

This Appendix contains a summary of our Articles of Association. The principal objective is to provide potential investors with an overview of our Articles of Association. As the information contained below is a summary form, it does not contain all the information that may be important to potential investors. As stated in the paragraph headed “Documents Delivered to the Registrar of Companies and Available for Inspection” in Appendix XI, a copy of the Articles of Association is available for inspection.

Our Articles of Association and relevant amendments thereto were adopted or authorized by our shareholders in general shareholders’ meetings in accordance with applicable laws and regulations, including the PRC Company Law, the Securities Law of the PRC, the Opinion Letter Regarding Supplementary Amendments to Articles of Association of Companies Limited by Shares Seeking Listing in Hong Kong, the Special Regulations, the Mandatory Provisions and the Hong Kong Listing Rules.

### **Directors and Other Officers**

#### ***Power to Allot and Issue Shares***

There is no provision in the Articles of Association empowering the Directors to allot and issue Shares.

To increase the capital of our Company, the Board is responsible for formulating proposals for approval at a shareholders’ general meeting by way of special resolution. Any such increase must be conducted in accordance with the procedures stipulated by the relevant laws and administrative regulations.

#### ***Power to Dispose of the Assets of our Company or any Subsidiary***

The Board is accountable to the shareholders’ general meeting.

The Board shall not, without the prior approval or consent of shareholders’ general meeting, dispose or agree to dispose of, any fixed assets of our Company where the anticipated value of the assets to be disposed, together with the value of any fixed assets of our Company that has been disposed in the period of four (4) months immediately preceding the proposed disposition, exceeds 33% of the value of our Company’s fixed assets as shown in the last balance sheet placed before the shareholders’ general meeting.

The validity of a disposition by our Company of fixed assets shall not be affected by the breach of the above paragraph.

For the purposes of the Articles of Association, a disposition of fixed assets includes an act involving the transfer of an interest in assets but does not include the provision of fixed assets as security.

The Board shall carry its duties in compliance with the laws, regulations, the Articles of Association and resolutions passed by the shareholders’ general meetings.

#### ***Emoluments and Compensation or Payments for Loss of Office***

Our Company shall, with the prior approval of shareholders’ general meeting, enter into a contract in writing with each of the Directors or Supervisors wherein his or her emoluments are stipulated. The aforesaid emoluments include:

- (1) emoluments in respect of his or her service as a Director, Supervisor or senior executive officer of our Company;

- (2) emoluments in respect of his service as a Director, Supervisor or senior executive officer of any subsidiary of our Company;
- (3) emoluments in respect of other service the management of our Company and any subsidiary of our Company;
- (4) payment by way of compensation for loss of office, or as consideration for or in connection with his retirement from office.

Except under the contract entered into in accordance with the foregoing, no proceedings may be brought by a Director or Supervisor against our Company for any benefit due to him in respect of the above matters.

The contracts concerning the emoluments between our Company and its Directors or Supervisors should provide that, in the event of an acquisition of our Company, the Directors and Supervisors shall, subject to the prior approval of the shareholders' general meeting, have the right to receive compensation or other payment in respect of his loss of office or retirement. An "acquisition of our Company" referred to in this paragraph means either:

- (1) an offer made by any person to all shareholders; or
- (2) an offer made by any person with a view to the offeror becoming a "controlling shareholder" within the meaning set out in the Articles of Association (see the section headed "Rights of the Minorities in Relation to Fraud or Oppression" below).

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

#### ***Loans to Directors, Supervisors and Other Officers***

Our 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, our President or other senior executive officer of our Company or of our Company's holding company or any of their respective associates. However, the following transactions are not subject to such prohibition:

- the provision by our Company of a loan or a guarantee of a loan to a company which is a subsidiary of our Company;
- the provision by our Company of a loan or a guarantee in connection with the making of a loan or any other funds to any of its Directors, Supervisors, our President and other senior executive officers for them to pay for expenditure incurred or to be incurred by him for the purposes of our 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' general meeting; and
- Our Company may make a loan to or provide a guarantee in connection with the making of a loan to any of the relevant Directors, Supervisors, our President and other senior executive officers or their respective associates on normal commercial terms, provided that the ordinary course of business of our Company includes the lending of money or the giving of guarantees.

A loan made by our Company in breach of the above provisions shall be forthwith repayable by the recipient of the loan regardless of the terms of the loan.

A guarantee provided by our Company in breach of the above provisions shall be unenforceable against our Company, unless:

1. the guarantee was provided in connection with a loan to an associate of any of the Directors, Supervisors, our President and other senior executive officers of our Company or of our Company's holding company and at the time the loan was advanced the lender did not know the relevant circumstances; or
2. the collateral provided by our Company has been lawfully disposed of by the lender to a bona fide purchaser.

For these purposes:

- (a) a guarantee includes an undertaking or property provided to secure the performance of obligations by the obligor; and
- (b) a definition of an associate as referred to in sub-section headed "Duties" below applies, mutatis mutandis, to this provision.

***Financial Assistance for the Acquisition of Shares in our Company or any Subsidiary***

Subject to the exceptions in the Articles of Association, our Company and our subsidiaries shall not, by any means at any time, provide any kind of financial assistance (as defined below) to a person who is acquiring or is proposing to acquire shares of our Company. The said acquirer of shares of our Company includes a person who directly or indirectly incurs any obligations (as defined below) due to the acquisition of the shares. Our Company and our subsidiaries shall not, by any means at any time, provide financial assistance to the said acquirer as referred to above for the purpose of reducing or discharging the obligations assumed by that person.

The following activities shall not be deemed to be prohibited activities:

- the provision of financial assistance by our Company where the financial assistance is given in good faith in the interest of our Company, and the principal purpose in giving the financial assistance is not for the acquisition of shares in our Company, or the giving of the financial assistance is an incidental part of some larger purpose of our Company;
- the lawful distribution of our Company's assets by way of dividend in accordance with law;
- the allotment of bonus shares as dividends;
- a reduction of registered capital, a repurchase of shares of our Company or a reorganization of the share capital structure of our Company effected in accordance with these Articles of Association;
- the lending of money by our Company in the ordinary course of its business, where the lending of money is part of the scope of business of our Company (provided that the net assets of our 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); and
- the provision of money by our Company for contributions to staff and workers' shares schemes (provided that the net assets of our 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).

For these purposes:

- (a) “financial assistance” includes (without limitation) the following meanings:
  - (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), or compensation (other than compensation in respect of our Company’s own default) or release or waiver of any rights;
  - (3) provision of loan or any other agreement under which the obligations of our Company are to be fulfilled before the obligations of another party, or a change in the parties to, or the novation of, or the assignment of rights arising under, such loan or agreement; or
  - (4) any other form of financial assistance given by our Company when our Company is unable to pay its debts or has no net assets or when its net assets would thereby be reduced to a material extent.
- (b) “incurring an obligation” includes the incurring of obligations by the changing of the obligor’s financial position by way of contract or the making of an arrangement (whether enforceable or not, and whether made on its own account or with any other persons), or by any other means.

***Disclosure of Interests in Contracts with our Company or any of its Subsidiaries***

Where a Director, Supervisor, our President or other senior executive officer of our Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with our Company, (other than his contract of service with our Company), he shall declare the nature and extent of his interests to the Board at the earliest opportunity, whether or not the contract, transaction or arrangement or proposal therefor is otherwise subject to the approval of the Board under normal circumstances.

Unless the interested Director, Supervisor, President or other senior executive officer discloses his interests in accordance with the Articles of Association and the contract, transaction or arrangement is approved by the Board at a meeting in which the interested Director, Supervisor, President or other senior executive officer is not counted in the quorum and refrains from voting, a contract, transaction or arrangement in which that Director, Supervisor, our President or other senior executive officer is materially interested is voidable at the instance of our Company except as against a bona fide party thereto acting without notice of the breach of duty by the interested Director, Supervisor, our President or other senior executive officer.

For these purposes, a Director, Supervisor, our President or other senior executive officer of our Company is deemed to be interested in a contract, transaction or arrangement in which an associate of his/hers is interested.

Where a Director, Supervisor, our President or other senior executive officer of our Company gives to the Board a general notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements of any description, which may subsequently be made by our Company, such notice shall be deemed for the purposes of this paragraph to be a sufficient declaration of his interests, so far as the content stated in such notice is concerned, provided that such general 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 on behalf of our Company.

***Remuneration***

The remuneration of Directors must be approved by the shareholders' general meeting, as referred to under the section headed "Emoluments, Compensation or Payments for Loss of Office" above.

***Appointment, Removal and Retirement***

The term of office of the chairman of the Board and the other Board members shall be three years. If the term of appointment of a Director expires and he is re-elected, the Director may be reappointed for consecutive terms.

Directors shall be elected and removed by the shareholders' general meeting. A written notice of the intention to propose a person for election as director and a notice in writing by that person indicating his acceptance of such election is required to be given to our Company not earlier than the date of notice but no later than 7 days before the day of meeting.

The Board shall consist of 9 Directors, of which 5 shall be independent non-executive Directors. The Board shall have one chairman and one vice-chairman. The chairman and vice-chairman shall be elected and removed by a majority of all of the Directors. A Director is not required to hold shares of our Company.

A person may not serve as a Director, Supervisor, our President and any other senior executive officer of our Company if any of the following circumstances apply:

- a person without legal or with restricted legal capacity;
- a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or sabotaging the social economic order and has been punished because of committing such offence; or who has been deprived of his political rights, in each case where no more than five (5) years has elapsed since the date of the completion of implementation of such punishment or deprivation;
- a person who is a former director, factory manager or manager of a company or enterprise which has entered into insolvent liquidation because of mismanagement and he is personally liable for the insolvency of such company or enterprise, where no more than three (3) years has elapsed since the date of the completion of the insolvency and liquidation of such company or enterprise;
- a person who is a former legal representative of a company or enterprise which had its business license revoked due to a violation of the law and who incurred personal liability, where no more than three (3) years has elapsed since the date of the revocation of the business license;
- a person who has a relatively large amount of debts due and outstanding;
- a person who is under criminal investigation or prosecution by judicial organization for violation of the criminal law which investigation or prosecution is not yet concluded;
- a person who is not eligible for enterprise leadership according to laws and administrative regulations;
- a non-natural person;
- a person convicted of the contravention of provisions of relevant securities regulations by a relevant government authority, and such conviction involves a finding that he has acted

fraudulently or dishonestly, where less than five (5) years has elapsed since the date of the conviction; or

- a person who is a public servant.

There is no provision in our Articles of Association which imposes any age limit for Directors beyond which retirement as a Director is mandatory.

The validity of an act of a Director, our President or other senior executive officer on behalf of our Company is not, vis-à-vis a bona fide third party, affected by any irregularity in his office, election or any defect in his qualification.

### ***Borrowing Powers***

Subject to compliance with applicable laws and regulations of the PRC, our Company has the power to raise and borrow money, which power includes, without limitation, the issue of debentures, the charging or mortgaging of part or whole of our Company's business or properties and other rights permitted by PRC laws and administrative regulations. The Articles of Association do not contain any specific provision in respect of the manner in which borrowing powers may be exercised by the Directors nor do they contain any specific provision in respect of the manner in which such powers may be varied, other than: (a) provisions which give the Directors the power to formulate proposals for the issuance of debentures by our Company; and (b) provisions which provide that the issuance of debentures must be approved by the shareholders' general meeting by way of a special resolution.

### ***Duties***

In addition to obligations imposed by laws, administrative regulations or required by the stock exchanges on which Shares are listed, each of our Company's Directors, Supervisors, our President and other senior executive officers owes a duty to each shareholder, in the exercise of the functions and powers of our Company entrusted to him:

- not to cause our Company to exceed the scope of the business stipulated in its business license;
- to act honestly in the best interest of our Company;
- not to expropriate in any guise our Company's property, including (without limitation) usurpation of opportunities advantageous to our Company; and
- not to expropriate the individual rights of shareholders, including (without limitation) rights to distribution and voting rights, save pursuant to a restructuring of our Company submitted to shareholders' general meeting for approval in accordance with the Articles of Association.

Each of our Company's Directors, Supervisors, our President and other senior executive officers owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. Each of our Company's Directors, Supervisors, our President and other senior executive officers shall exercise his powers or carry on his duties in accordance with the principle of fiduciary and shall not put himself in a position where his duty and his interest may conflict. This principle includes (without limitation) discharging the following obligations:

- to act honestly in the best interests of our Company;
- to exercise powers within the scope of his powers and not to exceed those powers;

- 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' general meeting, not to delegate the exercise of his discretion;
- to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- except in accordance with the Articles of Association or with the informed consent of shareholders' general meeting, not to enter into any contract, transaction or arrangement with our Company;
- without the informed consent of shareholders' general meeting, not to use our Company's property for his own benefit;
- not to exploit his position to accept bribes or other illegal income or expropriate our Company's property by any means, including (without limitation) opportunities advantageous to our Company;
- without the informed consent of shareholders' general meeting, not to accept commissions in connection with our Company's transactions;
- to abide by the Articles of Association, faithfully execute his official duties and protect our Company's interests, and not to exploit his position and power in our Company to advance his own private interests;
- not to compete with our Company in any form unless with the informed consent of shareholders' general meeting;
- not to misappropriate our Company's funds or lend such funds to others, not to open accounts in his own name or other names for the deposit of our Company's assets and not to provide a guarantee for debts of a shareholder of our Company or other individual(s) with our Company's assets; and
- unless otherwise permitted by informed shareholders' general meeting, to keep in confidence information acquired by him in the course of and during his tenure and not to use the information other than in furtherance of the interests of our Company, save that disclosure of such information to the court or other governmental authorities is permitted if: (i) disclosure is made under compulsion of law; (ii) the interests of the public require disclosure; (iii) the interests of the relevant Director, Supervisor, our President or other senior executive officer require disclosure.

Each Director, Supervisor, our President or other senior executive officer of our Company shall not cause the following persons or institutions ("associates") to do what he is prohibited from doing:

- (1) the spouse or minor child of that Director, Supervisor, our President or other senior executive officer;
- (2) a person acting in the capacity of trustee of that Director, Supervisor, our President or other senior executive officer or any person referred to in the preceding paragraph;
- (3) a person acting in the capacity of partner of that Director, Supervisor, our President or other senior executive officer or any person referred to in paragraphs (1) and (2) above;
- (4) a company in which that Director, Supervisor, our President or other senior executive officer, alone or jointly with one or more persons referred to in paragraphs (1), (2) and (3) above and



other Directors, Supervisors, our President and other senior executive officers have a de facto controlling interest; and

- (5) the directors, supervisors, general manager and other senior executive officers of the controlled company referred to in the preceding paragraph.

The fiduciary duties of the Directors, Supervisors, our President and other senior executive officers of our Company do not necessarily cease with the termination of their tenure. The duty of confidence in relation to trade secrets of our Company survives the termination of their tenure. Other duties may continue for such period as fairness may require depending on the time lapse between the termination and the act concerned and the circumstances under which the relationships between them and our Company are terminated.

In addition to any rights and remedies provided by the laws and administrative regulations, where a Director, Supervisor, President or other senior executive officer of our Company is in breach of his duties to our Company, our Company has a right to:

- claim damages from the Director, Supervisor, our President or other senior executive officer in compensation for losses sustained by our Company as a result of such breach;
- rescind any contract or transaction entered into by our Company with the Director, Supervisor, our President or other senior executive officer or with a third party (where such third party knows or should know that there is such a breach of duties by such Director, Supervisor, our President or other senior executive officer);
- demand an account of the profits made by the Director, Supervisor, our President or other senior executive officer in breach of his duties;
- recover any funds received by the Director, Supervisor, our President or other senior executive officer that should have been received by our Company, including (without limitation) commissions;
- demand payment of the interest earned or which may have been earned by the Director, Supervisor, our President or other senior executive officer on the funds that should have been paid to our Company; and
- take legal actions to obtain judgment that our Company should own the properties earned by the Director, Supervisor, our President or other senior executive officer in breach of his duties.

Subject to the Articles of Association, a Director, Supervisor, our President or other senior executive officer of our Company may be relieved of liability for specific breaches of his duty by the informed consent of shareholders' general meeting.

#### **Alterations to Constitutional Documents**

Our Company may amend its Articles of Association in accordance with the requirements of law, administrative regulation and the Articles of Association.

Amendments to the Articles of Association involving the contents of the Mandatory Provisions shall become effective upon approvals by the companies approving department authorized by the State Council and securities authority of the State Council. If there is any change relating to the registered particulars of our Company, application shall be made for registration of the changes in accordance with law.



**Variation of Rights of Existing Shares or Classes of Shares**

Holders of Domestic Shares and holders of overseas listed foreign Shares of the Company shall be considered as different classes of shareholders.

Under the recently amended Company Law, all the existing Domestic Shares may not be transferred within a period of one year from the date of the Listing of H Shares on the Stock Exchange. Under the Articles of Association, it is provided that upon approval of the State Council or its authorized supervisory departments and subject to the requirements of the Stock Exchange, the Domestic Shares may be converted into H Shares.

Rights conferred on any class of shareholders in the capacity of shareholders (“class rights”) may not be varied or abrogated unless approved by a special resolution of shareholders’ general meeting and by holders of Shares of that class at a separate meeting conducted in accordance with the Articles of Association.

Upon the approval of the State Council or its authorized approving authority, the domestic ordinary shares of our Company may be totally or partially transferred or converted to foreign investment shares and become publicly tradable and listed on any overseas stock exchange. Unless the regulatory authorities of the place of listing requires otherwise, the transfer or conversion of the shares of our Company held by domestic shareholders to foreign investment shares and their listing on any overseas stock exchange will not require the approval of separate class meeting of our Company.

The following circumstances shall be deemed to be a variation or abrogation of the class rights of a class:

- (1) to increase or decrease the number of Shares of such class, or to increase or decrease the number of Shares of a class having voting or equity rights or privilege equal or superior to those of the Shares of such class, except for where Shares of our Company held on our Domestic Share register may be transferred to overseas investors, and such transferred Shares may be listed or traded on an overseas stock exchange, subject to the approval of the securities authorities of the State Council;
- (2) to effect an exchange of all or part of the Shares of such class into Shares of another class or to effect an exchange or create a right of exchange of all or part of the Shares of another class into the Shares of such class, except for where Shares of our Company held on our Domestic Share register may be transferred to overseas investors, and such transferred Shares may be listed or traded on an overseas stock exchange, subject to the approval of the securities authorities of the State Council;
- (3) to remove or reduce rights to accrued dividends or rights to cumulative dividends attached to Shares of such class;
- (4) to reduce or remove a dividend preference or a liquidation preference attached to Shares of such class;
- (5) to add, remove or reduce conversion privileges, options, voting rights, transfer or pre-emptive rights, or rights to acquire securities of our Company attached to Shares of such class;
- (6) to remove or reduce rights to receive payment payable by our Company in particular currencies attached to Shares of such class;

- (7) to create a new class of Shares having voting or equity rights or privileges equal or superior to those of the Shares of such class;
- (8) to restrict the transfer or ownership of the Shares of such class or add to such restriction;
- (9) to allot and issue rights to subscribe for, or convert into, shares in our Company of such class or another class;
- (10) to increase the rights or privileges of Shares of another class;
- (11) to restructure our Company where the proposed restructuring will result in different classes of shareholders bearing a disproportionate burden of such proposed restructuring; and
- (12) to vary or abrogate provisions in chapter 9 of the Articles of Association.

Shareholders of the affected class, whether or not otherwise having the right to vote at shareholders' general meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning paragraphs (2) to (8), (11) and (12) above, but interested shareholder(s) (as defined below) shall not be entitled to vote at class meetings.

Resolutions of a class of shareholders shall be passed by votes representing more than two-thirds of the voting rights of shareholders of that class represented at the relevant meeting who are entitled to vote at class meetings.

Written notice of a class meeting shall be given forty-five (45) days before the date of the class meeting to notify all of the shareholders in the share register of the class of the matters to be considered and the date and the place of the class meeting. A shareholder who intends to attend the class meeting shall deliver his written reply concerning attendance at the class meeting to our Company twenty (20) days before the date of the class meeting.

If the number of Shares carrying voting rights at the meeting represented by the shareholders who intend to attend the class meeting reaches one half or more of the voting Shares at the class meeting, our Company may hold the class meeting; if not, our Company shall within five (5) days notify the shareholders of the class, again by public notice, of the matters to be considered, the date and the place for the class meeting. Our Company may then hold the class meeting after publication of such notice.

Notice of class meetings need only be served on shareholders entitled to vote thereat.

Meetings of any class of shareholders shall be conducted in a manner as similar as possible to that of general meetings of shareholders. The provisions of the Articles of Association relating to the manner of conducting any shareholders' general meeting shall apply to any meeting of a class of shareholders. Holders of domestic-invested Shares and foreign-invested Shares are deemed to be shareholders of different classes.

The special procedures for voting at a class of shareholders shall not apply in the following circumstances:

- (1) where our Company issues, upon the approval by a special resolution of its shareholders' general meeting, either separately or concurrently once every twelve months, not more than 20% of each of its existing issued domestic-invested Shares and overseas-listed foreign-invested Shares;
- (2) where our Company's plan to issue domestic-invested Shares and overseas-listed foreign-invested Shares at the time of its establishment is carried out within fifteen (15) months from the date of approval of the securities authority of the State Council; or

- (3) where upon the approval from the relevant State Council securities regulatory authority, the domestic shareholders of our company may transfer the domestic shares held thereby to overseas investors and such transferred shares may be listed or traded on an overseas stock exchange.

For the purposes of the class rights provisions of the Articles of Association, the meaning of “interested shareholder(s)” is:

- (1) in the case of a repurchase of Shares by offers to all shareholders pro rata or public dealing on a stock exchange, a “controlling shareholder” within the meaning of the Articles of Association;
- (2) in the case of a repurchase of Shares by an off-market contract, a holder of the Shares to which the proposed contract relates; and
- (3) in the case of a restructuring of our 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.

### **Resolutions — Majority Required**

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

To adopt an ordinary resolution, votes representing one half or more of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favor of the resolution in order for it to be passed.

To adopt a special resolution, votes representing two-thirds or more of the voting rights represented by the shareholders (including proxies) present at the meeting must be exercised in favor of the resolution in order for it to be passed.

### **Voting Rights (generally, on a poll and right to demand a poll)**

The ordinary shareholders of our Company have the right to attend or appoint a proxy to attend shareholders’ general meetings and to vote thereat. A shareholder (including proxy) when voting at a shareholders’ general meeting may exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote. At any general meeting of shareholders a resolution shall be decided on a show of hands unless a poll is (before or after any vote by show of hands) demanded:

- by the chairman of the meeting;
- by at least two shareholders entitled to vote present in person or by proxy; or
- by one or more shareholders present in person or by proxy and representing 10% or more of all shares carrying the right to vote at the meeting.

Unless a poll be so demanded, a declaration by the chairman that a resolution has on a show of hands been carried, unanimously, or carried by, a particular majority, or lost, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favor of or against such resolution. The demand for a poll may be withdrawn by the person who makes such demand.

A poll demanded on the election of the chairman of the meeting, or on a question of adjournment of the meeting, shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs, and any business, other than that upon which a poll has been demanded

may be proceeded with, pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

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

In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to one additional vote.

### **Requirements for Annual General Meetings**

The Board shall convene an annual shareholders' meeting once each year and within six (6) months from the close of the preceding financial year.

### **Accounts and Audit**

Our Company shall establish its financial and accounting system in accordance with the laws, administrative regulations and PRC accounting standards formulated by the finance regulatory department of the State Council.

The Board shall place before the shareholders at every annual general meeting such financial reports as are required by any laws, administrative regulations or directives promulgated by competent regional and central governmental authorities to be prepared by our Company.

Our Company's financial reports shall be made available for shareholders' inspection at our Company twenty (20) days before the date of every shareholders' annual general meeting. Each shareholder shall be entitled to obtain a copy of the financial reports.

The financial statements of our Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either International Financial Reporting Standards, or that of the overseas place where our Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in an appendix to the financial statements. When our Company is to distribute its profits, it is required to distribute dividends based on the lower of the Company's distributable reserves determined under the two accounting standards.

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

Our Company shall publish its financial reports twice every fiscal year, that is, the interim financial report shall be published within sixty (60) days after the expiration of the first six (6) months of each fiscal year and the annual financial report shall be published within one hundred and twenty (120) days after the expiration of each fiscal year.

### **Notice of Meetings and Business to be Conducted thereat**

The shareholders' general meeting is the organ of authority of our Company and shall exercise its functions and powers in accordance with law. Our Company shall not, without the prior approval of shareholders' general meeting, enter into any contract with any person other than a Director, Supervisor, our

President or other senior executive officer whereby the management and administration of the whole or any substantial part of the business of our Company is to be handed over to such person. Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. Shareholders' general meeting shall be convened by the Board. Under any of the following circumstances, the Board shall convene an extraordinary general meeting within two (2) months:

- when the number of Directors is less than the number of Directors required by the PRC Company Law or two-thirds of the number of Directors specified in the Articles of Association;
- when the unrecovered losses of our Company amount to one-third of the total amount of its share capital;
- when shareholder(s) holding 10% or more of our Company's issued and outstanding shares carrying voting rights request(s) the convening of an extraordinary general meeting;
- when deemed necessary by the Board or as requested by the supervisory committee; or
- when at least 2 independent Directors or one half or more of independent Directors request convening of an extraordinary general meeting.

When our Company convenes a shareholders' general meeting, written notice of the meeting shall be given forty-five (45) days before the date of the meeting to notify all of the shareholders in the share register of the matters to be considered and the date and the place of the meeting. A shareholder who intends to attend the meeting shall deliver his written reply concerning the attendance of the meeting to our Company twenty (20) days before the date of the meeting.

When our Company convenes a shareholders' annual general meeting, shareholders holding 3% or more of the total voting shares of our Company shall have the right to propose new motions in writing, and Our Company shall place matters in the proposed motions within the scope of functions and powers of the shareholders' general meeting on the agenda.

A shareholders' extraordinary general meeting shall not decide on those matters not stated in the notice of meeting.

Our Company shall, based on the written replies received twenty (20) days before the date of the shareholders' general meeting from the shareholders, calculate the number of voting shares represented by shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting reaches one half or more of our Company's total voting shares, our Company may hold the meeting. If not, then our Company shall within five (5) days notify the shareholders again by public notice of the matters to be considered, the place and the date for the meeting. Our Company may hold the meeting after the publication of such notice.

A notice of meeting of shareholders shall be required to:

- be in writing;
- specify the place, the day and the hour of the meeting;
- list out the share registration date of shareholders who are entitled to attend the meeting;
- state the matters to be discussed at the meeting;
- provide such information and explanations as are necessary for the shareholders to exercise an informed judgment on the proposals before them. Without limiting the generality of the foregoing,

where a proposal is made to amalgamate our Company with another, to repurchase shares, to reorganize the share capital or to restructure our Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of such proposal must be properly explained;

- contain a disclosure of the nature and extent, if any, of the material interests of any Director, Supervisor, our President or other senior executive officer in the transaction proposed and the effect of the proposed transaction on them in their capacity as shareholders in so far as it is different from the effect on the interests of the shareholders of the same class;
- contain the full text of any special resolution proposed to be voted at the meeting;
- contain conspicuously a statement that a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him and that a proxy need not be a shareholder; and
- specify the time and place for lodging proxy forms for the relevant meeting.

Notice of shareholders' general meeting shall be served on the shareholders (whether or not entitled to vote at the meeting), by delivery or prepaid mail to their addresses as shown in the register of shareholders. For the holders of Domestic Shares, notice of the meetings may be issued by way of public notice.

The public notice shall be published in one or more newspapers designated by the securities governing authority of the State Council within the interval between forty-five (45) days and fifty (50) days before the date of the meeting. After the publication of such notice, the holders of domestic invested Shares shall be deemed to have received the notice of the relevant shareholders' general meeting. The accidental omission to give notice of a meeting to, or the non-receipt of notice of a meeting by, any person entitled to receive notice shall not invalidate the proceedings at that meeting.

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

- work reports of the Board and the supervisory committee;
- plans formulated by the Board for the distribution of profits and for making up losses;
- appointment and removal of the members of the Board and members of the supervisory committee, their remuneration and method of payment;
- annual preliminary and final budgets, balance sheets and profit and loss accounts and other financial statements of our Company; and
- matters other than those required by the laws and administrative regulations or by the Articles of Association to be adopted by special resolution.

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

- the increase or decrease of share capital and the issue of shares of any class, warrants and other similar securities;
- the repurchase of the Company's own Shares;
- the issue of debentures of our Company;
- the division, merger, change of the corporate form, dissolution, liquidation, material acquisition and sale in relation to our Company;

- amendments to the Articles of Association, and
- any other matters considered by the shareholders' general meeting, by way of an ordinary resolution, to be of a nature which may have a material impact on our Company and should be adopted by a special resolution.

### **Transfer of Shares**

Subject to the approval of the securities authority of the State Council, Shares of our Company held on our Domestic Share register may be transferred to overseas investors, and such transferred Shares may be listed or traded on an overseas stock exchange. Any listing or trading of the transferred Shares on an overseas stock exchange shall also comply with the regulatory procedures, rules and requirements of such overseas stock exchange.

All the fully paid-up H Shares can be freely transferred in accordance with the Articles of Association. For H Shares listed on the Hong Kong Stock Exchange, unless the requirements stipulated in the Articles of Association are met, the Board may refuse to accept any transfer documents without giving any explanation for such refusal.

The alteration and rectification of each part of the share register shall be carried out in accordance with the laws of the place where the register is maintained.

No changes in the shareholders' register due to the transfer of shares may be made within thirty (30) days before the date of a shareholders' general meeting or within five (5) days before the record date for our Company's distribution of dividends.

### **Power of our Company to Purchase its Own Shares**

In accordance with the provisions of the Articles of Association, our Company may reduce its registered share capital. Our Company may, with approval according to the procedures provided in the Articles of Association and subject to the approval of the relevant governing authority of the State, repurchase its issued shares under the following circumstances:

- cancellation of shares for the reduction of its capital;
- merging with another company that holds shares in our Company; and
- other circumstances permitted by laws and administrative regulations.

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

- making a pro rata general offer of repurchase to all of its shareholders;
- repurchase shares through public dealing on a stock exchange; or
- repurchase by an agreement.

Where our Company repurchases its shares by an off-market agreement, the prior sanction of shareholders shall be obtained in accordance with the Articles of Association. Our Company may release, vary or waive its rights under a contract so entered into by our Company with the prior approval of shareholders obtained in the same manner.



A contract to repurchase shares includes (without limitation) an agreement to become obliged to repurchase or an acquisition of the right to repurchase shares. Our Company shall not assign the contracts to repurchase shares and its rights under such contracts.

Shares repurchased in accordance with law by our Company shall be cancelled within the period prescribed by laws and administrative regulations, and our Company shall apply to the original companies registration authority for registration of the change of its registered shares capital. The amount of our Company's registered shares capital shall be reduced by the aggregate par value of those cancelled shares.

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

- where our Company repurchases Shares of our Company at par value, payment shall be made out of book surplus distributable profits of our Company or out of proceeds of a fresh issue of Shares made for that purpose;
- where our Company repurchases Shares of our Company at a premium to its par value, payment up to the par value shall be made out of the book surplus distributable profits of our Company or out of the proceeds of a fresh 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 distributable profits of our Company; or (ii) if the Shares being repurchased were issued at a premium to its par value, payment shall be made out of the book surplus distributable profits of our Company or out of the proceeds of a fresh issue of Shares made for that purpose, provided that the amount paid out of the proceed of the fresh issue shall not exceed the aggregate of premiums received by our Company on the issue of the Shares repurchased nor the current amount of our Company's share premium account (including the premiums on the fresh issue);

- payment by our Company in consideration of the following shall be made out of our Company's distributable profits: (i) acquisition of rights to repurchase Shares of our Company; (ii) variation of any contract to repurchase Shares of our Company; and (iii) release of any of our Company's obligations under any contract to repurchase Shares of our Company; and
- after our Company's registered share capital has been reduced by the total par value of the cancelled Shares in accordance with the relevant provisions, the amount deducted from the distributable profits of our Company for payment of the par value portion of the Shares repurchased shall be transferred to our Company's share premium account.

#### **Power for Any Subsidiary of Our Company to Own Shares in our Company**

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

#### **Dividends and Other Methods of Profit Distribution**

Our Company may distribute dividends in the following manner:

- cash; or
- Stock.

Dividends or other payments declared by our Company to be payable to holders of domestic invested shares shall be declared and calculated in Renminbi, and paid in Renminbi. Those payable to holders of foreign-invested Shares shall be declared and calculated in Renminbi, and paid in foreign currency.

Our Company shall appoint receiving agents on behalf of holders of the H Shares to receive on behalf of such shareholders dividends declared and all other monies owing by our Company in respect of their H Shares. The receiving agents appointed on behalf of holders of the H Shares shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

Any dividend declared and payable to holders of H Shares but unclaimed after a period of six (6) years from the date it became due for payment shall be forfeited and shall revert to our Company.

### Proxies

Any shareholder entitled to attend and vote at a meeting of our Company shall be entitled to appoint one or more other persons (whether a shareholder or not) as his proxy to attend and vote on his behalf, and a proxy so appointed shall:

- have the same right as the shareholder to speak at the meeting;
- have authority to demand or join in demanding a poll; and
- have 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.

The instrument appointing a proxy shall be in writing signed by the shareholder or signed by the shareholder's agent duly authorized in writing, or if the shareholder is a legal entity, either sealed by the shareholder or signed by a director or agent duly authorized. The instrument appointing a voting proxy and, if such instrument is signed by a person under a power of attorney or other authority on behalf of the appointer, a notary certified copy of that power of attorney or other authority, shall be deposited at the residence of our Company or at such other place as is specified for that purpose in the notice convening the meeting, not less than twenty-four (24) hours before the time for holding the meeting at which the proxy proposes to vote or the time appointed for the passing of the resolution.

If the appointer is a legal entity, its legal representative or such person as is authorized by resolution of its board of directors or other governing body to act as its representative may attend at any meeting of shareholders of our Company as a representative of the appointer.

Any form issued to a shareholder by the Board for use by him for appointing a proxy to attend and vote at a meeting of our 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 shall contain a statement that in the absence of instructions by the shareholder 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 appointer or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that no notice in writing of such death, insanity, revocation or transfer as aforesaid shall have been received by our Company before the commencement of the meeting at which proxy is used.

**Calls on Shares and Forfeiture of Shares**

There are no provisions in the Articles of Association relating to the making of calls on Shares or for the forfeiture of Shares.

**Rights of Shareholders (including inspection of register)**

The ordinary shareholders of our Company shall enjoy the following rights:

- the right to dividends and other distributions in proportion to the number of Shares held;
- the right to attend or appoint a proxy to attend shareholders' general meetings and to vote thereat;
- the right of supervisory management over our Company's business operations, and the rights to present proposals or to raise enquires;
- the right to transfer shares in accordance with laws, administrative regulations and provisions of the Articles of Association;
- the right to obtain relevant information in accordance with the provisions of the Articles of Association, including: (i) the right to obtain a copy of the Articles of Association, subject to payment of the cost of such copy; (ii) the right to inspect and copy, subject to payment of a reasonable charge: (a) all parts of the register of shareholders; (b) personal particulars of each of our Directors, Supervisors, President and other senior executive officers as follows: (1) present name and alias and any former name and alias; (2) principal address (residence); (3) nationality; (4) primary and all other part-time occupations; and (5) identification document and its number; (c) report on the state of our Company's share capital; (d) reports showing the number, aggregate par value, quantity, maximum and minimum price paid in respect of each class of Shares repurchased by our Company since the end of the last accounting year and the aggregate amount incurred by our Company for this purpose; and (e) minutes of shareholders' general meetings;
- in the event of the termination or liquidation of our Company, to participate in the distribution of remaining assets of our Company in accordance with the number of Shares held; and
- other rights conferred by laws, administrative regulations and the Articles of Association.

**Quorum for Meetings and Separate Class Meetings**

Our Company may convene a shareholders' general meeting where the number of voting Shares represented by those shareholders from whom our Company has received, twenty (20) days before the meeting, notices of intention to attend the meeting reaches one half or more of our Company's voting Shares; or, if that number is not reached, our Company shall within five (5) days notify the shareholders again of the matters proposed to be considered at the meeting, the date and the place of the meeting by way of public announcement. After such public announcement, our Company may hold the shareholders' general meeting.

Our Company may convene a class meeting where the number of voting Shares represented by those shareholders from whom our Company has received, twenty (20) days before the meeting, notices of intention to attend the meeting reaches one half or more of the total number of voting Shares of that class; or, if that number is not reached, our Company shall within five (5) days notify the shareholders again of the matters proposed to be considered at the meeting, the date and the place of the meeting by way of public announcement. After such public announcement, our Company may hold the class meeting.

**Rights of the Minorities in Relation to Fraud or Oppression**

In addition to obligations imposed by laws, administrative regulations or required by the stock exchange on which Shares of our Company 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 the shareholders generally or of some part of the shareholders of our Company:

- to relieve a Director or Supervisor of his duty to act honestly in the best interests of our Company;
- to approve the expropriation by a Director or Supervisor (for his own benefit or for the benefit of another person), in any guise, of our Company's assets, including (without limitation) opportunities beneficial to our Company; or
- to approve the expropriation by a Director or Supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (without limitation) rights to distributions and voting rights save pursuant to a restructuring submitted to shareholders for approval in accordance with the Articles of Association.

For these purposes, a "controlling shareholder" means a person who satisfies any one of the following conditions:

- he alone, or acting in concert with others, has the power to elect half or more of the Board of Directors;
- he alone, or acting in concert with others, has the power to exercise or to control the exercise of 30% or more of the voting rights in our Company;
- he alone, or acting in concert with others, holds 30% or more of the issued and outstanding shares of our Company; or
- he alone, or acting in concert with others, in any other manner controls our Company in fact.

See also the Section headed "Variation of Rights of Existing Shares or Classes of Shares" above.

**Procedures on Liquidation**

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

- a resolution for dissolution is passed by shareholders' general meeting;
- dissolution is necessary due to a merger or division of our Company;
- our Company is legally declared bankrupt due to its failure to repay debts due; or
- our Company is ordered to close down because of its violation of laws and administrative regulations.

Where the Board proposes to liquidate our Company due to causes other than the declaration of insolvency, the Board shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of our Company, the Board is of the opinion that our Company will be able 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' general meeting for the liquidation of our Company, all functions and powers of the Board shall cease.

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

### **Other Provisions Material to our Company and our Shareholders**

#### *General Provisions*

Our Company is a joint stock limited company in perpetual existence.

The Articles of Association constitute a legally binding document regulating our Company's organization and activities, and the rights and obligations between our Company and each shareholder and among the shareholders inter se.

Our Company may invest in other enterprises.

Our Company's liabilities to an investee company shall be limited to the amount of its capital contribution to such investee company.

Our Company may, based on its requirements for operation and development and in accordance with the relevant provisions of the Articles of Association, approve an increase of capital.

Our Company may increase its capital in the following ways:

- offering new shares to non-specialty-designated investors for subscription;
- placing new shares to its existing shareholders;
- distributing new shares to its existing shareholders by way of bonus issues; and
- any other way permitted by law and administrative regulations.

Our Company's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of the Articles of Association, be conducted in accordance with the procedures stipulated by relevant laws and administrative regulations.

Unless otherwise provided by law or administrative regulation, shares in our Company are freely transferable and are not subject to any lien.

When our Company reduces its registered share capital, it must draw up a balance sheet and an inventory of assets. Our Company shall notify its creditors within ten (10) days of the date of our Company's resolution for reduction of share capital and shall publish a notice in a newspaper within thirty (30) days of the date of such resolution. A creditor has the right within thirty (30) days of receiving the notice from our Company or, in the case of a creditor who does not receive the notice, within forty-five (45) days of the date of the first public notice, to demand our Company to repay its debts or provide a corresponding guarantee for such debt. Our Company's registered capital after reduction shall not be less than the statutory minimum amount.

The ordinary shareholders of our Company shall assume the following obligations:

- to abide by the Articles of Association;
- to pay subscription funds according to the number of shares subscribed and the method of subscription; and

- other obligations imposed by laws, administrative regulations and the Articles of Association.

Shareholders are not liable to make any further contribution to the share capital other than as agreed by the subscriber of the relevant shares on subscription.

### ***Board***

The Board is responsible to the shareholders' general meeting and exercises the following powers:

- (1) to be responsible for convening shareholders' general meetings and to report on its work to the shareholders' general meeting;
- (2) to implement the resolutions of the shareholders' general meetings;
- (3) to decide on our Company's business plans and investment plans;
- (4) to formulate our Company's annual financial budget and final report;
- (5) to formulate our Company's profit distribution plan and loss recovery plan;
- (6) to formulate proposals for the increases or decrease of our Company's registered capital and the issue of corporate debentures;
- (7) to formulate the plans for merger, division, change of form or dissolution of our Company;
- (8) to decide on the establishment of our Company's internal management structure;
- (9) based on the recommendations of the chairman of the Board, to appoint or remove our Company's President, based on the recommendations of the President, to appoint or remove other senior executive officers and, to decide on their remuneration and award matters;
- (10) to formulate our Company's basic management system;
- (11) to formulate proposals for any amendment to the Articles of Association;
- (12) to propose to the shareholders' general meetings the appointment or change of the accounting firm to conduct auditing of our Company;
- (13) to review and approve the proportional change to our Company's affiliates' shareholding in PRC listed companies as a result of a new or allotment offering by such listed companies;
- (14) to review and approve the total or partial transfer of, or the creation of pledge or any third-party interest on, the shares held by our Company's affiliates in PRC listed companies;
- (15) to review and approve the proposals to be voted on at the shareholders' general meeting of the PRC listed companies by our Company's affiliates according to the articles of association of such listed companies;

Except for the Board's resolutions in respect of the matters specified in the above paragraphs (6), (7) and (9), which shall be passed by two-thirds or more of the Directors, the Board resolutions in respect of all other matters may be passed by at least half of the Directors.

Meetings of the Board shall be held at least four times a year and convened by the chairman of the Board. Notice of the meeting shall be served on all of the Directors ten (10) days before the date of the meeting. In case of emergency and where three or more Directors, or the President of our Company so proposes, an extraordinary meeting of the Board may be held.

Meetings of the Board shall be held only if one half or more of the Directors are present. Each Director shall have one vote. Where the number of votes cast for and against a resolution are equal, the chairman of the Board shall have the deciding vote.

### *Supervisory Committee*

Our Company shall have a supervisory committee. The Directors, our President and other senior executive officers, including but not limited to our Chief Financial Officer, shall not act concurrently as Supervisors. The supervisory committee shall be composed of 3 Supervisors. One of the members of the supervisory committee shall act as the chairman. The term of office of Supervisors shall be three years, renewable upon re-election and reappointment. The election or removal of the chairman of the supervisory committee shall be determined by two-thirds or more of the members of the supervisory committee. Decisions of the supervisory committee shall be made by the affirmative vote of two-thirds or more of the Supervisors.

The supervisory committee shall comprise 2 representatives of shareholders and 1 representative of staff and workers of our Company. The representatives of shareholders and independent supervisors shall be elected and removed by shareholders' general meeting; the representative of workers and staff of our Company shall be elected and removed by the workers and staff of our Company democratically thereby.

The supervisory committee shall be accountable to the shareholders' general meeting and exercise the following powers in accordance with law:

- to examine our Company's financial situation and, if necessary, to engage an accounting firm, in the name of our Company, for an independent audit on our Company's financial situation;
- to supervise the performance by the Directors, President, deputy President, Chief Financial Officer and the secretary of the Board of our Company of their duties, and propose to remove the aforesaid personnel for violation of the applicable laws, regulations, the Articles of Association or the resolutions of the shareholders' general meeting;
- to demand rectification from a Director, President, deputy President, Chief Financial Officer and the secretary of the Board when the acts of such persons are harmful to our Company's interest if necessary;
- to verify the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the Board to the shareholders' general meetings and, should any queries arise, to engage, in the name of our Company, qualified accounting and auditing firms for a re-rectification on aforesaid information;
- to propose to convene an extraordinary shareholders' general meeting and to convene and preside over the shareholders' general meeting when the Board of our Company fails to perform the duties of convening and presiding over the shareholders' general meeting as stipulated in Company Law;
- to represent our Company in communication with Directors or institute proceedings against the Directors, President, deputy President, Chief Financial Officer or Board Secretary;
- to make proposals to the shareholders' general meeting; and
- to exercise other powers specified in the Articles of Association.

Members of the supervisory committee shall be present at meetings of the Board.



*President of our Company*

Our Company shall have one President, who shall be appointed and dismissed by the Board.

Our President shall be accountable to the Board and exercise the following powers:

- to be in charge of our Company's operation and management and to organize the implementation of the resolutions of the Board;
- to organize the implementation of our Company's annual business plan and investment plan;
- to draft plans for the establishment of the internal organizational structure of our Company;
- to draft our Company's basic management system;
- to formulate basic rules and regulations for our Company;
- to propose the appointment or dismissal of our deputy President and Chief Financial Officer;
- appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board; and
- to exercise other powers conferred by the Articles of Association and the Board.

Our President shall be present at meetings of the Board. However, the President shall have no voting rights at the meetings unless he is also a director. Our President, in performing their functions and powers, shall act honestly and diligently and in accordance with laws, regulations and the Articles of Association.

*Chairman of the Board*

The chairman of the Board shall exercise the following powers:

- to preside the shareholders' meeting, convene and preside the meetings of the Board;
- to inspect the implementation of the resolutions of the Board;
- to sign the securities issued by our Company; and
- to sign important documents of the Board and other documents which shall be signed by the legal representative;
- to exercise the power of legal representative;
- to exercise other powers authorized by the Board.

In case where the chairman of the Board cannot exercise the powers abovementioned, the chairman of the Board may designate such powers to the vice chairman of the Board.

*Secretary of the Board*

The secretary of the Board shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the Board. His primary responsibilities include, without limitation:

- to ensure that our Company's documents and records are complete;
- to ensure the lawful preparation and submission by our Company of reports and documents as required by relevant authorities (including but not limited to the administration of industry and commerce);

- to ensure that the register of shareholders is properly maintained, and to ensure that persons who are entitled to obtain our Company's records and documents can timely obtain the relevant records and documents;
- to be responsible for the organization and coordination of information disclosure;
- to be responsible for the confidentiality of information sensitive to share price and to formulate a feasible confidentiality system and confidentiality measures; and
- to exercise other duties and obligations imposed by law or by the supervisory authorities of the listing of our Company, and/or such duties and obligations as specified in the Articles of Association (including other powers authorized by the Board).

#### *Accounts and Audit*

- Appointment of auditors.

Our Company shall appoint independent auditors who are qualified under the relevant regulations of the PRC to audit our Company's annual financial statements and review our Company's other financial reports.

The auditors appointed by our Company shall hold office from the conclusion of the annual general meeting of shareholders at which the appointment is made until the conclusion of the next annual meeting of shareholders.

Before the convening of the shareholders' general meeting, the Board may fill any casual vacancy in the office of the auditors, but while any such vacancy continues, the surviving or continuing firm, if any, may act.

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

The remuneration of certified public accounting firm or the manner in which such firm is to be remunerated shall be determined by the shareholders' general meeting. The remuneration of a certified public accounting firm appointed by the Board shall be determined by the Board.

- Change and removal of accounting firm.

Our Company's appointment of, removal of and non-reappointment of a certified public accounting firm shall be resolved by shareholders' general meetings.

Where it is proposed that any resolution be passed at a shareholders' general meeting concerning the appointment of a certified public accounting firm, which is not an incumbent firm, to fill a casual vacancy in the office of the certified public accounting firm, reappointment of a retiring accounting firm which was appointed by the Board to fill a casual vacancy, or removal of the accounting firm before the expiration of its term of office, the following provisions shall apply:

- A copy of the proposal shall be sent to the firm proposed to be appointed or proposing to leave its post or the firm which has left its post (leaving includes leaving by removal, resignation and retirement) before notice of meeting is given to the shareholders.

- If the firm leaving its post makes representations in writing and requests our Company to notify such representations to the shareholders, our Company shall (unless the representations are received too late): (i) in any notice of the resolution given to shareholders, state the fact of the representations having been made; and (ii) attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in the Articles of Association.
  - If the firm's representations are not sent in accordance with the preceding paragraph, the relevant firm may require that the representations be read out at the shareholders' general meeting and may lodge further complaints.
  - A certified public accounting firm which is leaving its post shall be entitled to attend: (i) the shareholders' general meeting at which its term of office would otherwise have expired; (ii) any shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal; and (iii) any shareholders' general meeting convened on its resignation; and to receive all notices of, and other communications relating to, any such meetings, and to speak at any such meeting in relation to matters concerning its role as the former accounting firm of our Company.
- Resignation of accounting firm.

Where the certified public accounting firm resigns its post, it shall make clear to the shareholders' general meeting whether there has been any impropriety on the part of our Company.

- Any certified public accounting firm may resign its office by depositing at our Company's legal residence a resignation notice which 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 our Company; or
  - (2) a statement of any such circumstances. Where a notice is deposited under the preceding paragraph, our Company shall within fourteen (14) days after receiving of such notice send a copy of the notice to the relevant governing authority. If the notice contains a statement under subparagraph (2) of the preceding paragraph, a copy of such statement shall be placed at our Company's registered office for shareholders' inspection. Our Company shall also send a copy of such statement by prepaid mail to every holder of H Shares at the address registered in the register of shareholders.

Where the accounting firm's notice of resignation contains a statement of any circumstances which should be brought to the notice of the shareholders or creditors of our Company, the certified public accounting firm may require the Board to convene a shareholders' extraordinary general meeting for the purpose of giving an explanation of the circumstances connected with its resignation.

### **Dispute Resolution**

Whenever any disputes or claims arise between holders of the H Shares and our Company, holders of the H Shares and our Company's Directors, Supervisors, President or other senior executive officers, or

holders of the H Shares and holders of Domestic Shares, based on the Articles of Association or any rights or obligations conferred or imposed by the PRC Company Law or any other relevant laws and administrative regulations concerning the affairs of our Company, such disputes or claims shall be referred by the relevant parties to arbitration.

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

If a claimant elects arbitration at 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.

If any disputes or claims of rights as provided in section 180.1 of Articles of Association, the Laws of Peoples' Republic of China shall apply, save as otherwise provided in laws and administrative regulations.

Where a dispute or claim of rights 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 abide by the arbitration provided that such person is our Company or our Company's shareholder, Director, Supervisor, President or other senior executive officer. Disputes in relation to the identification of shareholders and disputes in relation to the share register need not be referred to arbitration.

The award of an arbitration body shall be final and conclusive and binding on all parties.