

This Appendix sets out the main clauses of our Articles of Association adopted by our Company on September 3, 2013.

## **DIRECTORS AND BOARD OF DIRECTORS**

### **(1) Power to allocate and issue shares**

The Articles of Association does not contain clauses that authorize the Board of Directors to allocate or issue shares. The Board of Directors shall prepare proposals for share allotment or issue, which are subject to approval by the Shareholders at the Shareholders' general meetings in the form of a special resolution. Any such allotment or issue shall be in accordance with the procedures stipulated in appropriate laws and administrative regulations.

### **(2) Power to dispose assets of our Company or our subsidiaries**

If the sum of the expected value of the fixed assets to be disposed of, and the amount or value of the cost received from the fixed assets of our Company disposed of within the four months immediately preceding this proposal for disposal exceeds 33% of the value of fixed assets of our Company indicated on the latest audited balance sheet submitted to the Shareholders at the Shareholders' meeting, the Board of Directors shall not dispose of or agree to dispose of such fixed assets without the prior approval of Shareholders at the Shareholders' general meeting. The above disposal refers to the transfer of rights and interests in certain assets, but does not include the provision of guarantees with fixed assets. The validity of the transactions with respect to the disposal of fixed assets of our Company shall not be affected by the violation of the above restrictions contained in the Articles of Associations.

### **(3) Indemnification or compensation for loss of office**

As provided in the contracts entered into between our Company and the Directors or Supervisors in connection with their emoluments, they are entitled to compensation or other payments for loss of office or retirement as a result of the acquisition of our Company, subject to the approval of the Shareholders at the Shareholders' general meeting in advance. Acquisition of our Company refers to any of the following circumstances:

- 1) An offer is made by any person to all the Shareholders;
- 2) An offer is made by any person such that the offeror will become the Controlling Shareholder of our Company (as defined in Article 50 of our Articles of Association).

If the relevant Director or Supervisor fails to comply with the above requirements, any payment received shall belong to the person who sells the Shares for acceptance of the aforesaid offer. The Director or Supervisor shall bear all expenses arising from the distribution of such payments to the person on pro rata basis, and all related expenses shall not be deducted from the payments distributed.

**(4) Loans to Directors, Supervisors or other management personnel**

Our Company shall neither provide the Directors, Supervisors, general manager and other senior management of our Company or our parent company with loans or loan guarantees either directly or indirectly nor provide persons related to the above personnel with loans or loan guarantees.

The provision above is not applicable to the following transactions:

- 1) Our Company provides our subsidiaries with loans or loan guarantees.
- 2) Our Company provides the Directors, Supervisors, general manager and other senior management with loans, loan guarantees or other fund pursuant to the employment contracts approved at the Shareholders' meeting to pay all expenses incurred for the purpose of our Company or performing our duties.
- 3) In case that the normal scope of business of our Company covers the provision of loans or loan guarantees, our Company may provide any of the Directors, Supervisors, general manager, other senior management or their related personnel with loans or loan guarantees, provided that the terms governing the above loans or loan guarantees shall be normal commercial terms.

In the event that our Company provides loans in violation of the above restriction, the person who receives the loan(s) must payoff the loan(s) immediately, regardless of the terms of the loans.

Any loan guarantee provided by our Company in violation of the above restriction shall not be mandatorily enforced against us, unless under the following circumstances:

- 1) The loan provider unknowingly provides loans to personnel related to the Directors, Supervisors, general manager and other senior management of our Company or our parent company;
- 2) The collateral provided by our Company is sold lawfully by the lender to the buyer in good faith.

For the purpose of the above provisions, a guarantee includes acts of a guarantor bearing the liabilities or providing properties to ensure that the obligor performs the obligations.

**(5) Financial Assistance Provided for Acquisition of the Shares or Shares of Any Subsidiary of our Company**

Pursuant to the Articles of Association:

- 1) Our Company or our subsidiaries shall not, by any means at any time, provide any financial assistance to personnel who acquires or plans to acquire our Shares. Such personnel includes any who directly or indirectly undertakes obligations from acquiring the Shares.

- 2) Our Company or our subsidiaries shall not, by any means at any time, provide financial assistance to personnel mentioned in the preceding paragraph for the purpose of mitigating or exempting the obligations of the above personnel.

The following transactions are not prohibited:

- 1) Related financial assistance provided by our Company which is in good faith in our interest and the main purpose of the financial assistance is not to acquire our Shares or is an incidental part of a master plan of our Company;
- 2) The lawful distribution of our properties by way of dividend;
- 3) Distribution of dividends in the form of shares;
- 4) Reduction of registered capital, repurchase of Shares or adjustments of our shareholding structure pursuant to the Articles of Association;
- 5) Our Company grants loans within our scope of business and in the ordinary course of our business, provided that such loans shall not result in reduction in the net assets of our Company or even if the net assets are reduced, this financial assistance is paid from the profit available for distribution;
- 6) Our Company provides the employee stock ownership plan with fund, provided that such loans shall not result in reduction in the net assets of our Company or even if the net assets are reduced, this financial assistance is paid from the profit available for distribution.

**(6) For the purpose of the above provisions:**

Financial assistance includes, but is not limited to:

- 1) Gift;
- 2) Guarantee (including the assumption of liabilities and provision of properties by a guarantor to secure the performance of obligations by the obligor), compensation (excluding compensation arising from mistakes of our Company) or release or waiver of any rights;
- 3) Provision of loans or signing of contracts whereby our Company performs some obligations before others, change of parties to the loans/contracts as well as the assignment of the rights in the loans/contracts;
- 4) Any other form of financial assistance given by our Company when it is insolvent or has no net assets or will suffer significant decrease in net assets.

“Assuming obligations” includes obligator undertaking obligations by signing agreements or making arrangements (no matter whether the agreements or arrangements are enforceable on demand or bearing the obligations by itself or jointly with any other person) or changing its financial status in any other manner.

**(7) Borrowing powers**

Subject to compliance with the laws and administrative regulations of the State, our Company is entitled to raise capital and borrow money, including (without limitation) the issue of bonds, the mortgaging or pledging of part or whole of our Company's properties and other rights permitted by the laws and administrative regulations of the State provided that such action does not damage or abrogate rights of any Shareholder. The Articles of Association do not contain any special provision in respect of the manner in which borrowing powers may be exercised by our Directors nor do they contain any special provision in respect of the manner in which such power may be raised, other than; (a) provisions which give our Directors the power to formulate proposals for the issuance of debentures by our Company; and (b) provisions which provide that the issuance of debentures must be approved by the Shareholders of our Company in a general meeting by way of a special resolution.

**(8) Disclose matters relating to the contract rights of our Company and voting on contract(s)**

When any of the Directors, Supervisors and other senior management has material interests in the contracts, transactions or arrangements that our Company has entered into or plans to enter into in any manner directly or indirectly (except for employment contracts that our Company has entered into with the Directors, Supervisors, general manager and other senior management), the above personnel shall disclose the nature and degree of their interests to the Board of Directors as soon as possible no matter whether the above contracts, transactions or arrangements are subject to the approval of the Board of Directors in normal circumstances.

A Director shall not vote on any board resolution approving the contract, transaction or arrangement or any other related proposal in which he/she or any of his/her associate (as defined in the Listing Rules) is materially interested. The relevant Director shall not be counted for the purpose of determining whether a quorum is reached for the meeting.

Unless the interested Director, Supervisor, general manager and other senior management of our Company discloses his/her interests to the Board in accordance with the aforesaid provisions and the contract, transaction or arrangement is approved by our Board at a meeting in which the interested Director, Supervisor, general manager and other senior management is not counted in the quorum and refrains from voting, our Company shall have the right to cancel the contracts, transactions or arrangements, except where the opposite party is a party in good faith without knowledge of the acts or related Directors, Supervisors, general manager and senior management violating their obligations.

A Director, Supervisor, general manager or other senior management of our Company is deemed to be interested in such contract, transaction or arrangement in which his/her related person is interested.

**(9) Remuneration**

Our Company shall enter into written agreements with its Directors and Supervisors regarding remuneration, which shall be subject to prior approval of the general Shareholder's meeting, including:

- 1) Remuneration as the Directors, Supervisors or senior management of our Company;
- 2) Remuneration as the directors, supervisors or senior management of the subsidiaries of our Company;
- 3) Remuneration for providing other services for management of our Company and our subsidiaries;
- 4) Compensation received by the Directors or Supervisors as a result of loss of office or retirement.

No Director or Supervisor shall institute any litigation against our Company over any interests payable relative to the above unless provided for the above contracts.

**(10) Resignation, Appointment and Dismissal**

None of the following persons shall serve as a Director, Supervisor, general manager or other senior management of our Company:

- 1) Anyone who has no civil capacity or has limited civil capacity;
- 2) Anyone who has been convicted of the offense of corruption, bribery, embezzlement, larceny, or disrupting the social economic order and is within five years of the expiry date of punishment or has been deprived of political rights because of this conviction and is within five years of the expiry date of the sentence;
- 3) Anyone who has served as director, factory manager or manager of a company or enterprise that is bankrupt and liquidated as a result of improper management, was personally liable for the bankruptcy of the company or enterprise, and is within three years of the date of completion of bankruptcy and liquidation of the company or enterprise;
- 4) Anyone who has served as the legal representative of a company or enterprise whose business license was revoked due to violation of the law, was personally liable, and is within three years of the date on which the business license of our Company or enterprise was revoked;
- 5) Anyone who has a large amount of debt, which was not paid at maturity;
- 6) Anyone who is under criminal investigation or prosecution by a judicial organization for violating the criminal law, and whose case is pending;

- 7) Anyone who is not a natural person;
- 8) Anyone judged by the competent agencies to have violated the provisions of relevant securities laws, has been involved in deceptive or dishonest acts and is within five years of the date on which the judgment was made;
- 9) Other circumstances as provided by laws and administrative regulations, or regulations of the competent authorities.

The validity of an act of the Directors, Supervisors, general manager and other senior management on behalf of our Company to bona fide third parties shall not be affected by any irregularities in their office, election or qualifications.

Our Company establishes the Board of Directors which consists of eight directors, among which, three are independent directors and one is the chairman of the Board.

Directors shall be elected by Shareholders at the general Shareholders' meeting and their terms of office shall be three years. Directors are eligible for re-election upon expiry of their terms of office, while the successive terms of office of independent directors shall not exceed six years. Independent directors shall be elected, by Shareholders at the general Shareholders' meetings, from members of the Board of Directors and the Board of Supervisors or candidates nominated by the Shareholder(s) holding more than 1% (1% included) of the issued Shares of our Company; and other Directors shall be elected, by Shareholders at the general Shareholders' meetings, from members of the Board of Directors or candidates nominated by the Shareholder(s) holding more than 5% (5% included) of the issued Shares of our Company.

Written notices concerning proposed nomination of director candidate and indication of the candidate's intention to accept the nomination shall be sent to our Company no later than seven days prior to the date of the general meeting. The seven-day notice period shall commence no earlier than the day immediately following the date of dispatch of the notice of general meeting concerning the election of Directors and shall end no later than the day falling seven days prior to the date of the general meeting.

#### **(11) Duties**

Each of our Directors, Supervisors, general manager and other senior management shall carry out his/her duties with the principle of good faith and shall not put himself/herself in a position where his/her own benefits may conflict with his/her obligations to our Company. This principle includes (but is not limited to) performing the following obligations:

- 1) To act honestly in the best interests of our Company;
- 2) To exercise one's rights within but not exceeding the scope of authority;
- 3) To exercise the discretion vested in him personally without being manipulated by others and not transferring discretionary powers to other persons, unless and to the extent permitted by laws or administrative regulations or with the informed consent of Shareholders given in a general Shareholders' meeting;

- 4) To treat Shareholders of the same class equally and to treat Shareholders of different classes fairly;
- 5) Not to enter into any contract, transaction or arrangement with our Company unless in line with the Articles of Association or otherwise approved by Shareholders at the general Shareholders' meeting on an informed basis;
- 6) Not to use properties of our Company in any manner for his/her own benefit without consent of general meeting on an informed basis;
- 7) Not to exploit his/her position to accept bribes or other illegal income or expropriate properties of our Company by any means, including (but not limited to) opportunities beneficial to our Company;
- 8) Not to accept commissions in connection with transactions of our Company unless agreed by the general Shareholders' meeting on an informed basis;
- 9) To abide by the Articles of Association, faithfully execute official duties and protect interests of our Company, and not to exploit his/her position and authority in our Company for his/her own benefits;
- 10) Not to compete with our Company in any manner unless agreed by the general Shareholders' meeting on an informed basis;
- 11) Not to misappropriate funds of our Company or lend such funds to others, not to open accounts in his/her own name or other names for deposit of the assets of our Company, and not to provide guarantee for debts of the Shareholders of our Company or other individual(s) with the assets of our Company;
- 12) To keep such confidential information acquired by him/her during his/her tenure in respect of our Company, unless otherwise permitted by the Shareholders at the general Shareholders' meeting on an informed basis; not to use such information unless in the interests of our Company; however, disclosure of such information to courts or other governmental authorities is permitted:
  - a) Disclosure is required by laws;
  - b) Disclosure is required by public interests;
  - c) Disclosure is required by the interests of the relevant Director, Supervisor, general manager or other senior management.

Each of the Directors, Supervisors, general manager and other senior management of our Company may not direct the following personnel or institutions (“related person”) to do acts that the Directors, Supervisors and senior management are prohibited from doing:

- 1) Spouses or minor children of the Directors, Supervisors, general manager and other senior management of our Company;
- 2) Trustees of the Directors, Supervisors, general manager and other senior management of our Company or the persons referred to in item 1) above;
- 3) Partners of the Directors, Supervisors, general manager and other senior management of our Company or persons referred to in items 1) and 2) above;
- 4) The company under de facto control by the Directors, Supervisors, general manager and other senior management individually or jointly with the persons or other Directors, Supervisors and senior management referred to in items 1), 2) or 3) above;
- 5) The directors, supervisors, general manager and other senior management of the controlled company referred to in item 4) above.

The good faith obligation owed by the Directors, Supervisors, general manager and other senior management of our Company may not necessarily terminate upon the expiration of their terms of office; their obligations to keep the trade secrets of our Company in confidence shall survive upon the expiration of their terms of office. The duration of other obligations shall be determined in accordance with the principle of fairness, depending on the length of time from the occurrence of the events to the time of resignation, as well as the circumstances and conditions under which the relationship with our Company is terminated.

Liabilities of Directors, Supervisors, general manager and other senior management of our Company arising from violation of specific duties may be released by the Shareholders at the general Shareholders’ meeting on an informed basis.

Apart from the obligations as required by the related laws, administrative regulations or the listing rules of the stock exchange where the Shares of our Company are listed, the Directors, Supervisors, general manager and other senior management of our Company shall assume the following obligations to each of the Shareholders when exercising their authorities endowed by our Company:

- (1) They may not cause our Company to operate beyond the scope of business indicated on our business license;
- (2) They shall act honestly in the best interests of our Company;
- (3) They may not deprive our Company of our properties in any manner, including, but not limited to, opportunities beneficial to our Company;



- (4) They may not deprive the Shareholders of personal rights and interests, including, but not limited to, the distribution right and voting right, except for restructuring of our Company submitted to the general Shareholders' meeting for approval pursuant to the provisions of the Articles of Association.

### **MODIFICATION OF THE ARTICLES OF ASSOCIATION**

We may amend the Articles of Association based on the provisions of the relevant laws, administrative regulations and the Articles of Association.

Any amendment to the Articles of Association that involves Mandatory Provisions shall be approved by company approval authorities authorized by the State Council before taking into effect. Where the amendment involves our registration, the lawfully prescribed procedures for registration change shall be carried out.

### **SPECIAL VOTING PROCEDURES OF CLASSIFIED SHAREHOLDERS**

Any Shareholder who holds different classes of Shares is a classified Shareholder. Any plan of our Company to change or abolish the rights of a classified Shareholder is subject to the approval of the general Shareholders' meeting by a special resolution and the approval of a separate general meeting as convened by the affected classified Shareholder in accordance with the Articles of Association.

The rights of a classified Shareholder shall be viewed as changed or abolished under any of the following circumstances:

- (1) Increase or decrease the classified Shares, or increase or decrease the number of classified Shares with equal or more voting or distribution rights and other privileges than this type of classified Shares;
- (2) Convert all or part of the classified Shares into other types or convert all or part of another type of Shares into this type of classified Shares or grant such conversion right;
- (3) Remove or reduce rights to dividends generated or rights to cumulative dividends attached to classified Shares;
- (4) Reduce or remove the right attached to classified Shares to receive dividends on a priority basis or the priority right to receive property distribution in the liquidation of our Company;
- (5) Increase, cancel or reduce share conversion rights, options, voting rights, transfer or pre-emptive rights, or rights to acquire securities of our Company attached to classified Shares;
- (6) Remove or reduce rights to receive payment by our Company in specified currencies attached to classified Shares;

- (7) Create new class of Shares having voting or distribution rights, or other privileges equal or superior to those of the classified Shares;
- (8) Impose restrictions on the transfer or ownership of the classified Shares or increase such restrictions;
- (9) Issue subscription or conversion rights for this or other classified Shares;
- (10) Increase the rights and privileges of other types of Shares;
- (11) The reorganization plan of our Company may constitute assumption of responsibilities by different classes of Shareholders disproportionately;
- (12) Amend or abolish clauses stipulated in this Articles of Association.

Shareholders of the affected class, whether or not otherwise having the right to vote at general meeting originally, shall nevertheless have the right to vote at class meetings in respect of matters concerning items (2) to (8), (11) to (12) above, but interested Shareholders shall not be entitled to vote at class meetings.

Resolution of a class meeting shall be passed by votes of more than two thirds of Shareholders attending the relevant meeting with voting rights at such meeting.

Written notice of a class meeting shall be given 45 days before the date of the class meeting to notify all of the classified Shareholders in the share register of the matters to be considered at the meeting and the date and place of the class meeting. A Shareholder who intends to attend the class meeting shall deliver his/her written reply concerning attendance at the class meeting to our Company 20 days before the date of the class meeting.

If the number of Shares carrying voting rights at the class meeting represented by the Shareholders who intend to attend the class meeting reaches more than half of the aggregate Shares of such class carrying voting rights at the meeting, our Company may hold the class meeting; if not, our Company shall within five days notify the Shareholders of such class again by public notice, of the matters to be considered at the meeting and the date and place for the class meeting. Our Company may then convene the class meeting after publication of such notice.

Notice of class meetings needs only to be served on Shareholders who are entitled to vote at the meetings.

Class meetings shall be conducted in procedures as similar as possible to those of general Shareholders' meetings. The provisions of our Articles of Association relating to the procedure for conducting general Shareholders' meeting shall apply to any class meeting.

Except for holders of other classes of Shares, holders of domestic Shares and overseas listed foreign Shares are deemed to be Shareholders of different classes.

The special procedures for voting by classified Shareholders shall not apply under the following circumstances:

- (1) Upon the approval by a special resolution at the general Shareholders' meeting, our Company either separately or concurrently issues Domestic Shares and overseas-listed foreign Shares every 12 months, and the number of Shares of each class to be issued shall not account for more than 20% of the outstanding Shares of such class;
- (2) The plan to issue Domestic Shares and overseas-listed foreign Shares upon the establishment of our Company is completed within 15 months of the date of approval by the securities regulatory authorities of the State Council;
- (3) Upon the approval by the securities regulatory authorities of the State Council, the unlisted Shares held by our Shareholders become listed for trading on an overseas stock exchange.

#### **ADOPTION OF SPECIAL RESOLUTIONS REQUIRES MAJORITY VOTE**

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

Adoption of an ordinary resolution at general meeting shall be subject to approval by a simple majority of votes represented by the Shareholders (including their proxies) attending the meeting.

Adoption of a special resolution at general meeting shall be subject to approval by more than two thirds of votes represented by the Shareholders (including their proxies) attending the meeting.

#### **VOTING RIGHTS**

A Shareholder (including a proxy) when voting at a general meeting may exercise voting rights in accordance with the number of Shares with voting power held with each share representing one vote.

On a poll taken at a meeting, a Shareholder (including a proxy) entitled to two or more votes needs not cast all his/her votes in the same way.

In the event when the number of dissenting votes equals the number of supporting votes, whether on a show of hands or on a poll, the chairman of the meeting shall have a casting vote.

**GENERAL MEETINGS**

General meetings are divided into annual general Shareholders' meetings and extraordinary general meetings. General meetings are called by the Board. The annual general meeting shall be convened once a year and be held within six months of the end of the previous fiscal year.

**ACCOUNTING AND AUDITS****(1) Financial and accounting policies**

Our Company shall develop its financial accounting policies pursuant to PRC laws, administrative regulations, as well as the PRC accounting standards developed by the competent department in charge of finance under the State Council.

The Board of our Company shall submit the financial reports of our Company, as required by the applicable laws, administrative regulations or directives promulgated by local governments and competent authorities to be prepared by our Company, at every annual general Shareholders' meeting.

Our Company shall make its financial reports available for inspection by the Shareholders 20 days before the annual general meeting is convened. Each Shareholder is entitled to obtain one copy of the financial report referred to in this chapter.

Our Company shall send the aforesaid reports to each of the holders of overseas listed foreign shares by postage-prepaid mail at least 21 days before the annual general meeting is convened and the recipient's address shall be the address as shown in the share register.

The financial statements of our Company shall, in addition to complying with PRC accounting standards, rules and regulations, be prepared in accordance with either international accounting standards or that of the overseas area in which our Company's Shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in the notes to the financial statements. When our Company is to distribute its after-tax profits of the relevant financial year, the lower of the after-tax profits as shown in the two financial statements shall be adopted.

Any interim results or financial information published or disclosed by our Company shall be prepared in accordance with PRC accounting standards and regulations, and also in accordance with either international accounting standards or that of the overseas area in which our Company's Shares are listed.

Our Company shall publish its financial reports twice every fiscal year, that is, the interim financial report shall be published within 60 days after the expiration of the first six months of each fiscal year and the annual financial report shall be published within 120 days after the expiration of each fiscal year.

Our Company shall not keep any accounting books other than those specified by law.

**(2) Appointment and Dismissal of Accountants**

Our Company shall appoint an accounting firm with independent qualifications that meets appropriate requirements of the state to be responsible for auditing its annual report and reviewing its other financial reports.

The first accounting firm of our Company may be appointed by the inaugural meeting of our Company before the first annual general Shareholders' meeting and the accounting firm so appointed shall hold office until the conclusion of the first annual general meeting.

The Shareholders in general meeting may, by ordinary resolution, remove an accounting firm before the expiration of its office, notwithstanding the stipulations in the contract between the firm and our Company, but without prejudice to the firm's right to claim, if any, for damages in respect of such removal.

The remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined by general meeting. The remuneration of an accounting firm appointed by the Board shall be determined by the Board.

Our Company's appointment of, removal of and non-reappointment of an accounting firm shall be resolved by the general Shareholders' meeting, the resolution of which shall be filed with the securities regulatory agency of the State Council.

If our Company intends to remove or not to re-appoint an accounting firm, it shall notify the accounting firm in advance of 15 days and the accounting firm shall have the right to make a statement at the general Shareholders' meeting. An accounting firm resigning on its own initiative shall make a declaration at the general meeting as to whether our Company is affected by any improprieties.

The accounting firm shall resign by sending a written resignation notice to our Company's legal address. The notice shall take effect on the date of delivery to that address or any such later date as may be specified in the notice. Such notice shall contain the following statements:

- 1) A statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of Shareholders or creditors of our Company; or
- 2) A statement of any circumstances that should be disclosed.

Our Company shall, within 14 days after its receipt of the written notice referred to in the preceding paragraph, send a copy of the notice to the relevant competent authorities. If the notice contains a statement referred to in the two items of the preceding paragraph, a copy thereof shall be deposited at our Company for inspection by Shareholders, and such copy shall also be delivered to holders of overseas listed foreign shares by the manner as stipulated in the Articles of Association or by postage-prepaid mail with recipients' addresses as shown in the share register.

Where the notice of resignation of the accounting firm contains a statement referring to or stating any circumstances which it should account for, it may request the Board to convene an extraordinary general meeting for the purpose of giving an explanation of the circumstances referred to in the said notice.

### **NOTIFICATION AND AGENDA OF GENERAL MEETINGS**

The general meeting is the organ of power in our Company and its functions and powers shall be exercised in accordance with the law.

Our Company shall not, without the prior approval of the general meeting, enter into any contract with any person, who is not a Director, Supervisor, manager or other senior management officer of our Company, to give to such a person the responsibility for the management of the whole or a substantial part of the business of our Company.

The Board shall convene an extraordinary general meeting within two months of the occurrence of any one of the following events:

- (1) when the number of directors is less than that prescribed by the PRC Company Law or less than two-thirds of the number prescribed in the Articles of Association;
- (2) when the losses of our Company amount to one-third of its share capital;
- (3) when Shareholder(s) individually or collectively holding 10% or more of the outstanding Shares of our Company carrying voting rights request so in writing;
- (4) when deemed necessary by the Board or when requested by the Supervisory Board;
- (5) when proposed by more than two independent Directors;
- (6) any other circumstances stipulated in the laws, administrative regulations, regulations of the competent authorities, the Listing Rules or the Articles of Association.

When our Company convenes a general Shareholders' meeting, it shall give written notice, at least 45 days prior to the date of the meeting, to all Shareholders registered in its share register. Such notice shall contain details of the matters proposed to be considered at the meeting and the date and venue of the meeting. Shareholders who intend to attend the meeting shall deposit at our Company written replies confirming their intention to attend at least 20 days prior to the date of the said meeting.

When our Company convenes an annual general Shareholders' meeting, Shareholder(s) holding 3% or more of the total number of the Shares of our Company carrying voting rights shall have the right to propose a new motion to our Company and propose the same to the convener in writing. The convener shall, within two days after receiving the proposed motion, issue a supplemental notice of general meeting to notify other Shareholders and include those matters which are within the scope of duties of the general Shareholders' meeting into the agenda to be considered thereat.

Our Company shall, based on the written replies received 20 days before the date of the general meeting, calculate the number of Shares carrying rights to vote represented by Shareholders who intend to attend the meeting. If the number of Shares carrying rights to vote represented by Shareholders who intend to attend the meeting reaches more than one half of the total number of Shares in our Company which carry rights to vote, our Company may proceed to convene the general meeting; otherwise, our Company shall within five days notify the Shareholders again of the matters to be considered at, and the date and venue of the meeting by way of an announcement. Our Company may then proceed to convene the general meeting.

Notice of a general meeting shall:

- (1) be given in writing;
- (2) specify the venue, date and time of the meeting;
- (3) state the matters to be considered at the meeting;
- (4) provide such information and explanation as necessary for the Shareholders to make an informed decision on the matters to be considered. This principle includes but not limited to that, in case of proposals made to amalgamate our Company with another, to repurchase Shares of our Company, to restructure its share capital, or otherwise, the details of the agreed terms of, and the contract (if any) for the proposed transaction must be provided, and the reason for and the consequences thereof must be properly explained;
- (5) contain a disclosure of the nature and extent, if any, of material interests of any Director, Supervisor, manager or other senior management officer in the proposed transaction and the effect of the proposed transaction on them in their capacity as Shareholders in so far as it is different from the effect on the interests of other Shareholders of the same class;
- (6) contain the full text of any special resolution proposed to be proposed for adoption at the meeting;
- (7) contain a clear statement that a Shareholder entitled to attend and vote at the meeting shall be entitled to appoint one or more proxies to attend such meeting and to vote on his or her behalf and that such proxy may not necessarily be a Shareholder;
- (8) specify the time and place for lodging proxy form(s) for the relevant meeting.

Notices of general meetings shall be delivered by any methods as permitted by the stock exchange of the place where our Company's shares are listed (including but not limited to post, email, fax, announcement, release on the websites of our Company or the stock exchange of the locality where our Company's shares are listed) to Shareholders (whether or not such Shareholders have a voting right at the general Shareholders' meeting). In case of delivery by post, the addresses of the recipients shall be those registered in the share register. In respect of holders of Domestic Shares, notices of the general Shareholders' meetings may also be given by way of an announcement.

The announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory agency of the State Council 45 to 50 days prior to the meeting. All holders of domestic shares shall be deemed to have received the notice of general meeting upon the publication of the announcement.

An accidental omission to give notice of a general meeting to any person entitled to receive notice or a failure by such person(s) to receive such notice shall not invalidate that general meeting and any resolution passed at that meeting.

Shareholders who request an extraordinary general meeting or a general meeting of a class of Shareholders shall comply with the following procedures:

- (1) Shareholders who individually or collectively hold 10% or more of the Shares of our Company carrying voting rights can request the Board to convene an extraordinary general meeting or a class meeting by signing one or several copies of written request(s) in the same form and content, and stating the motions and resolutions proposed. The Board shall convene the extraordinary general meeting or the class meeting as soon as practicably upon receipt of the foresaid written requirement. The number of shareholdings referred to above shall be calculated as at the date of request made.
- (2) In the event that the Board cannot or fails to perform its duty to convene a meeting, the Supervisory Board shall convene and chair the meeting in time. If the Supervisory Board fails to do so, the Shareholders who individually or collectively hold more than 10% of the Shares of our Company within more than 90 consecutive days may convene and chair the meeting by themselves.

If the Shareholders call and convene a meeting by themselves since the Board cannot convene a meeting in accordance with the foresaid requirement, the expenses reasonably resulted therefrom shall be borne by our Company and be deducted from the amounts due to the Directors as a result of loss of office.

Shareholders who individually or collectively hold more than 3% of the Shares of our Company may submit a temporary proposal to the Board in writing prior to ten days since the convening of the general Shareholders' meeting; the Board shall notify other Shareholders within two days upon receiving the proposal and submit this temporary proposal to the general Shareholders' meeting for consideration. The contents of the temporary proposal shall fall into the category of the terms of reference of the general Shareholders' meeting and it shall have the explicit subject and specific resolutions.

Apart from aforesaid matters, the convener shall not amend the proposals stated in the notice of the general Shareholders' meeting or add new proposals upon issuance of the announcement on the notice of the general Shareholders' meeting.



The general Shareholders' meeting shall be convened by the Board and chaired by the chairman; if the chairman cannot or fails to perform his/her duties, the general Shareholders' meeting shall be chaired by a Director co-elected by more than half of the Directors. If the Board cannot or fails to perform its duty to convene the general Shareholders' meeting, the Supervisory Board shall convene and chair the meeting in time; if the Supervisory Board cannot or fails to perform its duty to convene the general Shareholders' meeting, the Shareholders who individually or collectively hold more than 10% of our Company's Shares within more than 90 consecutive days may convene and chair the meeting by themselves. If the Shareholders cannot elect the chairman due to any reason, the Shareholder (including his/her proxy) presented at the meeting who holds the Shares carrying the maximum voting rights shall act as the chairman of the meeting.

The following matters shall be adopted by the general Shareholders' meeting through ordinary resolutions:

- (1) Work reports of the Board and the Supervisory Board;
- (2) Plans formulated by the Board for the distribution of profits and for making up losses;
- (3) Appointment or removal of members of the Board and members of Supervisory Board (except for the employee representative Supervisor), and their remuneration and manner of payment thereof;
- (4) Annual preliminary and final budgets, balance sheets, income and other financial statements of our Company;
- (5) Matters other than those required by the laws, administrative regulations or the Articles of Association to be approved by special resolutions.

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

- (1) The increase or decrease in our Company's share capital, and issue of shares of any class, warrants and other similar securities;
- (2) The issue of debentures of our Company;
- (3) Division, merger, dissolution and liquidation of our Company and any change in the form of our Company;
- (4) Amendments to the Articles of Association;
- (5) Share incentive plans to be considered and implemented;
- (6) Any other matters decided by the general Shareholders' meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on our Company and should be adopted by a special resolution.

**TRANSFER OF SHARES**

Unless otherwise provided by laws and administrative regulations, the Shares of our Company shall be freely transferable and free from any lien.

The alteration to, or rectification of, any part of the share register shall be carried out in accordance with the laws of the place where the share register is maintained.

**RIGHTS OF OUR COMPANY TO BUY BACK ITS OUTSTANDING SHARES**

Under any of the following circumstances, our Company may buy back our outstanding Shares pursuant to the requirements of the laws, administrative rules, the Listing Rules, regulations and the Articles of Association and subject to approvals of the relevant government authority:

- (1) Cancellation of Shares to reduce our Company's share capital;
- (2) Merger with other companies which hold the Shares;
- (3) Paying Shares to the employees of our Company as bonus;
- (4) Buying back the Shares from Shareholders who vote against any resolutions adopted at the general meeting concerning the merger and division of our Company;
- (5) Other circumstances as permitted by the laws and administrative regulations.

In the event our Company buys back its Shares for reasons stated in (1) through (3) of the preceding paragraph, related resolutions must be adopted at the general Shareholders' meeting. If our Company buys back the Shares according to the provisions of the preceding paragraph under the circumstances set forth in (1), the Shares bought back must be cancelled within ten days of the date on which they are bought back. In the event of the circumstances set forth in (2) and (4), the Shares bought back must be transferred or cancelled within six months.

In the event that our Company buys back the Shares pursuant to the provisions of (3) in the preceding paragraph, the Shares bought back may not exceed 5% of the total issued Shares of our Company. The fund used for such buyback must be allocated from the after-tax profit of our Company and the Shares bought back must be transferred to the employees within one year.

Our Company may, subject to the approval of the competent authorities of the PRC buy back Shares in any of the following ways:

- (1) Making a pro-rata offer of repurchase to all its shareholders;
- (2) Repurchasing Shares through public trading on a stock exchange;

- (3) Repurchasing Shares by an agreement outside a stock exchange;
- (4) Other ways approved by the relevant competent authorities of the PRC.

Where our Company repurchases its Shares by an agreement outside a stock exchange the prior approval of the general meeting shall be obtained in accordance with the Articles of Association. Our Company may rescind, vary the contract or waive its rights under a contract so entered into by our Company with the prior approval at the general meeting in the same manner. The contract to repurchase Shares includes, but is not limited to, an agreement that consents to undertake the obligation to buy back the Shares and obtain rights to buy them back.

Our Company may not assign any contract for the repurchase of its Shares or any rights conferred under such contract.

Unless our Company is in the course of liquidation, it must comply with the following provisions in relation to repurchase of its issued Shares:

- (1) Where our Company repurchases its Shares at par value, payment shall be made out of book surplus distributable profits of our Company, or out of proceeds of a new issue of Shares made for that purpose;
- (2) Where our Company repurchases its Shares at a premium to its par value, payment up to the par value shall be made out of the book surplus distributable profits of our Company, or out of the proceeds of a new issue of Shares made for that purpose. Payment of the portion in excess of the par value shall be effected as follows:
  - 1) Where the Shares being repurchased were issued at par value, payment shall be made out of the book surplus distributable profits of our Company;
  - 2) Where the Shares being repurchased were issued at a premium to its par value, payment shall be made out of the book surplus distributable profits of our Company, and out of the proceeds of a new issue of Shares made for that purpose, provided that the amount paid out of proceeds of the new issue shall neither exceed the aggregate premiums received by our Company on the issue of the Shares being repurchased nor the amount in the premium account (or capital reserve account) when the repurchase take place (including the premiums on the new issue);
- (3) Payment by our Company for the following purposes shall be made out of our Company's distributable profits:
  - 1) Acquisition of rights to repurchase its Shares;
  - 2) Variation of contract to repurchase its Shares;
  - 3) Release of its obligation under any contract to repurchase Shares;

- (4) After the total par value of the cancelled Shares is deduced from our registered capital pursuant to the relevant provisions, the amount deducted from the distributable profits for payment of the par value portion of the Shares repurchased shall be credited to our Company's premium account (or capital reserve account).

#### **DIVIDENDS AND DISTRIBUTION METHODS**

Our Company may distribute dividends by the following ways:

- (1) Cash;
- (2) Shares;
- (3) Other ways as permitted by laws, administrative regulations, departmental rules or the Listing Rules.

Cash dividends and other monies paid by our Company to holders of domestic Shares shall be paid in RMB. Cash dividends and other monies paid by our Company to holders of overseas-listed foreign Shares shall be calculated and announced in RMB and paid in a foreign currency. The foreign currency required by our Company to pay cash dividends and other monies to holders of overseas listed foreign Shares shall be obtained pursuant to state regulations on foreign exchange.

Our Company shall appoint receiving agents for holders of overseas-listed foreign Shares. The receiving agents appointed by our Company shall comply with the requirements of the laws in the jurisdiction where our Shares are listed or the requirements of the stock exchanges on which our Shares are listed. The receiving agents appointed on behalf of holders of overseas listed foreign Shares traded on the Hong Kong Stock Exchange shall be companies registered as a trust company under the Trustee Ordinance of Hong Kong.

#### **PROXIES**

Any Shareholder entitled to attend and vote at a general meeting shall be entitled to appoint one or more persons (who may not necessarily be Shareholders) as his/her proxy to attend and vote on his/her behalf, and a proxy so appointed shall:

- (1) Have the same right as the Shareholder to speak at the meeting;
- (2) Have authority to demand or join in demanding a poll;
- (3) Have the right to vote by hand or on a poll, but when there are more than one proxy, that proxy may only vote on a poll.

The instrument appointing a proxy shall be in writing and shall be signed by the appointer or a person duly authorised in writing. Where the appointor is a legal person, the stamp of the legal person shall be affixed, or signed by the director or a duly authorized agent.

The power of attorney must be kept at the residential address or other location designated in the notice convening the meeting no later than 24 hours before the meeting at which the power of attorney is put to vote is convened or 24 hours before the designated time at which the resolution is adopted. If the power of attorney is signed by another person authorized by the appointer by means of power of attorney or other instrument of authorization, the power of attorney or other instrument must be verified by a notary. The power of attorney or other instrument verified by the notary must be kept together with the power of attorney appointing the entrusted representative at our residential address or other location designated at the notice convening the meeting.

If the appointer is a legal person, its legal representative or such person as authorized by resolution of its Board of Directors or other governing bodies to act as its representative may attend at any general meetings of our Company.

Any form sent by the Directors to the Shareholder for appointing a shareholder proxy shall allow the Shareholder, according to his or her free will, to instruct the proxy to vote and provide instructions separately for matters to be put to vote on each item on the meeting agenda. The power of attorney shall specify that the shareholder proxy may vote at his or her own discretion if the Shareholder does not provide instructions.

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or loss of capacity of the appointor or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Shares in respect of which the proxy is given, provided that no notice in writing of such matters as aforesaid shall have been received by our Company at its residence before the relevant meeting is convened.

#### **REGISTER OF MEMBERS AND OTHER RIGHTS OF SHAREHOLDERS**

Pursuant to the understanding reached and agreement entered into between the securities regulator under the State Council and the overseas securities regulatory agency, our Company may keep overseas a register of members of the overseas-listed foreign Shares and entrust an overseas agency to manage it. The original register of members of the overseas listed foreign Shares listed in Hong Kong shall be kept in Hong Kong.

Our Company shall keep a copy of the register of members of the overseas-listed foreign Shares at our residential address. The overseas entrusted agency shall at all times guarantee consistency between the original and copy of the register of members of the overseas-listed foreign Shares.

In case of inconsistency between the original and copy of the register of members of the overseas-listed foreign Shares, the original shall prevail.

Our Company shall keep a complete register of members.

The register of members shall include the following:

- (1) Register of members kept at our residential address other than those specified in (2) and (3);
- (2) Register of members of our overseas-listed foreign Shares kept at the location of the overseas stock exchange where such Shares are listed;
- (3) Register of members kept in other locations according to the decision of the Board of Directors as required for the listing of the Shares.

Different parts of the register of members shall not overlap. The transfer of Shares registered in a certain part of the register of members shall not be registered elsewhere in the register of members as long as the Shares remain registered.

Any alteration or rectification to any part of the register of members shall be made in accordance with the laws in the place where such part of the register of members is maintained.

No change of the register of members as a result of the transfer of Shares shall be made within 30 days before the general Shareholders' meeting is convened or within 5 days prior to the record date on which our Company decides to distribute dividends.

When our Company convenes the general meeting, distributes dividends, goes into liquidation or is involved in other actions that require the confirmation of equities, the Board of Directors shall fix a date as the equity registration date, upon expiration of which the Shareholders whose names appear on the register of members shall be the Shareholders.

Any person who objects to the register of members and requests to register his/her name (title) in the register of members or to remove his/her name (title) from the register of members may apply to the court with jurisdiction to amend the register of members.

Subject to production of the relevant written documents evidencing the class and quantity of Shares held and verification of their identities as Shareholders by our Company, Shareholders are entitled to obtain relevant information in accordance with laws, administrative regulations and the requirements of the Articles of Association, including:

- 1) A copy of the Articles of Association, subject to payment of costs;
- 2) The right to inspect and copy the following, subject to payment of a reasonable fee:
  - a) All parts of the register of members;
  - b) Personal particulars of each of our Company's Directors, Supervisors, managers and other senior management, including:
    - i. Present and former names and aliases;

- ii. Principal address (place of residence);
- iii. Nationality;
- iv. Primary and all other part-time occupations and duties;
- v. Identification documents and numbers;
- c) Status of our Company's share capital;
- d) Reports showing the aggregate nominal value, quantity, highest and lowest prices paid in respect of each class of Shares repurchased by our Company since the previous accounting year and the aggregate amount paid by our Company for this purpose;
- e) Counterfoil of our Company's debentures;
- f) Minutes of general Shareholders' meetings.

#### **QUORUM OF GENERAL MEETINGS**

If the number of Shares carrying voting rights represented by the Shareholders intending to attend a meeting exceeds one half of the total number of Shares carrying voting rights, our Company may convene the general Shareholders' meeting. If the number of a class of Shares carrying voting rights represented by the Shareholders intending to attend a meeting exceeds one half of the total number of such class of Shares, our Company may convene the classified meeting.

#### **RESTRICTIONS ON RIGHTS OF CONTROLLING SHAREHOLDERS**

In addition to the obligations imposed by laws, administrative regulations or the listing rules required by the stock exchange on which Shares of our Company are listed, Controlling Shareholders shall not exercise their voting rights in respect of the following matters in a manner prejudicial to the interests of all or part of the Shareholders of our Company:

- (1) To release the responsibility of a Director or Supervisor to act honestly in the best interests of our Company;
- (2) To approve the expropriation by a Director or Supervisor (for his/her own benefit or for the benefit of another person), in any way, of our Company's assets, including (without limitation to) any opportunities beneficial to our Company;
- (3) To approve the expropriation by a Director or Supervisor (for his/her own benefit or for the benefit of another person) of the personal rights of other Shareholders, including (without limitation to) rights to distributions and voting rights save pursuant to a restructuring proposal submitted to Shareholders for approval in accordance with the Articles of Association.

**COMPANY LIQUIDATION**

Our Company shall be dissolved and liquidated lawfully upon the occurrence of any of the following events:

- (1) The operation period expires;
- (2) A resolution for dissolution is passed by Shareholders at a general Shareholders' meeting;
- (3) Dissolution is necessary due to a merger or division of our Company;
- (4) Our Company is legally declared insolvent due to its failure to repay debts as they become due;
- (5) Our Company is ordered to close down because of its violation of laws and administrative regulations; or
- (6) Where our Company encounters significant difficulties in business and management, continuous survival will be significantly detrimental to the interests of Shareholders, and the difficulties may not be overcome through other means, Shareholders who hold more than 10% of the Shares carrying voting rights may request a People's court to dissolve our Company.

Where our Company is dissolved due to the provisions set forth in (1) and (2) above, the liquidation team shall be established within 15 days and the personnel of the liquidation team shall be determined by a general Shareholders' meeting with an ordinary resolution.

In the event that our Company is dissolved in accordance with the provisions set forth in (4) above, the People's court shall organize Shareholders, related agencies and professionals to form the liquidation team to conduct the liquidation pursuant to relevant provisions of the law.

In the event that our Company is dissolved in accordance with the provisions set forth in (5) above, the relevant competent authority shall organize Shareholders, related agencies and professionals to form the liquidation team to conduct the liquidation.

If the Board decides to liquidate our Company (except where our Company is liquidated after declaring bankruptcy), the Board shall state in the notice of the general Shareholders' meeting convened for this purpose that the Board has performed a comprehensive investigation of the status of our Company and believes that our Company is able to payoff all of our debts within 12 months of the start of liquidation.

Upon the passing of the resolution by Shareholders in the general Shareholders' meeting for the liquidation of our Company, all duties and powers of the Board shall terminate immediately.



The liquidation committee shall act in accordance with the instructions of the general Shareholders' meeting to make a report at least once every year to the general Shareholders' meeting on the committee's income and expenses, the businesses of our Company and the progress of the liquidation and to present a final report to the general Shareholders' meeting on the completion of the liquidation.

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

- (1) Categorise our Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) Notify the creditors or to publish public announcements;
- (3) Dispose of and liquidate any pending businesses of our Company;
- (4) Pay outstanding taxes;
- (5) Settle claims and debts;
- (6) Deal with the surplus assets remaining after repayment by our Company of debts; and
- (7) Represent our Company in any civil proceedings.

After it has categorised our Company's assets and after it has prepared the balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to a general Shareholders' meeting or to the relevant competent authority for confirmation.

Where our Company is liquidated by reason of dissolution, upon completion of the categorisation of our Company's assets and preparation of a balance sheet and an inventory of assets, if the liquidation committee discovers that our Company's assets are insufficient to repay our Company's debts in full, the liquidation committee shall immediately apply to the People's court for a declaration of insolvency. After our Company is declared insolvent by a ruling of the People's court, the liquidation committee shall transfer all matters arising from the liquidation to the People's court.

Following the completion of the liquidation, the liquidation committee shall prepare a liquidation report, a statement of income and expenses received and made during the liquidation period and a financial report, which shall be verified by a Chinese certified public accountant and submitted to the general meeting or the relevant competent authority for confirmation.

The liquidation committee shall, within 30 days after the confirmation by the general Shareholders' meeting or the relevant competent authority, submit the documents referred to in the preceding paragraph to the registration authority and apply for cancellation of registration of our Company, and publish a public announcement relating to the termination of our Company.

**OTHER IMPORTANT PROVISIONS FOR OUR COMPANY OR THE SHAREHOLDERS****(1) General Provisions**

Our Company is a permanently existing joint stock limited company.

Our Company may invest in other companies, provided that, unless required by law, it may not become a jointly liable investor for the liability commitments of the invested company.

The Articles of Association is binding on our Company, the Shareholders, Directors, Supervisors, managers, and other senior management. The above personnel are entitled to make claims concerning the affairs of our Company in accordance with the Articles of Association.

Shareholders may sue our Company pursuant to the Articles of Association. Our Company may sue Shareholders pursuant to the Articles of Association. Shareholders may sue Shareholders pursuant to the Articles of Association. Shareholders may sue the Directors, Supervisors, managers and other senior management pursuant to the Articles of Association.

**(2) Our Company may increase stock capital by the following means:**

- 1) Offer new Shares to unspecified investors;
- 2) Place new Shares with existing Shareholders;
- 3) Give new Shares to existing Shareholders;
- 4) Issue new Shares to particular investors;
- 5) Convert the reserve funds into share capital;
- 6) other means approved by the laws, administrative regulations and securities regulatory agency of the State Council.

Upon approval to issue our Company's new Shares according to the provisions of the Articles of Association, the matter is to be dealt with in accordance with the procedures of related laws and administrative regulations of the State.

Our Company may reduce our share capital according to the provisions of the Articles of Association. Reduction in share capital of our Company is to be made in compliance with the procedures under the PRC Company Law, other relevant provisions and the Articles of Association.

Where our Company reduces our share capital, it must prepare a balance sheet and a list of properties.

After our Company's reduction in capital, our share capital may not be less than the statutory minimum amount.

**(3) Shareholders**

The Shareholders of our Company are persons lawfully holding the Shares of our Company and whose names (titles) are listed in the register of Shareholders. Shareholders are entitled to rights and assume obligations according to types of their Shares and their shareholdings. Shareholders who hold the same type of Shares are entitled to the same rights and assume the same obligations.

The Shareholders of ordinary Shares of our Company enjoy the following rights:

- 1) To receive dividends and other distributions in proportion to the number of Shares held;
- 2) To participate in or appoint a proxy of Shareholder to participate in and exercise voting rights at the general Shareholders' meeting;
- 3) To supervise and manage our business and operational activities, provide suggestions or submit queries;
- 4) To transfer the Shares held according to the provisions of the laws, administrative regulations and the Articles of Association;
- 5) To obtain relevant information according to the provisions of law, administrative regulations and the Articles of Association;
- 6) To participate in the distribution of the remaining assets of our Company in proportion to the number of Shares held upon our termination or liquidation;
- 7) To require our Company to acquire Shares of Shareholders who disagree with the resolutions on the merger or division of our Company which are passed by the general meeting;
- 8) To entitle Shareholders holding, individually or in aggregate, more than 3% of Shares of our Company to propose additional resolution in writing to the Board 10 days before the general meeting;
- 9) Other rights conferred by laws, administrative regulations and the Articles of Association.

Our Company may not exercise any power to freeze or otherwise impair any of the rights attaching to any Share by reason only that any person interested directly or indirectly in the Shares of our Company has failed to disclose his/her interests to our Company.

Our Company adopts the registered method for the Shares.

The Share certificates of our Company are signed by the chairman of the Board of Directors. Where the stock exchange on which the Shares are listed requires our other senior management of our Company to sign the Share certificates, they are also to be signed by other senior management. The Share certificates are to become effective after being affixed with the stamp of our Company or print-stamped. Affixing our Company stamp to the Share certificates is subject to the authorization of the Board of Directors. The signature of the chairman of the Board of Directors or other related senior management may also be printed on the Share certificates.

If any person whose name appears in the register of Shareholders or who requests to register his/her name (title) in the register of Shareholders loses his/her Share certificates (that is, “original Share certificates”), he/she may apply to our Company to re-issue new Share certificates for those Shares. If our Company is granted a mandate to issue warrants to anonymous holders, it may not issue any new warrants to replace the original warrants lost unless it is convinced beyond reasonable doubt the original warrants have been destroyed.

In the event Shareholder of Domestic Shares applies to our Company for a re-issuance after losing the Share certificates, the matter is to be dealt with pursuant to related provisions of the PRC Company Law.

In the event a Shareholder of overseas listed foreign Shares applies to our Company for re-issuance after losing the Share certificates, the matter is to be dealt with pursuant to the laws, rules of the stock exchange or other related provisions where the original register of Shareholders of the overseas listed foreign Shares is kept.

In the event a Shareholder of overseas listed foreign Shares listed in Hong Kong applies to our Company for re-issuance after losing the Share certificates, the Share certificates are to be issued in compliance with the following requirements:

- 1) The applicant shall submit the application in the standard format designated by our Company and attach a notary certificate or legal declaration. The contents of the notary certificate or legal declaration shall include the reason for the applicant’s request, circumstances and evidence of loss of Share certificates, as well as a statement that nobody else may request to be registered as a Shareholder with respect to the pertinent Shares.
- 2) Before deciding to issue new Share certificates, our Company does not receive any statement in which any person other than the applicant requests to be registered as the Shareholder with respect to the Shares.
- 3) If our Company decides to issue new Share certificates to the applicant, we shall publish an announcement in a newspaper designated by the Board of Directors indicating that we plan to re-issue new Share certificates. The announcement period shall be 90 days and the announcement shall be published at least once every 30 days.

- 4) Before publishing the announcement indicating that we plan to re-issue new Share certificates, our Company shall submit a copy of the announcement to be published to the securities exchange on which the Shares are listed and may publish the announcement after receiving a reply from the stock exchange confirming that the announcement has been displayed at the stock exchange. The period of displaying the announcement at the stock exchange is 90 days.

If the application for reissue of new Share certificates is not approved by the registered Shareholders of the related Shares, our Company shall mail the copy of the announcement to be published to the Shareholders.

- 5) In the event that nobody raises any objection to the reissue of new Share certificates to our Company, upon expiration of the 90-day display period of the announcement specified in 3) and 4) above, the new share certificates may be reissued according to the application.
- 6) When re-issuing new Share certificates according to the Articles of Association, our Company shall immediately cancel the original Share certificates and register the cancellation and reissue on the register of Shareholders.
- 7) All expenses incurred by our Company from the cancellation of the original Share certificates and reissue of the new Share certificates are to be borne by the applicant. Before the applicant has provided reasonable security, our Company has the right to refuse to take any action.

#### **(4) Shareholders Untraceable**

When permitted by laws, our Company is entitled to sell the Shares of a Shareholder failing to be contacted under the following circumstances:

- 1) Our Company has paid dividends at least three times on these Shares within 12 years, but no one has claimed the dividends during that period; and
- 2) Upon expiration of the 12-year period, our Company publishes an announcement in a newspaper, indicating our intention to sell the Shares and notifies the stock exchange on which the Shares are listed of such intention.

#### **(5) Regulations on the Powers of the Board and Convening the Board Meetings**

The Board of Directors is responsible to the general Shareholders' meeting and exercises the following powers:

- 1) Convene the general Shareholders' meeting and report on work to the general Shareholders' meeting;
- 2) Implement the resolutions of the general Shareholders' meeting;

- 3) Determine our business and investment plans;
- 4) Devise our annual financial budget and closing account plans;
- 5) Devise our profit distribution and loss offset plans;
- 6) Formulate the plans for increasing or decreasing our registered capital and the issue of corporate bonds;
- 7) Formulate plans for corporate merger, separation, and dissolution of our Company;
- 8) Decide on the setup of our Company's internal management organization;
- 9) Appoint or dismiss the general manager of our Company; based on the nomination of the general manager, to appoint or dismiss our deputy general manager and chief financial officer; to appoint or dismiss the secretary to the Board, and determine their remuneration;
- 10) Determine the salaries, benefits, rewards and punishment for the staff of our Company;
- 11) Approve our Company to appoint or change directors and shareholder representative supervisors of wholly-owned subsidiaries of our Company, appoint, change or recommend representatives of the shareholders, directors (candidate), and shareholder representative supervisors (candidate) of entities controlled or invested in by our Company;
- 12) Set our basic management systems;
- 13) Make the modification plan to this Articles of Association;
- 14) Determine the establishment of our Company's domestic or overseas sub-branches;
- 15) Decide on the matters such as merger, division or reorganization of entities wholly-owned or controlled by our Company;
- 16) Decide on the establishment of special committees under the Board and to appoint or remove its person-in-charge;
- 17) Propose at general Shareholders' meetings a resolution in respect of candidates for independent Directors and replacement of independent Directors;
- 18) Propose at general Shareholders' meetings for the appointment, renewal or remove of accountants' firm conducting audit for our Company;
- 19) Attend to the work report of our general manager and review the work of the general manager;

- 20) Manage information disclosure of our Company;
- 21) Formulate the equity incentives plan;
- 22) Exercise decision-making power on issues in respect of external investment (including increase in investment and equity transfer), financing, venture investment, entrusted wealth management, provision of external guarantees, save and except for those decisions to be decided by the general Shareholders' meeting pursuant to the law, regulations and the Articles of Association;
- 23) Decide on other major affairs of our Company, save for matters to be resolved at general Shareholders' meetings as required by the PRC Company Law and the Articles of Association;
- 24) Decide on and to monitor the implementation of our Company's risk management system, including risk assessments, financial control, internal audit and legal risk control;
- 25) other powers conferred by the Articles of Association or the general Shareholders' meetings;
- 26) other matters authorized by the laws, administrative regulations, department rules and the Listing Rules.

All of the above resolutions adopted by the Board of Directors, except for those in 6), 7) and 13), which must be approved by more than a two-thirds vote of the Directors, are to be approved by a simple majority of votes by the Directors.

Board meetings are to be convened at least twice a year and called by the chairman of the Board of Directors, and a notice of at least 10 days is to be sent to all Directors before the meeting is convened.

The chairman of the Board of Directors shall convene a special Board meeting within 10 days upon receiving the proposal in case of occurrence of any of the following events:

- 1) When the Shareholders representing over 10% of voting rights make a proposal;
- 2) When over one third of Directors make a proposal;
- 3) When the chairman of the Board of Directors deems necessary;
- 4) When two independent Directors make a proposal;
- 5) When the Supervisory Board makes a proposal;
- 6) When the general manager makes a proposal.

The Directors shall attend the Board meeting in person. In the event that Directors are unable to attend the meeting for some reason, he/she may appoint in writing another Director to attend the Board meeting. The proxy letter is to specify authority domain.

The Director who attends the meeting on behalf of another Director is to exercise the right of the Director within the scope of authorization. If any Director fails to attend the Board meeting or entrust a proxy to be present on his/her behalf, such Director is deemed to have waived his/her voting rights at that meeting.

Board meetings are to be attended by more than half of the Directors before the Board meeting can be convened.

Each Director has one vote. Resolutions made by the Board of Directors must be approved by more than half of the Directors' votes.

When the number of dissenting votes equals the number of affirmative votes, the chairman of the Board of Directors is entitled to one additional vote.

Apart from certain exceptions specified in laws, regulations and relevant requirements of the securities regulatory agencies in the place where our Company's Shares are listed, a Director may not vote on passing of any resolution pertaining any contract, arrangement or any other recommendation in which he/she himself/herself or any of his/her associates is materially interested proposed at a Board meeting. Such Director may not be counted in the quorum of the relevant meeting. Where the number of the Directors who can vote on this matter is less than three, such issue is to be submitted to the general Shareholders' meeting for voting.

**(6) Independent Director**

The Board of Directors includes three independent Directors. The independent Directors shall carry out responsibilities in an independent manner, without influence by our Company's major Shareholders, de facto controller, or other units or individuals which have interests in our Company, or its major Shareholders, or de facto controller. The independent Directors are to perform their duties diligently, so as to protect our Company's interests, in particular, to ensure that the legal rights of the public Shareholders are not infringed.

**(7) Secretary to the Board**

The secretary to the Board must be a natural person with the requisite expertise and experience and be appointed by the Board of Directors.

**(8) Supervisory Board**

Our Company shall set up a Supervisory Board. The Supervisory Board consists of five Supervisors, and one of them serves as the chairman of the Supervisory Board. The Supervisors serve three-year terms and may be re-elected. The chairman of the Supervisory Board shall be elected and dismissed by more than a two-thirds vote of the members of the Supervisory Board.



The Supervisory Board shall consist of three shareholder representative Supervisors and two employee representative Supervisors of our Company. The shareholder representative Supervisors shall be elected and dismissed by the general meeting. The employee representatives shall be elected and dismissed through democratic election.

The Directors, general manager, secretary to the Board, chief financial officer and other senior management may not also serve as Supervisors.

The Supervisory Board is to convene at least two regular meetings every year. The chairman is to convene extraordinary meetings of the Supervisory Board.

The Supervisory Board is responsible to the general Shareholders' meeting and lawfully exercises the following powers:

- 1) Examine the financial standing of our Company;
- 2) Supervise the Directors, general manager and other senior management in performing their duties to our Company, to determine whether there is any action in contravention of any laws, administrative regulations or the Articles of Association, and to put forward suggestions for dismissing any Directors or senior management who are in breach of the laws, administrative regulations, the Articles of Association or resolutions of the general Shareholders' meetings;
- 3) Require the Directors, general manager and other senior management to take corrective measures when their actions are detrimental to our Company's interests;
- 4) Verify the financial information such as the financial reports, business reports and profit distribution plans to be submitted by the Board to the general Shareholders' meetings and, should any queries arise, to authorize, in the name of our Company, a re-examination by the certified public accountants and practicing auditors;
- 5) Propose to convene an extraordinary general Shareholders' meeting, where the Board of Directors fails to perform the duties in relation to convening or presiding over the general meeting as required by the PRC Company Law, to convene and preside over the general Shareholders' meeting;
- 6) Submit proposals at the general Shareholders' meetings;
- 7) Propose to convene extraordinary Board meetings;
- 8) Represent our Company in negotiating with or in bringing actions against the Directors and senior management;
- 9) Investigate into any abnormalities in operation of our Company; if necessary, to engage accounting firms, law firms and other professional institutions to assist its work, and the expenses are to be borne by our Company;

10) Other powers and duties stipulated in the Articles of Association.

The Supervisors are to attend the Board meeting and may make queries or provide suggestions on the resolutions of the Board meeting.

**(9) General Manager**

Our Company includes one general manager, nominated, appointed or dismissed by the Board of Directors.

The general manager of our Company is responsible to the Board of Directors and exercises the following powers:

- 1) Be in charge of the producing and operational management of our Company, to organize the enforcement of resolutions of the Board of Directors;
- 2) Organize the implementation of the annual operation plans and investment schemes of our Company;
- 3) Formulate the structure scheme of the internal management agency of our Company;
- 4) Formulate the structure scheme of the branch of our Company;
- 5) Formulate the basic management system of our Company;
- 6) Formulate the basic rules of our Company;
- 7) Propose the appointment or dismissal of the deputy general manager, chief financial officer or other senior management of our Company;
- 8) Appoint or dismiss management other than those to be appointed or dismissed by the Board of Directors;
- 9) Determine the salaries, benefits, rewards and punishment for the staff of our Company, and to determine the appointment and dismissal of the staff of our Company;
- 10) Propose to convene extraordinary Board meetings;
- 11) Other powers and duties authorized by the Articles of Association and the Board of Directors.

**(10) Reserves**

When the annual after-tax earnings of our Company are distributed, our Company must allocate 10% of the profits to our statutory reserve. When the aggregate amount of the statutory reserve reaches or exceeds 50% of our Company's registered capital, no more allocations need to be provided.

If our statutory reserve is insufficient to offset our losses incurred during the previous year, the profits generated during the current year must be used to make up the losses before allocating the statutory reserve in accordance with the requirements set forth in the preceding paragraph.

After allocation to the statutory reserve from the profits after tax of our Company, we may also allocate to the reserves at will from after-tax earnings in line with the resolution(s) adopted at the general Shareholders' meeting.

After offsetting the losses and allocating to the reserve, all remaining earnings may be distributed in proportion to Shares held by Shareholders.

If it is resolved at the general Shareholders' meeting to distribute profit to Shareholders before offsetting the losses and making allocation to statutory revenue reserve in violation to the provisions of the previous paragraph, the Shareholders shall return such distributed profits to our Company.

The Shares held by our Company may not participate in the profit distribution.

**(11) Settlement of Disputes**

Our Company shall comply with the following rules governing the settlement of disputes:

- 1) Whenever there occur any disputes or claims between Shareholders of the overseas-listed foreign Shares and our Company, Shareholders of the overseas-listed foreign Shares and our Company's Directors, Supervisors, general manager or other senior management, or Shareholders of the overseas-listed foreign Shares and Shareholders of Domestic Shares regarding the rights or obligations relating to the affairs of our Company imposed by the Articles of Association, the PRC Company Law and other relevant laws and administrative regulations, such disputes or claims are to be referred by the relevant parties to arbitration.

Where the aforesaid dispute or claim of rights is referred to arbitration, the entire claim or dispute as a whole must be referred to arbitration, and any parties who have a cause of action based on the same facts or whose participation is necessary for the settlement of such dispute or claim, are bound by the award of the arbitration provided that such person is our Company or a Shareholder, a Director, a Supervisor, the general manager or other senior management of our Company.

Disputes in relation to the definition of Shareholders and the Shareholders' register need not be resolved by arbitration.

- 2) A claimant may elect for arbitration at either the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Centre in accordance with its Securities Arbitration Rules. Once a claimant refers a dispute or claim to arbitration, the other party must submit to the arbitral body so elected by the claimant.

If a claimant elects for arbitration at Hong Kong International Arbitration Centre, any party to the dispute may request the arbitration to be conducted in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.

- 3) The laws of the PRC are applicable to the arbitration for the disputes or claims of rights referred to in item (1), unless otherwise provided in the laws and administrative regulations.
- 4) The award of an arbitration body shall be final and binding on all parties.