival may be significantly detrimental to the interests of the shareholders, and the difficulties may not be overcome through other means, shareholders who hold more than 10% of voting rights of the Company may request the People's Court to dissolve the Company.

If the Company falls under the circumstance (i) above, it may continue to exist by amending the Articles of Association.

Any amendment to the Articles of Association in accordance with the provisions of the preceding paragraph shall be approved by more than 2/3 of the voting rights held by the shareholders attending the Shareholders' meeting.

The Directors, as the obligor of the Company's liquidation, shall form a liquidation committee to carry out the liquidation within 15 days from the date when the cause of dissolution arises. The liquidation committee shall comprise the Directors, unless the Shareholders' meeting resolves to elect another person. Where the Company is dissolved due to the provisions set forth in (i), (ii), (iv) and (v) above, the Company shall be liquidated.

Within 10 days of the establishment of the liquidation committee, the creditors shall be notified and an announcement shall be published in the information disclosure media designated by the Company or the National Enterprise Credit Information Publicity System within 60 days. The creditors shall declare their claims to the liquidation committee within 30 days of the date on which the notice is received or 45 days of the date of announcement if the notice is not received.

If the liquidation committee, after liquidating the Company's properties and preparing a balance sheet and property list, finds that the Company's properties are insufficient to settle its debts, it shall apply for bankruptcy liquidation with the People's Court in accordance with the law. After the People's Court accepts the bankruptcy application, the liquidation committee shall transfer the liquidation affairs to the bankruptcy administrator appointed by the People's Court.

After the Company is declared bankrupt according to law, the company implement insolvency and liquidation according to the law of insolvency.

AMENDMENT TO THE ARTICLES OF ASSOCIATION

Under any of the following circumstances, the Company shall amend the Articles of Association:

- (i) Following the revision of the PRC Company Law or relevant laws and administrative regulations, matters stipulated in the Articles of Association contradict the provisions of the revised laws and administrative regulations;
- (ii) There is any change to the Company's particulars which result in inconsistency with the matters set out in the Articles of Association;
- (iii) A Shareholders' meeting has decided on making amendments to the Articles of Association.

If the amendment to the Articles of Association adopted by resolution of the shareholders' meeting is subject to the approval of the competent authority, it shall be reported to the competent authority for approval; if it involves matters of Company registration, the registration of the changes shall be made in accordance with the law.