SHARES

Issuance of Shares

Shares of the Company are in the form of registered share certificates. Matters that shall be stated on the Company's share certificates shall include, in addition to those stipulated in the Company Law, other matters required to be stated by the stock exchange on which the shares of the Company are listed.

The overseas listed shares issued by the Company may take the form of overseas depository receipts or other derivative forms of shares in accordance with laws of the place where the shares of the Company are listed and the norms of securities registration and depository. Changes in the rights attached to a class of shares shall be approved by the shareholders holding shares of the class to which the relevant rights are attached, by a majority of at least two-thirds of the votes of the shareholders present at the shareholders' general meeting of the class of shares and having the right to vote for the amendment of the rights of the class of shares.

The Company shall issue shares in an open, fair and just manner, and each share of the same class shall rank pari passu with each other.

Shares of the same class in the same issue shall be issued under the same conditions and at the same price. Share subscribers shall pay the same price for each share subscribed.

The shares issued by the Company shall have a nominal value denominated in Renminbi which shall be RMB1 for each share.

Foreign shares issued by the Company and listed on the Stock Exchange, referred to as "H shares", are those which have been approved for listing by the Stock Exchange and are denominated in Renminbi and subscribed for and traded in Hong Kong dollars.

The H shares issued by the Company are mainly held in the custody by the custodian under the Hong Kong Securities Clearing Company Limited and may also be held by shareholders in their own names. Unlisted domestic shares issued by the Company shall be centrally registered and deposited with the domestic securities registration and clearing institution.

Transfer of Shares

Shares of the Company shall be transferred in accordance with the law. The transfer of H shares listed in Hong Kong shall be registered with the local share registrar in Hong Kong designated by the Company.

All H shares shall be transferred by way of written transfer instrument in standard or general form, or any other format acceptable to the Board (including the standard transfer format or form of transfer as prescribed from time to time by the Hong Kong Stock Exchange). In the event that the transferor or transferee of the shares of the Company is a recognized clearing house as defined under the relevant ordinances in effect from time to time in laws of Hong Kong ("Recognized Clearing House") or its agent, the transfer instrument may be signed by hand or in a machine-printed form. All the transfer instrument shall be kept at the legal address of the Company or an address designated by the Board from time to time.

Shares issued by the Company prior to the public offering shall not be transferred within 1 year from the date of listing and trading of the shares of the Company on the stock exchange. Where laws, administrative regulations, the Listing Rules of the Hong Kong Stock Exchange, the securities regulatory authorities of the place where the shares of the Company are listed or the CSRC otherwise provide for the transfer of the shares of the Company by its shareholders or de facto controllers, such provisions shall prevail.

Directors and senior management of the Company shall report to the Company their shareholdings in the Company and changes thereof and shall, at the time of their appointment, confirm that they will not transfer more than 25% of the total number of the shares of the Company held by them each year during their term of office. The aforementioned personnel shall not transfer the shares of the Company held by them within half a year following their departure from the Company. If the shares are pledged within the restricted transfer period as prescribed by laws and administrative regulations, the pledgee shall not exercise their pledge rights during the restricted transfer period.

Pledge of Shares

The Company shall not accept its own shares as the subject matter of a pledge.

Repurchase of Shares

The Company may, in accordance with laws, administrative regulations, departmental rules and the Articles of Association, acquire the shares of the Company under the following circumstances:

(I) reducing the registered capital of the Company;

(II) merging with another company that holds shares in the Company;

(III) using the shares for employee stock ownership plan or equity incentives;

(IV) acquiring shares held by shareholders (upon their request) who vote against any resolution proposed in any shareholders' general meeting on the merger or division of the Company;

(V) using the shares for conversion of corporate bonds issued by the Company that are convertible into shares;

(VI) it is necessary for the Company to safeguard its corporate value and shareholders' interests;

(VII) other situations as permitted by laws, administrative regulations, departmental rules, regulatory documents, the Listing Rules of the Hong Kong Stock Exchange and other regulatory rules of the place where the shares of the Company are listed.

Except for the circumstances specified above, the Company shall not engage in any trading of its own shares.

The Company may acquire its shares through public centralized trading or other methods recognized by laws, administrative regulations, regulatory documents, the Listing Rules of the Hong Kong Stock Exchange and other securities regulatory rules of the place where the shares of the Company are listed and, if necessary, CSRC.

Where the Company acquires its own shares under the circumstances set out in (III), (V) or (VI) above, it shall be conducted through public centralized trading and fulfil its information disclosure obligations in accordance with the relevant requirements.

Where the Company acquires its own shares under the circumstances set out in (I) or (II) above, it shall be subject to the resolution of the shareholders' general meeting. Where the Company acquires its own shares under the circumstances set out in (III), (V) or (VI) above, it shall be subject to resolution of the Board meeting attended by more than two-thirds of the Directors in accordance with the provisions of the Articles of Association or the authorization of the shareholders' general meeting.

After the Company acquires its own shares in accordance with the above requirements, such shares shall be canceled within 10 days from the date of repurchase in the case of (I); such shares shall be transferred or canceled within 6 months in the case of (II) and (IV); such shares shall not exceed 10% of the total issued shares of the Company in the case of (III), (V) and (VI), and shall be transferred or canceled within 3 years.

Where laws, administrative regulations, the Listing Rules of the Hong Kong Stock Exchange and the securities regulatory authorities of the place where the shares of the Company are listed have other provisions on the matters related to share repurchase, such provisions shall prevail.

Financial Assistance for the Purchase of Shares of the Company

The Company or its subsidiaries (including the Company's affiliated enterprises) shall not provide gifts, advances, loans, guarantees and other forms of financial assistance to others for their acquisition of the shares of the Company or its parent company, except for the implementation of the Company's employee stock option plans.

For the interests of the Company, upon a resolution of the shareholder's general meeting, or a resolution of the Board in accordance with the Articles of Association or the authorization of the shareholder's general meeting, the Company may provide financial assistance to other persons for the acquisition of shares of the Company, provided that the cumulative total amount of the financial assistance shall not exceed 10% of the total issued share capital. Resolutions made by the Board shall be approved by more than two-thirds of all Directors.

In the event of any violation of the preceding two paragraphs which causes losses to the Company, the responsible Directors, supervisors and senior management shall be liable for the compensation.

SHAREHOLDERS

Register of Members

The Company shall maintain a register of members based on the certificates provided by the securities registration authorities. The register of members is sufficient evidence to prove that the shareholders hold the shares of the Company. A shareholder shall enjoy rights and assume obligations according to the class of shares held. Shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

The Company shall enter into a share custody agreement with the share registrar, regularly enquire about the information of substantial shareholders and the changes in the shareholding of substantial shareholders (including the pledge of equity interests), and keep abreast of the shareholding structure of the Company. The transfer and transmission of shares shall be registered in the register of members. The Company may, in accordance with the mutual understanding and agreements made between the securities regulatory authorities of the State Council and overseas securities regulatory authorities, maintain the register of holders of H shares overseas and appoint overseas agent(s) for management. The original register of holders of H shares shall be maintained in Hong Kong and made available for inspection by shareholders, but the register of members of the Company may be closed (if necessary) in accordance with applicable laws and regulations and the requirements of securities regulatory rules of the place where the shares of the Company are listed, including but not limited to the equivalent provisions of section 632 of the Companies Ordinance (Chapter 622 of laws of Hong Kong). The Company shall maintain a duplicate of the register of holders of the H shares at its domicile. The appointed overseas agent(s) shall ensure the consistency between the original register and the duplicate register of holders of the H shares at all times. In case of any inconsistency between the original register and the duplicate register of holders of the H shares, the original register shall prevail.

If the Company convenes a shareholders' general meeting, distributes dividends, conducts liquidation or executes any other act requiring identification of shareholders, the convener of the Board meeting or shareholders' general meeting shall determine the share registration date, and shareholders registered at the close of share registration date are those entitled to the relevant interests.

No changes shall be made to the register of members within 20 days prior to a shareholders' general meeting or within the 5 days prior to the record date for dividend distribution. Where laws, administrative regulations, the securities regulatory authorities of the place where the shares of the Company are listed have other provisions for the changes in the register of the shareholders of the Company, such provisions shall prevail.

Rights and Obligations of Shareholders

Shareholders of the Company shall be entitled to the following rights:

(I) the rights to receive dividends and other forms of distribution in proportion to the number of shares held by them;

(II) The rights to request, convene, chair, attend or appoint proxy to attend shareholders' general meetings and exercise the right to speak and corresponding voting rights;

(III) the rights to supervise the operation of the Company and to put forward proposals and raise inquiries;

(IV) the rights to transfer, donate, or pledge shares held by them in accordance with laws, administrative regulations and the Listing Rules of the Hong Kong Stock Exchange and the Articles of Association;

(V) the rights to inspect the Articles of Association, the register of members (including the register of holders of H shares), minutes of shareholders' general meetings, resolutions of Board meetings and financial and accounting reports, and shareholder who meet the requirements shall have the right to inspect the accounting books and vouchers of the Company;

(VI) the rights to participate in the distribution of remaining assets of the Company corresponding to the number of shares held in the event of the termination or liquidation of the Company;

(VII) the rights to demand the Company to purchase the shares held by the dissenting shareholders for any resolution adopted at the shareholders' general meeting on the merger or division of the Company;

(VIII) other rights as stipulated under laws, administrative regulations and departmental rules, the Listing Rules of the Hong Kong Stock Exchange, other regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

Where any shareholder is required to abandon his/her voting on a specific resolution, or any shareholder is restricted to vote for or against a specific resolution, the vote of such shareholder or his/her proxy shall not be counted if the relevant requirement or restriction is breached.

The shareholders of the Company shall assume the following obligations:

(I) to abide by laws, administrative regulations and the Articles of Association;

(II) to pay subscription monies according to the number of shares subscribed and the method of subscription;

(III) not to withdraw their shares unless required by laws and regulations;

(IV) not to abuse their shareholders' rights to damage the interests of the Company or other shareholders; not to abuse the independent legal person status of the Company and the limited liability of shareholders to damage the interests of the creditors of the Company. Where any shareholder of the Company abuses the shareholders' rights and incur losses to the Company or other shareholders, such shareholder shall be liable for the damages. Where shareholders of the Company abuse the status of the Company 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;

(V) other obligations imposed by laws, administrative regulations, the Listing Rules of the Hong Kong Stock Exchange, other regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

SHAREHOLDERS' GENERAL MEETING

Notice of Shareholders' General meeting

Shareholders' general meetings shall be divided into annual shareholders' general meetings and extraordinary shareholders' general meetings. The annual shareholders' general meeting shall be held once annually within six months after the end of each financial year.

An extraordinary shareholders' general meeting shall be convened within two months from the date of occurrence of any of the following events:

(I) the number of Directors is less than the number as required by the Company Law or less than two-thirds of the number stipulated in the Articles of Association;

(II) the unrecovered loss of the Company amounts to one-third of the Company's total paid-up share capital;

(III) when shareholders who individually or jointly hold 10% or more of the shares of the Company submit a written request to convene such a meeting;

(IV) when the Board considers it necessary;

(V) the Audit Committee proposes to convene such a meeting;

(VI) any other circumstances as provided for by laws, administrative regulations, departmental rules, the Listing Rules of the Hong Kong Stock Exchange, other securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

The Company shall hold the shareholders' general meeting at the place of domicile of the Company, other office location or such venue as specified in the notice of the shareholders' general meeting, which shall be specified in the notice of the shareholders' general meeting by the convener.

A meeting venue shall be set for the shareholders' general meeting, and the meeting will take the form of physical meeting. The Company may facilitate the participation of shareholders in shareholders' general meetings by providing telephone, video, facsimile, email, internet or other means. Shareholders participating in the shareholders' general meeting via the above-mentioned methods shall be deemed as present.

The convener shall give 21 days' prior notice of an annual shareholders' general meeting, and 15 days' prior notice of an extraordinary meeting by way of announcement. In determining the commencement date and the period, the date of notice shall be included but the date on which the meeting is held shall not be included. Where laws, regulations and securities regulatory rules of the place where the shares of the Company are listed have other provisions, such provisions shall prevail.

The notice of a shareholders' general meeting shall include the following:

(I) the time, place, means and duration of the meeting;

(II) full details of the matters and proposals to the meeting for consideration;

(III) a conspicuous statement that all holders of the ordinary shares are entitled to attend the shareholders' general meeting and may appoint a proxy in writing to attend and vote at such meeting on his behalf and that such proxy needs not be a shareholder of the Company;

(IV) the record date for determining shareholders who are entitled to attend the shareholders' general meeting;

(V) the names and telephone numbers of the standing contact persons for the meeting;

(VI) the time and procedure for voting over the internet or by other means;

(VII) other matters as required by laws, regulations, the Listing Rules of the Hong Kong Stock Exchange, other securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

The notice and the supplementary notice of the shareholders' general meeting shall include contents as required by the Listing Rules of the Hong Kong Stock Exchange and the Articles of Association and shall adequately and completely disclose the full and specific contents of all proposals. If the matters to be discussed require opinions from independent non-executive Directors, the opinions and reasons of independent non-executive Directors will be disclosed at the time when the notice or the supplementary notice of the shareholders' general meeting is issued. If the shareholders' meeting is conducted over the internet or by other means, the notice of the shareholders' general meeting shall clearly state the time and procedure for voting over internet or by other means.

If the Company is required to provide additional material information on matters to be proposed on a shareholders' general meeting, such information shall be provided no less than ten (10) business days prior to the date of the meeting. If necessary, the Company shall adjourn the shareholders' general meetings to ensure compliance with this requirement.

Power of the Shareholder's General Meetings and Resolutions

The shareholders' general meeting shall hold the powers of the Company and shall exercise the following functions and powers in accordance with laws:

(I) to elect and replace Directors and to decide on matters relating to the remuneration of Directors;

(II) to consider and approve the reports of the Board;

(III) to consider and approve the profit distribution plans and loss recovery plans of the Company;

(IV) to resolve on the increase or reduction of the registered capital of the Company;

(V) to resolve on the issuance of corporate bonds, or to authorize the Board to resolve on the issuance of corporate bonds in accordance with the securities regulatory rules of the places where the shares of the Company are listed;

(VI) to resolve on the merger, division, dissolution, liquidation or change of corporate forms of the Company;

(VII) to amend the Articles of Association;

(VIII) to resolve on the appointment, dismissal or non-renewal of the appointment of the accounting firm that undertakes the auditing services of the Company and the determination of its remuneration;

(IX) to consider and approve the guarantees which shall be considered by the shareholders' general meeting as stipulated in the Articles of Association;

(X) to consider and approve the purchase or disposal of major assets with value or transaction amount exceeding 30% of the latest audited total assets of the Company;

(XI) to consider and approve the change of use of proceeds;

(XII) to consider equity incentive plans and employee shareholding plans;

(XIII) to consider matters relating to the acquisition of the shares of the Company which shall be considered by the shareholders' general meeting as required by laws, regulations, regulatory rules of the place where the shares of the Company are listed and the Articles of Association;

(XIV) to consider and approve the proposal for the initial public offering and listing of shares of the Company;

(XV) to consider the transactions (including one-off transactions and a series of transactions requiring aggregation of percentage ratios) and connected transactions (including one-off transactions and a series of transactions requiring aggregation of percentage ratios) with all percentage ratios calculated in accordance with the requirements in respect of the percentage ratios under Rule 14.07 of Listing Rules of Hong Kong Stock Exchange of not less than 25% and 5%, respectively; and

(XVI) to consider other matters which shall be resolved by the shareholders' general meeting as required by laws, administrative regulations, departmental rules, securities regulatory rules of the place where the shares of the Company are listed and the Articles of Association.

Shareholders (including proxies of such shareholders) shall exercise voting rights in proportion to the number of voting shares they represent, with each share carrying one vote.

The shares held by the Company itself carry no voting rights, and such shares shall not be counted toward the total number of shares with voting rights present at shareholders' meetings.

Where any shareholder is, under applicable laws and regulations, the Listing Rules of the Hong Kong Stock Exchange, and other securities regulatory rules of the place where the shares of the Company are listed, required to abstain from voting on any particular resolution or is restricted to voting only in favor of (or only against) any particular resolution, any vote cast by or on behalf of such shareholder in violation of such requirement or restriction shall not be counted towards the total number of shares with voting rights.

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

An ordinary resolution shall be passed by more than half of the voting rights held by the shareholders (including their proxies) present at the meeting.

A special resolution shall be passed by more than two-thirds of the voting rights held by the shareholders (including their proxies) present at the meeting.

The following matters shall be resolved by ordinary resolutions at a shareholders' general meeting:

(I) work reports of the Board;

(II) profit distribution plans and loss recovery plans formulated by the Board;

(III) appointment and removal of members of the Board and their remuneration and the payment methods thereof;

(IV) matters other than those shall be pass by special resolutions as required by laws, administrative regulations, Listing Rules of the Hong Kong Stock Exchange, the securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

The following matters shall be resolved by special resolutions at a shareholders' general meeting:

(I) increase or reduction in registered capital of the Company;

(II) division, merger, dissolution and liquidation of the Company;

(III) the amendments to the Articles of Association and its appendix;

(IV) the purchase or disposal of assets by the Company within 12 consecutive months with total value or transaction amount exceeding 30% of the latest audited total assets of the Company;

(V) the provision of guarantees by the Company within 12 consecutive months with an amount exceeding 30% of the latest audited total assets of the Company;

(VI) equity incentive scheme;

(VII) other matters stipulated by laws, administrative regulations, the Listing Rules of the Hong Kong Stock Exchange, securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association, and other matters determined by an ordinary resolution at a shareholders' general meeting that may have a significant impact on the Company and shall be passed by a special resolution.

Board of Directors

Election of Directors and the Composition of the Board of Directors

Directors shall be elected or replaced by the shareholders' general meeting and may be removed by the shareholders' general meeting prior to the expiration of their term of office (but without prejudice to the right of the Directors to claim for damages under any contract). The term of office of a Director shall be three years. A Director is eligible for re-election at the expiry of their terms. However, an independent non-executive Director shall not be re-appointed for more than nine years.

The term of office of a Director shall commence from the date of their appointment until the expiry of the term of current session of the Board. If re-election is not made in time after the expiry of the term of office of a Director, the said Director shall continue to perform his/her duties as a Director pursuant to laws, administrative, departmental rules and the Articles of Association until the re-elected Director takes office.

The term of office of any person appointed by the Board as a Director to fill a casual vacancy or as an addition to the Board shall expire at the next annual general meeting after his/her appointment and shall be eligible for re-election.

General manager, deputy general manager or other senior management may concurrently serve as a Director. Directors may be appointed from among employee representatives However, the total number of Directors who concurrently serve as general manager, deputy general manager or other senior management as well as those appointed from among employee representatives shall not exceed one-half of the total number of Directors of the Company.

The Board consists of nine directors and shall have one chairman. The members of the Board shall be elected by the shareholders' general meeting in accordance with laws. Directors shall be classified into executive Directors, non-executive Directors and independent non-executive Directors. The number of independent non-executive Directors shall not be less than three and shall constitute at least one-third of the total number of Directors. At least one independent non-executive Directors shall possess appropriate professional qualifications as required by the Listing Rules of the Hong Kong Stock Exchange and other regulatory rules, or possess appropriate accounting or related financial management expertise. At least one independent non-executive director shall ordinarily reside in Hong Kong.

The chairman of the Board shall be elected by more than half of all directors.

A person shall not serve as a Director or senior management of the Company in any of the following circumstances:

(I) a person who does not have or who has limited capacity for civil conduct;

(II) a person who has been sentenced to criminal penalties for corruption, bribery, infringement of property, or sabotage of the socialist market economic order, or has been deprived of political rights due to criminal offenses, and where less than 5 years have elapsed since the completion of such punishment or deprivation, or for who have been granted probation, where less than two years have elapsed since the conclusion of probationary period;

(III) a person who is a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation and who is personally liable for the insolvency of such company or enterprise, where less than 3 years have elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;

(IV) a person who has served as the legal representative of a company or enterprise which has its business license revoked or is ordered to close down due to violation of the law and who is personally liable, where less than three years have elapsed since the date of such revocation or order to close down;

(V) a person who has owned a relatively large amount of debts and has been listed as a dishonest debtor by the People's Court;

(VI) a person who has been subject to administrative punishment by the CSRC in the last three years;

(VII) a person who has been banned from entering the securities market by the CSRC, stock exchanges of the place where the shares of the Company are listed or other regulatory authorities where the restriction period has not elapsed;

(VIII) a person who is not able to guarantee that he/she will devote sufficient time and commitment to corporate affairs and performing his/her own duties as a Director or senior management during his/her term of office;

(IX) other circumstances stipulated by laws, administrative regulations, the Listing Rules of the Hong Kong Stock Exchange, other securities regulatory rules of the place where the shares of the Company are listed or departmental rules.

The aforesaid periods may be brought forward to the dates of shareholders' general meeting or Board meetings convened for electing proposed Directors or senior management.

Any election or appointment directors in violation of this article shall be invalid. The Company shall dismiss a Director who falls under this Article during his/her term of office.

Functions and Power of the Board

The Board shall have the following functions and powers:

(I) to convene shareholders' general meetings and report its work to the shareholders' general meetings;

(II) to implement the resolutions of the shareholders' general meeting;

(III) to determine the business plans and investment plan of the Company;

(IV) to formulate the profit distribution plan and loss recovery plan of the Company;

(V) to formulate plans for the increase or reduction of the registered capital, issuance of bonds or other securities and listing of the Company;

(VI) to formulate plans for material acquisition, acquisition of the share of the Company, merger, division, dissolution and change of corporate form, subject to the requirements of the securities regulatory rules of the place where the shares of the Company are listed;

(VII) to decide on the external investment, acquisition and disposal of assets, pledge of assets, external guarantees, entrusted wealth management, connected transactions and other matters of the Company, subject to the requirements of the securities regulatory rules of the place where the shares of the Company are listed and within the authorization of the shareholders' general meeting;

(VIII) to decide on the establishment of the internal management structure of the Company;

(IX) to elect the chairman of the Board; to appoint or dismiss the general manager of the Company and secretary of the Board; appoint or dismiss deputy general managers, chief financial officers and other senior management based on the nomination of general manager, and decide on their remuneration, rewards and punishments;

(X) to formulate the general administration system of the Company;

(XI) to formulate the amendment plan of the Articles of Association;

(XII) to manage the information disclosure of the Company;

(XIII) to propose to the shareholders' general meeting the appointment or replacement of the accounting firm for the audit of the Company;

(XIV) to listen to the work report of the general manager of the Company and inspect the work of the general manager;

(XV) to formulate and implement equity incentive plans of the Company;

(XVI) other functions and powers conferred by laws, administrative regulations, departmental rules, the Listing Rules of the Hong Kong Stock Exchange, other securities regulatory rules of the place where the shares of the Company are listed or the Articles of Association.

Matters beyond the scope of authorization of the shareholders' general meeting shall be proposed to the shareholders' general meeting for consideration.

The quorum of a Board meeting shall be more than half of the directors. Unless otherwise provided in the Articles of Association, resolutions of the Board shall be passed by a simple majority of all directors.

Voting on Board resolutions shall be conducted on a one-person-one-vote basis.

Special Committees under the Board

The Board has set up the Audit Committee and will set up the Nomination Committee and Remuneration and Appraisal Committee based on its need to assist the Board in carrying out its duties.

All members of the special committees shall be directors. The majority members and the convener of the Audit Committee, the Nomination Committee and the Remuneration and Appraisal Committee shall be independent non-executive Directors. The convener of the Audit Committee shall be a professional accountant, and the convener of the special committees shall be appointed and removed by the Board. The specific composition and qualification requirements of the special committees shall comply with the provisions of laws, administrative regulations, departmental rules, and securities regulatory rules of the stock exchange where the shares of the Company are listed.

The primary functions of the Audit Committee include reviewing the financial position of the Company, reviewing the financial information of the Company and making judgments on the truthfulness, completeness and accuracy of financial information, examining the implementation of the internal control system and effectiveness thereof, and is mainly responsible for the communication between the Company and external auditors, supervising and inspecting external auditors and monitoring internal audits, evaluating and improving internal control system of the Company and making recommendations, as well as conducting risk assessments on existing major investment projects of the Company.

The primary functions of the Nomination Committee include studying the selection of candidates for Directors (including independent non-executive Directors) and senior management and selection criteria and procedures, and providing opinions and recommendations to the Board.

The Remuneration and Appraisal Committee is mainly responsible for reviewing the remuneration and appraisal plan or proposals for Directors and senior management.

The Board has formulated the rules of procedures for the Audit Committee, Nomination Committee and Remuneration and Appraisal Committee.

The Audit Committee consists of three Directors. Members of the Audit Committee shall be a director who does not concurrently serve as senior management of the Company, and one-half of whom shall be independent non-executive Directors and at least one of whom shall be an accounting professional.

The primary functions of the Audit Committee are as follows:

(I) to supervise and elevate the works of external auditors;

(II) to provide guidance on the internal audits;

(III) to review financial report of the Company and provide opinion thereon;

(IV) to evaluate the effectiveness of internal control;

(V) to coordinate communication between management, internal audit departments, relevant departments, and external auditors;

(VI) other matters authorized by the Board and other matters conferred by laws, administrative regulations, securities regulatory authorities, and regulatory rules of the place where the shares of the Company are listed.

General Manager

The Company shall have one general manager who shall be appointed or removed by the board of directors.

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, organize the implementation of the resolutions of the Board and report to the Board;

(II) to organize the implementation of the annual business plan and investment proposal of the Company;

(III) to formulate the establishment of the internal management structure of the Company;

(IV) to formulate the general management system of the Company;

(V) to formulate the specific rules and regulations of the Company;

(VI) to propose to the Board to appoint or dismiss the deputy general manager, chief financial officer and other senior management of the Company;

(VII) to decide to appoint or dismiss management and employees other than those required to be appointed or dismissed by the Board;

(VIII) to determine the salaries, benefits, rewards and punishments for employees of the Company;

(IX) other functions and powers as conferred by the Articles of Association or authorized by the Board.

The general manager shall attend Board meetings. A general manager who is not a managing director shall have no voting power when attending Board meetings.

Secretary to the Board

The Company shall have a secretary to Board, who shall be responsible for the preparation of shareholders' general meetings and Board meetings of the Company, the safekeeping of documents and the management of information of shareholders of the Company, and the handling of information disclosure matters. The secretary to the Board shall be a senior management of the Company and shall be accountable to the Board. 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 Systems

The Company shall establish its financial and accounting system in accordance with laws, administrative regulations, securities regulatory rules of the place where the shares of the Company are listed and requirements of relevant state authorities. The accounting year of the Company shall adopt the calendar year, i.e. starting from 1 January of every calendar year and ending on 31 December of every calendar year.

The periodic reports for H shares of the Company shall include annual reports and interim reports. The Company shall disclose a preliminary announcement of its annual results within three months from the end of each accounting year and shall prepare and disclose the annual report within four months from the end of each accounting year and at least 21 days prior to the date of the annual general meeting. The Company shall disclose a preliminary announcement of interim results within two months from the end of the first six months of each accounting year and shall prepare and disclose the interim report within three months from the end of the first six months of each accounting year. The aforementioned financial and accounting reports shall be prepared and disclosed in accordance with the relevant laws, administrative regulations, departmental rules, the Listing Rules of the Hong Kong Stock Exchange, and other securities regulatory rules of the place where the shares of the Company are listed.

Internal Audit

The Company implements an internal audit system with designated auditors to conduct internal audit and supervision on the financial revenue and expenditure and economic activities of the Company.

The internal audit system of the Company and the duties of the auditors shall be implemented upon approval by the Board. The person in charge of the audit shall be accountable and report to the Board.

Appointment of Accounting Firms

The Company shall engage an independent accounting firm that complies with the Securities Law, the Listing Rules of the Hong Kong Stock Exchange and other laws and regulations as well as other regulatory rules of the place where the shares of the Company are listed to audit the accounting statements, verify the net assets and provide other relevant consulting services for a term of one year. The accounting firms may be re-appointed.

The engagement of accounting firms by the Company shall be subject to the approval of the shareholders' general meeting, and no accounting firm may be appointed by the Board before any decision has been made by the shareholders' general meeting. The engagement, removal or dismissal of accounting firms by the Company shall be passed by an ordinary resolution at shareholders' general meeting.

Dissolution and Liquidation

The Company shall be dissolved for the following reasons:

(I) the expiry of operating period stipulated in the Articles of Association or the occurrence of other reasons for dissolution specified in the Articles of Association;

(II) as resolved by the shareholders' general meeting;

(III) dissolution is necessary due to a merger or de-merger of the Company;

(IV) the business license has been suspended, ordered to be closed or revoked in accordance with the law;

(V) the Company experiences great difficulties in its operation and management and its continuation may incur great loss to the interest of the shareholders, and the issue cannot be resolved by other means and the shareholders holding more than 10% of the voting share may petition to the people's court for its dissolution.

The Company may continue to exist by amending the Articles of Association under the circumstances set out in (I) and (II) above. Any amendments to the Articles of Association in accordance with the preceding paragraph shall be approved by more than two-thirds of the voting rights held by shareholders attending the shareholders' general meeting.

Where the Company is dissolved under the provisions set out in (I), (II), (IV) and (V) above, a liquidation committee shall be established and the liquidation shall commence within 15 days from the date of occurrence of the cause of dissolution. The liquidation committee shall be composed of Directors or person determined by the shareholders' general meeting. If a liquidation committee is not established within the prescribed time, interested parties may apply to the People's Court to designate relevant personnel to form a liquidation committee to carry out the liquidation.

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

(I) to categorize the assets of the Company and prepare a balance sheet and an inventory of assets respectively;

(II) to notify the creditors or to publish public announcements;

(III) to dispose of and liquidate any unfinished businesses of the Company;

(IV) to pay all outstanding taxes and taxes arising from the liquidation process;

(V) to settle claims and debts;

(VI) to deal with the surplus assets remaining after repayment by the Company of its debts;

(VII) to represent the Company in any civil proceedings.

Amendments to the Articles of Association

The Company shall amend the Articles of Association on the occurrence of any of the following events:

(I) the Company Law or the relevant laws, administrative regulations, the Listing Rules of the Hong Kong Stock Exchange and other securities regulatory rules of the place where the shares of the Company are listed are amended and the Articles of Association are in conflict with the amended laws, administrative regulations, the Listing Rules of the Hong Kong Stock Exchange and other securities regulatory rules of the place where the shares of the Company are listed;

(II) there is change to the Company which makes it not consistent with the Articles of Association;

(III) the shareholders' general meeting decide to amend the Articles of Association.