

Measures for the Administration of the Takeover of Listed Companies

(The Measures for the Administration of the Takeover of Listed Companies, which were deliberated and adopted at the 180th chairmen's executive meeting of China Securities Regulatory Committee on May 17, 2006, amended according to The Decision on Amending Article 63 of the Administrative Measures for the Takeover of Listed Companies of the China Securities Regulatory Committee on August 27, 2008)

Chapter I General Provisions

Article 1 These Measures are formulated in accordance with the Securities Law, the Company Law and other relevant laws and administrative regulations for the purpose of standardizing regulating the takeover of listed companies and the relevant alteration of share entitlements, protecting the lawful rights and interests of listed companies and investors, maintaining the order of the securities market and the social public interests and promoting the optimum distribution of resources of the securities market.

Article 2 The takeover of listed companies and the relevant alteration of share entitlements shall be governed by the laws, administrative regulations and provisions of China Securities Regulatory Committee (hereinafter referred to as the CSRC). The parties concerned shall be faithful and reliable, abide by social ethics and business ethics, consciously maintain the order of the securities market, and be subject to the supervision of the government and the general public.

Article 3 The takeover of listed companies and the relevant alteration of share entitlements shall be conducted in line with the principles of openness, fairness and equity.

Information disclosure obligors for the takeover of listed companies or the relevant alteration of share entitlements shall fully disclose their entitlements in the listed companies and the alteration thereof, strictly perform the reporting, announcement and other statutory obligations, and shall assume the confidentiality obligation before the relevant information is disclosed.

The information as reported and announced by the information disclosure obligors shall be truthful, accurate and complete, and shall not contain any false record, misleading statement or

major omission.

Article 4 The takeover of listed companies and the relevant alteration of share entitlements shall not damage state security or social public interests.

Where the takeover of listed companies or the relevant alteration of share entitlements involves state industrial policies, industrial access or transfer of state-owned shares, etc., and should be subject to approval of the relevant department of the State, it shall be conducted upon approval.

Where any foreign investor conducts the takeover of any listed companies or the relevant alteration of any share entitlements, it shall obtain the approval from of the relevant department of the State, be governed by Chinese laws, and obey the judicial and arbitral jurisdiction of China.

Article 5 A purchaser can become a controlling shareholder of a listed company by way of obtaining shares, and can become an actual controller of a listed company by means of investment relationship, agreement or any other arrangement, and can obtain the controlling right of a listed company by adopting the aforesaid ways and means together jointly.

The purchaser shall include the investor and its concerted parties.

Article 6 No one can may damage the lawful rights and interests of a target company or its shareholders by taking advantage of the takeover of the listed company.

If it is under any of the following circumstances, a listed company shall not be taken over:

(1)The purchaser owes a large amount of debts, and has not paid its due debts, and the said circumstance is in a continuous state;

(2)The purchaser has ever committed any major illegal act or has ever been suspected of being involved in any major illegal act within the recent three years;

(3)The purchaser has ever committed any serious credit-breaking act in the securities market within the recent three years;

(4)The purchaser, if being it is a natural person, is under any of the circumstances as prescribed in Article 147 of the Company Law; or

(5)Any other circumstance as prescribed by the laws or administrative regulations or as recognized by the CSRC under which no listed company can be taken over.

Article 7 No controlling shareholder or actual controller of a target company can may misuse the stockholder' s rights thereof to damage the lawful rights and interests of the target company or any other shareholder.

If the controlling shareholder or actual controller of a target company or any affiliated party thereof damages the lawful rights and interests of the target company or any other shareholder, the said controlling shareholder or actual controller shall initiatively eliminate the damages before the controlling right to the target company is transferred; otherwise, the said controlling shareholder or actual controller shall use the incomes from the transfer of the relevant shares for the elimination ofto eliminate all the damages, and shall provide sufficient and effective performance guarantee or arrangement for the part for which the damages have not been eliminated yet, and obtain the approval from the general assembly of shareholders of the target company according to its articles of association.

Article 8 The directors, supervisors and senior managers of a target company shall assume the obligation of fidelity and diligence, and shall equally treat all the purchasers that intend to take over the said company.

The decisions made and the measures taken by the board of directors of a target company for the takeover shall be good for maintaining the rights of the company and its shareholders, and shall not erect any improper obstacle to the takeover by misusing its authorities, nor may it provide any means of financial aid to the purchaser by making use of the sources of the target company

or damage the lawful rights and interests of the target company or its shareholders.

Article 9 To take over a listed company, the purchaser shall hire a professional institution that is registered in China and has a financial consultancy qualification to be the financial consultant, otherwise, the purchaser shall not take over the listed company.

The financial consultant shall be diligent and dutiful, abide by industrial criteria and professional ethics, keep his independence, and ensure the truthfulness, accuracy and integrity of the documents as he has made and issued thereby.

If the financial consultant considers that the purchaser has damaged the lawful rights and interests of a target company or its shareholders by making use of the takeover of a listed company, it shall refuse to provide financial consultancy services to the purchaser.

Article 10 The CSRC shall supervise over and administrate the takeover of listed companies and the relevant alteration of share entitlements according to law.

The CSRC shall establish a special committee composed of professionals and relevant experts, which can, upon the request of a functional department of the CSRC, provide consultancy opinions about whether the takeover of a listed company is constituted, whether there is any circumstance under which a listed company can shall not be taken over, as well as other relevant matters. The CSRC shall make a decision according to law.

Article 11 A stock exchange shall formulate business operational rules according to law, organize transactions and provide services for the takeover of listed companies and the relevant alteration of share entitlements, conduct real-time monitor of the relevant securities trading activities, supervise over the information disclosure obligors for in the takeover of listed companies and the relevant alteration of share entitlements to practically perform the information disclosure obligation.

A securities depository and clearing institution shall formulate business operational rules according to law, and provide services for the registration, custody and settlement of securities, etc. involved in the takeover of listed companies and the relevant alteration of share entitlements.

Chapter II Disclosure of Entitlements

Article 12 The entitlements that an investor holds in a listed company include the shares registered under its name as well as those that are not registered under its name but it can actually control the voting right thereof. The entitlements that are held by the investor and its concerted parties in a listed company shall be calculated on a consolidated basis.

Article 13 If the shares whose entitlements are held by an investor and its concerted parties reach 5% of the issued shares of a listed company through the securities transactions at the stock exchange, they shall formulate a report on the alteration of share entitlements within 3 days after the said fact occurs, submit a written report to the CSRC and the stock exchange, send a copy of the said report to the CSRC representative office at the locality of the listed company (hereinafter referred to as the representative office), notify the listed company and announce it to the general public; and they shall not buy or sell the stocks of the said listed company again within the aforesaid term.

After the shares whose entitlements are held by the aforesaid investor and concerted parties reach 5% of the issued shares of the listed company, if the proportion of the shares whose entitlements are held thereby by them to the issued shares of the listed company increases or reduces by 5% each time through the securities transactions at the stock exchange, they shall give a report and make an announcement according to the preceding Paragraph, and shall not buy or sell the shares of the said listed company again within the reporting period or within 2 days upon reporting and announcement.

Article 14 If the shares whose entitlements are held by an investor and its concerted parties reach or exceed 5% of the issued shares of a listed company by means of transfer agreement, they shall formulate a report on the alteration of share entitlements within 3 days after the said fact occurs, submit a written report to the CSRC and the stock exchange, send a copy of the said report to the representative office, notify the listed company of it, and make an announce on it.

After the shares whose entitlements are held by an investor and its concerted parties reach 5% of the issued shares of a listed company, if the proportion of the shares whose entitlements are held thereby them to the issued shares of the listed company increases or reduces by 5% each time, they shall perform the obligations of reporting and announcement according to the preceding Paragraph.

Before the said investor and concerted parties as mentioned in the preceding two paragraphs give a report and make an announcement, they can shall not buy or sell the shares of the listed company again. The formalities for relevant share transfer and transfer registration shall be handled according to Chapter IV of these Measures as well as the provisions of the stock exchange and the securities depository and clearing institution.

Article 15 If the alteration of share entitlements of an investor and its concerted parties by way of administrative transfer or alteration, implementation of court rulings, inheritance or donation, etc. reaches the proportion as prescribed in the preceding Article, they shall perform the obligations of reporting and announcement according to the preceding Article, and handle the formalities for share transfer registration by referring to the preceding Article.

Article 16 If an investor and its concerted parties are not the largest shareholder or actual controller of a listed company, and the shares whose entitlements are held thereby by them reach 5% up to 20% of the issued shares of the listed company, they shall formulate a simplified report on the alteration of entitlements, which shall include the following contents:

(1) Names and domiciles of the investor and concerted parties; names, places of registration and legal representatives of the investor and the concerted parties if the investor and concerted parties are legal persons;

(2) Purposes for of shareholding, whether the investor and concerted parties intend to continuously increase their entitlements in the listed company within the future 12 months;

(3) Name, type of stocks, quantity and proportion of the listed company;

(4) Time when the shares whose entitlements are held thereby by them in the listed company reach or exceed 5% of the issued shares of the listed company or the shares whose entitlements are held thereby by them increases or reduces by 5%, and the method for the said alteration;

(5) Brief information on the purchase and selling of the shares of the said company through the securities transactions at the stock exchange within 6 months as of the alteration of

entitlements; and

(6) Other contents as required to be disclosed requiring disclosure by the CSRC or the stock exchange.

If the aforesaid investor and concerted parties are the largest shareholder or actual controller of a listed company, and the shares whose entitlements are held thereby by them reach or exceed 5% of the issued shares of the listed company but do not reach 20%, they shall also disclose the contents as prescribed in Paragraph 1 of Article 17.

Article 17 If the shares whose entitlements are held by an investor and its concerted parties reach or exceed 20% but do not exceed 30% of the issued shares of the listed company, they shall formulate a detailed report on the alteration of entitlements for disclosing the following contents as well as the information as prescribed in the preceding Article:

(1) The Controlling shareholders and actual controllers of the investor and concerted parties, as well as the structure chart on their equity control relationship;

(2) The Prices, necessary capital, sources of capital or other payment arrangements for obtaining the relevant shares;

(3) Whether there is intra-industry competition or potential intra-industry competition between the business engaged in by the investor, concerted parties, or their controlling shareholders or actual controllers and the business of the listed company; whether there is any continuous affiliated transaction; whether corresponding arrangements have been made so as to avoid the intra-industry competition between the investor, concerted parties or their affiliated parties and the listed company and to keep the independence of the listed company if there is intra-industry competition or potential intra-industry competition;

(4) Follow-up plans for adjusting the assets, businesses, personnel, organizational structure or articles of association of the listed company for the future 12 months;

(5) Important transactions between the investor or concerted parties and the listed company before in the preceding 24 months;

(6) There is no circumstance as prescribes in Article 6 of these Measures; and

(7) The relevant documents can be provided according to Article 50 of these Measures.

If the aforesaid investor and concerted parties are the largest shareholder or actual controller of a listed company, they shall hire a financial consultant to issue verification opinions concerning the contents disclosed in the aforesaid report on the alteration of entitlements, except for the administrative transfer or alteration of state-owned shares or the share transfer between different subjects as controlled by a same actual controller and the obtaining of shares by way of inheritance. If the aforesaid investor and concerted parties promise to abandon the voting right attached to the relevant shares for at least 3 years, they can are not required to hire abe exempt from hiring the financial consultant and providinge the documents as prescribed in Item (7) of the preceding Paragraph.

Article 18 If an investor and its concerted parties that have disclosed any report on the alteration of entitlements need to submit or announce another report on the alteration of entitlements due to the alteration of their entitlements within 6 months as of the first disclosure, they can are allowed to only report and announce the part of contents that are different from those in the first report; if there are more than 6 months as of the first disclosure, they shall formulate a new report on the alteration of entitlements according to the provisions in this Chapter, and perform the obligations of reporting and announcement.

Article 19 If the alteration of shares whose entitlements are held by an investor and its concerted parties is under any of the circumstances as prescribed in Article 14 of these Measures because a listed company reduces its capital stock, the investor and its concerted parties are exempt from performing the obligations of reporting and announcement. And the listed company shall, within 2 working days as of the alteration registration for the reduction of capital stock, announce the conditions on the alteration of shares whose entitlements are held by its shareholders; and if the investor and its concerted parties may become the largest shareholder or actual controller of the said company because the company reduces its capital stock, they shall perform the obligations of reporting and announcement according to Paragraph 1 of Article 17 of these Measures within 3 working days as of the day when the board of directors of the company announces the resolution on reducing the capital stock of the company.

Article 20 Where, before an information disclosure obligors for the takeover of a listed company or the relevant alteration of share entitlements conduct makes the disclosure, the relevant information has been spread on the media or an abnormality has occurred to the stock trading of the company, the listed company shall immediately inquire about the parties concerned, and the parties concerned shall timely give a written reply, and the listed company shall make an announcement in a timely manner.

Article 21 Information disclosure obligors for the takeover of listed companies and the relevant alteration of share entitlements shall disclose the information on at least one medium as designated by the CSRC; and if they disclose the said information on any other medium, the contents disclosed shall be consistent with each other, and the time for the latter disclosure shall not be earlier than that for the disclosure on the designated medium.

Article 22 If the an information disclosure obligors for the takeover of a listed company and the relevant alteration of share entitlements take concerted action, they can, in written form, stipulate one person to be the designated representative responsible for uniformly formulating the information disclosure documents, and agree to authorize the designated representative to affix signatures and seals on the information disclosure documents.

Each information disclosure obligor shall assume liabilities for the information about himself in the information disclosure documents; and where the any information disclosure documents includes the any information involving several two or more other information disclosure obligors, all the obligors shall assume the joint and several liabilities for the relevant parts.

Chapter III Tender Offer

Article 23 If an investor adopts the means of tender offer to purchase the shares of a listed company by itself, it can send out a tender offer to all the shareholders of the target company for purchasing all the shares they holdheld thereby (hereinafter referred to as the general tender offer), or send out a tender offer to all the shareholders of the target company for purchasing part of the shares they holdheld thereby (hereinafter referred to as the partial tender offer).

Article 24 When the shares of a listed company held by a purchaser reaches 30% of the issued shares of the company through the securities trading at the stock exchange, and the purchaser continues to increase the shareholding, it shall adopt the means of tender offer and send out a

general or partial tender offer.

Article 25 If a purchaser purchases the shares of a listed company by means of tend offer according to Articles 23, 24, 47 and 56 of these Measures, the proportion of shares to be purchased thereby shall not be lower than 5% of the issued shares of the said listed company.

Article 26 If a listed company is taken over by means of tender offer, the purchaser shall equally treat all the shareholders of the target company. All the shareholders that hold a same kind of shares shall be treated equally.

Article 27 If a purchaser sends out a general tender offer for the purpose of delisting a listed company or sends out a general tender offer because it has not obtained the exemption from the CSRC after filing such an application, it shall pay the takeover price by cash; if it pays the takeover price by the transferable securities (hereinafter referred to as the securities), it shall also offer the means of cash for the shareholders of the target company to choose.

Article 28 If the shares of a listed company are purchased by means of tender offer, the purchaser shall formulate a tender offer report, hire a financial accountant to submit a written report to the CSRC and the stock exchange, send a copy of the report to the representative office, notify the target company, and make a suggestive announcement on the summary of tender offer report.

The purchaser shall announce the tender offer report, professional financial consultancy opinions and legal opinions issued by lawyers within 15 days upon submission of the tender offer report as prescribed by the CSRC as well as the relevant documents as prescribed in Article 50 of these Measures according to the preceding Paragraph. If the CSRC holds no objection to the contents disclosed in the tender offer report within 15 days, the purchaser can may announce it; if the CSRC finds any part of the tender offer report inconsistent with the any laws, administrative regulations or any other relevant provisions, the CSRC shall notify it to the purchaser in a timely manner, and the purchaser shall not announce the tender offer.

Article 29 A tender offer report as prescribed in the preceding Article shall state the following matters:

(1) Name and domicile of the purchaser; name, place of registration, and legal representative of the purchaser, as well as a structure chart on the equity control relationship between the purchaser, and its controlling shareholders and actual controllers, if the purchaser is a legal person;

(2) Decision of the purchaser on takeover, purposes of takeover, and whether the purchaser will continue to increase the shareholding within the future 12 months;

(3) Name of the listed company, and type of shares to be purchased;

(4) Quantity and proportion of the shares to be purchased;

(5) Takeover price;

(6) Amount of capital required for the takeover, sources of capital, guarantees of the capital or other payment arrangements;

(7) Conditions as stipulated in the tender offer;

(8) Term of takeover;

(9) Amount of shares of the target company as held by the purchaser at the time when the tender offer report is submitted, and the proportion of the said amount of shares to all the shares of the target company;

(10) An analysis of effects of this takeover on the listed company, such as whether there is intra-industry competition or potential intra-industry competition between the business engaged in by the purchaser or any affiliated party thereof and the business of the listed company; whether there is any continuous affiliated transaction; whether corresponding arrangements have been made so as to avoid the intra-industry competition between the purchaser or any affiliated parties thereof and the listed company, and to keep the independence of the listed company if

there is intra-industry competition or potential intra-industry competition;

(11) Follow-up plans for adjusting the assets, businesses, personnel, organizational structure or articles of association of the listed company for the future 12 months;

(12) Important transactions between the purchaser or any affiliated parties thereof with the listed company before 24 months;

(13) Information on the purchase and selling of shares of the target company through the securities trading at the stock exchange within the previous 6 months; and

(14) Other contents as required to be disclosed by the CSRC.

In the case of sending out a general tender offer, the purchaser shall, in the tender offer report, fully disclose the risks for the termination of listing, the time for completing the takeover after the termination of listing as well as the follow-up arrangements for the remaining shareholders that still hold the shares of the listed company to sell their shares; and in the case of sending out a general tender offer for the purpose of delisting the listed company, the purchaser may not disclose the contents prescribed in Item (10) of the preceding Paragraph.

Article 30 If the shares of a listed company to be purchased by a purchaser according to Article 47 of these Measures exceed 30% of the total shares of the listed company, the takeover shall be conducted by means of tender offer, and the purchaser shall make a suggestive announcement on the summary of the tender offer report within 3 days after the takeover agreement is reached or similar arrangements are made, and shall perform the obligations of reporting and announcement according to Articles 28 and 29, and shall be exempt from formulating, announcing and publicizing the report on takeover of the listed company; and if the takeover shall be subject to approval, the purchaser shall specially hintplace a special reminder in the announcement that this takeover shall not be proceeded carried out until the relevant party approves it.

If the approval has not been obtained, the purchaser shall, within 2 working days upon receipt of the notice, submit a report to the CSRC for canceling the takeover plan, simultaneously send a copy of the report to the representative office and the stock exchange, notify it to the

target company, and make an announcement.

Article 31 Where a purchaser intends to cancel the takeover plan by itself after a tender offer report has been submitted to the CSRC and before the tender offer report is publicized, the purchaser shall submit an application to the CSRC for canceling the takeover plan, explain the reasons, and make an announcement, and shall not take over the same listed company within 12 months upon announcement.

Article 32 The board of directors of the target company shall investigate the capacity, credit status and purpose of takeover of the purchaser, analyze the conditions for tender offer, put forward suggestions on whether the shareholders should accept the tender offer, and hire an independent financial consultant to issue professional opinions. The board of directors of the target company shall, within 20 days after the purchaser announces the tender offer report, submit a report of the board of directors of the target company as well as the professional opinions of the independent financial consultant to the CSRC, simultaneously submit a copy of the said report and opinions to the representative office and the stock exchange, and make an announcement.

Where the purchaser makes any major alteration to the conditions for tender offer, the board of directors of the target company shall, within 3 working days, submit supplementary opinions of the board of directors and the independent financial consultant about the alteration of the conditions for tender offer, and give a report and make an announcement.

Article 33 Unless the target company continuously engages in normal business operations or implements the resolutions made by the general assembly of shareholders, the board of directors of the target company shall not, after the purchaser makes a suggestive announcement and before the tender offer is completed, cause produce significant effects on the assets, liabilities, entitlements or business performances of the company by disposing of the assets or external investments of the company or adjusting main businesses, guarantees or loans of the company, etc.

Article 34 During the course of tender offer, no director of the target company can may resign.

Article 35 In the case of a tender offer as conducted by the purchaser according to these Measures, the offered price for a same kind of shares shall not be lower than the highest price at which the purchaser obtains the said kind of shares within 6 months before the suggestive announcement on tender offer is made.

If the offered price is lower than the arithmetic average value of the daily weighted average prices of the said kind of shares within 30 trading days prior to the date on which the suggestive announcement is made, the financial consultant hired by the purchaser shall analyze the conditions on the trading of the said kind of shares for the previous 6 months, and explain whether there is any manipulation of stock prices, whether the purchaser has not failed to disclose its concerted parties, whether there is any other arrangement for the purchaser to obtain the shares of the company for the previous 6 months, as well as the rationality of the price offer price.

Article 36 A purchaser can pay the price for the takeover of a listed company by cash, securities, combination of cash and securities or any other lawful method. The financial consultant as hired by the purchaser shall explain that the purchaser has the ability for to make the tender offer.

In the case of paying the takeover price in cash, the purchaser shall, at the same time when the suggestive announcement on tender offer is made, deposit not less than 20% of the total amount of offered price in the bank designated by the securities depository and clearing institution as the performance guarantee.

In the case of paying the takeover price by securities, the purchaser shall provide the audited financial statements of the issuer of the said securities for the recent 3 years as well as a securities valuation report, and cooperate the target company to hire an independent financial consultant for diligent investigation.

In the case of paying the takeover price by securities that are listed in a stock exchange, the purchaser shall, at the same time when the suggestive announcement on tender offer is made, deposit all the securities for the payment in the securities depository and clearing institution for custody, except for the new shares as issued by the listed company; in the case of paying the takeover price by the bonds that are listed in a stock exchange, the time while the said bonds can be listed for trading shall not be lower than one month; in the case of paying the takeover price by the securities that are not listed in any stock exchange, the purchaser shall offer the means of cash for the shareholders of the target company to choose, explicitly disclose the arrangements in connection to the method and procedures for keeping pertinent securities and submitting pertinent securities to the shareholders of the target company.

Article 37 The term of takeover term as stipulated in the tender offer shall be no less than 30 days but no more than 60 days, except for a competitive tender offer.

Within the acceptance term as stipulated in the tender offer, the purchaser shall not cancel the tender offer.

Article 38 In the case of tender offer, the purchaser shall not, after the announcement is made and before the takeover term expires, sell any share of the target company, nor may it buy any share of the target company by any other means that hasn't been stipulated in the tender offer or that goes beyond the conditions as stipulated in the tender offer.

Article 39 All the conditions for takeover as put forward in a tender offer shall apply to all the shareholders of a target company.

Where a purchaser needs to alter a tender offer, it shall submit a written report to the CSRC in advance, simultaneously send a copy thereof to the representative office, the stock exchange and the securities depository and clearing institution, notify the target company, and make an announcement upon approval of the CSRC.

Article 40 A purchaser shall not modify a tender offer within 15 days prior to the expiration of the term of tender offer, except for a competitive tender offer.

In the case of a competitive tender offer, where the purchaser that sends out an initial tender offer modifies the tender offer within less than 15 days after the expiration of the term of tender offer, the takeover term shall be prolonged; the prolonged term of tender offer shall not be less than 15 days, and shall not be later than the expiry date of the last competitive tender offer, and the performance guarantee shall be increased in light of the prescribed proportion; in the case of paying the takeover price by securities, the corresponding amount of securities shall be increased and the securities shall be given to the securities depository and clearing institution for custody.

A purchaser that sends out a competitive tender offer shall make an suggestive announcement of reminder on tender offer within 15 days before the expiration of the takeover term in the initial tender offer, and the purchaser shall perform the obligations of reporting and

announcement according to Articles 28 and 29 of these Measures.

Article 41 Where any major change occurs to the basic facts disclosed in the tender offer report, the purchaser shall, within 2 working days as of the said major change, submit a written report to the CSRC, simultaneously send a copy of the said report to the representative office and the stock exchange, notify the target company, and make an announcement.

Article 42 Those shareholders that agree to accept a tender offer (hereinafter referred to as the shareholders that have preliminarily accepted the tender offer) shall entrust a securities company to go through the relevant formalities for preliminary acceptance of the tender offer. The purchaser shall entrust a securities company to apply to a securities depository and clearing institution for the temporary custody of stocks whose holders have preliminarily accepted the tender offer. The stocks whose holders have preliminarily accepted the tender offer that are under the temporary custody of a securities depository and clearing institution shall not be transferred within the term of tender offer.

The "preliminary acceptance" as mentioned in the preceding Paragraph refers to the preliminary declaration of will by which the shareholders of a target company consent to accept the tender offer, and which does not constitute an acceptance within the term of tender offer and which can not be revoked before the tender offer expires can not be revoked. The shareholders that have preliminarily accepted the tender offer can entrust the securities company to go through the formalities for revoking a preliminarily accepted tender offer within 3 trading days before the expiration of the term of tender offer, and the securities depository and clearing institution shall remove the temporary custody of the shares whose holders have preliminarily accepted the tender offer upon the strength of the revocation application of the shareholders that have preliminarily accepted the tender offer. The shareholders that have preliminarily accepted the tender offer shall not revoke their acceptance of tender offer within 3 trading days before the expiration of the term of tender offer. And the purchaser shall publicize the amount of shares whose holders have preliminarily accepted the tender offer on the website of the stock exchange every day within the term of tender offer.

In the case of a competitive tender offer, if the shareholders that have preliminarily accepted the initial tender offer revoke all or part of their preliminarily accepted shares, and sell the revoked shares to the competitive offeror, they shall entrust the securities company to handle the formalities for revoking the preliminary acceptance of the original tender offer as well as the formalities for preliminarily accepting the competitive tender offer.

Article 43 After When the term of tender offer expires, the purchaser that has sent out a partial tender offer shall, according to the conditions as stipulated in the said tender offer,

purchase all the shares as preliminarily accepted by the shareholders of the target company; if the amount of preliminarily accepted shares exceeds the amount of the shares to be purchased, the purchaser shall purchase the preliminarily accepted shares at the same proportion; in the case of a tender offer for the purpose of delisting the target company, the purchaser shall, according to the conditions as stipulated in the tender offer, purchase all the shares preliminarily accepted by the shareholders of the target company; and the purchaser that has not failed to obtain the exemption from the CSRC and has sent out a general tender offer shall purchase all the shares as preliminarily accepted by the shareholders of the target company.

The securities company that has accepted the entrustment shall, within 3 trading days upon expiration of the takeover term, apply to the securities depository and clearing institution for handling the formalities for share transfer settlement and transfer registration, remove the temporary custody of the shares that exceed the preliminarily determined proportion; and the purchaser shall announce the results of the said tender offer.

Article 44 The equity distribution of the target company does not meet the conditions for listing after the term of takeover expires, the listing of the stocks of the said listed company shall be terminated by the stock exchange. Before the takeover is finished, other shareholders that still hold the shares of the target company have the right to sell their shares to the purchaser at the same conditions as stipulated in the tender offer within the reasonable term as prescribed in the tender offer report, and the purchaser shall purchase the said shares.

Article 45 A purchaser shall, within 15 days after the expiration of takeover term, submit a written report on the conditions of takeover to the CSRC, simultaneously send a copy of the said report to the representative office and the stock exchange, and notify it to the target company.

Article 46 Except for the means of tender offer, no investor can purchase the shares of a listed company outside the stock exchange.

Chapter IV Takeover by Agreement

Article 47 If the shares whose entitlements are held through agreement by a purchaser reach or exceed 5% but do not exceed 30% of the issued shares of a listed company, the takeover shall be conducted according to Chapter II of these Measures.

If the purchaser continues to purchase the shares of a listed company after the shares whose entitlements held thereby by it reach 30% or more of the issued shares of the listed company, it shall send out a general or partial tender offer to the shareholders of the listed company. If it is under any circumstance as prescribed by Chapter VI of these Measures, the purchaser can apply to the CSRC for exempting from sendingmaking out a tender offer.

If a purchaser plans to purchase more than 30% of the shares of a listed company by agreement, the part of shares that exceed the said 30% shall be purchased by means of tender offer; however, if it is under any circumstance as prescribed by in Chapter VI of these Measures, the purchaser can apply to the CSRC for exempting from sendingmaking out a tender offer. The purchaser shall, after obtaining the exemption from of the CSRC, fulfill the takeover agreement; if the purchaser has notfails to obtained the exemption from of the CSRC and plans to continuously continue fulfilling the takeover agreement, or does notfails to apply for the exemption, the purchaser shall send outmake a general tender offer before the takeover agreement is fulfilled.

Article 48 Where a purchaser has purchased more than 30% of the shares of a listed company by agreement and plans to apply for the exemption according to Chapter VI of these Measures, the purchaser shall formulate a report on takeover of the listed company within 3 days after the day when the takeover agreement is concluded with the shareholders of the listed company, submit an application for exemption as well as the relevant documents prescribed in Article 50 of these Measures, entrust a financial consultant to submit a written report to the CSRC and the stock exchange, simultaneously submit a copy of the said written report to the representative office, notify the target company, and announce a summary on of the report on takeover of the listed company. The representative office shall circulate a notice to the provincial people' s government at the locality of the listed company upon receipt of the written report.

The purchaser shall, within 3 days after obtaining the exemption from of the CSRC, announce the takeover report, professional financial consultancy opinions and legal opinions issued by lawyers; if the purchaser has notfails to obtained the exemption, it shall make an announcement within 3 days upon receipt of the decision of the CSRC, and conduct the takeover according to Paragraph 2 of Article 61 of these Measures.

If the CSRC finds any part of a takeover report inconsistent with the any laws, administrative regulations or other relevant provisions, it shall timely notify it to the purchaser; if the purchaser fails to make correction, the takeover report shall not be announced, and the takeover agreement can not be fulfilled prior to the announcement.

Article 49 A report on the takeover of a listed company as made according to the preceding Article shall disclose the contents prescribed in Items (1) up to (6) as well as Items (9) up to

(14) of Article 29 of these Measures, the conditions for the effectiveness of tender offer and the payment arrangements.

If the purchaser that has disclosed a takeover report needs to submit another report or make another announcement due to the alteration of entitlements within 6 months as of the first disclosure, it can be allowed to only report and announce the part of contents that are different from those in the first report; if there are more than 6 months as of the first disclosure, the purchaser shall perform the obligations of reporting and announcement according to the Chapter II of these Measures.

Article 50 To take over a listed company, a purchaser shall submit the following documents to the CSRC:

(1) The identification certificate in the case of a Chinese citizen, or the certification document in the case of a legal person or any other organization as registered within the territory of China;

(2) The explanations about the feasibility of the follow-up development plans of the listed company given on the basis of the strength and professional experiences of the purchaser; and the explanations on the management ability for the normalized operation of the listed company shall also be supplemented if the purchaser plans to alter the company's articles of association, reelect the board of directors of the company or modify or adjust the main businesses of the company;

(3) The explanations about the avoidance of intra-industry competition or other conflicts of interests as well as the preservation of independence of the target company where there is intra-industry competition or affiliated transactions between the purchaser or any affiliated parties thereof and the target company;

(4) The explanations about the alteration of controlling shareholder or actual controller of the purchaser within the recent 2 years if the purchaser is a legal person or any other organization;

(5) The explanations about the core enterprises, core businesses, affiliated enterprises and main businesses of the purchaser and its controlling shareholder or actual controller; as well

as the an explanations about the listed companies, banks, trust companies, securities companies, insurance companies or other financial institutions in which the purchaser, any said controlling shareholder or actual controller is the controlling shareholder or actual controller of two or more listed companies; and

(6)The examination opinions of the financial consultant about the credit records of the purchaser for the recent 3 years, the legality of the sources of capital for takeover, the ability of the purchaser to perform relevant commitments and the truthfulness, accuracy and integrity of the relevant information disclosure; if the purchaser has not been established for 3 years, the financial consultant shall also provide its examination opinions about the credit records of the controlling shareholders or actual controllers of the purchaser for the recent 3 years.

If an overseas legal person or any other overseas organization takes over a listed company, it shall also submit the following documents in addition to the documents prescribed in Items (2) up to (6) of Paragraph 1:

(1)The examination opinions of the financial consultant about whether the purchaser meets the conditions for carrying out strategic investments into listed companies as well as whether the purchaser has the ability to take over listed companies; and

(2)The statements of the purchaser on accepting the judicial and arbitral jurisdiction of China.

Article 51 If any director, supervisor, senior manager, employee of a listed company or any legal person or any other organization under the control or entrustment of the listed company intends to take over the listed company or to obtain the controlling right to the listed company by the means prescribed in Chapter V of these Measures (hereinafter referred to as the management buy-out), the listed company shall have a healthy and well-operated organizational structure and an effective internal control system, and have 1/2 or more independent directors in its board of directors are independent directors. The listed company shall hire an asset appraisal institution with a qualification for securities and futures businesses to provide a corporate assets appraisal report. The resolution on this takeover shall be made by the non-related shareholders in the board of directors, be consented by more than 2/3 or more of independent directors, be submitted to the general assembly of shareholders of the company for deliberation and be adopted by more than half or more of the voting rights held by the non-related shareholders who attend at the general assembly of shareholders. Before the independent directors deliver opinions, the company shall hire an independent financial consultant to issue professional opinions about this takeover, and the opinions of independent directors and the

independent financial consultant shall be announced together.

If any director, supervisor or senior manager of a listed company is under any of the circumstances prescribed in Article 149 of the Company Law or has bad credit records in the securities market for the recent 3 years, he can shall not take over the said company.

Article 52 In the case of takeover of a listed company by agreement, the period from the conclusion of takeover agreement to the transfer of relevant shares shall be the transitional period for takeover of the listed company (hereinafter referred to as the transitional period). Within the transitional period, the purchaser shall not reelect the board of directors of the listed company through the motion of controlling shareholders; where there are sufficient reasons for the reelection of the board of directors, the directors on the side of the purchaser shall not exceed 1/3 of all the members of the board of directors; the target company shall not provide guarantee to the purchaser or any of its affiliated parties, nor may it publicly issue any shares for raising the capital or conduct any major purchase or selling of assets or major investment or any other affiliated transaction with the purchaser or any of its affiliated parties, unless it is under the circumstance that the purchaser intends to save a listed company under the crisis or facing serious financial difficulty.

Article 53 If the controlling shareholder of a listed company transfers its shares in the listed company to the a purchaser by agreement, it shall investigate the capacity, credit status or purpose of takeover of the purchaser, and disclose the relevant investigations in the report on alteration of entitlements.

If the controlling shareholder or any affiliated party thereof has not paid off theits liabilities debts to the company, has not removed the guarantee the company provides for its liabilities debts or is under any other circumstance that in which will damage the interests of the company may be injured, the board of the target company shall timely disclose the aforesaid circumstance, and take effective measures to maintain the interests of the company.

Article 54 The relevant parties to an agreement-based takeover by agreement shall apply to a securities depository and clearing institution for handling the formalities for temporary custody of the shares to be transferred, and can deposit the cash for the payment in the bank as designated by the securities depository and clearing institution.

Article 55 After the takeover report is announced, the relevant parties shall, according to the business operational rules of the stock exchange and the securities depository and clearing

institution, and upon the strength of a certificate proving that all the capital for takeover has been deposited in the account of the bank as recognized by both parties, apply to the securities depository and clearing institution for removing the temporary custody of the shares to be transferred by agreement and go through the formalities for transfer registration after the stock exchange confirms the said transfer of shares.

If the purchaser fails to perform the obligations of reporting and announcement or fails to file an application according to the provisions, the stock exchange and the securities depository and clearing institution shall not handle the formalities for share transfer and transfer registration.

If the purchaser still has not failed to complete the formalities for transfer of the relevant shares within 30 days after the takeover report is announced, the purchaser shall immediately make an announcement and explain the reasons. During the period while before the transfer of relevant shares has not been finished, the purchaser shall announce the progress on the transfer of relevant shares every 30 days.

Chapter V Indirect Takeover

Article 56 If a purchaser is not a shareholder of a listed company, but the shares whose entitlements are held thereby by it reaches or exceeds 5% up to 30% of the issued shares of the listed company through investment relationship, agreement or any other arrangement, the takeover shall be conducted according to Chapter II of these Measures.

If the shares whose entitlements are held by the purchaser are more than 30% of the issued shares of the listed company, the purchaser shall send out a general tender offer to all the shareholders of the company; if the purchaser anticipates the failure to send out a general tender offer within 30 days as of the day on which the said fact occurs, it shall urge the shareholders under its control to reduce the shareholding of the listed company to 30% or less, and make an announcement within 2 working days as of the day when the said reduction is conducted; if the purchaser or the shareholders under its control plans to continue the shareholding later, the means of tender offer shall be adopted; in case they plans to file an application for exemption according to Chapter VI of these Measures, the application shall be filed according to Article 48 of these Measures.

Article 57 If an investor is not a shareholder of a listed company but obtains the control over the shareholders of the listed company through investment relationship, and the shares held by

the shareholders of the listed company under its control reach the proportion prescribed in the preceding Article, and which has instituted produced important effects on the assets and profits of the said shareholders, the investor shall perform the obligations of reporting and announcement according to the preceding Article.

Article 58 The actual controller of a listed company and the shareholders under its control shall be responsible for the coordination to the listed company in faithfully, accurately and completely disclosing the information about the alteration of the relevant actual controller; if the actual controller or any shareholder under its control refuses to perform the said coordination obligation and causes results in the listed company's to assumption of civil or administrative liabilities due to the its failure to perform the statutory information disclosure obligation, the listed company has the right to institute a lawsuit therefor for it. If the actual controller or any shareholder under its control incites the listed company or any relevant person not to perform the information disclosure obligation, the CSRC shall investigate and handle it according to law.

Article 59 If the actual controller of a listed company and the shareholders under its control fail to perform the obligations of reporting and announcement, the listed company shall make a report and announcement immediately as of the day when it has the access to the fact. If the actual controller still fails to perform the disclosure obligation after the listed company announces the information about the alteration of the actual controller, the board of directors of the listed company shall inquire about the actual controller and the shareholders under its control, or can hire a financial consultant for the inquiry when necessary, and report the inquiry information to the CSRC, the representative office and the stock exchange, and the CSRC shall investigate and punish the actual controller that refuses to perform the obligations of reporting and announcement.

If a listed company knows that there is a fairly great alteration occurred to its actual controller but fails to timely report and announce the information about alteration of the actual controller, the CSRC shall order it to make corrections, and shall verify the directors of the listed company held to be responsible as improper candidates where the circumstances are serious.

Article 60 If the actual controller of a listed company and the shareholders under its control fail to perform the obligations of reporting and announcement, refuse to perform the coordination obligation as prescribed in Article 58, or if the actual controller is under a circumstance under which may not take over the listed company shall not be taken over, the board of directors of the listed company shall refuse the proposals or interim motions as submitted by the shareholders under the control of the actual controller to it, and report it to the CSRC, the representative office and the stock exchange. The CSRC shall order the actual controller to make corrections, and can verify the directors nominated by the shareholders under the control

of the actual controller as improper candidates. Before the correction, the shareholders under the control of the actual controller shall not exercise the voting right of their shares. If the board of directors of the listed company fails to refuse the proposals put forward by the shareholders under the control of the actual controller, the CSRC can may verify the directors held to be responsible as improper candidates.

Chapter VI Exemption Applications

Article 61 If Under any of the circumstances prescribes in Article 62 or 63 of these Measures is met, an investor and its concerted parties can apply to the CSRC for the exemption of the following matters:

(1)exemption from increasing shares by means of tender offer;

(2)exemption from sending out a tender offer to all the shareholders of the target company where there is a restriction of capacity, type of shares or any special circumstance prescribed by administrative regulations or the provisions of CSRC.

In the case of failure to obtain the exemption, the investor and concerted parties shall, within 30 days upon receipt of the notice of CSRC, reduce the shares of the target company as held thereby by them or the shareholders under their control to 30% or less; and shall send outmake a general tender offer if the investor and concerted parties continue the shareholding by any means other than the tender offer.

Article 62 If it is under any of the following circumstances, a purchaser can may apply to the CSRC for the exemption fromnot increasing shares by means of tender offer:

(1)The purchaser and the transferor can prove that the transfer has not caused the alteration of the actual controller of the listed company;

(2)The listed company is confronted with serious financial difficulty, the purchaser has put forward a reorganization scheme for saving the company and gotten the approval from of the general assembly of shareholders of the company, and the purchaser promises not to transfer the

entitlements held thereby it holds in the company within the future 3 years;

(3) The purchaser obtains the new shares issued thereto to it by the listed company upon the approval of the non-related shareholders of the general assembly of shareholders of the listed company, which results that makes the shares whose entitlements are held thereby by it in the company exceed 30% of the issued shares of the company, and the purchaser promises not to transfer the shares whose entitlements are held thereby by it within the future 3 years, and the general assembly of shareholders of the company agrees to the exemption from sending out of making a tender offer; or

(4) Any other circumstance as recognized by the CSRC for adapting to the development and alteration of the securities market or the requirements for protecting the lawful rights and interests of investors.

If the exemption application documents as submitted by the purchaser meet the provisions, and the purchaser has performed the obligations of reporting and announcement according to these Measures, the CSRC shall accept the application; otherwise, the CSRC shall not accept the application. The CSRC shall, within 20 working days upon receipt of an exemption application, decide whether or not to exempt the specific matters which the purchaser claims in the application; if the exemption is permitted, the purchaser may continue to increase the shareholding.

Article 63 If it is under any of the following circumstances, any party concerned can apply to the CSRC for the exemption from sending out of making a tender offer by summary procedures:

(1) The gratuitous transfer, alteration and combination of state-owned assets upon the approval of the government or the state-owned assets administrative department results that so that the shares whose entitlements are held by the investor in a listed company are more than 30% of the issued shares of the listed company;

(2) If the shares whose entitlements are held by the investor in a listed company reach or exceed 30% of the issued shares of the company, the shares whose entitlements in the company are held by the investor as increased during each every 12 months shall not, within one year as of the occurrence of the aforesaid fact, exceed 2% of the issued shares of the company;

(3)The shares whose entitlements are held by the investor in a listed company reach or exceed 50% of the issued shares of the company, and the increase of entitlements held by the investor in the company will not affect the listing of the company;

(4)The capital stock is reduced because the listed company repurchases shares from specific shareholders at a determined price as approved by the general assembly of shareholders, and which causes thatmakes the shares whose entitlements held by the party in the company exceed 30% of the issued shares of the company;

(5)The engagement in brokerage or loans, etc. of a securities company, bank or any other financial institution within its business scope results that in its holdings more than 30% of the issued shares of a listed company, but it has no act or intent to actually control the company and has put forward a solution to transfer the relevant shares to the non-affiliated party within a reasonable term;

(6)The shares whose entitlements are held by the investor exceed 30% of the issued shares of a listed company due to inheritance; or

(7)Any other circumstance as recognized by the CSRC for adapting to the development and alteration of the securities market or the requirements for protecting the lawful rights and interests of investors.

For an exemption application filed in accordance with item 1, 3 or 7 of the preceding paragraph, if the CSRC fails to put forward any objection within 10 workdays upon receipt of the qualified application documents, the investor concerned can apply to the stock exchange and the securities depository and clearing institution for going through the formalities for share transfer and transfer registration. Under item 2 of the preceding paragraph, the investor concerned shall, within three days after increasing its shares, make an announcement on the increase and file an exemption application with the CSRC, which shall make a decision of approval or disapproval within 10 work days upon receipt of the qualified application documents. If the CSRC does not agree to its filing of application through summary procedures, the investor shall file an application according to Article 62 of these Measures.

Article 64 If a purchaser files an exemption application, the purchaser shall hire a law firm or any other professional institution to provide professional opinions.

Chapter VII Financial Accountants

Article 65 The financial consultant as hired by a purchaser shall perform the following duties:

- (1) Conducting diligent investigations of the relevant information on the purchaser;
- (2) Providing professional services to the purchaser as required, comprehensively appraising the financial status and business situation of the target company, helping the purchaser analyze the legal, financial and business risks involved in the takeover, putting forward countermeasures and suggestions about the takeover price, method and payment arrangements, etc. involved in the takeover scheme, and guiding the purchaser to formulate declaration documents in light of the prescribed contents and format;
- (3) Giving tutorship to the purchaser with respect to the normalized operation of the securities market, making so that the directors, supervisors and senior managers of the purchaser be familiar with have good knowledge of the relevant laws, administrative regulations and the provisions of the CSRC and are fully know aware of their obligations and liabilities, and urging them to perform the reporting, announcement and other statutory obligations;
- (4) Fully checking and verifying whether the purchaser meets the provisions in these Measures as well as the authenticity, accuracy and integrity of the declaration documents; and delivering objective and fair professional opinions in connection to the takeover;
- (5) Accepting the authorization of the purchaser to submit declaration materials to the CSRC, and organizing and coordinating the purchaser and other professional institutions to give a reply according to the examination opinions of the CSRC; and
- (6) Concluding a contract with the purchaser, and within 12 months upon the conclusion of the takeover, continuously supervising and guiding the purchaser to abide by laws, administrative regulations, provisions of the CSRC, rules of the stock exchange as well as the articles of association of the listed company, to exercise the rights of the shareholders according to laws and practically fulfill commitments or relevant stipulations.

Article 66 When the financial consultant hired by the purchaser issues a financial consultancy report for this the takeover in question, it shall explain and analyze the following matters, and deliver clear opinions item by item:

(1) Whether the contents disclosed in the report on takeover of the listed company or the tender offer report as formulated by the purchaser are true, accurate and complete;

(2) Purposes of this the takeover in question;

(3) Whether the purchaser has provided all the necessary required certification documents; explaining, on the basis of the verification of the strength, main business, situation of continuous operation, financial status and credit situation of the purchaser and its controlling shareholder or actual controller, whether the purchaser has the capacity, economic strength for takeover, and management ability for the normalized operation of the listed company; whether the purchaser needs to assume other additional obligations and has the ability to perform relevant obligations, and whether the purchaser has any bad credit records;

(4) The information on the tutorship to the purchaser with respect to the standardized operation of the securities market, whether its directors, supervisors and senior managers are familiar with relevant laws, administrative regulations and provisions of the CSRC, have are fully known aware of their obligations and liabilities, and the information on urging them to perform the reporting, announcement and other statutory obligations;

(5) The equity control structure of the purchaser, as well as the methods for its controlling shareholder and actual controller to dominate the purchaser;

(6) Sources of capital of the purchaser for takeover and their legality, and whether the purchaser has made use of the shares purchased this time for obtaining capital financing from a bank or any other financial institution by means of pledge;

(7) The information on whether the information disclosure of the said securities issuer is true, accurate and complete as well as the convenience of the said securities trading, etc. if the

takeover price is paid by securities;

(8) Whether the purchaser has gone through necessary authorization and approval procedures;

(9) Whether the arrangement for stable operation of the listed company has been made for the transitional period of takeover, and whether the said arrangement meets the relevant provisions;

(10) Analyzing the follow-up plans put forward by the purchaser, analyzing the schemes of the purchaser for solving the conflicts of interests for the intra-industry competition with the listed company as well as the keeping the of independent operation of the listed company if there is intra-industry competition or affiliated transactions between the business engaged in by the purchaser and that of the listed company; and explaining the possible effects of this takeover to on the independent operation and continuous development of the listed company;

(11) Whether there is any other right claim on the takeover target, and whether there is any other complementary arrangement other than the takeover price;

(12) Whether there is any business relationship between the purchaser or any of its affiliated parties and the target company, and whether there is any agreement or privity on the future employment of directors, supervisors and senior managers between the purchaser and the target company;

(13) Whether the original controlling shareholder or actual controller of the listed company or any affiliated party thereof has not paid off the debts to the company, not removed the guarantee the company has provided for its debts or has under any other circumstance that in which will damage the interests of the company may be injured; and whether any practical and feasible solution has been put forward if any of the aforesaid circumstances exists; and

(14) Whether this the takeover in question is under the any circumstance that in which the exemption can be obtained and whether the purchaser has made commitments or has the ability to perform relevant commitments if the purchaser involved plans to file an exemption application.

Article 67 An independent financial consultant hired by the board of directors or the independent director of a listed company shall not simultaneously act as the financial consultant of the purchaser or has any affiliated relationaffiliation with the financial consultant of the purchaser. An independent financial consultant shall conduct diligent surveys upon authorization, and issue professional opinions about the fairness and legality of this the takeover in question. An independent financial consultancy report shall explain and analyze the following issues, and state clear opinions:

(1)Whether the purchaser has the capacityis a qualified purchaser;

(2)The strength of the purchaser, and the an analysis of the possible effects of this the takeover in question on the business independence and continuous development of the target company;

(3)Whether the purchaser is under the circumstance of providingshall provide financial aid to this the takeover in question by making use of the assets of the target company or by the target company;

(4)The An analysis of financial status of the target company, the an explanations on whether the takeover price fully reflects the value of the target company, whether the tender offer is fair and rational, as well as the a suggestions about the acceptance of the tender offer by the shareholders of the target company, if the tender offer is involved;

(5)The A valuation analysis of relevant securities according to the assets, business and profit-making anticipation, as well as the professional opinions about whether the conditions for takeover are fair and rational to the public shareholders of the target company and whether the conditions for takeover put forward by the purchaser should be accepted, if the purchaser pays the takeover price by securities; and

(6)The A valuation analysis of the listed company, and the comprehensive verification and clear opinions about the pricing basis, method of payment, sources of capital, capital financing arrangement, repayment plan and its the feasibility for thisof the takeover in question, the information about the implementation of the internal control system of the listed company and its effectiveness, the information on the business relationship between the said persons or their lineal relatives and the listed company within the recent 24 months as well as other contents disclosed in the takeover report, if the management buy-out is involved.

Article 68 When the financial consultant submits declaration documents to the CSRC upon authorization, it shall make the following commitments in the financial consultancy report:

(1) It has performed the obligation of diligent investigation according to the provisions as required, and has sufficient reasons to firmly believe that there is no substantial difference between its professional opinions and the contents in the declaration documents of the purchaser;

(2) It has verified the declaration documents of the purchaser, and firmly believes that the contents and formats of the declaration documents meet the provisions;

(3) It has sufficient reasons to firmly believe that this the takeover in question meets the laws, administrative regulations and the provisions of the CSRC, the information disclosed by the purchaser is true, accurate and complete and there is no false record, misleading statement or major omission;

(4) It has submitted the professional opinions it issued thereby for this the takeover in question to the internal examination organ for examination and has passed the examination;

(5) It has taken rigid confidentiality measures and rigidly implemented the internal firewall system when it acts as the a financial consultant; and

(6) It has concluded an agreement on continuous supervision and guidance with the purchaser.

Article 69 During the period of takeover and the period of continuous supervision and guidance, the financial consultant shall pay attention to whether there is any circumstance that will in which damage the interests of the listed company may be injured, for example, whether the target company has provided guarantee for, or loans to, the purchaser or the affiliated party thereof. If the financial consultant finds any illegal or improper act, it shall timely report it to the CSRC, the representative office and the stock exchange.

Article 70 In order to perform his duties, the a financial consultant can hire any other professional institution to assist its his check of the purchaser, however, the financial consultant shall conduct an independent judgment of the materials provided and the information disclosed by the purchaser.

Article 71 From the day when the purchaser announces the report on the takeover of the listed company to 12 months upon after conclusion of the takeover, the financial consultant shall, by way of daily routine communications and regular visits, etc., pay attention to the business situation of the listed company, and perform the duty of continuous supervision and guidance to the purchaser and the target company by considering the matters disclosed in the regular reports and interim reports of the acquired company:

(1)Supervising the purchaser to timely go through the formalities for equity transfer and to perform the obligations of reporting and announcement;

(2)Supervising and checking the normalized operation of the purchaser and the acquired company;

(3)Supervising and checking the situation on performing public commitments by the purchaser;

(4)Checking, by considering the regular reports of the acquired company, the situation on implementing the follow-up plans by the purchaser, whether anticipatedory targets have been reached, whether there is a major difference between the implementation results and the contents disclosed before, and whether the relevant profit-making anticipation or the targets as anticipated by that the management staff have been achieved;

(5)Checking whether the situation on implementation of relevant repayment plans as disclosed in the regular reports of the acquired company is consistent with the facts where the management buy-out is involved; and

(6)Supervising and checking the performance ofsituation on performing other obligations stipulated in the takeover.

During the period of continuous supervision and guidance, the financial consultant shall, in combination with the quarterly reports, semi-annual reports and annual reports disclosed by the listed company, issue the opinions about continuous supervision and guidance, and report them to the representative office within 15 days after the aforesaid regular reports are disclosed.

During the aforesaid period, if the financial consultant finds that the information disclosed by the purchaser in the report on the takeover of the listed company is inconsistent with the facts, it shall urge the purchaser to faithfully disclose the relevant information, and timely report it to the CSRC, the representative office and the stock exchange. Where the financial consultant rescinds the authorization contract, it shall timely report it to the CSRC, the representative office and the stock exchange in written form, explain the reasons for its inability to continue to perform the duties of continuous supervision and guidance, and make an announcement.

Chapter VIII Continuous Supervision

Article 72 Within 12 months after the takeover of a listed company, the financial consultant hired by the purchaser shall, within 3 days before each quarter, report the investment, purchase or selling of assets, affiliated transaction and adjustment of main businesses, change of directors, supervisors or senior managers, relocation of employees and fulfillment of commitments by the purchaser for the last quarter that will cause may produce great effects on the listed company to the representative office.

If the registration place of the purchaser is different from that of the listed company, a copy of the report on the aforesaid information shall also be sent to the representative office at the locality of the purchaser.

Article 73 The representative office shall, according to the principle of prudent supervision, supervise and check the purchaser and the listed company upon after the conclusion of the takeover through the talks with the accounting firm that has undertaken the audit business of the listed company, the inspection of the fulfillment of continuous supervision and guidance liability by the financial consultant, and regular and irregular on-site inspections, etc.

If the representative office finds that there is any significant difference between the actual situation and the contents disclosed by the purchaser, it shall pay key attention to the purchaser and the listed company, and can order the purchaser to extend the period of continuous supervision and guidance of the financial consultant, and shall investigate and handle it

according to law.

If the financial consultant rescinds the contract with the purchaser during the period of continuous supervision and guidance, the purchaser shall separately hire any other financial consultancy institution to perform the duty of continuous supervision and urgency.

Article 74 In the case of takeover of a listed company, the shares of the target company as held by the purchaser shall not be transferred within 12 months upon the conclusion of the takeover.

Where the shares in the target company whose entitlements are held by the purchaser are transferred between different subjects under a same actual controller, the said limitation of 12 months shall not be applied, however, the provisions in Chapter VI of these Measures shall still be observed.

Chapter IX Supervisory Measures and Legal Liabilities

Article 75 Where the any information disclosure obligors for the takeover of any listed companies and for the relevant alteration of share entitlements fails to perform the reporting, notification or any other relevant obligation according to these Measures, the CSRC shall order them it or him to make corrections, and adopt such supervisory measures as supervisory talks, issuance of warning letters, ordering to suspend or stop the takeover. Before the correction, the relevant information disclosure obligors shall not exercise the voting right of the shares as held or actually controlled therebyit holds or actually controls.

Article 76 Where the any information disclosure obligors for the takeover of any listed companies and for the relevant alteration of share entitlements have has any false record, misleading statement or major omission in the report or announcement it has made thereby, the CSRC shall order them it or him to make corrections, and adopt such supervisory measures as supervisory talks, issuance of warning letters, ordering it to suspend or stop the takeover. Before the correction, the relevant information disclosure obligors shall not exercise the voting right of the shares as held or actually controlled therebyit holds or actually controls.

Article 77 Where an investor and its concerted parties have obtained the controlling right of a listed company but have failed to hire a financial consultant according to these Measures, have evaded the statutory procedures and obligations, taken over the listed company in a disguised

form, or if any foreign investor has evaded the jurisdiction, the CSRC shall order them to make corrections, and adopt such supervisory measures as supervisory talks, issuance of warning letters, ordering them to suspend or stop the takeover. Before the correction, the purchaser shall not exercise the voting right of the shares it holds or actually controls as held or actually controlled thereby.

Article 78 Where a purchaser that has sent out a tender offer fails to pay the takeover price as stipulated or purchase the preliminarily accepted shares after the term for tender offer expires, the purchaser shall not take over the listed company within the future 3 years as of the day when the said fact occurs, and the CSRC shall not accept the declaration documents submitted by the purchaser and or the affiliated party thereof; where the false information disclosure or manipulation of securities market may be involved, the CSRC shall put the purchaser on file for investigation, and impose subject it to legal liabilities on the purchaser.

Where the financial consultant hired by the purchaser as prescribed in the preceding Paragraph has no sufficient evidence proving to prove its diligence, the CSRC shall also impose subject it to legal liabilities on it.

Article 79 Where the holding shareholder or actual controller of a listed company fails to repay the debts it owes to the company when transferring its controlling right to the company, or fails to remove the guarantee the company provides therefor for it, or fails to correct any other matter that will may damage the interests of the company, the CSRC shall order it to make correction and to suspend or stop the takeover.

Where the board of directors of the acquired company fails to take effective measures to urge the controlling shareholder or actual controller of the company to make correction, or fails to urge the purchaser to fulfill its commitments, arrangements or guarantees after the takeover, the CSRC can verify relevant directors as improper candidates.

Article 80 Where any director of a listed company fails to perform the his obligation of fidelity and diligence and seeks for improper interests by making use of the takeover, the CSRC shall take such supervisory measures as supervisory talks and issuance of warning letters to him, and can verify him as an improper candidate.

Where the provisions on the corporate controlling right involved in the articles of association of a listed company are inconsistent with those in any laws, regulations or these Measures, the

CSRC shall order it to make correction.

Article 81 Where a securities service institution or securities company that issues asset appraisal reports, audit reports, legal opinions or financial consultancy reports, or any of its professionals fails to perform duties, the CSRC shall order it or him to make correction, and shall take such supervisory measures as supervisory talks or issuance of warning letters to it or him.

Article 82 The CSRC shall record down the illegal acts of the parties involved in the takeover of listed companies or the relevant alteration of share entitlements as well as the information on the correction of said illegal acts into their credit archives.

Legal liabilities shall be imposed for the securities violations against of these Measures.

Chapter X Supplementary Provisions

Article 83 The term "concerted action" as mentioned in these Measures refers to the act or fact whereby an investor expands the amount of voting right of shares of a listed company it can control jointly with other investors by way of agreement or other arrangements.

The investors that have the concerted action in the takeover of a listed company or the relevant alteration of share entitlements shall be the concerted parties mutually. Where there is no contrary evidence, the investors under any of the following circumstances shall be the concerted parties:

(1) There is an equity control relationship between the investors;

(2) The investors are controlled by a same subject;

(3) Main members among directors, supervisors or senior managers of one investor simultaneously act as the directors, supervisors or senior managers of another investor;

(4) One investor purchases the shares of another investor, and can cause produce significant effects on major decisions of the purchased company;

(5) A legal person or any other organization other than the bank or a natural person provides the capital financing for the investor to obtain relevant shares;

(6) There is a partnership, cooperation, joint venture or any other relation of economic interests between the investors;

(7) A natural person holding 30% or more shares of the investor holds the shares of a same listed company together with the investor;

(8) A director, supervisor or senior manager of the investor holds the shares of a same listed company together with the investor;

(9) A natural person holding 30% or more of the shares of the investor, a director, supervisor or senior manager in the investor, or his parent, spouse, child or his spouse, parent of his spouse, brother or sister or his or her spouse, brother or sister of his spouse or his or her spouse, etc. holds the shares of a same listed company with the investor;

(10) A director, supervisor or senior manager of the listed company holds the shares of the said company together with any of his relatives as mentioned in the preceding Item, or together with any enterprise directly or indirectly controlled by himself or any of the aforesaid relatives;

(11) A director, supervisor, senior manager or employee of the listed company holds the shares of the said company together with a legal person or any other organization under the control or authorization thereof; or

(12) Any other affiliated relationship between the investors.

The shares of concerted parties shall be calculated on a consolidated basis. The shares held by the investor shall include the shares registered under the its name thereof as well as the shares registered under the name of its concerted parties.

If an investor considers that itself and others should not be regarded as concerted parties, it can provide contrary evidences to the CSRC.

Article 84 Any of the following circumstances shall constitute the holding of the controlling right of a listed company:

(1) The investor is the controlling shareholder that holds more than 50% of the shares of a listed company;

(2) The investor can actually control more than 30% of the voting right of shares of a listed company;

(3) The investor can decide the election of more than half of the directors of the board of directors of the company through actually controlling the voting right of shares of a listed company;

(4) The voting right of shares of a listed company under the actual control of the investor is sufficient to cause produce significant effects on the resolutions of the general assembly of shareholders of the company; or

(5) Any other circumstance as verified by the CSRC.

Article 85 Where the any information disclosure obligors are is involved in the calculation of their its shareholding proportion, they it shall calculate its their securities of the listed company that can be converted into stocks together with their its shares in the same listed

company, and compare the said shareholding proportion with the proportion calculated on a consolidated basis after the non-equity securities are converted into shares, and the higher will prevail. Where the exercise is not used upon expiration or the conditions for exercise are not met any more, no consolidated calculation is needed.

The higher one between of the aforesaid two proportions shall be calculated in light of the following formulae:

(1) Amount of shares held by the investor / Total amount of the issued shares of the listed company; and

(2) (Amount of shares held by the investor + Amount of shares corresponding to the non-equity securities as held by the investor that can be converted into the stocks of the company) / (Total amount of the issued shares of the listed company + Total amount of shares corresponding to the non-equity securities as issued by the listed company that can be converted into the stocks of the company).

Article 86 Where an investor obtains the controlling right of a listed company by way of administrative transfer, implementation of court rulings, inheritance or donation, etc., the investor shall perform the obligations of reporting and announcement according to Chapter IV of these Measures.

Article 87 The contents and formats of entitlement alteration reports, takeover reports, reports on tender offers, reports of the board of directors of the target company and the application documents for exemption of tender offer shall be separately formulated by the CSRC.

Article 88 Where a target company has been listed at home and abroad simultaneously, the purchaser shall also abide by the relevant provisions of the place of overseas listing except for these Measures and the relevant provisions of the CSRC.

Article 89 The takeover of listed companies by foreign investors as well as the alteration of entitlements of foreign investors in listed companies shall also be governed by the relevant provisions on the investment in listed companies by foreign investors in addition to these Measures.

Article 90 These Measures shall come into force as of September 1, 2006. The Measures for the Administration of the Takeover of Listed Companies (Order No. 10 of the CSRC), the Measures for the Administration of Information Disclosure of Shareholder Equity Changes of Listed Companies (Order No. 11 of the CSRC), the Notice on the Relevant Issues concerning the Conditions for the Listing of Stocks of the Acquired Companies Involved in Tender Offers (No. 16 [2003] of the CSRC) and the Notice on Regulating the Relevant Issues concerning the Transfer of Actual Controlling Rights of Listed Companies (No. 1 [2004] of the CSRC) as promulgated by the CSRC shall be simultaneously repealed.