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## **APPENDIX VI      SUMMARY OF THE ARTICLES OF ASSOCIATION**

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*The summary of the main articles of the Articles of Association of the Company is set out below. The main purpose is to provide potential investors with an overview of the Articles of Association of the Company. The data set out below is only a summary, which does not contain all the data that is important for potential investors.*

This appendix contains the summary of the main articles of the Articles of Association of the Company that was considered and approved at the second extraordinary general meeting 2013 held on June 24, 2013 with effect from the date when the Company is listed on the Stock Exchange and issues H Shares. The main purpose of this appendix is to provide potential investors with an overview of the Articles of Association. The following information is only a summary, which does not contain all the information that is important for potential investors. As set out in the Appendix VIII of this prospectus – “Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection”, the full text in Chinese of the Articles of Association is available for reference.

### **1. DIRECTORS AND BOARD OF DIRECTORS**

#### **(a) Power of allotment and issuance of shares**

The Articles of Association does not contain any clause giving the Board of Directors the power of allotment or issuance of shares. The Board of Directors needs to formulate an issuance and listing plan and submits to a Shareholders’ general meeting to be adopted by way of special resolution after voting through by more than half Directors. The Board of Directors of the Company can make the implementation arrangement of separate issuance for the plan of the Company for issuing Overseas-Listed Foreign Shares and Domestic Shares that has been approved by the securities regulatory agency under the State Council.

#### **(b) Power to dispose the assets of the Company or any of its subsidiaries**

During the disposition of fixed assets, the Board of Directors shall not, without the prior approval of Shareholders in a general meeting, dispose or agree to dispose of any fixed assets of the Company where the sum of estimated value of fixed assets to be disposed of and the value of such fixed assets disposed of within 4 months immediately preceding the proposed disposition exceeds 33% of the value of fixed assets shown in the latest balance sheet considered by a general meeting. For the purposes of this Article, “disposition” on fixed assets include an act involving the transfer of interests in assets, but it exclude the provision of guarantee by fixed assets. The validity of a disposition on fixed assets made by the Company shall not be affected by any breach of the provisions herein.

The Board of Directors and general meetings determine the authority for sale of assets, set up strict review and decision-making procedures, and enjoy the consideration and approval authority respectively in accordance with the proportion of total assets involved in the transaction in the total audited assets of the Company during the latest period, the proportion of object of transaction (such as equity) in the main business income of the Company in the latest fiscal year and its absolute amount, the proportion of relevant profits of the object of

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transaction (such as equity) in the latest fiscal year in the audited net profits of the Company in the latest fiscal year and its absolute amount, as well as the proportion of transaction turnover (including assumed debts and expenses) in the audited net assets of the Company during the latest period and its absolute amount, the proportion of profits arising from transactions in the audited net profits of the Company in the latest fiscal year as well as the magnitude of its absolute amount.

**(c) Compensation in respect of loss of office**

The contract concerning the emoluments between the Company and its Directors or Supervisors should provide that in the event that the Company is acquired, the Company's Directors and Supervisors shall, subject to the prior approval of Shareholders in a general meeting, have the right to receive compensation or other payment in respect of his loss of office or retirement.

The acquisition of the Company referred in the previous article includes any of the following:

- (1) an offer made by any person to the general body of Shareholders;
- (2) an offer made by any person with a view to make the offer becoming a "controlling Shareholder" within the meaning of Article.

If the relevant Director or Supervisor does not comply with the above provisions, any sum so received by him shall belong to those persons who have sold their shares as a result of such offer. The expenses incurred in distributing such sum on a pro rata basis amongst such persons shall be borne by the relevant Director or Supervisor and shall not be paid out of such sum.

**(d) Make a loan to Director, Supervisor and other senior officers**

The Company shall not directly or indirectly make a loan to or provide any guarantee in connection with the making of a loan to a Director, Supervisor, general manager and other senior management personnel of the Company or its holding company or any of their respective associates.

The foregoing prohibition shall not apply to the following circumstances:

- (1) provision of a loan or guarantee for a loan by the Company to its subsidiary;
- (2) the provision by the Company of a loan or a guarantee in connection with the making of a loan or any other funds available to its Directors, Supervisors, general manager and other senior management personnel to meet expenditure incurred or to be incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of a service contract approved by the Shareholders in a general meeting;

- (3) if the ordinary course of business of the Company includes the lending of money or the giving of guarantees, the Company may make a loan to or provide a guarantee in connection with the making of a loan to a Director, Supervisor, general manager and other senior management personnel or his associates in the ordinary course of its business on normal commercial terms.

Any person who receives funds from a loan which has been made by the Company acting in breach of the preceding article shall, irrespective of the terms of the loan, forthwith repay such funds.

A guarantee in connection with a loan which has been provided by the Company acting in breach of the above article shall not be enforceable against the Company, save in respect of the following circumstances:

- (1) the guarantee was provided in connection with a loan which was made to an associate of a Director, Supervisor, general manager and other senior management personnel of the Company or the Company's holding company and the lender of such funds did not know of the relevant circumstances at the time of the making of the loan;
- (2) the collateral which has been provided by the Company has already been lawfully disposed of by the lender to a bona fide purchaser.

**(e) Provide financial assistance to acquire shares of the Company or any subsidiaries thereof**

The Company and its subsidiaries shall not, at any time, provide any form of financial assistance to a person who is acquiring or is proposing to acquire shares in the Company. This includes any person who directly or indirectly incurs any obligations as a result of the acquisition of shares in the Company.

The Company and its subsidiaries shall not, at any time, provide any form of financial assistance to the Obligor for the purposes of reducing or discharging the obligations assumed by such person.

The above financial assistance includes (but not limited to) the following:

- (1) gift;
- (2) guarantee (including the assumption of liability by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the Obligor), compensation (other than compensation in respect of the Company's own default) or release or waiver of any rights;
- (3) provision of loan or the making of any other agreement under which the obligations of the Company are to be fulfilled before the obligations of another party, or the change in parties to, or the assignment of rights under, such loan or contract;

- (4) any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

For the purposes of this Chapter, “assumption of obligations” includes the assumption of obligations by means of contract or arrangement (irrespective of whether such contract or arrangement is enforceable or not and irrespective of whether such obligation is to be borne solely by the Obligor or jointly with other persons) or by any other means which results in a change in his financial position.

The following acts shall not be deemed to be acts prohibited by the above:

- (1) the provision of financial assistance by the Company where the financial assistance is given in good faith in the interests of the Company, and the principal purpose of which is not for the acquisition of shares in the Company, or the giving of the financial assistance is an incidental part of a master plan of the Company;
  - (2) the lawful distribution of the Company’s assets as dividend;
  - (3) the distribution of dividends in the form of shares;
  - (4) a reduction of registered capital, a repurchase of shares of the Company or a reorganization of the shareholding structure of the Company effected in accordance with the Articles of Association;
  - (5) the provision of loans by the Company within its scope of business for the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits);
  - (6) contributions made by the Company to the employee share ownership scheme (provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits).
- (f) Disclosure of contract rights and interests with the Company or any of its subsidiaries and of matters related to voting on relevant contracts**

Where a Director, Supervisor, general manager and other senior management personnel of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company (other than his contract of service with the Company), he shall declare the nature and extent of his interests to the Board of Directors at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal there for is otherwise subject to the approval of the Board of Directors.

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Directors must not vote on contracts, transactions or arrangements or any other relevant advice as approved by any resolution of the Board meeting that they or their associates (as defined in the applicable rules governing the listing of securities coming into force from time to time) have substantial interests in, and relevant Directors must not be counted in when determining whether there is a quorum at the meeting.

Unless the interested Director, Supervisor, general manager and other senior management personnel discloses his interests in accordance with the preceding subparagraph of this Article and the contract, transaction or arrangement is approved by the Board of Directors at a meeting in which the Director, Supervisor, or senior management personnel is not counted as part of the quorum and refrains from voting, the Company has the right to rescind the contract, transaction or arrangement, except as against a bona fide party thereto who does not have notice of the breach of duty by the interested Director, Supervisor, general manager and other senior management personnel.

A Director, Supervisor, general manager and other senior management personnel of the Company is deemed to be interested in a contract, transaction or arrangement in which his associate is interested.

Where a Director, Supervisor, general manager and other senior management personnel of the Company give to the Board of Directors a notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements which may subsequently be made by the Company, that notice shall be deemed for the purposes of the preceding article to be a sufficient disclosure of his interests, so far as the content stated in such notice is concerned, provided that such notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration by the Company.

### **(g) Emoluments**

The Company shall make written contract with a Director or Supervisor in relation to emoluments. The emoluments shall be approved in advance by general meeting. The aforesaid emoluments include:

- (1) emoluments in respect of his service as Director, Supervisor, or senior management personnel of the Company;
- (2) emoluments in respect of his acting as a Director, Supervisor or senior management personnel of any subsidiary of the Company;
- (3) emoluments in respect of the provision of other services in connection with the management of the affairs of the Company and any of its subsidiaries;
- (4) payment by means of compensation for loss of office, or as consideration for or in connection with his retirement from office.

No proceedings may be brought by a Director or Supervisor against the Company for anything due to him in respect of the matters mentioned in this Article except pursuant to the preceding contract.

**(h) Retirement, appointment and removal**

A person may not serve as a Director, Supervisor, general manager or other senior management personnel of the Company if any of the following circumstances apply:

- (1) a person who does not have or who has limited capacity for civil conduct;
- (2) a person who has been found guilty of for corruption, bribery, infringement of property or misappropriation of property or other crimes which destroy the social economic order, and the sentence is enforced for less than five (5) years or a person who has been deprived of his political rights and not more than five (5) years have elapsed since the sentence was served;
- (3) a person who is a former director, factory manager or manager of a company or enterprise which has been dissolved or put into liquidation as a result of mismanagement and who was personally liable for the winding up of such company or enterprise, where less than three (3) years have elapsed since the date of completion of the insolvent liquidation of the company or enterprise;
- (4) a person who is a former legal representative of a company or enterprise the business license of which was revoked due to violation of law and who are personally liable therefor, where less than three (3) years have elapsed since the date of the cancellation of the business license;
- (5) a person who has a relatively large amount of debts which have become due and outstanding;
- (6) a person who is currently under investigation by the judicial authorities for violation of criminal law;
- (7) a person who, according to laws and administrative regulations, cannot act as a leader of an enterprise;
- (8) a person other than a natural person;
- (9) a person who has been adjudged by the competent authority for violation of relevant securities regulations and such conviction involves a finding that such person has acted fraudulently or dishonestly, where not more than five (5) years have elapsed from the date of such conviction.

Any election, appointment or engagement of Directors, Supervisors, general managers or other senior management personnel in violation of the foregoing provisions is invalid.

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If such circumstances happen on Directors, Supervisors, general managers or other senior management personnel during their tenure, the Company will remove them from office.

The effectiveness of the behavior of Directors, general managers and other senior management personnel on behalf of the Company on the bona fide third party will not be affected by any non-compliance in appointment, election or qualification.

The Board of Directors consist of 9 Directors, i.e. 1 chairman, 1 vice chairman and 7 Directors. If the Board of Directors change the term of office, the Company shall keep more than half of the Directors be outside directors (Directors who do not hold a post in the Company) and keep at least three independent Directors (directors who are independent of the Company and do no hold a post in the Company), among whom there shall be at least one independent Director who meets the requirements of the listing rules at the exchange on which the Company's shares are listed, and has appropriate professional qualifications and/or accounting or finance-related experience.

Directors shall be elected and re-elected by Shareholders at the general meeting. Directors serve a term of three years. The Directors may, after the expiry of their term of office, hold a consecutive term upon re-election. Before expiry of the term, Shareholders can't remove the Director without cause. Subject to the relevant laws, administrative regulations and the Listing Rules, the Shareholders' general meeting may remove any Director by special resolution prior to the expiration of such Directors' term, but without prejudice to any claim for damages which such Director may have under any contract.

The chairman and deputy chairman of the Board of Directors are elected and removed by a majority of all the Directors. The chairman and deputy chairman of the Board of Directors shall be appointed for a term of three years, and may serve consecutive terms if re-elected. Independent Directors generally do not continue in office for more than nine years, unless otherwise stipulated by relevant laws, administrative regulations and the listing rules of the exchange on which the Company's shares are listed.

The list of candidates for Directors and Supervisors will be submitted to a general meeting for voting in the form of a motion.

The first session of Director candidates are nominated by promoters; the next session of Director candidates will be nominated by the last session of Board of Directors and Shareholders who hold more than 3%, individually or jointly, of the Company's shares. The nomination method and procedures for independent Directors will be subject to relevant provisions of laws, administrative regulations and department rules.

The first session of Supervisor candidates assumed by Shareholders' representatives are nominated by promoters, and the first session of Supervisor candidates assumed by employees' representatives are democratically elected by employees; the next session of Supervisor candidates assumed by Shareholders' representatives are nominated by the last session of Board of Supervisors, and Shareholders who hold more than 3%, individually or jointly, of the Company's shares, and the next session of Supervisor candidates assumed by employees' representatives are democratically elected by employees.

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A general meeting uses cumulative voting to elect two or more Directors or Supervisors.

The cumulative voting as set out in the preceding paragraph refers to that when a general meeting elects two or more Directors or Supervisors, each share held by Shareholders has the same voting power as the number of Director or Supervisor candidates does, and the Shareholders' voting power can be used in a concentrated way to elect one person, or used in decentralized voting to elect several people. The Company decides the selection and engagement of Directors or Supervisors in accordance with the number of votes received by the Director or Supervisor candidates until all seats for Directors or Supervisors are taken. The Board of Directors shall provide Shareholders with resumes and basic information of Director and Supervisor candidates.

### **(i) Lending power**

Except for the following provisions:

- (a) a plan formulated for issuance of corporate bonds shall be voted through by more than two thirds of all Directors.
- (b) issuance of corporate bonds shall be passed at a general meeting through special resolution.

For the overseas investment of the Company (including entrusted finance, entrusted loans, venture capital, etc.), the Board of Directors and general meetings enjoy the consideration and approval authority respectively in accordance with the proportion of total assets involved in the transaction in the total audited assets of the Company during the latest period, the proportion of object of transaction (such as equity) in the main business income of the Company in the latest fiscal year and its absolute amount, the proportion of relevant profits of the object of transaction (such as equity) in the latest fiscal year in the audited net profits of the Company in the latest fiscal year and its absolute amount, as well as the proportion of transaction turnover (including assumed debts and expenses) in the audited net assets of the Company during the latest period and its absolute amount, the proportion of profits arising from transactions in the audited net profits of the Company in the latest fiscal year as well as the magnitude of its absolute amount.

### **(j) Responsibilities**

In addition to any rights and remedies provided by laws and administrative regulations, where a Director, Supervisor, general manager and other senior management personnel of the Company breaches the duties which he owes to the Company, the Company has a right:

- (1) to demand such a Director, Supervisor, general manager or other senior management personnel to compensate it for losses sustained by the Company as a result of such breach;
- (2) to rescind any contract or transaction which has been entered into between the Company and such a Director, Supervisor, general manager and other senior



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management personnel or between the Company and a third party (where such third party knows or should have known that such a Director, Supervisor, general manager and other senior management personnel representing the Company has breached his duties owed to the Company);

- (3) to demand such a Director, Supervisor, general manager and other senior management personnel to surrender the gains made as result of the breach of his obligations;
- (4) to recover any monies which should have been received by the Company and which were received by such a Director, Supervisor, general manager and other senior management personnel instead, including (but not limited to) commissions;
- (5) to demand repayment of interest earned or which may have been earned by a Director, Supervisor, general manager and other senior management personnel on money that should have been paid to the Company.

Each of the Company's Directors, Supervisors, general manager and other senior management personnel shall exercise his powers or perform his duties in accordance with the fiduciary principle, and shall not put himself in a position where his duty and his interest may conflict. This principle includes (but not limited to) performance of the following obligations:

- (1) to act bona fide in the best interests of the Company;
- (2) to act within the scope of his powers and not to exceed such powers;
- (3) to exercise the discretion vested in him personally and not to allow himself to act under the control of another and,

unless and to the extent permitted by laws, administrative regulations or with the informed consent of Shareholders given in a general meeting, not to transfer the exercise of his discretion;

- (4) to treat Shareholders of the same class equally and to treat Shareholders of different classes fairly;
- (5) unless otherwise provided for in the Articles of Association or except with the informed consent of the Shareholders given in a general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) not to use the Company's property for his own benefit, without the informed consent of the Shareholders given in a general meeting;
- (7) not to abuse his position to accept bribes or other illegal income or expropriate the Company's property in any way, including (but not limited to) opportunities which benefit the Company;

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- (8) not to accept commissions in connection with the Company's transactions, without the informed consent of the Shareholders given in a general meeting;
- (9) to comply with the Articles of Association, to perform his official duties faithfully, to protect the Company's interests and not to exploit his position and power in the Company to advance his own interests;
- (10) not to compete with the Company in any way, save with the informed consent of the Shareholders given in a general meeting;
- (11) not to misappropriate the Company's funds or to lend such funds to any other person, not to use the Company's assets to set up deposit accounts in his own name or in the any other name or to use such assets to guarantee the debts of a Shareholder of the Company or any other personal liabilities;
- (12) not to divulge any confidential information which he has obtained during his term of office, without the informed consent of the Shareholders in a general meeting; nor shall he use such information otherwise than for the Company's benefit, unless disclosure of such information to the court or other governmental authorities is made in the following circumstances:
  - (i) disclosure is required by law;
  - (ii) the public interest so demands;
  - (iii) the interests of the relevant Director, Supervisor, general manager or other senior management personnel so demand.

Each Director, Supervisor, general manager and other senior management personnel of the Company shall not direct the following persons or institutions (herein refers to "associates") to act in a manner which a Director, Supervisor, general manager and other senior management personnel is prohibited from so acting:

- (1) the spouse or minor children of the Director, Supervisor, general manager and other senior management personnel of the Company;
- (2) the trustee of the Director, Supervisor, general manager and other senior management personnel or of any person described in sub-paragraph (1) of this Article;
- (3) partners of Directors, Supervisors, general manager and other senior management personnel or of any person described in sub-paragraphs (1) and (2) of this Article;
- (4) a company in which a Director, Supervisor, general manager and other senior management personnel, whether alone or jointly with persons referred to in sub-paragraphs (1), (2) and (3) of this Article or other Directors, Supervisors, general manager and other senior management personnel, has de facto controlling interest;

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- (5) the Directors, Supervisors, general manager and other senior management personnel of a company which is being controlled in the manner set out in sub-paragraph (4) of this Article.

The duty of a Director, Supervisor, general manager and other senior management personnel to act in good faith does not necessarily terminate on the expiration of their term of office. His duty of confidentiality in respect of trade secrets of the Company survives the termination of his tenure. Other duties may continue for such period as the principle of fairness may require depending on the length of time which has lapsed between the termination and the act concerned and on the circumstances and the terms under which the relationship between the relevant Director, Supervisor, general manager and the senior management personnel on one hand and the Company on the other hand was terminated.

A Director, Supervisor, general manager and other senior management personnel of the Company may be relieved of liability for specific breaches of his duty with the informed consent of the Shareholders given at a general meeting, save under the circumstances of the Articles of Association.

If Directors and senior management personnel cause losses to the Company for violation of the requirements of laws, administrative regulations or the Articles of Association during performance of their duties, Shareholders who hold more than 1%, individually or jointly, of the Company's shares for more than 180 days continuously, have the right to request the Board of Supervisors to bring a suit to the People's Court; if the Board of Supervisors causes losses to the Company for violation of the requirements of laws, administrative regulations or the Articles of Association during performance of their duties, Shareholders can request the Board of Directors in written form to file a suit in the People's Court.

If the Board of Supervisors or the Board of Directors causes irreparable losses to the Company's interests as it refuses to file a suit after receiving the written request from Shareholders as set out in the preceding paragraph, or fails to file a suit within 30 days since the date of receiving the request, or does not file a suit immediately in case of emergency, the Shareholders as mentioned in the preceding paragraph have the right to bring a suit directly to the People's Court in their own name for the interests of the Company.

If others encroach on the legitimate rights and interests of the Company and cause losses to it, the above-mentioned Shareholders can bring a suit to the People's Court as per the regulations as set out in the two preceding paragraphs.

If Directors and senior management personnel cause damage to the Shareholders' interests for violation of the requirements of laws, administrative regulations or the Articles of Association, Shareholders can bring a suit to the People's Court.

**2.    AMEND ITS ARTICLES OF ASSOCIATION**

The Company may amend its Articles of Association in accordance with the requirements of laws, administrative regulations and the Articles of Association.

The amendment rules are adopted at a general meeting by way of special resolution. The particulars of amendment adopted by way of resolutions at a general meeting that shall be reviewed and approved by the competent authority are required to be reported to the competent authority for approval. The Board of Directors will amend the Articles of Association in accordance with resolutions of the general meeting on amendment and the approval opinions of relevant competent authorities.

Amendment of the Articles of Association involving the contents of the Mandatory Provisions shall become effective upon receipt of approval from the companies approving authorities authorized by the State Council and the China Securities Regulatory Commission. If there is any change relating to the registered particulars of the Company, application shall be made for change in registration in accordance with laws.

**3.    RIGHTS CHANGE OF EXISTING SHARES OR CLASS OF SHARES**

Unless adopted by way of special resolutions at a general meeting and approved at a general meeting convened by the affected class of Shareholders as prescribed by the Articles of Association, the Company must not change or repeal the rights of class of Shareholders.

The rights of classified Shareholders are deemed to be varied or abrogated in the following circumstances:

- (1) the increase or decrease of the number of shares of such class, or the increase or decrease of the number of shares of a class having voting or equity rights or privileges equal or superior to the shares of such class;
- (2) the exchange of all or part of the shares of such class into shares of another class, or the exchange of all or part of the shares of another class into the shares of such class or conferring such rights of exchange;
- (3) the removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;
- (4) the reduction or removal of a dividend preference or a liquidation preference attached to shares of such class;
- (5) the increase, removal or reduction of conversion privileges, options, voting rights, transfer or pre-emptive rights or rights to acquire securities of the Company attached to shares of such class;
- (6) the removal or reduction of rights to receive amounts payable by the Company in particular currencies attached to shares of such class;

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- (7) the creation of a new class of shares having voting or equity rights or other privileges equal or superior to the shares of such class;
- (8) the imposition of restrictions or additional restrictions on the transfer of ownership of the shares of such class;
- (9) the issue of rights to subscribe for, or convert into, shares of such class or another class;
- (10) the increase in rights or privileges of shares of another class;
- (11) the restructuring of the Company which will result in Shareholders of different classes bearing a disproportionate burden of such proposed restructuring;
- (12) the variation or abrogation of the provisions of this chapter.

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

“Interested Shareholder” mentioned above has the following meaning:

- (1) in the case of a repurchase by a general offer made to all Shareholders in equal proportions or through open transactions on a stock exchange under the Article of Association, a Controlling Shareholder within the meaning of Articles is an Interested Shareholder;
- (2) in the case of a repurchase of shares by contract made outside the stock exchange under the Article of Association, a holder of the shares to which the contract relates is an Interested Shareholder;
- (3) in the case of a restructuring of the Company, a Shareholder within a class who bears less than a proportionate burden imposed on that class under the proposed restructuring or who has an interest in the proposed restructuring different from the interest of Shareholders of that class is an Interested Shareholder.

Resolution of any class Shareholders' meeting shall be passed by votes of not less than two-thirds of the voting rights of Shareholders are entitled to vote at class Shareholders' meeting.

Written notice of a class meeting shall be given to all Shareholders who are registered as holders of that class in the register of Shareholders forty-five (45) days before the date of the class meeting. Such notice shall give such Shareholders notice of the matters to be considered at such meeting and the date and place of the class meeting. A Shareholder who intends to attend the class meeting shall deliver his written reply in respect thereof to the Company twenty days before the date of the class meeting.

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If the Shareholders who intend to attend such class meeting represent more than half of the total number of shares of that class which have the right to vote at such meeting, the Company may hold the class meeting; otherwise, the Company shall within five days give the Shareholders further notice of the matters to be considered and the date and place of the class meeting by way of public announcement. The Company may then hold the class meeting after such public announcement has been made.

Notices of class Shareholders' meeting need only be served on Shareholders entitled to vote thereat.

Meetings of any class of Shareholders shall be conducted as nearly as possible as Shareholders' general meetings. Provisions in the Articles of Association which relate to any meeting of Shareholders shall apply to any meeting of a class of Shareholders.

The special procedure for approval by class Shareholders shall not apply:

- (1) where the Company issues, either separately or concurrently, Domestic Shares and Overseas Listed Foreign Shares in numbers not exceeding 20% of the number of Domestic Shares and Overseas Listed Foreign Shares then in issue respectively in any twelve month period as approved by a special resolution of a Shareholders' general meeting;
- (2) where the Company's plan for issuing Domestic Shares and Overseas Listed Foreign Shares upon its establishment is implemented within fifteen months from the date of approval by the CSSCC.

#### **4. RESOLUTIONS OF A SHAREHOLDERS' GENERAL MEETING-PASSED BY MAJORITY VOTING**

Resolutions of a Shareholders' general meeting can be divided to ordinary resolutions or special resolutions.

An ordinary resolution of a Shareholders' general meeting shall be passed by an affirmative vote of more than half of the Company's total voting shares being held by the Shareholders who are present at the meeting (including proxies).

A special resolution of a Shareholders' general meeting shall be passed by an affirmative vote of more than two-thirds of the Company's total voting shares being held by the Shareholders who are present at the meeting (including proxies).

#### **5. VOTING POWER (A GENERAL RIGHT RELATED TO VOTE BY BALLOT OR THE RIGHT TO REQUIRE VOTE BY BALLOT)**

According to the Articles of Association, all Shareholders or their proxies registered at the date of record are entitled to attend a general meeting, and exercise their voting power in accordance with relevant laws and regulations as well as the Articles of Association.

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Shareholders can either attend the general meeting in person, or authorize proxies to attend and vote. Shareholders (including their proxies) exercise voting power with the number of voting shares represented by them, and each share has one vote.

The company shares held by the Company do not have voting power, and such shares are not counted in the total number of shares that have voting power upon attendance at a general meeting.

The Board of Directors, Independent Directors and Shareholders conforming to relevant prescribed conditions can call for Shareholders' voting rights.

In accordance with applicable laws, administrative regulations, department rules, normative documents and the listing rules of the exchange on which the Company's shares are listed, if any Shareholder is required to abstain from voting, or is restricted to only vote for (or against) a decision item, and if there is any breach of such regulations or restriction, the votes casted by these such Shareholders or their representatives will not be counted in.

When a general meeting considers matters related to connected transactions, if required by the listing rules of the exchange where the Company's shares are listed, the connected Shareholders shall not participate in voting, and the number of voting shares represented by them will not be counted in the total number of valid votes; the announcement decided at a general meeting shall fully disclose the voting conditions of non-connected Shareholders.

Except proposals in relation to procedural and administrative matters of a general meeting can be conducted on a show of hand as decided by the chairman of the meeting (i.e. the host), a general meeting adopts vote by ballot.

If the matter required to be voted by ballot is to elect chairman of a general meeting or adjourn meeting, voting by ballot shall be conducted immediately; for other matters required to be voted by ballot, the chairman will decide when to vote, the meeting can proceed to other matters, and the voting results will still be deemed as resolution adopted at the meeting.

Two Shareholders' representatives shall be elected to participate in counting and scrutinizing ballots before a general meeting puts a proposal to vote. Deliberations those who have an interest with Shareholders, relevant Shareholders and their proxies must not participate in counting and scrutinizing ballots. When a general meeting pus a proposal to vote, auditors, H share registrars or external accountants qualified as auditors shall serve as the counting overseer, the chairman of the general meeting will announce the voting results on the spot, which will be put down in minutes.

The chairman of a Shareholders' general meeting shall be responsible for deciding whether or not a resolution has been carried. His decision shall be final and shall be announced at the meeting and recorded in the minutes.

Where the chairman of a Shareholders' general meeting has doubt about the results of the resolution tabled for voting, he may count the number of votes cast. If no counting is made by the chairman of the meeting, any Shareholder or his proxy present in the meeting who queries the results as announced by the chairman shall have the right to immediately demand a counting of the votes. The chairman shall forthwith conduct a counting of the votes as demanded.

Except cumulative voting, a general meeting will vote on all proposals one by one, and for a matter having different proposals, voting will be made according to the time sequence of the proposals presented. Except when a general meeting is adjourned or can't make a resolution due to force majeure and other special causes, the general meeting will not lay aside the proposals or vote on them.

## **6. SHAREHOLDERS' GENERAL MEETINGS (ANNUAL GENERAL MEETINGS AND EXTRAORDINARY GENERAL MEETINGS)**

Shareholders' general meetings can be annual general meetings or extraordinary general meetings. Shareholders' general meetings shall be convened by the Board of Directors. The annual Shareholders' general meeting shall be convened once a year, and shall take place within six (6) months of the end of the previous accounting year.

## **7. ACCOUNTING AND AUDIT**

### **(a) Financial and accounting systems**

The Company shall establish its financial and accounting systems in accordance with laws, administrative regulations and other requirements of relevant departments of China.

The Board of Directors of the Company shall place before the Shareholders at every annual general meeting such financial reports which the relevant laws, administrative regulations and directives promulgated by competent regional and central governmental authorities require the Company to prepare.

The Company's financial reports shall be made available for Shareholders' inspection at the Company twenty (20) days before the date of Shareholders' annual general meeting. Each Shareholder shall be entitled to have a copy of the financial reports referred to in this Chapter.

The Company shall deliver or send to each Shareholder of H Shares by prepaid mail at the address registered in the register of Shareholders the said reports not later than twenty one (21) days before the date of every annual general meeting of the Shareholders.

The financial statements of the Company shall be prepared in accordance with the PRC accounting standards and legal requirements. Besides, the Company may also adopt the international accounting standards or the local accounting standards of the place where the Company is listed to prepare its financial statements. Any significant discrepancies between



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the financial statements prepared in accordance with the two sets of accounting standards shall be explicitly stated in the notes to the financial statements. Profit distribution of the Company for a particular financial year shall be based on the lesser of the profit after taxation stated in the two sets of financial statements.

Any interim results or financial information published or disclosed by the Company must also be prepared and presented in accordance with PRC enterprise accounting standards and regulations, and also in accordance with either international accounting standards or that of the place overseas where the Company's shares are listed.

The Company published financial reports twice every fiscal year, i.e. publishing interim financial reports within 60 days at the end of the first six (6) months of a fiscal year, publishing annual financial report within 120 days after the end of a fiscal year, and publishing quarterly financial report within a month as of the end of the first three months and first nine months of each fiscal year.

The Company shall not keep accounts other than those required by law. The Company's assets are not deposited in an account opened in the name of any individuals.

### **(b) Appointment and dismissal of accountants**

The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the State to audit the Company's annual financial report and review other financial reports of the Company.

The Company's first accounting firm can be appointed at an inauguration assembly before the first annual general meeting, and the term of service of the firm will terminate at the end of the first annual general meeting. When the inauguration assembly does not exercise the functions and powers as prescribed in the preceding paragraph, the Board of Directors will exercise such functions and powers.

The accounting firm appointed by the Company shall hold office for 1 year from the conclusion of the annual general meeting of Shareholders at which they were appointed until the conclusion of the next annual general meeting of Shareholders. The accounting firm is eligible to be re-appointed.

If there is a vacancy in the position of the accounting firm, the Board of Directors may appoint an accounting firm to fill such vacancy before the convening of the general meeting. Any other accounting firm which has been appointed by the Company may continue to act during the period a vacancy arises.

The Shareholders in a general meeting may by ordinary resolution remove the accounting firm before the expiration of its term of office, irrespective of the provisions in the contract between the Company and the accounting firm. However, the right of the accounting firm in claiming for damages which arise from its removal shall not be affected thereby.

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The emolument of an accounting firm or the manner in which such firm is to be remunerated shall be determined by the Shareholders in a general meeting.

The Company's appointment, removal or non-reappointment of an accounting firm shall be resolved by the Shareholders in a general meeting. Such resolution shall be filed with the securities authority of the State Council. The appointment of an accounting firm by the Company must be decided at a Shareholders' general meeting, and the Board of Directors must not appoint an accounting firm before such decision, unless otherwise stipulated by the Articles of Association or authorized by a Shareholders' general meeting.

Prior notice should be given to the accounting firm 15 days in advance if the Company decides to remove or not to renew appointment of such accounting firm. Such accounting firm shall be entitled to make representations at the general meeting at which the Shareholders vote on the removing of such accounting firm.

Where the accounting firm resigns from its position, it shall make clear to the Shareholders in a general meeting whether there has been any impropriety on the part of the Company.

An accounting firm may resign its office by depositing at the Company's domicile a resignation notice. Such resignation notice shall become effective on the date of such deposit or on such later date as may be stipulated in such notice. Such notice shall include the following:

- (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 the Shareholders or creditors of the Company;
- (2) a statement of any such circumstances.

Where a notice is deposited under the foregoing provisions of this Article, the Company shall within fourteen (14) days send a copy of the notice to the competent authority. If the notice contained a statement under paragraph (2) of this Article, the Company shall deposit a copy of such statement in the Company for examination by the Shareholders. The Company shall also send a copy of such statement by postage pre-paid mail to each of the holders of H Shares at its registered address contained in the Shareholders' register.

Where the accounting firm's notice of resignation contains a statement in respect of the above, it may require the Board of Directors to convene a Shareholders' extraordinary general meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.

**8.    SHAREHOLDERS' GENERAL MEETING, NOTICE AND SCHEDULE THEREOF**

The Shareholders' general meeting is the organ of authority of the Company and shall exercise its functions and powers in accordance with laws.

In addition to the situation that the Company is in crisis or other special circumstances, the Company shall not enter into any contract with any person other than a Director, Supervisor, general manager or other senior management personnel of the Company whereby the management and administration of the whole or any substantial part of any business of the Company is to be handed over to such a person without the prior approval of Shareholders in a general meeting.

Shareholders' general meetings can be divided to annual general meetings or extraordinary general meetings. Shareholders' general meetings shall be convened by the Board of Directors. The Board of Directors shall convene an extraordinary general meeting within two (2) months after the occurrence of any one of the following circumstances:

- (1) where the number of Directors is less than the number stipulated in the Company Law or is no more than two-thirds of the number required by the Articles of Association;
- (2) where the accrued losses of the Company amount to one-third of its total share capital;
- (3) where Shareholders holding ten (10) per cent. or more of the Company's issued shares make a request in writing to convene an extraordinary general meeting;
- (4) where the Board of Directors considers it necessary;
- (5) where the Board of Supervisors proposes to call for such a meeting;
- (6) other circumstances stipulated by laws, administrative regulations, departmental rules and regulations, local listing rules of securities exchanges where the Company's shares are listed or the Articles of Association.

The number of shares held by the Shareholders referred in the preceding (3) is calculated from the date which the Shareholders put forward written request.

Notice of Shareholders' general meetings shall be served on each Shareholder (whether or not such Shareholder is entitled to vote at the meeting), by personal delivery or prepaid airmail to the address of the Shareholder as shown in the register of Shareholders. For the holders of Domestic Invested Shares, notice of the meetings may also be issued by way of public announcement.

Forty-five (45) days' notice of general meetings shall be given to each Shareholder by written and electric communication (including but not limited to publish an announcement at websites of the Company and the Stock Exchange, the same hereinafter). The notice should

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include the motions to be considered, the date and place of the meeting to be held to the Shareholder as recorded in the register of Shareholders. For Shareholders who intend to attend the Shareholders' meetings should give a written notice to the Company for twenty (20) days before the date of the Shareholders' meetings.

Based on the written replies received twenty (20) days before a Shareholders' general meeting, the Company shall calculate the number of shares represented by the Shareholders who have intention to attend the general meeting. Where the number of voting shares represented by those Shareholders reaches half of the Company's total number of such shares, the Company may convene the Shareholders' general meeting. Otherwise, the Company shall, within five (5) days, inform the Shareholders again of the motions to be considered, the date and place of the meeting by means of public announcement. After making the announcement, the Shareholders' general meeting may be convened.

The public announcement referred to in the preceding paragraph shall be published in one (1) or more national newspapers designated by the State Council Securities Policy Committee within the interval of forty five (45) days to fifty (50) days before the date of the meeting; after the publication of such announcement, the holders of Domestic Invested Shares shall be deemed to have received the notice of the relevant Shareholders' general meeting.

If the Shareholders who intend to attend such class meeting represent more than half of the total number of shares of that class which have the right to vote at such meeting, the Company may hold the class meeting; otherwise, the Company shall within five days give the Shareholders further notice of the matters to be considered and the date and place of the class meeting by way of public announcement. The Company may then hold the class meeting after such public announcement has been made.

The accidental omission to give notice of a meeting to, or the failure to receive the notice of a meeting by any person entitled to receive such notice, shall not invalidate the meeting or the resolutions adopted thereat.

After issuing a notice of general meeting, the general meeting shall not be delayed or canceled without justified reasons, and proposals listed in the notice shall not be called off. Once delay or cancellation occurs, the convener shall make announcement and explanation at least two working days before the original convening date.

Shareholders seeking to convene an extraordinary general meeting shall proceed in accordance with the following procedure:

Shareholders holding more than 10% of the Company's shares, individually or jointly, have the right to request the Board of Directors to convene an extraordinary general meeting or class of Shareholders' meeting, which shall be made in writing to the Board of Directors. The Board of Directors shall provide its written feedback on agreeing or disagreeing to convene an extraordinary general meeting or class of Shareholders' meeting within 10 days after receiving the proposal in accordance with the provisions of laws, administrative regulations and the Articles of Association.

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If the Board of Directors agrees to convene an extraordinary general meeting, a notice of general meeting shall be issued within 5 days after the resolution of the Board meeting was made. For changes in the original proposal, prior consent of the Shareholders who make related proposals shall be acquired.

If the Board of Directors disagrees to convene an extraordinary general meeting or class of Shareholders' meeting, or does not provide feedback within 10 days after receiving the proposals, Shareholders holding more than 10% of the Company's shares, individually or jointly, have the right to request the Board of Supervisors in writing to convene an extraordinary general meeting or class of Shareholders' meeting.

If the Board of Supervisors agrees to convene an extraordinary general meeting or class of Shareholders' meeting, a notice of general meeting shall be issued within 5 days after receiving the proposals. The changes to the original proposals in the notice shall acquire prior consent of the Shareholders who make related proposals.

If the Board of Supervisors does not issue a notice of Extraordinary General Meeting within the prescribed period, it will be deemed to not to convene and preside over the general meeting, and Shareholders who hold more than 10% of the shares of the Company, in separate or aggregate way, for more than 90 consecutive days can convene and preside over a general meeting by themselves. If Shareholders convene and hold a meeting on their own, reasonable expenses incurred therein shall be borne by the Company, and deducted from the funds which would have been paid to delinquent Directors or Supervisors.

The Board of Supervisors seeking to convene an extraordinary general meeting shall proceed in accordance with the following procedures:

The Board of Supervisors has the right to request the Board of Directors in writing to convene an extraordinary general meeting. The Board of Directors shall provide its written feedback on agreeing or disagreeing to convene an extraordinary general meeting or class of Shareholders' meeting within 10 days after receiving the proposal in accordance with the provisions of laws, administrative regulations and the Articles of Association.

If the Board of Directors agrees to convene an extraordinary general meeting, a notice of general meeting shall be issued within 5 days after the resolution of the Board meeting was made. For the changes to the original proposals in the notice, prior consent of the Board of Supervisors shall be acquired.

If the Board of Directors disagrees to convene an extraordinary general meeting, or fails to make feedback 10 days after receiving the proposals, it will be deemed that the Board of Directors cannot or do not fulfill its duty of convening a Shareholders' general meeting, and the Board of Supervisors will convene and hold a meeting on its own.

If the Board of Supervisors or Shareholders decide to convene a Shareholders' general meeting, they shall give a written notice to the Board of Directors, and file to the detached office of the securities regulatory agency under the State Council and the securities exchange where the Company is located.

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The convening Shareholders shall submit relevant evidentiary documents to the detached office of the securities regulatory agency under the State Council and the securities exchange where the Company is located when issuing a notice of general meeting and announcement of resolutions of general meeting.

Prior to the announcement of resolutions of general meeting, the shareholding ratio of the convening Shareholders must not be lower than 10%.

Independent Directors seeking to convene an extraordinary general meeting shall proceed in accordance with the following procedures:

Independent Directors have the right to request to the Board of Directors to convene an extraordinary general meeting. For the proposal of independent Directors seeking to convene a general meeting, the Board of Directors shall give its written feedback on agreeing or disagreeing to convene an extraordinary general meeting within 10 days after receiving the proposal in accordance with the provisions of laws, administrative regulations and the Articles of Association.

If the Board of Directors agrees to convene an extraordinary general meeting, a notice of general meeting shall be issued within 5 days after the resolution of the Board meeting was made. For the changes to the original proposals in the notice, unanimous consent of Independent Directors who propose to convene an extraordinary general meeting shall be acquired; if the Board of Directors disagrees to convene an extraordinary general meeting, explanation shall be made.

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

- (1) work reports of the Board of Directors and the Board of Supervisors;
- (2) profit distribution plans and loss recovery plans formulated by the Board of Directors;
- (3) appointment and removal of members of the Board of Directors and Supervisors, their emolument and manner of payment;
- (4) annual preliminary, final budgets, balance sheets, profit and loss accounts and other financial statements of the Company;
- (5) annual report of the Company;
- (6) matters other than those which are required by laws and administrative regulations or by the Articles of Association to be adopted by special resolution.

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The following matters shall be resolved by means of special resolution of the Shareholders' general meeting;

- (1) increase or reduction of the Company's share capital and the issuance of shares of any class, warrants and other similar securities;
- (2) division, merger, dissolution and liquidation of the Company;
- (3) amendment of the Articles of Association;
- (4) Significant assets purchased or sold or the guarantee amount by the Company within one year exceeds 30% of the Company's audited total assets of the latest period;
- (5) equity incentive plan;
- (6) issuance of debentures of the Company;
- (7) other matters required by laws, administrative regulations or the Articles of Association, and those, according to an ordinary resolution of the Shareholders' general meeting, may have a significant impact on the Company and require adoption by means of a special resolution.

The following transactions of the Company must obtain the approval of the general meeting of Shareholders:

- (1) total amount of the assets involved in the transaction exceeds 50% of the Company's latest audited total assets, such transaction should be submitted to the Shareholders' meeting for approval; in case total assets involved in the transaction simultaneously carry value and appraised value, whichever is higher will be as calculation;
- (2) main business income of the transaction subject (such as equity) in the most recent fiscal year accounted for more than 50% of audited main business income of that company in its most recent fiscal year, and the absolute amount exceeds RMB50 million, such transaction should be submitted to the Shareholders' meeting for approval;
- (3) net profit of the transaction subject (such as equity) in the most recent fiscal year accounted for more than 50% of audited net profit of the Company in its most recent fiscal year, and the absolute amount exceeds RMB5 million, such transaction should be submitted to the Shareholders' meeting for approval;
- (4) transaction turnover (including the assumption of debt and cost) accounted for more than 50% of the Company's latest audited net assets, and the absolute amount exceeds RMB50 million, such transaction should be submitted to the Shareholders' meeting for approval;

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- (5) profit arising from transaction accounted for more than 50% of the Company's audited net profit in its most recent fiscal year, and the absolute amount exceeds RMB50 million, such transaction should be submitted to the Shareholders' meeting for approval.

In case the data involved in the above indicators calculation is negative, the absolute value will be used in calculation.

The above transactions mean: purchase or sale of assets; foreign investment (including trust management, entrusted loans, venture capital, etc.); provision of financial assistance; rent or lease assets; signed management contracts (including commissioned operation, entrusted operation, etc.); donate or receiving assets; debt or debt restructuring; transfer of research & development projects; sign license agreements and other transactions. Such assets purchased or sold above exclude the purchase of raw materials, fuel and power as well as the sale of products, commodities and other assets related to daily operations, but the purchase and sale of such assets involved in connected transactions and assets replacement are still included.

The following external guarantees made by the Company shall be approved by the Shareholders' general meeting:

- (1) the guarantee with single amount exceeds 10% of the Company's latest audited net assets;
- (2) any guarantee provided after such external guarantees made by the Company and its subsidiaries with a total amount exceeding 50% of the Company's latest audited net assets;
- (3) the guarantee provided in favor of such object with an asset-liability ratio over 70%;
- (4) guarantee amount exceeds 30% of the Company's latest audited net assets for 12 consecutive months;
- (5) guarantee amount exceeds 50% of the Company's latest audited net assets for 12 consecutive months and the absolute amount exceeds RMB50 million;
- (6) guarantee provided to the Shareholders, actual controller and connected persons thereof.

If the resolutions of Shareholders' general meeting and the Board of Directors are in violation of laws and administrative regulations, Shareholders are entitled to request the People's Court to identify them invalid.

The procedures for convening and voting of Shareholders' general meeting and the Board of Directors are in violation of laws, administrative regulations or the Articles of Association, or the resolutions violate the Articles of Association, Shareholders are entitled to request the People's Court to revoke such resolutions within 60 days.



**9. TRANSFER OF SHARES**

Other than laws, administrative regulations and the Stock Exchange as otherwise provided, fully paid up shares can be freely transferred and don't enclose any liens.

Domestic Shares and overseas-listed H Shares shall be purchased, sold, donated, inherited and charged on in accordance with the PRC laws, local laws where the Company's shares are listed, Listing Rules of the Stock Exchange and the Articles of Association. The transfer and transmission of the shares shall be registered in accordance with the relevant regulations.

Upon obtaining approvals of the relevant PRC regulatory authorities including CSRC, the Domestic Shares of the Company can be converted, listed and traded in overseas stock exchanges. In addition, such listing and trading shall in all respects comply with the regulations, requirements and procedures prescribed by the relevant overseas stock exchanges. No class Shareholding voting is required for the conversion, listing and trading of the Domestic Shares in overseas stock exchanges.

The Company's shares held by the promoters, since the establishment of the company, shall not be transferred within one year. Shares issued prior to the public issue by the Company shall not be transferred within one year from the date the shares of the Company are listed and traded at stock exchanges.

Directors, Supervisors, general manager and other senior management personnel of the Company shall report to the Company about their status of the Company shares held by them, and during their tenure the annual transfer of shares shall not exceed 25% of the total number of shares of the Company; in addition to that, the Company shares held by them shall not be transferred within one year from the date the shares of the Company are listed and traded at stock exchanges. Even after they resigned, they may not transfer their shares of the Company within half a year. However, changes of the shares such as judicial enforcement, inheritance, bequest, properties division according to laws are excluded.

If Directors, Supervisors, general manager and other senior management personnel of the Company hold shares less than 1,000 shares, they can transfer their shares all at once, free from the preceding proportional limit.

If the shareholding status of Directors, Supervisors, general manager and other senior management personnel of the Company fit in the following cases, their shares therefore can't be transferred:

- (1) within one year from the date the shares of the Company are listed and traded at stock exchanges;
- (2) Directors, Supervisors, general manager and other senior management of the Company resigned from their jobs within half a year;
- (3) Directors, Supervisors, general manager and other senior management made promise not to transfer their shares within a certain period and in that period of time;

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- (4) in other cases required by laws and regulations of the State Council Securities Regulatory agencies and stock exchanges.

Directors, Supervisors, senior management and Shareholders of the Company holding more than 5% of Domestic Shares, and if they sold the Company's shares within six (6) months after buying, or bought it within six (6) months after they selling, the benefit from the exchange will go to the Company, and the Board of the Company shall forfeit his gains and timely disclose of the relevant circumstances. However, if the securities company holds more than 5% of the Company shares due to their role as the sole underwriter purchases all the unsold stock, it can sell its stock freely and without six (6) months' limit.

If the Board of the Company does not perform in accordance with the above provisions, the Shareholders have the right to request the Board to execute it within 30 days. If the Board doesn't execute it at that time limit, the Shareholders are entitled to directly file a suit in the people's court for the benefit of the company in their own names.

If the Board of the Company does not perform in accordance with the above provisions, the responsible Director shall bear joint liabilities according to laws.

All paid-up H Shares listed on the Stock Exchange can be freely transferable in accordance with the Articles of Association (however, limitations provided by the Stock Exchange are exceptional); but unless it fits in the following conditions, the Board otherwise may refuse to confirm any transfer certificate, without giving any reason:

- (1) any transfer documents and files related to stock ownership or may affect stock ownership are required registration, and one shall pay the Company registration fee of HK \$2.5 for each transfer document, or the higher cost determined by the Board, but such fees shall not exceed the maximum fees prescribed in Listing Rules of the Stock Exchange on occasion;
- (2) the instrument of transfer relates only to overseas listed foreign shares listed in Hong Kong;
- (3) payment in full of any stamp duty due on the instrument of transfer;
- (4) provision of the relevant share certificates and any other evidence reasonably required by the Board of Directors to prove the transferor's right to make the transfer;
- (5) if the shares are to be transferred to joint holders, the number of joint holders shall not exceed four;
- (6) the relevant shares of the Company are free from all liens.

If the Company refuses to register a transfer of any share, it shall, within two months after the date on which the formal application for transfer was lodged with the Company, send to the transferor and the transferee a notice of refusal to register the transfer of such share.

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Any change or correction in each part of the register of Shareholders, shall, according to the laws and regulations of the city where the part of the register of Shareholders is kept.

Changes from shares transfer may not be entered in the register of Shareholders thirty (30) days prior to the date of a Shareholder' general meeting or five (5) days ahead the record date set for the purpose of distribution of dividends.

**10. THE COMPANY'S RIGHT TO PURCHASE ITS OWN SHARES**

The Company may, in accordance with the procedures set out in the Articles of Association, and subject to relevant laws, administrative regulations and the Listing Rules and with the approval of the relevant governing authority of the State, repurchase its outstanding shares under the following circumstances:

- (1) cancellation of shares for the purposes of reducing its capital;
- (2) merging with another company that holds shares in the Company;
- (3) awarding of shares to its employees;
- (4) objection of its Shareholders against the resolutions in relation to the Company's merger and division made at the general meeting and their request of acquisition of its shares; and
- (5) other circumstances permitted by laws and administrative regulations.

Other than the above circumstances, the Company shall not trade its shares.

The Company's acquisition of its own shares due to the causes in clause (1) to (3) of the preceding paragraph shall be subject to resolution of the general meeting. The shares acquired by the Company according to the above provisions shall: if due to the cause of clause (1) of the preceding paragraph, be cancelled within ten (10) days upon acquisition; if due to clause (2), (4) of the preceding paragraph, be assigned or cancelled within six (6) months. The shares acquired by the Company according to clause (3) of the preceding paragraph shall not exceed 5% of its total issued shares; the money used to acquire the shares shall be paid from its profit after tax; and its acquired shares shall be assigned to its employees within one (1) year.

Upon repurchase of shares, the Company shall cancel those shares and apply to register the change of the registered capital with original companies' registration authorities. The aggregate par value of the cancelled shares shall be deducted from the Company's registered share capital. Shares acquired by the Company according to clause (3) of the preceding paragraph are excluded.

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The Company may repurchase shares in one of the following ways, with the approval of the relevant governing authority of the State:

- (1) by making an offer for the repurchase of shares to all its Shareholders on a pro rata basis;
- (2) by repurchasing shares through public dealing on a stock exchange;
- (3) by repurchasing shares outside of the stock exchange by means of an off-market agreement; or
- (4) other methods approved by the securities regulatory authorities of the State Council.

The Company must obtain the prior approval of the Shareholders in a general meeting in the manner stipulated in the Articles of Association before it can repurchase shares outside the stock exchange by means of an off-market agreement. The Company may, by obtaining the prior approval of the Shareholders in a general meeting (in the same manner), rescind or vary any contract which has been so entered into or waive any right thereof. A contract for the repurchase of shares referred to in the preceding paragraph includes (but not limited to) an agreement to become liable to repurchase shares or an agreement to have the right to repurchase shares.

The Company shall not assign any contract for the repurchase of its shares or any right contained in such agreement.

As far as the Company's right to repurchase the redeemable shares is concerned, the price shall not exceed certain upper limit if such shares are not repurchased in the market or by bidding; whereas in the event of repurchase by bidding, relative bids must be equally issued to all its Shareholders.

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

- (1) where the Company repurchases shares at par value, payment shall be made out of book surplus distributable profits of the Company or out of proceeds of a new issue of shares made for that purpose;
- (2) where the Company repurchases shares of the Company at a premium to its par value, payment up to the par value may be made out of the book surplus of distributable profits of the 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:
  - (i) if the shares being repurchased were issued at par value, payment shall be made out of the book surplus of distributable profits of the Company;

- (ii) if the shares being repurchased were issued at a premium to its par value, payment shall be made out of the book surplus of distributable profits of the Company or out of the proceeds of a new issue of shares made for that purpose, provided that the amount paid out of the proceeds of the new issue shall not exceed the aggregate amount of premiums received by the Company on the issue of the shares repurchased nor shall it exceed the book value of the Company's capital common reserve fund account (including the premiums on the new issue) at the time of the repurchase;
- (3) the Company shall make the following payments out of the Company's distributable profits:
  - (i) payment for the acquisition of the right to repurchase its own shares;
  - (ii) payment for variation of any contract for the repurchase of its shares;
  - (iii) payment for the release of its obligations under any contract for the repurchase of;
- (4) after the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value of shares which have been repurchased shall be transferred to the Company's premium accounts or capital common reserve fund account.

#### **11. ANY SUBSIDIARIES OF THE COMPANY ARE ENTITLED TO THE RIGHT OF SHARES OF PARENT COMPANY THEREOF**

There are no provisions in the Articles of Association preventing ownership of shares in the Company by a subsidiary.

#### **12. DIVIDEND AND OTHER METHODS OF DISTRIBUTION**

According to the Company's profit distribution policies, the dividends shall be distributed in cash or share certificate.

The Shareholders are entitled to interest on the monies paid for any shares before share capital is called for, simply their advances on subscription of shares are not entitled to participate in the dividends subsequently declared.

Dividends of other accounts paid by the Company to the Domestic Shares Shareholders shall be denominated, declared and paid in RMB. Dividends of other accounts paid by the Company to holders of H Shares shall be denominated, declared in RMB but paid in HKD.

The Company shall pay dividends and other accounts to holders of H Shares according to the provisions of relevant foreign exchange regulations of the People's Republic of China, in default of such regulations, applicable exchange rates shall be the closing prices of relative foreign currencies published by the People's Bank of China on the preceding day of declaration of dividends and other accounts.

The Company shall appoint recipient agents for holders of H Shares to collect on behalf of the relevant Shareholders the dividends distributed and other funds payable in respect of H Shares by the Company.

The receiving agents appointed by the Company shall meet the requirements of the laws of the place of listing or relevant rules of the securities exchanges. The receiving agent appointed by the Company on behalf of holders of H Shares listed in the Stock Exchange shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

### **13. PROXIES OF SHAREHOLDERS**

Any Shareholder entitled to attend and vote at a Shareholders' general meeting of the Company shall be entitled to appoint one or more persons (who need not be a Shareholder or Shareholders) as his proxies to attend and vote instead of him. A proxy so appointed shall enjoy the following rights pursuant to authorization by that Shareholder:

- (1) the Shareholders' right to speak at the general meeting;
- (2) the right to demand or join in demanding a poll;
- (3) the right to vote by hand or on a poll, but a proxy of a Shareholder who has appointed more than one proxy may only vote on a poll.

All Shareholders or their proxies whose names are entered in the register on the date of record are entitled to attend the general meetings and exercise their voting rights according to relative laws, regulations and Articles of Association. The Shareholders may either attend the general meetings in person or appoint their proxies to attend and vote instead of him/her. The appointment of a proxy by a Shareholder shall be in writing and signed by the appointer or his attorney duly authorized in written, or in the case of a legal person, shall be either affixed with its legal person seal or signed by a Director or a duly authorized attorney. In such instruments appointing a proxy, the number of the shares represented by the Shareholder's proxy shall be set out. In case of several proxies to a Shareholder, the number of shares represented by each proxy of such Shareholder shall be set out.

The instrument appointing a proxy shall be deposited at the residence of the Company or at some other place specified for that purpose in the notice of meeting no later than twenty-four (24) hours prior to the meeting at which the proxy is authorized to vote or twenty-four (24) hours before the time specified for the voting. Where such an instrument is signed by a person under power of attorney on behalf of the appointor, that power of attorney or other authorization documents shall be notarially certified. The notarially certified power of attorney and other authorization documents shall, together with the instrument appointing the proxy, be deposited at the Company's residence or at some other place specified for that purpose in the notice of meeting.

If the appointor is a legal person, its legal representative or a person appointed by its Board of Directors or other decision-making body shall be entitled to attend a Shareholders' general meeting of the Company on behalf of the appointor as its proxy.

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Any form issued to a Shareholder by the Board for use by him for appointing a proxy to attend and vote at a Shareholders' general meeting of the Company shall be such as to enable the Shareholder, according to his intention, to instruct the proxy to vote in favor of or against each resolution dealing with business to be transacted at the meeting. Such a form should contain a statement that in default of instructions the proxy may vote as he thinks fit.

A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or loss of capacity of the principal or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the share in respect of which the proxy is given, provided that no notice in writing of such death, loss of capacity, revocation or transfer shall have been received by the Company before the commencement of the meeting or adjourned meeting at which the proxy is used.

An instrument appointing a proxy to attend the general meeting prescribed by a Shareholder shall include the following items:

- (1) proxy's name;
- (2) with voting rights or not;
- (3) the instructions to vote in favor of, vote against each deliberation contained in the general meeting agenda or abstain from voting respectively;
- (4) date of issue and date of expiry of such instrument;
- (5) appointer's signature (or chop). In case of a legal person Shareholder, its legal person seal shall be affixed with.

### **14. INSPECTING THE REGISTER AND OTHER RIGHTS OF THE SHAREHOLDERS**

The Company shall keep a register of Shareholders which shall contain the following items:

- (1) the name (title) and address (residence), the occupation or nature of each Shareholder;
- (2) the class and quantity of shares held by each Shareholder;
- (3) the amount paid-up on or agreed to be paid-up on the shares held by each Shareholder;
- (4) the share certificate numbers of the shares held by each Shareholder;
- (5) the date on which each person was registered as a Shareholder;
- (6) the date on which any Shareholder ceased to be a Shareholder.

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Unless there is evidence to the contrary, the register of Shareholders shall be sufficient evidence of the Shareholders' shares in the Company.

The Company may, in accordance with the mutual understanding and agreements made between the securities regulatory authorities of the State Council and overseas securities regulatory organizations maintain the register of Shareholders of overseas listed foreign shares overseas and appoint overseas agents to manage such register of Shareholders. Such original register of Shareholders of overseas listed foreign shares listed in Hong Kong shall be kept in Hong Kong.

A duplicate register of Shareholders for the holders of overseas listed foreign shares shall be maintained at the Company's residence. The appointed overseas agents shall ensure consistency between the original and the duplicate register of Shareholders at all times.

If there is any inconsistency between the original and the duplicate register of Shareholders for the holders of overseas listed foreign shares, the original register of Shareholders shall prevail.

Different parts of the register of Shareholders shall not overlap. No transfer of any shares registered in any part of the register shall, during the continuance of that registration, be registered in any other part of the register.

Amendments or rectification of the register of Shareholders shall be made in accordance with the laws of the place where the register of Shareholders is maintained.

Any person who disputes the register of Shareholders and asks for inclusion of his name in or removal of his name from the register of Shareholders may apply to a court of competent jurisdiction for rectification of the register.

When the Company needs to convene a Shareholders' general meeting, distribute dividends, liquidate or carry out activities which need to determine shareholdings, the Board of Directors shall determine a record date for the determination of Shareholdings. The Shareholders of the Company shall be such persons who appear in the register of Shareholders at the close of such record date.

Shareholders shall have the right to obtain relevant information in accordance with the Articles of Association, including:

- i. the right to obtain a copy of the Articles of Association, subject to payment of costs;
- ii. the right to inspect and copy, subject to payment of a reasonable fee:
  - (a) all parts of the register of Shareholders;
  - (b) personal particulars of each of the Company's Directors, Supervisors, general manager and other senior management personnel, including:



- (A) present and former name and alias;
  - (B) principal address (place of residence);
  - (C) nationality;
  - (D) primary and all other part-time occupations and duties;
  - (E) identification documents and the numbers thereof.
- (c) Company's equity position;
  - (d) Since the prior financial year, the par value of each class of shares repurchased by the Company, its quantity, the highest price and lowest price, and the report of all cost paid by the Company;
  - (e) counterfoils of the Company's bonds;
  - (f) minutes of the Shareholder's general meeting;
  - (g) resolutions of the Board of Directors;
  - (h) resolutions of the Board of Supervisors;
  - (i) the Company's financial/accounting statements/reports.

The Company shall deposit the above clause (1) to (9) documents (other than clause (2)) at its Hong Kong address (residence) as required by the *Listing Rules of the Stock Exchange* available for free inspection of the public and H Shareholders (of which clause (6) is for the Shareholders' inspection only).

A Shareholder intending to inspect relative information or request information shall provide to the Company the written supporting documents in relation to the types and numbers of its shares he/she hold, and the Company will provide information as per such Shareholder's requirements upon authentication of his/her identity as its Shareholder.

**15. MINORITY SHAREHOLDERS' RIGHTS IN CASE OF A FRAUD OR OPPRESSION**

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

- (1) to remove the responsibilities of a Director or Supervisor to act honestly in the best interests of the Company;

- (2) to approve the expropriation by a Director or Supervisor (for his own benefit or for the benefit of another person) of the Company's assets in any way, including (but not limited to) opportunities which are beneficial to the Company;
- (3) to approve the expropriation by a Director or Supervisor (for his own benefit or for the benefit of another person) of the individual interest of other Shareholders, including (but not limited to) rights to distributions and voting rights (excluding a restructuring which has been submitted for approval by the Shareholders in a general meeting in accordance with the Articles of Association).

## **16. LIQUIDATION**

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

- (1) the operating period stated in the Articles of Association expires or the Company is dissolved due to other causes stated in the Articles of Association;
- (2) a resolution regarding the dissolution is passed by Shareholders at a general meeting;
- (3) dissolution is necessary due to a merger or division of the Company;
- (4) the Company is legally declared insolvent due to its failure to repay debts as they become due;
- (5) the business license is legally revoked, ordered to close or cancelled;
- (6) serious difficulties occur to the Company's operation and management and significant losses will be incurred to the Shareholders by its continuance, and such difficulties cannot be solved by other means, the Shareholders holding more than 10% of the total voting rights of all the Shareholders may request the People's Court to dissolve the Company.

Shall the Company be dissolved due to provisions mentioned in clause (1), (2) and (6) above, the Company shall establish a liquidation committee within fifteen (15) days of occurrence of such event and commence to carry out the liquidation. The liquidation committee is composed of the persons determined by the Directors or the general meeting. If the liquidation committee is not established within the time limit, the creditors may apply to the People's Court to designate relevant professionals to establish a liquidation committee to carry out the liquidation. Shall the Company be dissolved due to provisions mentioned in clause (4) above, the People's Court will, subject to related laws, organise Shareholders, related organizations and professionals to establish a liquidation committee so as to conduct the liquidation. Shall the Company be dissolved due to the provisions of Article 249 (5), relative governing authorities shall organise Shareholders, related organizations and professionals to establish a liquidation committee so as to conduct the liquidation.

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Where the Board of Directors proposes to liquidate the Company for any reason other than the Company's declaration of its own insolvency, the Board shall include a statement in its notice convening a general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the Board of Directors is of the opinion that the Company will be capable to pay its debts in full within twelve (12) months from the commencement of the liquidation.

Upon the passing of the resolution by the Shareholders in a general meeting in relation to the liquidation of the Company, all functions and powers of the Board of Directors shall cease.

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

The liquidation committee shall, within ten (10) days of its establishment, send notices to creditors and shall, within sixty (60) days of its establishment, publish an announcement at least three times in the newspapers. A creditor shall, within thirty (30) days of receipt of the notice, or for creditors who have not personally received such notice, within forty-five (45) days of the date of the first announcement, claim its rights to the liquidation committee.

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

- (1) to categorize the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to notify the creditors or to publish public announcements;
- (3) to dispose of and liquidate any unfinished businesses of the Company;
- (4) to pay all outstanding taxes and those taxes occurred during the liquidation;
- (5) to settle claims and debts;
- (6) to deal with the surplus assets remaining after repayment by the Company of its debts;
- (7) to represent the Company in any civil proceedings.

In claiming its rights, the creditor shall provide details about its creditor's rights and supporting documents. The liquidation committee shall register the creditor's rights.

During the period of claiming creditor's rights, the liquidation committee shall not pay off the creditors.

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After categorizing the Company's assets and preparing the balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to a general meeting or to the People's Court for confirmation.

The remaining property of the Company shall, after the liquidation costs, the employees' salaries, the social insurance expenses, the statutory compensations, the taxes owed and corporate debts, be distributed to its Shareholders of the Company according to the class and proportion of their shareholding.

During the liquidation period, the Company continues to exist but can't carry out operating activities irrelevant to the liquidation. The Company's property will not be distributed to the Shareholders before pay-off according to the preceding provision.

Upon completion of the categorization of the Company's assets and preparation a balance sheet and an inventory of assets in connection with the liquidation of the Company, if the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, the liquidation committee shall immediately apply to the People's Court in accordance with laws for a declaration of insolvency.

After the 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 as well as a financial report, which shall be verified by a Chinese registered accountant and submitted to the general meeting or relevant authorities for confirmation. The liquidation committee shall, within thirty (30) days after the confirmation of general meeting or relevant authorities, submit the documents referred to in the preceding paragraph to the company registration authorities and apply for cancellation of registration of the Company, and publish an announcement relating to the termination of the Company.

### **17. OTHER IMPORTANT PROVISIONS IN RELATION TO THE COMPANY OR ITS SHAREHOLDERS**

#### **(a) General provisions**

The Company is a joint stock limited company which has perpetual existence.

The Articles of Association of the Company shall be a legally binding document that regulates the Company's organization and activities, the rights and obligations between the Company and its Shareholders as well as among the Shareholders once it goes into effect. The Articles of Association are binding on the Company and its Shareholders, Directors, Supervisors, general manager and other senior management personnel, all of whom may, according to the Articles of Association, assert rights in respect of the affairs of the Company.

Shareholders may take action against the Company pursuant to the Articles of Association, and the Company may take action against Shareholders, Directors, Supervisors, general manager and other senior management personnel pursuant to the Articles of

Association. A Shareholder may also take action against another Shareholder, the Directors, Supervisors, general manager and other senior management personnel of the Company pursuant to the Articles of Association. The “take action” appears above include submitting a lawsuit to court or apply to the arbitration bodies for arbitration.

**(b) Share issuance, assignment, capital increase and reduction**

Subject to the approval of the securities regulatory authorities of the State Council, the Company may issue shares to Domestic Investors and Foreign Investors. “Foreign Investors” mean those investors who subscribe for the Company’s shares and who are located in foreign countries and Hong Kong Special Administration Region (hereinafter shortly referred to as “Hong Kong”), Macao Special Administration Region (hereinafter shortly referred to as “Macao”) and Taiwan. “Domestic Investors” mean those investors who subscribe for the Company’s shares and who are located within the territory of the PRC (except the areas referred to above).

Shares which the Company issues to Domestic Investors for subscription in RMB are called “Domestic Shares”; shares which the Company issues to Foreign Investors for subscription in foreign currencies are called “Foreign Shares”. Foreign Shares which are listed overseas are called “Overseas Listed Foreign Shares”. Foreign Shares issued by the Company to list in the Stock Exchange shall be called “H Shares”. H Shares are shares which have been admitted for listing on the Stock Exchange, the par value of which is denominated in Renminbi and which are subscribed for and traded in Hong Kong dollars. With authorization by the State Council or the approval of agencies authorized by the State Council and consent by the Stock Exchange, domestic shares issued by the Company may be converted into H Shares.

The Company may, based on its operation and development needs, authorize the increase of its capital pursuant to the Articles of Association. The Company may increase its capital in the following ways:

- (1) by offering new shares for subscription by unspecified investors;
- (2) by placing new shares to its existing Shareholders;
- (3) by allotting bonus shares to its existing Shareholders;
- (4) by issuing new shares to specific investors;
- (5) by converting the capital common reserve fund into its share capital;
- (6) by other means stipulated by laws, administrative regulations and approved by the securities regulatory authorities of the State Council.

After the Company’s increase of share capital by means of the issuance of new shares has been approved in accordance with the provisions of the Articles of Association, the issuance thereof should be made in accordance with the procedures set out in the relevant laws and administrative regulations of the State.

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## APPENDIX VI      SUMMARY OF THE ARTICLES OF ASSOCIATION

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The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital. The Company shall notify its creditors within ten (10) days of the date of the Company's resolution for reduction of capital and shall publish an announcement in the newspapers within thirty (30) days of the date of such resolution. A creditor has the right within thirty (30) days of receipt of the notice from the Company or, in the case of a creditor who does not receive such notice, within forty-five (45) days of the date of the first announcement, to require the Company to repay its debts or to provide a corresponding guarantee for such debt. The Company's registered capital may not, after the reduction in capital, be less than the minimum amount prescribed by law.

The Company shall, where increases or decreases its registered share capital, legally register the change of the registered share capital at the companies' registration authority.

### **(c) Shareholders**

A Shareholder of the Company is a person who lawfully holds shares in the Company and whose name (title) is entered in the register of Shareholders.

A Shareholder shall enjoy rights and assume obligations according to the class and amount of shares held by him. Shareholders who hold shares of the same class shall enjoy the same rights and assume the same obligations.

The Company's Shareholders of each class enjoy equal rights in any distribution in form of dividend or otherwise.

Two (2) or more persons who are registered as the joint Shareholders of any shares shall be deemed as the joint holders of related shares, subject to the following terms:

- (1) the Company needn't to register more than four (4) persons as the joint Shareholders of any shares;
- (2) all the joint Shareholders of any shares shall jointly and individually assume the responsibility of paying for all amounts payable arising from relative shares;
- (3) for the joint Shareholders, if one of the joint Shareholders has passed away, the surviving Shareholders shall be deemed by the Company to have the ownership of the related shares, but the Board of Directors is entitled to ask for the provision of the suitable death certificate for the purpose of revision of the Shareholders' register; and
- (4) for joint Shareholders, only the Shareholder named first in the Shareholders' register has the right to receive the share certificates of the related shares, receive the notice of the Company, attend the Shareholders' general meeting and exercise his voting right; while, any notice delivered to the said Shareholder shall be deemed as if the notice has been delivered to all of the joint Shareholder of the related shares.

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The Shareholders of ordinary shares of the Company shall enjoy the following rights:

- (1) the right to receive dividends and other distributions in proportion to their shareholdings;
- (2) the right to request, convene, chair, attend or appoint a proxy to attend Shareholders' general meetings and to exercise voting rights in proportion to their shareholdings;
- (3) the right to supervise the Company's business operations, the right to present proposals or raise queries;
- (4) the right to assign, donate, inherit or pledge all the shares held by it in accordance with laws, administrative regulations, departmental rules, regulatory documents, relevant provisions of the securities regulatory authorities of the place of the listing of the Company and the provisions of the Articles of Association;
- (5) the right to obtain relevant information in accordance with the Articles of Association;
- (6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of remaining assets of the Company in accordance with the number of shares held;
- (7) the right (for those Shareholders who hold objection against the resolutions in relation to the Company's merger and division made by the general meeting) to require the Company to acquire their shares;
- (8) the Company shall not exercise any right to freeze or otherwise damage the rights attached to any shares held by any persons who directly or indirectly own interests in it which are not disclosed to the Company;
- (9) other rights conferred by laws, administrative regulations and the Articles of Association.

The Shareholders holding more than 5% of the Company's voting rights shall, in the event of a pledge of the shares held by them, report to the Company in writing from the date of occurrence of such fact. Pledge of H Shares shall be subject to the Hong Kong laws, the stock exchange rules and other related provisions.

The share certificates of the Company shall be in registered forms.

The share certificates shall be signed by the chairman. Other related senior management personnel of the Company shall sign also once required by such stock exchanges where the Company's shares are listed. The share certificates can be valid only with company chop or digitally printed chop stamped. Company chop or digitally printed chop stamped on shares should be authorized by the Board of Directors. Signatures of chairman of the Board of Directors of the Company and other related senior management personnel can be printed on the shares as well.

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A person who is a registered Shareholder or who claims to be entitled to have his name (title) entered in the register of Shareholders in respect of shares in the Company may, if his share certificate (the “original certificate”) relating to the shares is lost, he may apply to the Company for a replacement share certificate in respect of such shares (the “Relevant Shares”). Application by a holder of Domestic Shares, who has lost his share certificate, for a replacement share certificate shall be dealt with in accordance with relevant provisions of the Company Law.

Application by a holder of Overseas Listed Foreign Shares, who has lost his share certificate, for a replacement share certificate may be dealt with in accordance with the law of the place where the original register of Shareholders of holders of Overseas Listed Foreign Shares is maintained, the rules of the stock exchange or other relevant regulations.

The issue of a replacement share certificate to a holder of H Shares, who has lost his share certificate, shall comply with the following requirements:

- (1) the applicant shall submit an application to the Company in the prescribed form accompanied by a notarial certificate or a statutory declaration, of which the contents shall include the grounds upon which the application is made and the circumstances and evidence of the loss, and the declaration showing that no other person is entitled to have his name entered in the register of Shareholders in respect of the Relevant Shares.
- (2) the Company has not received any declaration made by any person other than the applicant declaring that his name shall be entered in the register of Shareholders in respect of such shares before it decides to issue a replacement share certificate to the applicant.
- (3) the Company shall, if it intends to issue a replacement share certificate, publish a notice of its intention to do so at least once every thirty (30) days within a period of ninety (90) consecutive days in such newspapers as may be prescribed by the Board of Directors.
- (4) the Company shall, prior to publication of its intention to issue a replacement share certificate, deliver to the stock exchange on which its shares are listed, a copy of the notice to be published and may publish the notice upon receipt of confirmation from such stock exchange that the notice has been exhibited in the premises of the stock exchange. Such notice shall be exhibited in the premises of the stock exchange for a period of ninety (90) days.

In the case of an application which is made without the consent of the registered holder of the Relevant Shares, the Company shall deliver by mail to such registered Shareholder a copy of the notice to be published.

- (5) if, by the expiration of the 90-day period referred to in paragraphs (3) and (4) of this article, the Company has not received any objection from any person in respect of the issuance of the replacement share certificate, it may issue a replacement share certificate to the applicant pursuant to his application.



- (6) where the Company issues a replacement share certificate pursuant to this Article, it shall forthwith cancel the original share certificate and record the cancellation of the original share certificate and issuance of a replacement share certificate in the register of Shareholders accordingly.
- (7) all expenses relating to the cancellation of an original share certificate and the issuance of a replacement share certificate shall be borne by the applicant and the Company is entitled to refuse to take any action until reasonable guarantee is provided by the applicant therefor.

**(d) Un-contactable Shareholders**

In compliance with relevant laws and regulations of the People's Republic of China as well as requirements of the Stock Exchange, the Company may exercise the power to confiscate the unclaimed dividends, but such power is non-exercisable until expiration of related applicable validity.

As for cease of exercise of the power of those Shareholders un-contactable, dividend warrants shall be sent by post, in case such dividends are not withdrawn, such power is non-exercisable unless such dividend warrants are not withdrawn for twice consecutively. The Company may also, however, exercise such power where such dividend warrants are sent back due to the initial failure of service to the addressee.

As for exercise of the power of issuing warrants to the holders, the Company shall not issue any replacement warrants unless it does believe the original warrants are truly destroyed.

The Company is entitled to sell the share certificates of those Shareholders un-contactable in a manner the Board of Directors deems fit, subject to the following terms:

- (1) dividends of relative shares have been declared for at least three (3) times within a 12-year period and the dividends have not been claimed by anyone during such period; and
- (2) upon expiry of the 12-year period, the Company publishes an announcement on one (1) newspaper or more newspapers, stating its intention to dispose of the shares, and notifies the stock exchange where such shares were listed.

**(e) Board of Directors**

The Company shall have the Board of Directors, which shall be accountable to the Shareholders' general meeting. The Board of Directors shall exercise the following functions and powers:

- (1) to be responsible for convening Shareholders' general meetings and to report on its work to the Shareholders' general meeting;

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- (2) to implement resolutions of the Shareholders' general meeting;
- (3) to decide on the Company's business plans and investment proposals;
- (4) to formulate the Company's annual financial budget and final accounts;
- (5) to formulate the Company's profit distribution proposals and proposals for making up losses;
- (6) to formulate proposals for the increase or reduction of the registered capital of the Company, proposals for the issuance of debentures or other securities of the Company, and proposals for the listing;
- (7) to prepare the programs in relation to the Company's material acquisitions, acquisitions of the Company's share certificates or merger, division, dissolution and organizational changes;
- (8) to decide to the extent authorized by the general meeting the Company's foreign investments, acquisitions and sales of assets, assets pledge, foreign security, entrusted financial management, connected transactions and other matters;
- (9) to decide on the establishment of the Company's internal management organization;
- (10) to appoint or remove the Company's general manager and secretary of the Board, and to appoint or remove the deputy general manager (or deputy general managers), chief accountant and other senior management personnel based on the recommendations of the general manager, and to decide on their emolument and rewards & punishments;
- (11) to formulate the Company's basic management system;
- (12) to formulate proposals for any amendment of the Articles of Association;
- (13) to control the Company's information disclosure;
- (14) to propose to the general meeting to appoint or change the accounts firm in charge of the Company's audit;
- (15) to debrief the work report of the Company's general manager and to check the general manager's work;
- (16) other functions and powers conferred by laws, administrative regulations, departmental regulations, regulatory documents or the Articles of Association.

Unless otherwise stated in laws, administrative regulations and the Articles of Association, in making the above resolutions by the Board of Directors, formulation of the programs in relation to the Company's capital increase or reduction and the programs of issuing

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the Company's bonds, and preparation of the programs in relation to the Company's merger, division, dissolution, as well as formulation of the programs of amendments and rectification of the Articles of Association of the Company must be approved by two third (2/3) of all the Directors, and the remaining resolutions shall be approved by more than half (1/2) of all the Directors.

The Board of Directors convenes at least four (4) meetings each year which shall be convened by the chairman of the Board of Directors by written notice to all Directors and all Supervisors fourteen (14) days earlier before the meeting. The Shareholders representing more than one tenth (1/10) of the voting rights, more than one third (1/3) Directors, the Board of Supervisors or the Company's general manager may propose to convene an extraordinary meeting of the Board of Directors. The chairman of the Board of Directors shall convene and preside such extraordinary meetings of the Board of Directors within ten (10) days upon receipt of such proposal.

Notice of meetings and extraordinary meetings of the Board of Directors shall be delivered by the means and at the times as follows:

- (1) No notice is required if the timing and venue of the meetings have been decided by the Board of Directors in advance.
- (2) If the Board of Directors has not decided on the timing and venue of the meetings, the chairman of the Board of Directors shall, through the secretary of the Board of Directors, send the notice of the meetings specifying the time and venue of the meetings to all Directors and chairman of the Board of Supervisors by telex, cable, facsimile, express delivery service, registered mail or by hand. Such notice shall be delivered at least ten days before the meeting. As for the extraordinary meetings of the Board of Directors, the chairman of the Board of Directors shall notify at least three (3) days earlier each director and the chairman of the Board of Supervisors through the secretary to the Board of Directors the meeting time and place by telex, telegraph, facsimile, express delivery service or registered mail or by hand.

Meetings of the Board of Directors may be held only if more than half of the Directors attend. The Directors shall attend the meetings of the Board of Directors in person; a Director may, in case he/she is unable to attend a meeting, trust another Director in writing to attend instead of him/her, and the instrument appointing a proxy shall indicate the proxy's name, trusted matters, scope and validity of authorization and be signed or affixed with chop by the appointer. The Director who attends the meeting instead of him/her shall exercise the right as a Director within the scope of authorization.

In case a Director fails to attend the meetings in person twice consecutively while doesn't trust another Director to attend the meetings instead of him/her, it shall be deemed that such Director is unable to fulfill his/her duties, and the Board of Directors shall suggest the general meeting to have such Director replaced.

In voting of a resolution of the Board of Directors, one vote per person is implemented. Where the number of the votes in favor of a resolution is equal to the number of the votes against such resolution, the chairman of the Board of Directors is entitled to one (1) more vote.

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Resolutions of the Board of Directors must be approved by more than half (1/2) of all the Directors. A foreign security which shall be approved by the Board of Directors and in other situations stated in the Articles of Association shall be subject to the approval of more than two third (2/3) of the Directors present at a meeting. A resolution on connected transactions of the Board of Directors can become effective only upon signature of the independent Directors.

A Director who is connected to the enterprises involved in a resolution of the meeting of the Board of Directors shall neither exercise his/her voting rights nor exercise another Director's voting rights as a proxy. In such event, the meeting of the Board of Directors can be held only where more than half (1/2) of the Directors unconnected, and the resolution of the meeting of the Board of Directors shall be approved by more than half (1/2) of such unconnected Directors. In case of less than three (3) unconnected Directors present at the meeting, such matter shall be submitted to the general meeting for deliberation.

If one-quarter or more of the Directors or two or more of the external Directors believe that there is insufficient information or that the arguments are inconclusive, they may jointly propose that the Board meeting be postponed or that some of the matters to be discussed at the Board meeting be discussed at a later time. In such circumstances the Board of Directors shall accept the proposal.

### **(f) Special Committees to the Board of Directors**

Certain committees such as Audit Committee, Remuneration & Appraisal Committee, Nomination Committee and other special committees are established to the Board of Directors. Such committees, under the leadership of the Board of Directors, assist the Board of Directors to implement its functions and powers or provide it with recommendations or advices, and their manning and rules of procedure shall be otherwise agreed by the Board of Directors.

### **(g) Secretary to the Board of Directors**

The Company shall have secretary to the Board of Directors. The secretary shall be the senior management personnel of the Company. The secretary to the Board of Directors shall be a natural person with the necessary professional knowledge and experience. He shall be appointed by the Board of Directors. A secretary to the Board of Directors is appointed for a term of three (3) years and can be re-appointed.

### **(h) Board of Supervisors**

The Company has a Board of Supervisors. The Board of Supervisors consists of three (3) Supervisors. The Board of Supervisors shall have one (1) chairman. Meetings of the Board of Supervisors shall be held at least every six (6) months, and called by the chairman of the Board of Supervisors. A Supervisor may propose to convene an extraordinary meeting of the Board of Supervisors. A resolution of the Board of Supervisors shall be approved by more than two third (2/3) of the members of the Board of Supervisors.

The appointment and dismissal of the chairman of the Board of Supervisors shall be approved by more than two third (2/3) of the members of the Board of Supervisors. The chairman of the Board of Supervisors shall convene and preside the meetings of the Board of

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Supervisors; in case a chairman of the Board of Supervisors is unable to or not fulfill his/her duties, more than half (1/2) of the Supervisors shall jointly elect a Supervisor to convene and preside the meetings of the Board of Supervisors.

The Board of Supervisors shall include Shareholder representatives and an appropriate proportion of representatives of the Company's employees (not less than one third (1/3) of the total representatives). The Shareholder representatives of the Board of Directors shall be elected and removed by the general meeting, while the representatives of the Company's employees shall be elected out by worker representatives meeting, workers congress or by other democratic means.

Directors, general manager and other senior management personnel may not act concurrently as Supervisors.

A Supervisor has a term of three (3) years for each period of office and can be re-appointed upon expiration of his/her tenure upon re-election.

The Board of Supervisors shall be responsible to the Shareholder's general meeting and exercise the following functions and powers:

- (1) to check and inspect the Company's periodic report prepared by the Board of Directors and provide recommendations in writing, to check and inspect the financial information such as the financial report, business report and plans for profits distribution to be submitted by the Board of Directors to the general meetings, and to authorize, in the Company's name, publicly certified and practicing accountants to assist in the review on such information should any doubt arise in respect thereof;
- (2) to review the Company's financial position;
- (3) to supervise the Directors and senior management personnel during their performance of duties, and put forward removal proposals to those act in contravention of any law, administrative regulations, the Articles of Association or resolutions of Shareholders' general meetings;
- (4) to demand the Directors and senior management personnel to rectify their error if they have acted in a harmful manner to the Company's interest;
- (5) to propose to convene an extraordinary general meeting, to convene and preside a general meeting where the Board of Directors doesn't fulfill its duties of convening and presiding a general meeting as required by the Company Law;
- (6) to make proposals to the general meeting;
- (7) to take an action against the Directors or senior management personnel according to Clause 152 of the Company Law;

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- (8) may conduct an investigation where abnormality of the Company's operation is discovered; when necessary, may appoint accountants firms, law firms and other professional organizations to assist its work, and the costs shall be at the Company's expense.

The Supervisors may be present at the meetings of the Board of Directors and raise queries or present proposals in relation to the resolutions of the Board of Directors.

### **(i) General Manager**

The Company shall have one general manager who shall be appointed or dismissed by the Board of Directors. General manager is appointed for a term of three (3) years and may be re-appointed.

The Company's general manager shall be accountable to the Board of Directors and shall exercise the following duties and powers:

- (1) to be in charge of the Company's production, operation and management, to co-ordinate the implementation of the resolutions of the Board of Directors and report the work to the Board of Directors;
- (2) to organize the implementation of the Company's annual business plan and investment proposal;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to draft the Company's basic management system;
- (5) to draft the Company's basic regulations;
- (6) to request the appointment or dismissal of the Company's deputy general manager and chief accountant;
- (7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;
- (8) other duties and powers conferred by the Articles of Association and the Board of Directors.

The general manager shall attend Board meetings, but such general manager who is not a Director hasn't any voting rights at Board meetings.

### **(j) Common reserve fund**

10% of the Company's profit shall be extracted into its statutory reserve after distribution of profit after tax of the then year. The Company's statutory reserve may not be extracted provided that the accumulated amount is more than 50% of its registered share capital.

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## APPENDIX VI SUMMARY OF THE ARTICLES OF ASSOCIATION

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Where the Company's statutory reserve is insufficient to offset the losses of the prior years, before statutory reserve is extracted according to the preceding clause, the profit of the then year shall be first used to offset the losses.

Arbitrary reserve can, upon resolution of the general meeting, be extracted out of the profit after tax as well after statutory reserve is extracted out of the profit after tax of the Company.

The remaining profit after tax after the Company offsets the losses and extracts the reserves shall be distributed in accordance with the proportion of Shareholdings with the exception of distribution not in the proportion stated in the Articles of Association.

In case the general meeting distributes the profit to the Shareholders before it offsets the losses and extracts the statutory reserves violating the above provisions, the Shareholders must return such profit distributed inconsistent with the provisions to the Company.

The Company's shares held by it shall not participate in profit distribution.

The Company's reserves are used to make up its losses, expand its production and operation or convert into its capital. Capital common reserve fund can't be used to make up losses of the Company.

Such reserves remained will be not less than 25% of the Company's registered share capital before conversion into its capital.

### **(k) Resolution of disputes**

The Company shall abide by the following principles for dispute resolution:

- (1) Whenever any disputes or claims arise between: holders of H Shares and the Company; holders of H Shares and the Company's Directors, Supervisors, general manager or other senior management personnel; or holders of H Shares and holders of Domestic Shares, in relation to the affairs of the Company arising as a result of any rights or obligations arising from the Articles of Association, the Company Law or other relevant laws and administrative regulations, such disputes or claims shall be referred by the relevant parties to arbitration.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall, where such person is the Company or the Company's Shareholders, Directors, Supervisors, general manager or other senior management personnel, comply with the decisions made in the arbitration.

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

- (2) A claimant may elect for arbitration to be carried out at either at the China International Economic and Trade Arbitration Commission in accordance with its Rules or at 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 elected by the claimant.

If a claimant elects for arbitration to be carried out at the Hong Kong International Arbitration Centre, any party to the dispute or claim may apply for a hearing to take place in Shenzhen in accordance with the Securities Arbitration Rules of the Hong Kong International Arbitration Centre.

- (3) If any disputes or claims of rights are settled by means of arbitration in accordance with sub-paragraph. (1) of this Article, the laws of the PRC (excluding Hong Kong SAR, Macao SAR and Taiwan) shall apply, save as otherwise provided in the laws and administrative regulations.
- (4) The judgment of an arbitral body shall be final and conclusive and binding on all parties.