

Administration Measures for Significant Asset Restructuring of Listed Companies

CSRC Decree

No.53

The “Administration Measures for Significant Asset Restructuring of Listed Companies” adopted at the 224th chairman’s meeting of the China Securities Regulatory Commission (CSRC) on March 24, 2008, is hereby promulgated and will become effective as of May 18, 2008.

CSRC Chairman: Shang Fulin

April 16, 2008

Administration Measures for Significant Asset Restructuring of Listed Companies

Chapter I General Provisions

Article 1 The Measures, formulated in accordance with stipulations in laws and administrative regulations including the "Corporation Law" and the "Securities Law", aim to standardize significant asset restructuring of listed companies, protect the lawful rights and interests of listed companies and investors, improve quality of listed companies and maintain the securities market order and the common interests of the public.

Article 2 The Measures apply to assets transaction activities causing great changes in listed companies’ major business, assets and income, under which listed companies, their controlling or holding companies conduct assets transaction by purchasing and selling assets or by other means besides daily operation to the stipulated proportion (hereinafter referred to as “significant asset restructuring”).

Assets purchase by shares issuance by the listed company shall conform to regulations of the Measures.

The Measures do not apply to the assets purchase or foreign investment with the raised fund in case that listed companies disclose the use of raised fund according to the securities issuance documents approved by the China Securities Regulatory Commission (hereinafter referred to as “the CSRC”).

Article 3 Any unit or individual shall not make use of significant asset restructuring to damage lawful rights and interests of listed companies and their shareholders.

Article 4 Upon listed companies’ significant asset restructuring, all parties concerned shall guarantee the truthfulness, accuracy and completeness of the information they timely and fairly disclose or provide to ward off false record-keeping, misleading statements or material omissions.

Article 5 Directors, supervisors and senior management of listed companies shall be in good faith and due diligence, safeguard the companies' assets and protect lawful rights and interests of the companies and all their shareholders.

Article 6 Securities service institutions and staff providing service for significant asset restructuring shall abide by the laws, administrative regulations and rules of the CSRC, conform to the business standards and the ethics codes of this industry, seriously perform their duties, seek no unjustifiable interests, and shall assume responsibility for the truthfulness, accuracy and completeness of the documents formulated and issued by them.

Article 7 Any unit or individual shall have confidentiality obligations of the significant asset restructuring information in his capacity before the information concerned is disclosed according to law.

Any unit or individual is prohibited from making use of the significant asset restructuring information to engage in violations of laws including insider trading and market manipulation.

Article 8 The CSRC shall exercise its supervision over significant asset restructuring of listed companies according to law.

Article 9 The CSRC shall establish the Listed Company M & A and Restructuring Auditing Committee (hereinafter referred to as "M & A and Restructuring Auditing Committee") under the Public Offering Review Committee, voting on the applications for significant asset restructuring submitted for discussion and proposing examination and verification opinions.

Chapter II Principles and Standards of Significant Asset Restructuring

Article 10 Listed companies' significant asset restructuring shall conform to the following requirements:

- (1) conforming to the national industrial policy and stipulations in laws and administrative regulations concerning the environmental protection, land administration and anti-monopoly;
- (2) preventing listed companies from failing to satisfy the shares listing requirements;
- (3) fair assets pricing in significant asset restructuring, and no damage of the lawful rights and interests of listed companies and their shareholders;
- (4) assets involved in significant asset restructuring has definite ownership; there is no legal barrier in assets transfer; relevant creditor's rights and liabilities are handled according to law;
- (5) good for listed companies' improvement in continuous profitability, and no such circumstances shall arise whereby the major assets of listed companies are cash or the listed companies have no specific business;
- (6) good for listed companies' independence with actual controllers and related parties in business,

assets, finance, staff and institutions, conforming to the CSRC's regulations on listed companies' independence; and

(7) good for listed companies forming or maintaining sound and effective legal person governance structure.

Article 11 Assets purchase or sale by listed companies and their controlling or holding companies constitutes significant asset restructuring if it reaches any of the following standards:

(1) the total purchased or sold assets account for 50% of the total assets amount at the end of the period in the audited consolidated financial accounting report of the last fiscal year or above;

(2) the business income accruing from the purchased or sold assets in the last fiscal year accounts for 50% of the business income in the audited consolidated financial accounting report of the same period or above; or

(3) the net total purchased or sold assets account for 50% of the net assets amount at the end of the period in the audited consolidated financial accounting report of the last fiscal year or above, and exceed RMB50 million;

If the purchased or sold assets fail to reach the standard stipulated in the preceding subparagraph, yet the CSRC finds out major problems that may damage lawful rights and interests of listed companies or investors, the CSRC can, under the prudential principle, order listed companies to disclose relevant supplementary information, suspend trading and submit application documents according to the Measures.

Article 12 Calculation of proportion stipulated in the preceding subparagraph shall conform to the following regulations:

(1) if the purchased assets are equity, its total assets are pursuant to the higher one between the product of the total assets of the invested company and the equity proportion of the investment and the execution amount; the business income is pursuant to the product of the business income of the invested company and the equity proportion of the investment; the net assets is pursuant to the higher one between the product of the net assets of the invested company and the equity proportion of the investment and the execution amount. If the sold assets are equity, the total assets, business income and net assets are pursuant to the products of the total assets, business income, net assets of the invested company and the equity proportion of the investment, respectively.

If equity purchase should cause that listed companies obtain the controlling right of the invested company, its total assets are pursuant to the higher one between the total assets and the execution amount; the business income is pursuant to the business income of the invested company; the net assets is pursuant to the higher one between the net assets of the invested company and the execution amount; if equity sales should cause that listed companies lose the controlling right of the invested company, its total assets, business income and net assets are pursuant to the total assets, business income and net assets of the invested company, respectively;

(2) if the purchased assets are non-equity assets, the total assets are pursuant to the higher one between the book value and the execution amount; the net assets are pursuant to the higher one between the book value spread of relevant assets and liabilities and the execution amount. If the sold assets are equity, the total assets and net assets are pursuant to its book value and the spread of relevant assets and liabilities, respectively. The non-equity assets, which involve no liabilities, do not apply to the net assets standard stipulated in Item 3 in the first subparagraph of the preceding Article;

(3) if listed companies purchase and sell assets at the same time, relevant proportions of assets purchase and sale shall be calculated separately, and be pursuant to the higher one of the two proportions; and

(4) if listed companies continuously purchase and sell the same or relevant assets within 12 months, the accumulative number will be used in calculation. However, assets transaction activities submitted to the CSRC for verification according to regulations in the Measures need not be brought to the range of accumulative calculation.

If the trading target assets are owned or controlled by the same trading party, or belongs to the same or similar business scope, or under other situations stipulated by the CSRC, the assets concerned can be recognized as the same or similar assets.

Article 13 Other means of assets transaction stated in Article 2 in the Measures include:

(1) newly establishing an enterprise with others, increasing or decreasing capital in the established enterprises;

(2) entrusted to operate or rent assets of other enterprises or entrusting others with operational assets operation and renting;

(3) accepting assets donation subject to collateral obligations or donating assets; or

(4) other situations the CSRC stipulates according to the prudential principle.

If the assets transaction materially constitutes assets purchase or sale, and relevant proportions calculated according to the standards stipulated in the Measures reach 50% or above, listed companies shall fulfill information disclosure obligation and submit application documents according to the regulations in the Measures.

Chapter III The Procedure of Significant Asset Restructuring

Article 14 During the initial negotiation of listed company and its trading partner, essential and sufficient security measures should be taken, strict and effective security system be formulated and the acquirement of related sensitive information be limited. Those who retained security service institutions shall sign a confidentiality agreement among the above-mentioned three parties.

Before the publicity of the decision made by significant asset restructuring board of directors, if any

related information is circulated on media or if trading of the company's share appears to be abnormal, the listed company should immediately announce the current situation and highlight of the related plan or scheme as well as the risking factors. Other related affairs should be dealt with according to the information disclosure rules.

Article 15 The listed company should listen to the opinions concerning significant asset restructuring put forward by security service institutions such as the independent financial advisor, the law firm and the accounting firm engaged by the listed company.

Those independent financial advisor and the law firm should check whether the significant asset restructuring involves in transactions between affiliated enterprises and air their opinions on the results. Independent financial advisor should pass a definite opinion on the influence that the restructuring, which is related to transactions between affiliated enterprises, will exert on the non-related shareholders.

The pricing of the asset trade is determined by the result of asset valuation. Listed company should employ asset valuation institutions with related security qualification to submit asset valuation report.

Those security service institutions that adopted professional opinions of other institutions or persons should pull their weight to evaluate and check the content of their adopted opinions. And they are responsible for the conclusion deriving from the adopted opinions.

Article 16 After listed company and its trade partner has signed employment contract with security service institution, the partnership can only be ended by some reasonable causes. If security service institution does need to be replaced as any reasonable causes occur, concrete reasons should be stated in the application material and the opinions of the security service institution should be listed.

Article 17 A listed company with intent to purchase assets shall prepare a profit forecast report on the target assets to be purchased. In case a listed company plans to conduct significant asset restructuring as prescribed in Item 1 (1)(2) of Article 27 or purchase assets by issuing shares, the said listed company shall prepare a profit forecast report on the said listed company in addition. The profit forecast report shall be audited by an accounting firm with the qualification of handling securities-related business.

Where a listed company has adequate reasons for its incapability of providing the said profit forecast report, it shall state the reasons. Special risk alert shall be made in the Report on Significant Asset Restructuring of the listed company (or Report of Purchasing Assets by Issuing Shares, the same below). In the section of Management's Discussion and Analysis, detailed analysis shall be made to expose the impact of the restructuring on the sustainable operation capability and the future development prospective of the listed company.

Article 18 The pricing of relevant assets in the significant asset restructuring shall be determined by the results of asset appraisal. In principle, the asset appraisal institution shall adopt more than two methods to appraise the assets.

The board of directors of the listed company shall clarify its opinions on the independency of the appraisal institution, the reasonability of hypothetic premise, the correlativity of appraisal method and appraisal goal, and the fairness of the valuation. The independent director of the listed company shall make independent opinions on the independency of the appraisal institution, the reasonability of hypothetic premise and the fairness of the valuation.

Article 19 The listed company's significant asset restructuring shall be determined by the board of directors according to law and submitted to the Shareholders' Meeting for approval.

The listed company's board of directors shall make its judgment whether the significant asset restructuring constitutes a connected transaction and disclose such judgment as a resolution by the board of directors.

The listed company's independent director shall, based on a full knowledge of relevant information, express his/her independent opinion on the significant asset restructuring. If the significant asset restructuring constitutes a connected transaction, the independent director may engage an independent financial advisor for an opinion on the restructuring's impact on the listed company's non-related shareholders. The listed company shall actively cooperate with the independent director in obtaining and examining relevant materials and provide necessary support and convenience for the independent director to fulfill the duties and responsibilities through such ways as arranging on-site investigation and organizing security service institutions for reporting.

Article 20 The listed company shall, on the succeeding day after the resolution of significant asset restructuring is made by the board of directors, at least disclose the following documents as well as copy and report to the agency dispatched by the CSRC (hereinafter referred to as CSRC dispatched agency) seated where the listed company is located:

- (1) the resolution of the board of directors and the opinion of the independent director; and
- (2) the scheme of the listed company's asset restructuring.

The Report on Significant Asset Restructuring, the report of the independent financial advisor, legal opinions, restructuring-related audit report and asset appraisal report, coupled with audited profit forecast report shall be publicized before or at least at the same time with the announcement of the notice of holding a meeting is announced.

Contents and styles of the information disclosed in (2) of the first item of this article and the second item are in separate stipulation.

The listed company shall, at least on one kind of newspaper or magazine, announce the resolution of the board of directors, along with the opinions of the independent director and the abstract of significant asset restructuring report. In addition, the listed company shall disclose the whole content of the significant asset restructuring report as well as the report or the opinions of relevant security service institutions on the website of Stock Exchange.

Article 21 The resolutions made by the board of directors of the listed company shall at least include

the following items:

- (1) the mode of the restructuring of significant assets, the object and counterparts of the transaction;
- (2) transaction price or price range;
- (3) pricing methods or basis;
- (4) the ownership of the loss or profits of relevant asset from its pricing base day to its delivery day;
- (5) contract obligation of title transfer of related assets and liabilities for breach of the contract;
- (6) the validity of the resolution;
- (7) specific authorization of the restructuring of significant assets to the board of directors; and
- (8) other items that need to be clarified.

Article 22 The resolution of the Shareholders' Meeting of the listed company concerning the restructuring of significant assets must be approved by 2/3 of the shareholders that attend the meeting.

If the listed company's shareholder or the said shareholder's related person has interest in the significant asset restructuring, they shall withdraw from voting on the significant asset restructuring in the Shareholders' Meeting.

In case that the transaction counterpart and the listed company's shareholder has reached an agreement or unspoken consensus on the receiving of the listed company's equity or the recommendation of directors to the listed company, which may lead to change in the actual controlling right over the listed company, the listed company's controlling shareholder or his/her related person shall withdraw from voting.

A Shareholders' meeting on the restructuring of significant assets shall take the form of an on-the-spot meeting. Online voting and other legal methods shall also be provided to facilitate the participation of shareholders.

Article 23 The listed company shall announce the resolution of restructuring of significant assets the day after the resolution was resolved on the Shareholders' Meeting, prepare application documents according to the regulation of the CSRC, and entrust the independent financial advisor with filing with the CSRC and filing a copy to the dispatched agency within three working days.

Article 24 All directors, supervisors and senior management of the listed company shall make their commitment that the restructuring documents don't contain false statements, misleading representation or significant omission.

Article 25 The CSRC approves or denies the application for the significant asset restructuring

according to legal requirements and procedures.

If the CSRC requires the listed company to give written explanations during the period of review, the latter shall provide written reply with the support of independent financial advisor within 30 days from the day when it receives the CSRC's feedback. Otherwise, the listed company shall, on the succeeding day of expiry, announce the progress in the restructuring and detailed reasons why it fails to provide a written reply.

Article 26 During the period of review by the CSRC, if the listed company plans to change its counterpart, object or price of the transaction, which may cause great adjustment to the restructuring plan, shall send the resolution approved by the board of directors for discussion of the Shareholders' Meeting. The listed company shall re-file the application documents of significant assets restructuring with the CSRC according to regulations in this Measure and make an announcement as well.

During the period of review by the CSRC, if the listed company's board of directors resolves to terminate or cancel the application for the significant asset restructuring, reasons shall be given. Such a resolution shall be announced and submitted to the Shareholders' Meeting for discussion according to the Articles of Association.

Article 27 In any of the following circumstances, the significant asset restructuring shall be submitted to the Listed Company M & A and Restructuring Auditing Committee under the CSRC for consideration:

- (1) The total amount of the assets sold or purchased by the listed company accounts for more than 70% of the total end-of-period asset in the audited consolidated financial statement for the most recent fiscal year;
- (2) The listed company sells all operational assets and at the same time purchases other kinds of assets; or
- (3) Other circumstances identified by the CSRC during its review for further consideration of the M & A and Restructuring Auditing Committee.

If none of the above but any of the following circumstances occurs, the listed company may apply to the CSRC for filing the restructuring plan with the M & A and Restructuring Auditing Committee for consideration:

- (1) The asset purchased by the listed company is a complete operational entity set forth in Article 48 of this Measure and the said entity's performance need analog computation; or
- (2) The listed company dissents from the feedback of related department of the CSRC.

Article 28 The listed company shall immediately make an announcement after receiving the CSRC's notice of holding a meeting of the M & A and Restructuring Auditing Committee to review the restructuring application of the listed company. In addition, the listed company shall apply for

trading suspension from the beginning of the meeting to the day the voting result is disclosed.

After receiving the voting result of the M & A and Restructuring Auditing Committee, the listed company shall announce the result on the succeeding working day and apply for resumption of trading. The announcement shall state that the listed company will announce further information after receiving the CSRC's decision of approval or disapproval.

Article 29 The listed company shall make an announcement on the succeeding workday after receiving the decision of the CSRC on approval or disapproval of the application for the significant asset restructuring.

If the restructuring plan is approved by the CSRC, the listed company shall announce the approval decision and disclose related documents according to relevant information disclosure rules.

Article 30 If the application of significant assets restructuring is approved by the CSRC, the listed company shall implement the restructuring plan in time and prepare a report on the implementation within three workdays. Written reports shall be filed with the CSRC and its dispatched agency as well as the security exchange, and announcement shall be made.

The independent financial advisor and law firm retained by the listed company shall check the compliance and risk in the implementation process, asset transfer and subsequent events of the restructuring, and issue their definite conclusion. The implementation report and the opinions of the independent financial advisor and law firm shall be filed and announced at the same time.

Article 31 If the implementation of restructuring is not finished within 60 days from the day that the listed company receives the approving document, the listed company shall report the progress in the implementation to the CSRC and its dispatched agency on the succeeding workday of the above time limit, and make an announcement. Thereafter, the listed company shall publicly announce its restructuring progress every 30 days. If the implementation is not finished within 12 months, the document approving the restructuring shall be invalid

Article 32 Any significant issues that are required to be disclosed according to laws and regulations during the process of the listed company's restructuring shall be reported to the CSRC and its dispatched agency in time. If these issues lead to material changes in the restructuring, such issues shall be re-filed with the CSRC for approval.

Article 33 If a profit forecast report is furnished as prescribed in Article 17 of this Measure, the listed company shall separately disclose the discrepancy between actual profit and expected profit of the listed company and relevant assets in the annual report after the implementation of the significant asset restructuring is completed. The accounting firm shall issue their special auditing opinions on the discrepancy.

If asset appraisal institutions adopt such valuation methods like present earning value and hypothetic development, which are based on the expectation of future profits, to appraise and price the target assets to be purchased, the listed company shall separately disclose the discrepancy between actual profit and expected profit of related assets in the annual report within three years

after the implementation of the significant asset restructuring is completed. The accounting firm shall issue their special auditing opinions on the discrepancy. Trading counterpart shall sign a clear and feasible compensation agreement with the listed company concerning the insufficiency of actual profit compared with expected profit of related assets.

Article 34 In any of the following circumstances, the independent financial advisor shall issue its auditing opinion and report to the CSRC and its dispatched institution:

(1) Before the approval is made by the CSRC, the listed company makes any change to the counterparts, object or price of the transaction, which constitutes great adjustment to the original restructuring plan; or

(2) After the approval is made by the CSRC, any significant event occurs in the process of implementing the restructuring and leads to substantial change of the original restructuring plan.

Article 35 The independent financial advisor shall, in accordance with regulations of the CSRC, perform continuous supervisory and guiding duties on listed companies that implement significant asset restructuring. The term of continuous supervision and guiding starts from the day on which the CSRC approves the significant asset restructuring, and shall not be less than one fiscal year.

Article 36 The independent financial advisor shall, in accordance with the annual report of the very year of the significant asset restructuring and of the first fiscal year after the significant asset restructuring of the listed company is completed, issue a continuous supervisory and guiding opinion regarding the following issues of significant assets restructuring, report to the CSRC dispatched agency and make an announcement within 15 days after the disclosure of the annual report:

(1) the delivery or transfer of assets under the transaction;

(2) the performance of the commitment of all transaction parties;

(3) the realization of profit forecast;

(4) the progress of various businesses mentioned in the section of Management's Discussion and Analysis;

(5) the corporate governance structure and operation progress; and

(6) other affairs differing from the announced restructuring plan.

Chapter IV Information Management of Significant Asset Restructuring

Article 37 When the listed company plans and implements significant asset restructuring, relevant obligors of information disclosure shall disclose the relevant information that may have a great impact on the stock trading price of the listed company (hereinafter referred to as "price-sensitive information") to all the investors fairly, and shall not disclose the information selectively to specific

targets in advance

Article 38 The shareholders or actual controllers of the listed company and relevant institutions and persons participating in the planning, argument and decision-making of significant asset restructuring shall timely and accurately report the relevant information to the listed company, and assist the listed company to make disclosure in a timely, accurate and comprehensive manner. When the listed company has any knowledge of price-sensitive information, it shall timely apply to the stock exchange for trading suspension and disclose the information.

Article 39 The listed company and its board directors, supervisors, senior management, transaction counterparts and their related parties of significant asset restructuring, directors, supervisors and senior management (or main principals) of its transaction counterparts and their related parties, securities service institutions and their practitioners retained by transaction parties, relevant institutions and persons participating in the planning, argument, decision-making, examination and approval of significant asset restructuring, as well as other relevant institutions and persons that have the access or may have the access to the price-sensitive information due to lineal relationship, service supplied or business contacts shall assume the confidentiality obligation before the price-sensitive information about the significant asset restructuring is disclosed according to law, and are forbidden to carry out insider trading by making use of the said information.

Article 40 The listed company shall, in planning significant asset restructuring, record in detail the progress of each specific activity during the planning process, including the specific time, venue, participating institutions and persons of negotiating relevant plan, forming intent, signing relevant agreement or letter of intent, as well as the content of negotiation and resolution, and shall produce a memorandum of transaction progress in written form and keep the memorandum properly. All persons participating in each specific activity shall timely sign on the memorandum.

If a listed company believes that the significant asset restructuring being planned is hard to be kept confidential or has been divulged, the listed company shall timely apply to the stock exchange for trading suspension until the information is disclosed truthfully, accurately and comprehensively. During the period of trading suspension, the listed company shall announce the progress of the event at least once a week.

If the stock trading price of the listed company abnormally fluctuates as a result of market rumor of significant asset restructuring, the listed company shall timely apply to the stock exchange for trading suspension, and verify whether there is any restructuring event affecting the trading price of its stocks, and shall not ground its failure to fulfill the obligation of information disclosure on the uncertainty of the relevant event.

Chapter V Special Rules of Purchasing Assets by Shares Issuance

Article 41 Assets purchase by the listed company through shares issuance shall meet the following rules:

(1) The stock issue shall be beneficial to the improvement of the capital quality, the financial status and the sustainable profitability of the listed company, and shall help the listed company to reduce

related transaction, avoid horizontal competition and enhance independence;

(2) An auditing report shall be made by a certified public accountant with an unqualified opinion for the financial statements of the most recent year and term of the listed company. In case of an auditing report with a qualified opinion, an adverse opinion or a disclaimer of opinion, a certified public accountant shall confirm by special verification and examination that the major influence of the events involved in such opinion has been eliminated or will be eliminated through this trading;

(3) The assets purchased by the listed company through shares issuance shall be operating assets with definite ownership and the ownership transfer procedure shall be completed within the agreed time limit; and

(4) Other conditions stipulated by the CSRC.

It is deemed as purchasing assets by shares issuance of the listed company if the listed company purchases assets from the specific objects with the capital raised from the same non-public issuance in which the specific objects purchase the shares with cash or assets.

Article 42 A listed company shall issue shares at a price not lower than the average trading price of the stocks for 20 trading days before the date of the announcement on resolutions of the board of directors regarding this purchasing assets by shares issuance.

The formula for calculating the average trading price of stocks mentioned above shall be: Average trading price of stocks for 20 trading days before the date of the announcement on resolutions of the board of directors = Total trading amount of stocks for 20 trading days before the resolution announcement day / Total trading volume of stocks for 20 trading days before the resolution announcement day.

Article 43 In case that any specific object use assets to subscribe and obtain shares in the listed company, it can not transfer the shares in the listed company within 12 months after the share issuance ends, and can not transfer within 36 months in case of one of the following circumstances:

(1) The specific object is controlling shareholder, actual controlling person of the listed company or the controlled related party thereof;

(2) The specific object acquires actual controlling rights over the listed company by purchasing the shares issued this time; or

(3) The specific object, upon acquiring the shares issued this time, has continuously owned the assets used for share purchase for less than 12 months.

Article 44 The listed company shall submit its application for purchasing assets by shares issuance to the M & A and Restructuring Auditing Committee for examination and verification.

Article 45 If the purchasing assets by shares issuance of the listed company results in shares possessed or controlled by the specific object reaching legal proportion, the specific object shall

perform obligation according to the stipulations of the Administration Measures on Takeover of Listed Companies (the CSRC Decree No. 35).

If the specific object possesses or controls shares exceeding 30% or continuing to grow above 30% as a result of purchasing shares issued by the listed company, and is exempted from tender offer by the Shareholders' Meeting of the listed company, can apply for tender offer obligation exemption when the listed company applies for shares issue to the CSRC.

Article 46 Once the CSRC approves the application of the listed company for purchasing assets by shares issuance, the listed company shall timely execute it. After the assets purchased from specific objects has been transferred to the listed company, the independent financial advisor and legal firm hired by the listed company shall verify and examine the compliance and risks of the assets transfer and relevant subsequent affairs and issue definite opinion. The listed company shall make an announcement about the transfer within 3 working days after the relevant assets transfer is completed, and submit a written report to the CSRC and its dispatched agency. Both the announcement and the report shall include conclusive opinions from the independent financial advisor and legal firm.

The listed company may, upon completion of the above-mentioned announcement and report, apply to securities exchanges and securities depository and clearing corporations for securities registration for specific objects that purchase shares.

Chapter VI Offering of New Shares or Corporate Bonds after Significant Asset Restructuring

Article 47 Upon completion of the significant asset restructuring examined and approved by the M & A and Restructuring Auditing Committee, the listed company applies for public offering of new shares or corporate bonds and satisfy the following conditions, the performance before this significant asset restructuring can be calculated by simulation:

- (1) The assets obtained by the listed company are complete operating entity;
- (2) Upon completion of this significant asset restructuring, the restructuring party has timely performed the commitment, and the listed company is in sound and steady operation; and
- (3) Upon completion of this significant asset restructuring, the profits achieved by the listed company and the relevant assets have reached the profit forecast.

In case of the listed company failing to meet the CSRC's requirements of public issuance, or this significant asset restructuring resulting in the change of actual controller of the listed company, the listed company shall apply for public offering of new shares or corporate bonds with a time limit of more than one fiscal year after this restructuring is completed.

Article 48 The complete operating entity mentioned in this Measure shall be equipped with the following conditions:

- (1) The operating business and assets are independent and complete, without major changes in the

recent two years;

(2) It has been in continuous operation for more than two years under one same actual controller before obtained by the listed company;

(3) Independent accounting has been implemented before it is obtained by the listed company. If not, the income and fees relevant to its operation can be clearly divided in accounting;

(4) The listed company signs employment contract with the major senior management of this operating entity or uses other methods to make proper arrangements for the continuous operation and management of this operating entity after the transaction.

Chapter VII Regulation and Legal Liabilities

Article 49 Significant asset restructuring without approval shall be ordered to rectify, and regulatory measures such as regulatory interview and caution letter issuance can be taken. In serious cases, warnings or fines shall be imposed, and the relevant persons responsible can be barred from entering the market.

Article 50 If the listed company or other obligors of information disclosure fail to submit significant asset restructuring reports according to the Measure, or the report contains false record, misleading statement or serious omission, the listed company or the relevant obligors shall be ordered for rectification and punished according to Article 193 of the Securities Law. In serious cases, restructuring shall be ordered to stop, and relevant responsible persons can be barred from entering the market.

Article 51 If the listed company or other obligors of information disclosure fail to disclose significant asset restructuring information according to the rules, or the information disclosed contains false record, misleading statement or serious omission, the listed company or the relevant obligors shall be ordered for rectification and punished according to Article 193 of the Securities Law. In serious cases, restructuring shall be ordered to stop, and relevant responsible persons can be barred from entering the market. Whoever suspected of committing a crime shall be transmitted to the judiciary for criminal liabilities.

Article 52 If the board directors, supervisors and senior management officers of listed companies fail to perform the obligations of being honest, faithful, prudent and diligent in significant asset restructuring, resulting in damage of the listed company's interest from restructuring plan, they shall be ordered for rectification, and regulatory measures such as regulatory interview and caution letter issuance can be taken. In serious cases, warnings or fines shall be imposed, and banning of market entry can be imposed. Whoever suspected of crime shall be transmitted to the judiciary for criminal liabilities.

Article 53 If the securities agencies and the staff issuing financial adviser reports, audit reports, legal opinions, assets appraisal reports and other professional documents for significant asset restructuring fail to perform the obligations of being honest, faithful, prudent and diligent, violate trade regulations and business rules, or fail to perform the obligation of reporting, announcement

and continuous supervision and guide, shall be ordered for rectification, and regulatory measures such as regulatory interview and a caution letter issuance can be taken. In serious cases, they shall be punished according to Article 226 of the Securities Law.

If the above-mentioned documents prepared and issued by securities agencies and the staff contain false record, misleading statement or serious omission, the securities agencies and the staff shall be ordered for rectification according to Article 223 of the Securities Law. In serious cases, banning of market entry can be imposed. Whoever suspected of crime shall be transmitted to the judiciary for criminal liabilities.

Article 54 Upon completion of significant asset restructuring, if the profit of the listed company or gained through assets purchase fails to reach 80% of the amount in profit forecast report or assets appraisal report, or the actual operation has comparative disparity with that described in the section of Management's Discussion and Analysis in significant asset restructuring report, not as a result of reasons that the listed company management are unable to know beforehand and control afterwards, the board chairman and general manager of the listed company, together with the responsible accounting firms, financial advisers, assets appraisal institutions and the staff shall make explanations and apologize to the investors on the same newspaper of the annual report disclosure. If the actual profit fails to reach 50% of the forecast amount, regulatory measures such as regulatory interview, caution letter issuance, and order for regular reporting can be imposed on the listed company, related institutes and the persons responsible.

Article 55 Anyone knowing the significant asset restructuring information discloses the information, trades or advises others to trade the relevant listed company's stocks, uses significant asset restructuring to disseminate false information, manipulate securities market or go for fraud activities before the legal disclosure of the relevant information shall be punished according to Articles 202, 203, and 207 of the Securities Law. Whoever suspected of crime shall be transmitted to the judiciary for criminal liabilities.

Chapter VIII Supplementary Article

Article 56 The Measure shall be effective as of May 18, 2008. The "Notice of Several Issues Concerning Major Purchases, Sales and Exchanges of Assets by Listed Companies" (Zheng Jian Gong Si Zi No.105 [2001]) issued by the CSRC shall be terminated on the same day.