

This Appendix set out summaries of the main clauses of our Articles of Association adopted on September 25, 2009, which shall become effective as of the date on which the H Shares are listed on the Hong Kong Stock Exchange. As the main purpose of this Appendix is to provide potential investors with an overview of the Articles of Association, it may not necessarily contain all information that is important for investors. As discussed in the appendix entitled “Appendix IX — Documents Delivered to the Registrar of Companies and Available for Inspection” to this prospectus, the full document of the Articles of Association in Chinese is available for examination.

## **1 Directors and Board of Directors**

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

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

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

If the sum of (i) the cost value of the fixed assets to be disposed of, and (ii) the amount or value of the cost received from the fixed assets of our Company disposed of within the four months immediately preceding this suggestion for disposal exceeds 33% of the value of fixed assets of our Company indicated on the latest audited balance sheet submitted to the Shareholders at the Shareholders’ meeting, The Board of Directors shall not dispose of or agree to dispose of such fixed assets unless approved by the Shareholders at the meeting. The above disposal refers to the transfer of rights and interests in certain assets, but does not include the provision of guarantees with fixed assets.

The validity of the transactions with respect to the disposal of fixed assets of our Company shall not be affected by the violation of the above restrictions contained in the Articles of Association.

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

Pursuant to the emoluments agreement entered into between our Company and the Directors or Supervisors, they are entitled to compensation or other payments for loss of office or resignation as a result of the acquisition of our Company, subject to the approval of the Shareholders at the Shareholders’ meeting. Acquisition of our Company refers to any of the following circumstances:

- (i) An offer made to the Shareholders; or
- (ii) An offer is made such that the offerer will become the Controlling Shareholder of our Company (as defined in the Articles of Association for this definition).

If the relevant Director or Supervisor fails to comply with the above requirements, any payment received shall belong to the person who sells the shares for accepting the aforesaid offer. The Director or Supervisor shall bear all expenses arising from the distribution of such payments to the person in a proportional manner and all related expenses shall not be deducted from the payments distributed.

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

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

In the event that our Company provides loans in violation of this restriction, the person who receives the loan(s) must pay off the loan(s) immediately, regardless of the terms and conditions. Any loan provided by our Company in violation of the above requirements shall not be mandatorily enforced against us, unless under the following circumstances:

- (i) The loan provider unknowingly provides loans to personnel related to the Directors, Supervisors or other senior management of our Company or controlled company; or
- (ii) The collateral provided by our Company is sold lawfully by the lender to the buyer in good faith.

The following transactions are exempted from the above clauses:

- (i) Our Company provides our subsidiaries with loans or loan guarantees;
- (ii) Our Company provides any of the Directors, Supervisors or other senior management with loans, loan guarantees or any other fund pursuant to the employment contract/s approved at the Shareholders' meeting to pay all expenses incurred for the purpose of our Company or performing our duties; and
- (iii) In case that the normal scope of business of our Company covers the provision of loans or guarantees, our Company may provide any of the Directors, Supervisors or other senior management or other related personnel with loans or guarantees for loans provided by other personnel to the above personnel, provided that the terms and conditions governing the above loans or loan guarantees shall be normal commercial terms and conditions.

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

- (e) *Provide financial aid for acquiring the Shares or shares of any of our subsidiaries*

Pursuant to the Articles of Association:

- (i) Our Company or our subsidiaries shall not provide any financial assistance at any time or in any manner to personnel that acquires or plans to acquire the Shares. Such personnel include any who undertake obligations, directly or indirectly, from acquiring the Shares, and
- (ii) Our Company or any of our subsidiaries shall not provide personnel mentioned in the preceding paragraph with financial aid at any time or in any manner to mitigate or exempt the obligations of the above personnel.

The following transactions are not prohibited:

- (i) Related financial aid provided by our Company which is indeed in our interest and the main purpose of the aid is not to acquire the Shares or is part of a master plan of our Company;
- (ii) Distribution of our assets by way of dividend lawfully declared;
- (iii) Distribution of dividends in the form of shares;
- (iv) Reducing the registered capital, redeeming the Shares or adjusting the equity structure pursuant to the Articles of Association;
- (v) Our Company grants loans within our normal scope of business, provided that such loans shall not result in reduction in the net assets of our Company or even if the net assets are reduced, this financial aid is paid from the profit available for distribution; and

- (vi) Our Company provides the employee stock ownership plan with loans, provided that such loans shall not result in reduction in the net assets of our Company or, even if the net assets are reduced, this financial aid is paid from the profit available for distribution.

For the purpose of the above provisions:

- (i) “Financial aid” includes, but is not limited to:
  - (aa) Gifts;
  - (bb) Guarantees (including acts of the guarantor assuming liabilities or providing property to ensure that the obligor performs the obligations), compensation (excluding compensation arising from mistakes of our Company), cancellation or waiver of rights;
  - (cc) Provision of loans or signing of contracts whereby our Company performs some obligations before others, change of the parties to the loans/contracts as well as the assignment of the rights in the loans/contracts; or
  - (dd) Financial aid provided by our Company in any other manner when it is insolvent, has no net assets, or will suffer significant decreases in net assets.
- (ii) “Assuming liabilities” includes undertaking liabilities by signing agreements or making arrangements (no matter whether the agreements or arrangements are enforceable on demand or bearing the obligations for itself or jointly with any other person) or changing its financial status in any other manner.
- (f) *Disclose matters relating to the contract rights of our Company and voting on the contract/s.*

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

When a resolution adopted by the Board of Directors creates an interest for a Director or a related person, the Director shall withdraw and not participate in voting; and the Director shall not be included when determining whether the number of directors attending the meeting reaches a quorum.

Unless the Directors, Supervisors and senior management who have interests have made disclosure to the Board of Directors in accordance with the above requirements and the Board of Directors approves the matters at the meeting in which they are not included in the quorum nor participate in voting, our Company shall have the right to cancel the contracts, transactions or arrangements, except where the opposite party is a party in good faith without knowledge of the acts of related Directors, Supervisors and senior management violating their obligations.

Where related persons of the Directors, Supervisors and senior management have interests in certain contracts, transactions and arrangements, the related Directors, Supervisors and senior management shall be deemed to have interests.

(g) *Remuneration*

Our Company shall sign written agreements with the Directors and Supervisors regarding remuneration, which shall be subject to prior approval of the general Shareholders’ meeting, including:

- (i) Remuneration for providing services as the Directors, Supervisors or senior management;

- (ii) Remuneration for providing services as the Directors, Supervisors or senior management of our subsidiaries;
- (iii) Remuneration for providing other services as management of our Company or our subsidiaries; and
- (iv) Compensation received by the Directors or Supervisors as a result of loss of position or resignation.

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

(h) *Resignation, Appointment and Dismissal*

None of the following persons shall serve as our Director, Supervisor, president or other senior management:

- (i) Anyone who has no civil capacity or has only limited civil capacity;
- (ii) Anyone who has been convicted of the offence of corruption, bribery, embezzlement, larceny, or disrupting the social economic order and is within five years of the expiry date of punishment or has been deprived of political rights because of this conviction and is within five years of the expiry date of the sentence;
- (iii) Anyone who has served as director, factory manager or manager of a company or enterprise that is bankrupt and liquidated as a result of poor operation management, was personally liable for the bankruptcy of the company or enterprise, and is within three years of the date of completion of bankruptcy and liquidation of the company or enterprise;
- (iv) Anyone who has served as the legal representative of a company or enterprise whose business license was revoked due to violation of the law, was personally liable, and is within three years of the date on which the business license of our Company or enterprise was revoked;
- (v) Anyone who has a large sum of debt, which was not paid at maturity;
- (vi) Anyone who is investigated by the judicial agencies for violation of criminal law and whose case is pending;
- (vii) Anyone who may not serve as a head of the company pursuant to the provisions of the law and administrative regulations;
- (viii) Anyone who is not a natural person;
- (ix) Anyone penalized by the CSRC by being denied access to the securities market and the penalty remains in effect;
- (x) Anyone judged by the competent agencies to have violated the provisions of relevant securities laws, has been involved in deceptive or dishonest acts and is within five years of the date on which the judgment was made;
- (xi) No one shall serve as senior management of our Company if he or she holds any position other than directors in the Controlling Shareholder or actual controlling unit of our Company.

The validity of the acts of the Directors or senior management on behalf of our Company to bona fide third parties shall not be affected by any irregularities in their appointment, election or qualifications.

The Board of Directors consists of nine directors and these are elected at the general Shareholders meeting. The Directors need not hold any of the Shares.

The Directors may also serve as president or other senior management provided that the total number of Directors serving as president or other senior management is not more than one half and not less than one third of the total number of the Directors.

The chairman and vice chairman of the Board shall be elected and dismissed by a vote of more than two thirds of the Directors. Subject to compliance with related laws and administrative regulations, the general Shareholders' meeting may dismiss any Director whose term has not expired by an ordinary resolution without affecting any claim for compensation that may be made pursuant to any contract.

The Directors serve three-year terms. Upon expiration of the term, the Director may be re-elected (an independent Director may not be elected for more than two terms consecutively).

Written notice concerning proposed nomination of a director candidate and indication of the candidate's intention to accept the nomination shall be sent to our Company seven days before the general Shareholders' meeting is convened.

The cumulative voting system shall be adopted when the general shareholders meeting votes on the election of Directors and Supervisors.

With regard to the preceding paragraph, the "cumulative voting system" means that when the general Shareholders meeting elects the Directors and Supervisors, each Shareholder has voting rights equal to the number of Directors or Supervisors to be elected and the voting rights held by the Shareholders may be used together.

(i) *Power to Obtain Loans*

Subject to compliance with the laws and administrative regulations of the State, our Company has the right to raise funds and obtain loans, including (but not limited to) issuing bonds, mortgaging or pledging all or part of the properties of our Company, as well as exercising other rights approved by the laws and administrative regulations of the State, provided that such action shall not undermine or revoke the rights of any shareholder.

The Articles of Association does not include any special provision regarding the manner in which the Directors may exercise the right to obtain loans or the manner in which such a right is created except (a) the provision regarding the power of the Directors to develop schemes for our Company to issue bonds, and (b) the provision that the bond issue must be approved by the Shareholders through a special resolution at the general Shareholders' meeting.

(j) *Responsibilities*

The Directors, Supervisors and other senior management shall bear the responsibility of good faith and diligence towards our Company. In the event of violation of obligations owed to our Company by the Directors, Supervisors, and other senior management, we shall have the right to take the following measures in addition to various rights and remedial measures stipulated in legal and administrative regulations:

- (i) Require related Directors, Supervisors or senior management to compensate our Company for losses sustained as a result of their neglect of duty;
- (ii) Cancel any contract or transaction entered into between the Company and related Directors, Supervisors or senior management as well as any contract or transaction entered into between our Company and any third person when the third person knew or should have known that the Directors, Supervisors or senior management acting on behalf of our Company violated their obligations owed to our Company;

- (iii) Require the relevant Directors, Supervisors or senior management to turn over the proceeds obtained from the violation of their obligations;
- (iv) Recover funds collected by the relevant Directors, Supervisors or senior management that should have been collected for our Company, including but not limited to commissions;
- (v) Require the relevant Directors, Supervisors, president or other senior management to return the interest earned or that may be earned from funds that should have been paid to our Company.

When performing their responsibilities, the Directors, Supervisors and senior management must comply with the principle of integrity and shall not put themselves in situations where their own interests may conflict with the obligations they have undertaken. This principle includes, but is not limited to, performing the following obligations:

- (i) Sincerely taking the best interests of our Company as the starting point of any action;
- (ii) Exercising one's rights within but not exceeding the scope of authority;
- (iii) Exercising conferred discretionary powers personally without being manipulated by others; not transferring discretionary powers to other persons without lawful permission or the approval with their full knowledge of the Shareholders at the general Shareholders meeting;
- (iv) Treating Shareholders of the same type equally and Shareholders of different types fairly;
- (v) Entering into any contract, transaction or arrangement with our Company is not allowed, unless in line with the Articles of Association or otherwise by the consent of the general Shareholders' meeting with its full knowledge;
- (vi) Seeking private gain using the assets of our Company is not allowed, unless approved by the general Shareholders meeting with its full knowledge.
- (vii) Using one's position to take bribes or other illegal gains is not allowed, nor is any form of embezzlement of our property, including, but not limited to, opportunities beneficial to our Company;
- (viii) Accepting commissions associated with transactions of our Company is not allowed unless approved by the general Shareholders' meeting with its full knowledge;
- (ix) Compliance with the Articles of Association, discharging duties in a faithful manner, safeguarding the interests of our Company rather than seeking private gain by taking advantage of one's position and authority in our Company;
- (x) Competing with our Company in any manner is not allowed, unless approved by the Shareholders at the general Shareholders' meeting with our full knowledge;
- (xi) Misappropriation of our funds or lending these funds to others is not allowed, nor is depositing the assets of our Company in an account opened in one's own name or that of others, nor is using the assets of our Company to provide guarantees for the debts of the Shareholders or other individuals;
- (xii) Disclosure of any confidential information relating to our Company obtained during employment without the approval of the general shareholders' meeting with its full knowledge; unless in the interest of our Company, using such information is also not allowed; however, under the following circumstances the information may be disclosed to a court or other competent government agencies as required by (1) the provisions of the law; (2) the public interest; (3) the interest of the Directors, Supervisors, president or other senior management.

All proceeds obtained by the Directors and senior management through the violation of the above regulations shall belong to our Company.

The Directors, Supervisors and senior management may not direct the following personnel or institutions (“**related personnel**”) to do acts that the Directors, Supervisors and senior management may not do:

- (i) Spouses or minor children of the Directors, Supervisors and senior management;
- (ii) Trustors of the Directors, Supervisors and senior management or the persons mentioned in (i);
- (iii) Partners of the Directors, Supervisors and senior management or persons mentioned in (i) and (ii);
- (iv) The company under *de facto* control by the Directors, Supervisors and senior management individually or jointly with the persons or other directors, supervisors and senior management of companies mentioned in (i),(ii) and (iii);
- (v) Directors, Supervisors or other senior management of the companies mentioned in (iv).

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

In the event that the Directors, Supervisors or other senior management violate the obligations of a certain duty, their relationships with our Company may be dissolved at the general Shareholders’ meeting with the Shareholders’ full knowledge, unless otherwise indicated in the Articles of Association.

Apart from the obligations set forth in related laws, administrative regulations or the listing rules of the securities exchange where the Shares are listed, the Directors, Supervisors or other senior management shall assume the following obligations for each of the Shareholders when exercising their rights and performing their responsibilities:

- (i) They may not cause our Company to operate beyond the scope of business indicated on our business license;
- (ii) They shall sincerely take the best interests of our Company as the starting point of any action;
- (iii) They may not deprive our Company of our assets in any manner, including, but not limited to, opportunities beneficial to our Company; and
- (iv) They may not deprive the Shareholders of personal rights and interests, including, but not limited to, the right to receive dividends and to vote, except for restructuring of our Company approved at the general Shareholders’ meeting pursuant to the provisions of the Articles of Association.

The Directors, Supervisors and senior management have the responsibility when exercising their rights or carrying out their obligations to act with the care, diligence and skill due from a reasonably prudent person under similar circumstances.

In the event of any loss caused to our Company as a result of violation of any laws, administrative rules and regulations, or Articles of Association by the Directors or senior management when performing their duties in our Company, Shareholders who have held 1% or more of the Shares separately or jointly for 180 consecutive days or longer have the right to request the Supervisory Committee in writing to initiate court litigation. In the event of any

loss caused to our Company as a result of violation of any laws, administrative rules and regulations, or Articles of Association by the Supervisory Committee when performing its duties in our Company, the Shareholders may request the Board of Directors in writing to initiate court litigation.

In the event that the Supervisory Committee or Board of Directors refuses to initiate litigation after receiving a written request of the Shareholders as specified in the preceding paragraph, fails to institute litigation within 30 days of the receipt of the request, or if failure to institute litigation immediately may cause irreparable damage to the interest of our Company under urgent circumstances, the Shareholders as mentioned in the preceding paragraph shall have the right to initiate court litigation directly in their own name and in the interest of our Company.

In the event of infringement of our Company's legal rights and interests by a third party resulting in losses to our Company, the Shareholders mentioned in the Articles of Association may initiate court litigation in accordance with the preceding two paragraphs.

In the event that the Directors or senior management violate laws, administrative rules and regulations or the Articles of Association to the detriment of the interests of the Shareholders, the Shareholders may initiate court litigation.

## **2 Modification of the Articles of Association**

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

Any amendment to the Articles of Association that involves mandatory clauses shall be approved by the CSRC before taking effect. Where the amendment of the Articles of Association involves our registration, it shall be necessary to carry out the lawfully prescribed procedures for registration change.

## **3 Special Voting Procedures of Classified Shareholders**

Any Shareholder who holds different types of Shares is a classified Shareholder.

Any plan of our Company to change or abolish the rights of a classified Shareholder is subject to the approval of the general Shareholders' meeting in the form of a special resolution and the approval of the affected classified Shareholders at a separately convened Shareholders' meeting in accordance with the Articles of Association before it can be implemented. The rights of classified Shareholders shall be viewed as changed or abolished under any of the following circumstances:

- (a) Increase/reduce the number of the classified Shares, or increase/reduce the number of classified Shares with equal or more voting rights, distribution rights and other privileges than this type of classified Shares;
- (b) Convert all or part of the classified Shares into other types or convert another type of Shares, partly or wholly, into this type of classified Shares or grant such conversion right;
- (c) Cancel/reduce the right of the classified Shares to obtain dividends generated or cumulative dividends;
- (d) Reduce/cancel the right of the classified Shares to receive dividends on a priority basis or the priority right to receive property distribution in the liquidation of our Company;
- (e) Increase/cancel or reduce the right of the classified Shares to convert Share rights, options rights, voting rights, transfer rights, and prior purchase rights, or the right to obtain the securities of our Company;



- (f) Cancel/reduce the right of the classified Shares to receive funds payable of our Company in specified currencies;
- (g) Create new classified Shares entitled to equal or more voting rights, distribution rights, or privileges other than the classified Shares;
- (h) Impose restrictions on the transfer or ownership of the classified Shares or increase such restrictions;
- (i) Issue subscription or conversion rights for this or other classified Shares;
- (j) Increase the rights and privileges of other types of Shares;
- (k) The restructuring plan of our Company may constitute different types of Shareholders to assume responsibilities disproportionately;
- (l) Amend or abolish clauses of Chapter 9 of the Articles of Association.

Whether or not the affected classified Shareholders have voting rights at the general Shareholders meeting, in the event of matters described above from (b) through (h), (k) and (l), they have voting rights at the classified Shareholders' meeting, but the Shareholders that have interests at stake (see our Articles of Association for definition) shall have no voting rights at the classified Shareholders' meeting.

The resolution of the classified Shareholders' meeting shall be voted on by more than two thirds of Shareholders with voting rights attending the classified Shareholders' meeting.

When convening a classified Shareholders' meeting, 45 days (including the date of the meeting) before the meeting is convened, our Company shall send a written notice to inform all registered holders of the classified Shares on matters to be deliberated at the meeting, as well as the date and venue of the meeting. Shareholders planning to attend the meeting shall send our Company a written reply to that effect 20 days before the meeting.

In the event that the number of shares with voting power represented by Shareholders planning to attend the meeting accounts for more than one half of the total number of said classified Shares with voting power at the meeting, our Company may convene a classified Shareholders' meeting. If this number is not reached, our Company shall again inform the Shareholders of the matters to be deliberated as well as the date and venue of the meeting within five days in the form of an announcement and our Company may convene a classified Shareholders' meeting once the announcement is delivered.

The notice of the classified Shareholders' meeting needs only to be sent to the Shareholders who have the right to vote at the meeting.

Insofar as possible, any classified Shareholders' meeting shall be held in accordance with the same procedures as those of the general Shareholders' meeting contained in the Articles of Association, and any clause that relates to the procedures for convening a Shareholders' meeting in the Articles of Association shall apply to any classified Shareholders' meeting.

Apart from the holders of other classified Shares, the holders of domestic Shares and the holders of overseas listed foreign Shares are considered as different classified Shareholders.

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

- (a) where our Company issues, upon the approval by a special resolution of general shareholders, meeting, either separately or concurrently once every 12 months, not more than 20% of each of its existing issued domestic shares and overseas-listed foreign shares;
- (b) The plan to issue domestic Shares and overseas listed foreign Shares upon the establishment of our Company is completed within 15 months of the date of approval by the CSRC.

#### **4 Special Resolutions needed to be Adopted by Majority Vote**

The resolutions of the Shareholders' meeting are categorized as ordinary resolutions and special resolutions.

An ordinary resolution can be adopted by a simple majority of the votes held by the Shareholders (including proxies) attending the meeting.

A special resolution can be adopted by a two-thirds majority of the votes held by the Shareholders (including proxies) attending the meeting.

#### **5 Voting Rights (Generally on a Poll and Right to Demand a Poll)**

The ordinary Shareholders have the right to attend or appoint a proxy to attend and vote at the general shareholders' meeting. When voting at the general shareholders' meeting, the shareholder (or proxy) may exercise his or her voting rights in accordance with the number of shares with voting power held with each share representing one vote.

Voting by ballot is required at all general shareholders' meetings. When voting at a general meeting, shareholders (including their proxies) who are entitled to two or more votes are not required to vote against or in favor with their total number of votes.

When the number of dissenting votes equals the number of supporting votes, the chairman of the meeting is entitled to one additional vote.

Except for the cumulative voting system, the general shareholders' meeting must vote on all proposals individually; in the event of different proposals for the same matter, the Shareholders' meeting shall vote on them in the order in which they were submitted. Unless the general shareholders' meeting is adjourned or fails to adopt any resolution as a result of *force majeure* or for other special reasons, the Shareholders shall not put aside or refuse to vote on the proposal/s at the general shareholders' meeting.

The same vote can be cast in any of the following manners: on site, on line, or other voting methods. In case that the same vote is cast more than once, the result of the first vote cast shall prevail.

#### **6 General Shareholders' Meetings**

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

## 7 Accounting and Audits

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

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

The Board of Directors shall submit the financial reports of our Company prepared in accordance with the laws, administrative rules and regulations or orders of local governments and regulatory agencies having jurisdiction over shareholders at every annual Shareholders' meetings.

Apart from the Chinese accounting standards and regulations, the financial reports of our Company shall also conform to international accounting standards and the accounting standards of overseas areas where the Shares are listed. In the event of any major discrepancy between the financial reports prepared in accordance with the above accounting standards, explanations and notes, must be provided in the financial reports. As to the distribution of after-tax profits of our Company in a fiscal year, the after-tax profits indicated on the financial reports, whichever is lower shall prevail.

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

Our Company shall send the financial reports together with the directors' report to the registered address of the holders of overseas listed foreign Shares by postage-paid mail at least 21 days before the annual general Shareholders' meeting is convened.

Our Company's interim results or financial information published or disclosed by our Company shall at the same time be prepared in accordance with PRC accounting standards, rules and regulations, international accounting standards as well as the accounting standards of the overseas area in which the Shares are listed.

Our Company shall submit the annual financial/accounting report, semi-annual financial/accounting report and quarterly financial/accounting report to the domestic and overseas regulatory agencies pursuant to their regulations. Our Company must publish the financial reports twice in each fiscal year. Interim financial reports shall be published within 60 days of the end of the first six months of a fiscal year, while the annual financial report shall be published within 120 days of the completion of each fiscal year. Our Company shall submit its quarterly financial/accounting reports to the local branch of the CSRC and the domestic/overseas stock exchanges within one month of the ending date of the first three months and first nine months of each fiscal year.

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

### (b) *Appointment and Dismissal of Accountants*

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

The term of the accounting firm appointed by our Company shall start at the close of the annual general Shareholders' meeting and continue until the close of the next annual Shareholders' meeting.

Without prejudice to the right of the accounting firm to claim for compensation (if any) for being dismissed and replaced, the Shareholders may replace the accounting firm through an ordinary resolution at the general Shareholders' meeting prior to the expiration of the term of any accounting firm notwithstanding the terms and conditions of the contract howsoever entered into between our Company and the accounting firm.

Remuneration of the accounting firm and the manner in which the remuneration is determined shall be decided on by the Shareholders at the general Shareholders meeting. The remuneration of the accounting firm appointed by the Board of Directors shall be confirmed by the Board of Directors.

Appointment, dismissal/replacement or termination of the contract of the accounting firm by our Company is subject to the resolution of the Shareholders at the general Shareholders' meeting and shall be filed with the competent agency in charge of securities under the State Council.

Before dismissing, replacing or terminating the contract with the accounting firm, our Company shall send a notice to the accounting firm in advance notifying it of the matters relating to the dismissal, replacement or contract termination, and the accounting firm shall be entitled to attend the general Shareholders' meeting and make a statement.

In the event that the accounting firm requests to resign, it shall declare to the general Shareholders' meeting whether our Company is affected by any improprieties.

The accounting firm shall resign by sending a written resignation notice to our Company's legal address. The notice shall take effect on the date of delivery to that address or on the date specified in the notice, whichever is later. The notice shall include the following statements:

- (i) Its resignation does not include any statement that should be disclosed to the Shareholders or creditors of our Company; or
- (ii) Any statement that should be disclosed.

Within 14 days of receipt of the notice mentioned above, our Company shall send the copy of the notice to related competent agencies. If the notice includes statements mentioned in (ii) of the preceding paragraph, our Company shall retain a copy thereof for perusal by the Shareholders. Our Company shall also send a copy of the above-mentioned statements to each holder of the overseas-listed foreign Shares in accordance with the addresses registered on the register of Shareholders by postage-prepaid mail.

In the event that the resignation notice of the accounting firm includes any statement that should be disclosed to the Shareholders or creditors, the accounting firm may request the Board of Directors to convene an extraordinary general meeting to hear its explanations regarding the resignation.

## **8 Notification and Agenda of General Shareholders' Meetings**

The general Shareholders' meeting is the authorized organ of our Company that can perform duties and exercise powers in accordance with the law.

Apart from special circumstances such as where our Company is in crisis, without the approval of a special resolution of the general Shareholders' meeting, our Company shall not enter into a contract with any person other than the Directors and senior management that would make a person responsible for the management of all or part of the main business of our Company.

Under any of the following circumstances, the Board of Directors shall convene an extraordinary general meeting within two months:

- (a) The number of Directors is less than the number specified in the PRC Company Law or less than two thirds of the number required in the Articles of Association;
- (b) The uncovered losses of our Company reach one-third of its total share capital;

- (c) The Shareholders with 10% or more voting power separately or jointly request to convene an extraordinary general meeting in writing;
- (d) The Board of Directors considers it necessary or the Supervisory Committee proposes convening an extraordinary general meeting; and
- (f) Other circumstances specified in laws, administrative rules and regulations and the Articles of Association.

When convening a general Shareholders' meeting, our Company shall send a written notice to inform all registered Shareholders of the matters to be deliberated at the meeting as well as the date and venue of the meeting 45 days before it is convened. Shareholders planning to attend shall send to our Company a written reply to that effect 20 days before the meeting is held.

At our Company's general Shareholders' meeting, the Shareholders jointly holding 3% or more Shares with voting power are entitled to submit written proposals to our Company.

Our Company shall calculate the number of Shares with voting power represented by the Shareholders planning to attend the general Shareholders' meeting in accordance with the written replies received 20 days before the meeting is convened. In the event that the number of Shares with voting power represented by the Shareholders planning to attend reaches more than one half of our total number of Shares with voting power, our Company may convene the general Shareholders' meeting. If this number is not reached, our Company shall again inform the Shareholders of the matters to be deliberated and the date and venue of the meeting within five days in the form of an announcement before the general Shareholders' meeting may be convened.

The notice of the general Shareholders' meeting shall be in writing and meet the following requirements:

- (a) Specified venue, date and time of the meeting;
- (b) Specified matters to be deliberated at the meeting;
- (c) Provision to the Shareholders of materials and explanations necessary for the Shareholders to make sound decisions about the matters to be deliberated. This principle includes, but is not limited to, the provision of the detailed terms and contract(s), if any, of the proposed transaction(s) and proper explanations about related causes and effects when our Company proposes merger/s, redemption of shares, restructuring of stock capital or other restructuring;
- (d) In the event that any of the Directors, Supervisors or senior management has material interests at stake in matters to be deliberated, the nature and extent of the interests at stake shall be disclosed. If the matters to be deliberated affect any Director, Supervisor or senior management as a Shareholder in a manner different from how they affect other Shareholders of the same type, the difference shall be explained;
- (e) Inclusion of the full text of any special resolution to be proposed for adoption at the meeting;
- (f) A clear explanation that the Shareholder is entitled to attend and vote at the general Shareholders' meeting, or to appoint one or more entrusted representative to attend and vote at the meeting on his or her behalf and that such may not necessarily be Shareholders;
- (g) Specified delivery time and place of the power of attorney for proxy voting of the meeting;

- (h) Specified date of equity registration of Shareholders entitled to attend and vote at our general Shareholders' meeting; and
- (i) Specified name and phone number of the permanent contact person for the meeting.

The notice of the general Shareholders' meeting shall be sent in person or by postage-paid mail, to the holders of H Shares regardless of whether such Shareholders have the right to vote at the general Shareholders' meeting, and each recipient's address shall be according to the address indicated on the register of Shareholders. For holders of domestic Shares, the notice of our general Shareholders' meeting shall be given in the form of an announcement.

This announcement shall be published in the "Securities Times" within a period of 45 to 50 days before the meeting is convened. Once the announcement is made, all holders of domestic Shares shall be deemed to have received the notice of our general Shareholders' meeting. In the event that the notice of the meeting is not sent to persons entitled to receive it due to accident or oversight, or such persons fail to receive notice of the meeting, the meeting and resolutions made at the meeting shall not be thereby affected.

Once the notice of the general Shareholders' meeting is issued, the general Shareholders' meeting shall not be postponed or cancelled without proper reasons and proposals listed in the notice of the general Shareholders' meeting shall not be cancelled. Once postponement or cancellation becomes apparent, the convener shall publish an announcement and specify the reasons at least two working days prior to the scheduled meeting date.

Shareholders who hold more than 10% of the Shares separately or jointly have the right to request the Board of Directors to convene an extraordinary general meeting and the request shall be made in writing. The Board of Directors shall within ten days of receipt of the notice provide a written opinion, pursuant to legal and administrative rules and regulations and the Articles of Association, agreeing or not agreeing to convene the extraordinary general meeting.

In the event that the Board of Directors agrees to convene an extraordinary general meeting, it shall send a notice on convening the meeting within five days after the Board of Directors adopts the resolution, and any change to the original request shall be subject to the approval of the relevant Shareholders.

In the event that the Board of Directors does not agree to convene an extraordinary general meeting or fails to make a reply within ten days of receipt of the request, Shareholders holding more than 10% of the Shares separately or jointly have the right to request the Supervisory Committee to convene an extraordinary general meeting and the request shall be made in writing.

In the event that the Supervisory Committee agrees to convene an extraordinary general meeting, it shall send a notice on convening the meeting within five days of receipt of the notice, and any change to the original proposal in the notice shall be subject to the approval of the relevant shareholders. In the event that the Supervisory Committee fails to send the notice of our general Shareholders' meeting within the specified time, the Board of Directors shall be deemed as not convening and presiding over the general Shareholders' meeting, and Shareholders having held more than 10% of the Shares separately or jointly for more than 90 days consecutively may convene and preside over the general Shareholders' meeting pursuant to the regulations of the Articles of Association.

The Supervisory Committee has the right to propose to the Board of Directors to convene an extraordinary general meeting and should do so in writing.

In the event that the Supervisory Committee or Shareholders decide/s to convene the general Shareholders' meeting, the Board of Directors must be notified in writing and the notice must be filed with the local branch of the CSRC and the related stock exchange in the place where our Company is located.

Before the resolution concerning the general Shareholders' meeting is announced, the proportion of the Shares held for more than 90 days consecutively by the Shareholders who convene the meeting separately or jointly shall not be less than 10%.

When sending the notice of the general Shareholders' meeting and announcing its resolutions, the Shareholders who convene the meeting shall submit the relevant certifying documents to the local branch of the CSRC and the related stock exchange in the place where our Company is located.

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

- (a) Work report of the Board of Directors and Supervisory Committee;
- (b) Plans of profit distribution and loss make-up schemes drafted by the Board of Directors;
- (c) Appointment or dismissal of the members of the Board of Directors and Supervisory Committee, their remuneration and payment methods;
- (d) Annual budget/final account report, balance sheet, income and other financial statements of our Company;
- (e) Annual report of our Company;
- (f) Other matters in addition to those approved by special resolution stipulated in the laws, administrative rules and regulations or the Articles of Association.

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

- (a) Our Company's capital stock increases/decreases and issues of any type of shares, warrants and other similar securities;
- (b) Our Company's bond issues;
- (c) Division, merger, dissolution and liquidation of our Company;
- (d) Amendment of the Articles of Association;
- (e) Purchase/sale of assets after the major assets purchased/sold by our Company within one year reach or exceed 30% of the latest period's audited total assets;
- (f) External guarantees after the total amount of external guarantees of our Company reaches or exceeds 30% of the latest period's audited total assets;
- (g) Stock incentive plan;
- (h) The buyback of the Shares;
- (i) Other matters approved by ordinary resolution of the general Shareholders' meeting pursuant to the laws, administrative rules and regulations or the Articles of Association which are believed could materially affect our Company and need to be approved by special resolution;

The following external guarantees of our Company (including controlled subsidiaries) must be deliberated and approved by the general Shareholders' meeting:

- (a) Any guarantee provided after the total amount of external guarantees reaches or exceeds 50% of the latest period's audited net assets;

- (b) Any guarantee provided after the total amount of external guarantees reaches or exceeds 30% of the latest period's audited total assets;
- (c) Guarantees provided to any guaranteed party whose asset-liability ratio exceeds 70%;
- (d) Guarantees of which a single-amount guarantee amount exceeds 10% of the latest period's audited net assets;
- (e) Guarantees provided to the Shareholders, actual controlling persons and other related parties;

If the Listing Rules stipulate that any Shareholder must waive his or her voting rights in regard to a certain matter or restrict any Shareholder to a yes or no vote on a certain matter, the votes cast by the Shareholder or his or her representative may not be included in the event of any violation of related regulations or restrictions.

In the event that any resolution of the general Shareholders' meeting or the Board of Directors violates any of the laws and administrative rules and regulations, the Shareholders have the right to request the court to hold the relevant resolution as invalid.

In the event that convening procedures or voting methods of the general Shareholders' meeting or Board of Directors' meeting violate any of the laws, administrative rules and regulations or the Articles of Association, or if the contents of the resolution violate the Articles of Association, the Shareholders may request the court to cancel the resolution within 60 days from the date on which the resolution is adopted.

## **9 Share Transfers**

The Shares held by the promoters may not be transferred within one year of our incorporation. Shares issued by our Company prior to a listing may not be transferred within one year of the date on which the shares are listed and traded on the stock exchange.

The Directors, Supervisors and senior management shall report to our Company the number of Shares held by them as well as any changes in their Shareholdings. The number of Shares which a Director, Supervisor or senior management may transfer each year during his term of office may not exceed 25% of the total number of the Shares owned by them. The above personnel may not transfer the Shares held by them within six months after resignation. For any sale of the Shares held by such personnel through listing and trading on a stock exchange within 12 months after six months from the date of resignation, the number of Shares sold may not exceed 50% of the total number of Shares held by them.

In the event that the Directors, Supervisors, senior management or shareholders holding 5% or more of the Shares sell their Shares within six months after purchasing them, or buy them back within six months after selling them, all proceeds obtained therefrom shall be vested in our Company and the Board of Directors shall forfeit such proceeds from the above-mentioned personnel. In the event that the Board of Directors does not obey the stipulations of this paragraph, the responsible Directors shall be legally liable severally or jointly.

In the event that the Board of Directors fails to comply with the provisions of the preceding paragraph, the Shareholders have the right to request the Board of Directors to implement the related provisions within 30 days. If the Board of Directors fails to implement the requirements within the specified time, the Shareholders may initiate court litigation directly in their own names and in the interest of our Company.



All fully paid up overseas listed foreign shares listed in Hong Kong may be transferred freely pursuant to the Articles of Association. However, unless the overseas listed foreign Shares listed in Hong Kong meet the following conditions, the Board of Director may refuse to recognize any transfer document without giving any reason:

- (a) The payment to our Company of HK\$2.50 per item of transfer document or other fees that may be required by the Board of Directors from time to time to register the share transfer documents and other documents that are related to or may affect the ownership of the Shares, provided that this fee does not exceed the higher fees stipulated from time to time in the Listing Rules;
- (b) The transfer documents only involve overseas listed foreign Shares listed in Hong Kong;
- (c) The stamp duty chargeable on the transfer documents has been paid and this has been registered in accordance with the regulations of the Hong Kong Stock Exchange;
- (d) The relevant Share certificate, and upon the reasonable request of the Board of Directors, any evidence in relation to the right of the transferor to transfer the Shares has been submitted;
- (e) If the Shares are to be transferred to joint holders, the number of the joint holders shall not exceed four;
- (f) Our Company does not have any lien on the relevant Shares.

No change may be made to the information in the register of Shareholders as a result of the share transfer within 30 days before the general Shareholders' meeting is convened or within five days prior to the record date on which our Company has decided to distribute dividends.

#### **10 Rights of our Company to Buy Back our Outstanding Issued Shares**

Under any of the following circumstances, our Company may buy back our outstanding issued Shares pursuant to the requirements of the laws, administrative rules and regulations and the Articles of Association:

- (a) Cancellation of the shares to reduce our Company's share capital;
- (b) Merger with other companies which hold these Shares;
- (c) Granting Shares to the staff of our Company as incentives;
- (d) Buying back the Shares from Shareholders who vote against any resolutions adopted at the general Shareholders' meeting concerning the merger and division of our Company; or
- (e) Other circumstances approved by the laws and administrative rules and regulations.

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

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

Our Company may buy back Shares in any of the following ways:

- (a) Making a comprehensive buyback offer on a pro-rata basis to all Shareholders;

- (b) Buying back Shares through public trading on the securities exchange;
- (c) Buying back Shares by an agreement outside a stock exchange;
- (d) In other ways approved by the CSRC and the regulatory agency where the Shares are listed.

Where our Company buys back the Shares by an agreement outside a stock exchange, it shall obtain prior approval at the general Shareholders' meeting pursuant to the Articles of Association. Likewise, subject to the prior approval of the general Shareholders' meeting, our Company may dissolve or change the contract signed in the aforesaid manner or waive any of its rights in the contract. As for the redeemable Shares that our Company is entitled to buy back, if they are not bought back in the market or by bidding, the price may not exceed a certain maximum limit. If the Shares are bought back by bidding, a proposal to bid must be made to all Shareholders on equal terms. The contract that buys back the Shares includes, but is not limited to, an agreement that consents to undertake the obligation to buy back the Shares and obtain the rights to buy them back.

Our Company shall not transfer any contract that buys back the Shares or any rights conferred under the contract.

Unless our Company has entered into the liquidation process, we must observe the following provisions for the buyback of issued Shares:

- (a) Where our Company buys back Shares at book value, the funds shall be deducted from the book balance of our distributable profit and the proceeds obtained from the issue of new Shares to buy back the old Shares;
- (b) Where our Company buys back the Shares at a premium to the book value, the portion of funds equivalent to book value shall be deducted from the book balance of our distributable profit and the proceeds obtained from the issue of new Shares made for the purpose of buying back of Shares, while the portion of funds higher than book value shall be dealt with in the following manner:
  - (i) Where the Shares bought back were issued at book value, the funds shall be deducted from the book balance of our distributable profits;
  - (ii) Where the Shares bought back were issued at a premium to the book value, the funds shall be deducted from the book balance of our distributable profits and the proceeds obtained from the issue of new Shares made for the purpose of buying back of Shares. However, the amount deducted from the proceeds obtained from the issue of new Shares shall not exceed the total premium amount obtained when the Shares bought back were issued or the amount (including the premium amount of the issue of new shares) in our premium account (or capital reserve account) when the Shares are bought back.
- (c) The funds paid by our Company for the following purposes shall be allocated from our distributable profits:
  - (i) To obtain the right to buy back the Shares;
  - (ii) To modify any contract to buy back the Shares;
  - (iii) To release any obligation of our Company under the share buyback contract.
- (d) After the total book value of the cancelled Shares is deducted from our registered capital pursuant to the relevant provisions, the amount deducted from the distributable profits for paying up the book value portion of the Shares bought back shall be credited to our premium account (or capital reserve account).

**11 Right of Subsidiaries to Own Parent Company Shares**

The Articles of Association have no provision prohibiting our subsidiaries from holding shares of our parent company.

**12 Dividend and Distribution Methods**

Our Company may distribute dividends by way of cash or shares.

When our Company pays cash dividends and other funds to the holders of domestic Shares, payment shall be made in RMB. When our Company pays cash dividends and other funds to holders of overseas listed foreign Shares, payment shall be denominated in RMB and paid in Hong Kong dollars. The foreign exchange required by our Company to pay cash dividends and other funds to holders of overseas listed foreign Shares shall be handled in accordance with the related regulations of SAFE.

The dividend from any Share paid prior to a capital call is entitled to interest, but the holder of the Shares is not entitled to the dividend declared after the call.

Our Company shall appoint, on behalf of holders of overseas listed foreign Shares, receiving agents to receive dividends and other payable funds that are distributed with respect to our overseas listed foreign Shares.

The receiving agents appointed by our Company shall comply with related provisions of the laws or the securities exchange where the Shares are listed.

After our general Shareholders' meeting adopts a resolution on the profit distribution plan, the Board of Directors must finish the distribution of dividends (or shares) within two months after our general Shareholders' meeting is held.

**13 Shareholder Proxies**

Any shareholder who is entitled to attend and vote at our general Shareholders' meeting has the right to appoint one or more persons (who may not necessarily be shareholders) as his or her shareholder proxy to attend and vote at the meeting in his or her place. Pursuant to the authorization of the Shareholder, the proxy may exercise the following rights:

- (a) Speak for the Shareholder at the general Shareholders' meeting;
- (b) Demand a poll individually or with others;
- (c) Exercise the right to vote by a show of hands or a poll, but the shareholder proxy may only exercise the right to vote by a poll when more than one proxy is appointed.

The shareholder proxy appointment shall be in writing and shall be signed by the appointor or a person duly authorized in writing. Where the appointor is a legal person, the stamp of the legal person shall be affixed, or signed by the Director or a duly authorized agent. The power of attorney must be kept at the residential address or other location designated in the notice convening the meeting no later than 24 hours before the meeting at which the power of attorney is put to vote is convened or 24 hours before the designated time at which the resolution is adopted. If the power of attorney is signed by another person authorized by the appointor by means of power of attorney or other instrument of authorization, the power of attorney or other instrument must be verified by a notary. The power of attorney or other instrument verified by the notary must be kept together with the power of attorney appointing the entrusted representative at our residential address or other location designated at the notice convening the meeting.

Where the appointor is a legal person, a power of attorney may be signed by its duly authorized person to authorize its legal representative or any person authorized by resolutions of its board of directors or other governing body to attend our general Shareholders' meeting as a representative.

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

The votes of the shareholder proxy given pursuant to the terms of an instrument of proxy shall remain valid notwithstanding the previous death, loss of capacity of the appointor or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the Shares in respect of which the proxy is given, provided that our Company does not receive written notice concerning such matters before the related meeting is convened.

#### **14 Capital Calls and Confiscation of Shares**

The dividend of any Share paid prior to the call is entitled to interest, but the holder of the Shares is not entitled to participate in the dividend declared thereafter in respect of share payment made in advance of calls. The Articles of Association does not include other clauses concerning capital calls or confiscation of Shares.

#### **15 Register of Shareholders and Other Rights of Shareholders**

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

Our Company shall keep a copy of the register of the holders of the overseas listed foreign Shares at our residential address. The overseas entrusted entity shall at all times maintain consistency between the original and copy of the register of the holders of the overseas listed foreign Shares.

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

Our Company must keep a complete register of Shareholders.

The register of Shareholders shall include the following:

- (a) Register of Shareholders kept at our residential address other than those specified in (b), (c) and (d).
- (b) Register of the domestic Shareholders kept at the domestic registration and settlement institution;
- (c) Register of the holders of our overseas listed foreign Shares kept at the location of the stock exchange where such Shares are listed;
- (d) Register of Shareholders kept in other locations according to the decision of the Board of Directors as required for the listing of the Shares.

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

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

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

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

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

The Shareholders are entitled to obtain the following information, including but not limited to:

- (a) The Articles of Association after paying the cost;
- (b) The right to inspect and copy the following after paying a reasonable fee:
  - (i) All parts of the register of Shareholders;
  - (ii) Personal data of the Directors, Supervisors and senior management;
  - (iii) Status of the share capital of our Company;
  - (iv) Report on the total book value, quantity, maximum and minimum prices of each class of Shares bought back by our Company since the previous financial year and all expenses paid by our Company for this purpose;
  - (v) Minutes of our general Shareholders' meeting, resolutions of the Board of Directors' meeting, resolutions of the Supervisory Committee meeting and financial/accounting reports.

Whenever a Shareholder proposes to inspect the relevant information as described above or requests materials, he or she shall provide our Company with written documents certifying the type and number of the Shares held and our Company shall provide the relevant information and materials in accordance with the requirements of the Shareholder after verifying his or her identity.

## **16 Quorum of General Shareholders' Meetings**

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

## **17 Restrictions on Rights of the Controlling Shareholders**

Apart from the obligations required in laws, administrative rules and regulations or the listing rules of the stock exchange on which the Shares are listed, the Controlling Shareholder shall not make any decision that is

detrimental to the interest of all or part of the Shareholders on the following issues by exercising his or her Shareholder voting rights:

- (a) Releasing the Directors and Supervisors from the responsibility of acting honestly in the best interest of our Company;
- (b) Permitting the Directors and Supervisors (for their own or others' interests) to deprive our Company of assets in any form, including, but not limited to, any opportunity that is beneficial to our Company;
- (c) Permitting the Directors and Supervisors (for their own or others' interests) to deprive the Shareholders of their personal rights and interests, including, but not limited to, any dividend distribution or voting right, but excluding the restructuring of our Company approved at the general Shareholders' meeting pursuant to the Articles of Association.

### **18 Company Liquidation**

Under any of the following circumstances, our Company shall be lawfully dissolved and liquidated:

- (a) The general Shareholders' meeting adopts a resolution to dissolve our Company;
- (b) Our Company needs to be dissolved for the purpose of merger or division;
- (c) Our Company is declared legally bankrupt as a result of failure to pay debts as they fall due;
- (d) Where our Company encounters significant difficulties in business and management, continuous survival may be significantly detrimental to the interests of the Shareholders, and the difficulties may not be overcome through other means, Shareholders who hold more than 10% of the Shares carrying voting rights may request the court to dissolve our Company;
- (e) The business license of our Company is revoked, and our Company is ordered to close or terminate according to applicable laws.

Where our Company is dissolved due to the provisions set forth in (a), (d) and (e) above, the liquidation team shall be established within 15 days and the personnel of the liquidation team shall be determined by means of an ordinary resolution. In the event of failure to establish the liquidation team on time, the creditors may request the court to designate the relevant persons to form the liquidation team to effect liquidation. In the event that our Company is dissolved in accordance with the provisions set forth in (c) above, the court shall organize the Shareholders, related agencies and professionals to form the liquidation team to effect liquidation pursuant to the relevant provisions of the law.

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

After the resolution to liquidate our Company is adopted by the general Shareholders' meeting, the powers and duties of the Board of Directors shall terminate immediately.

In accordance with the instructions of the general Shareholders' meeting, the liquidation team shall at least once a year report at the general Shareholders' meeting on the income and expenditure of the liquidation team, progress of the business and liquidation of our Company, and submit a final report at the general Shareholders' meeting upon completion of liquidation.

Within ten days of the establishment of the liquidation team, the creditors shall be notified and an announcement shall be published in any national economic or securities newspaper within 60 days. The creditors shall declare their claims to the liquidation team within 30 days of the date on which the notice is received or 45 days of the date of announcement if the notice is not received. The liquidation team shall carry out registration of the creditors' claims.

The liquidation team shall exercise the following powers during the liquidation period:

- (a) Take stock of our Company's assets and prepare a balance sheet and a list of assets respectively;
- (b) Notify or publish an announcement to all creditors;
- (c) Deal with and liquidate any pending business associated with our Company;
- (d) Pay off all outstanding taxes;
- (e) Settle claims and debts and taxes arising from the liquidation process;
- (f) Dispose of the remaining assets of our Company after paying up all the debts; and
- (g) Represent our Company in any civil litigation proceedings.

After taking stock of the assets of our Company and preparing the balance sheet and list of properties, the liquidation team shall draw up a liquidation scheme and submit it to the Shareholders' meeting or related competent agencies for approval.

Following dissolution and liquidation of our Company, if the liquidation team finds that, after taking stock of our Company's assets and preparing the balance sheet and list of assets, that the assets are insufficient to pay the debts, it shall immediately apply to the court to declare bankruptcy.

After our Company is declared insolvent by ruling of the court, the liquidation team shall turn over matters regarding the liquidation to the court.

Upon completion of liquidation of our Company, the liquidation team shall prepare a liquidation report, income and expenditure report and financial record during the liquidation period, which, after being verified by a China-registered accountant, shall be submitted to our general Shareholders meeting or related competent agencies for approval.

Within 30 days of the date of approval by the Shareholders' meeting or related competent agencies, the liquidation team shall submit the above-mentioned documents to the company registration authority and apply for cancellation of our registration and publish an announcement on our termination.

## **19 Other Important Provisions for our Company or the Shareholders**

### *(a) General Provisions*

Our Company is a permanently existing limited company.

Our Company may invest in other limited liability companies or limited companies, provided that the liabilities of our Company to be invested in are limited to the amount of its capital contribution.

The Articles of Association is binding on our Company, the Shareholders, Directors, Supervisors and senior management. These personnel may assert their rights in connection with the affairs of our Company based on the Articles of Association. Pursuant to the Articles of Association, Shareholders may sue Shareholders, Shareholders

may sue the Directors, Supervisors and senior management, Shareholders may sue our Company, and our Company may sue Shareholders, Directors, Supervisors and senior management

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

- (i) Issue new Shares to unspecified investors;
- (ii) Issue new Shares to specific investors;
- (iii) Place new Shares with existing Shareholders;
- (iv) Give new Shares to existing Shareholders;
- (v) Convert the reserve funds into share capital;
- (vi) Other means approved by law and administrative rules and regulations.

Upon approval to increase our Company's stock capital according to the provisions of the Articles of Association, the matter shall be dealt with in accordance with the procedures of related laws and administrative rules and regulations of the State, as well as the securities regulatory agency where the Shares are listed.

Subject to compliance with related laws and administrative rules and regulations of the State, our Company may decrease our registered share capital in line with the provisions of the Articles of Association.

If our Company decreases our registered capital, we must prepare a balance sheet and a list of properties.

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

(c) *Shareholders*

The Shareholders are persons lawfully holding the Shares and whose names (titles) are already listed in the register of Shareholders. Each Share of the same type has the same rights.

Shares issued by our Company to overseas investors and subscribed to in foreign currencies are known as foreign Shares. Foreign Shares that are listed overseas are known as overseas listed foreign Shares. Overseas investors refer to investors in other countries, Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan who subscribe to the Shares issued by our Company. Domestic Shareholders refer to investors within the territory of the PRC that subscribe to the Shares issued by our Company. Both domestic Shareholders and foreign Shareholders are ordinary Shareholders, entitled to the same rights and assuming the same obligations. The rights of our ordinary Shareholders are as follows:

- (i) To receive distribution of dividends and other forms of benefits according to the number of Shares held;
- (ii) To request, convene, preside over, participate in, or appoint a shareholder proxy by law to participate in and exercise corresponding rights at the Shareholders' meeting;
- (iii) To supervise and manage our business and operational activities, provide suggestions or submit queries;
- (iv) To transfer, gift or pledge the shares held according to the provisions of the laws, administrative rules and regulations and the Articles of Association;
- (v) To obtain relevant information according to the provisions of the Articles of Association;
- (vi) To participate in the distribution of the remaining assets of our Company according to the number of shares held upon our termination or liquidation;



(vii) To request our Company to purchase Shares of Shareholders objecting to a resolution adopted at the general Shareholders' meeting concerning the merger or separation of our Company;

(viii) Other rights conferred by laws, administrative rules and regulations and the Articles of Association.

Where any Shareholder holding more than 5% of the Shares with voting rights pledges the Shares he or she holds, the Shareholder shall make a written report to our Company on the date this occurred.

When any person who owns rights and interests directly or indirectly exercises any right without disclosing such rights and interests to our Company, our Company shall not infringe upon any right attached to these shares by freezing or through other means.

Our Company shall adopt the registered method for the Shares.

The Share certificates are signed by the chairman of the Board of Directors. Where the stock exchange on which the Shares are listed requires our other senior management to sign the Share certificates, they shall also be signed by other such personnel. The Share certificates shall become effective after being affixed with the stamp of our Company (including our securities stamp) or print-stamped. Affixing our Company stamp or our securities stamp to the Share certificates is subject to the authorization of the Board of Directors. The signature of the chairman of the Board of Directors or other related senior management may also be printed on the Share certificates. In the case of paperless transactions, the Share certificates shall be subject to separate requirements of the securities regulatory agency where the Shares are listed.

If any person whose name appears in the register of Shareholders or requests to register his or her name (title) in the register of Shareholders loses his or her Share certificates (that is, "**original Share certificates**"), he or she may apply to our Company to reissue new Share certificates for those Shares.

In the event holder of domestic Shares applies to our Company for a reissue after losing the Share certificates, the matter shall be dealt with pursuant to related provisions of the PRC Company Law.

In the event a holder of overseas listed foreign Shares applies to our Company for reissue after losing the Share certificates, the matter shall be dealt with pursuant to the laws and rules of the stock exchange where the original register of holders of the overseas listed foreign Shares is kept, or other related provisions. If a holder of H shares loses Share certificates and applies for a replacement issue, the Share certificates shall be issued in compliance with the following requirements:

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

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

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

- (v) In the event that nobody raises any objection to the re-issue of new Share certificates to our Company, upon expiration of the 90-day display period of the announcement specified in (iii) and (iv) above, the new Share certificates may be re-issued according to the application.
- (vi) When re-issuing new Share certificates, our Company shall immediately cancel the original Share certificates and register the cancellation and replacement issue on the register of Shareholders;
- (vii) All expenses incurred by our Company from the cancellation of the original Share certificates and replacement issue of the new Share certificates shall be borne by the applicant. Before the applicant has provided reasonable security, our Company shall have the right to refuse to take any action.

(d) *Shareholders Failing to be Contacted*

With regard to the dividend warrant sent by mail to the Shareholder by our Company, our Company has the right to stop mailing the dividend warrant to the Shareholder if the dividend has been mailed twice to the Shareholder without having been cashed. If, when the first time it is mailed, the dividend warrant fails to reach the recipient and is returned, our Company may exercise this right.

Our Company is entitled to reclaim without payment the Shares of a Shareholder failing to be contacted under the circumstances indicated below and sell them to any other persons:

- (i) Our Company has paid dividends at least three times on these Shares within 12 years, but no one has claimed the dividends during that period;
- (ii) Upon expiration of the 12-year period, our Company publishes an announcement in a newspaper, indicating our intention to sell the Shares and notifies the Hong Kong Stock Exchange.

(e) *Regulations on the Powers of the Board of Directors and Convening the Board of Directors' Meetings*

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

- (i) To convene the general Shareholders' meeting and report on work to the general Shareholders' meeting;
- (ii) Implement the resolutions of the general Shareholders' meeting;
- (iii) Set our business and investment plans;
- (iv) Devise our annual financial budget and closing account plans;
- (v) Devise our profit distribution and loss offset plans;
- (vi) Set the plans for increasing or decreasing our registered capital, the issuance of corporate bonds or other securities, as well as the public listing program;

- (vii) Formulate plans for major purchase and buy-back of the Shares, merger, separation, dissolution and changing the form of our Company;
- (viii) Decide on the setup of our internal management organization;
- (ix) Determine such matters as the purchase/sale of major assets and providing external guarantees of our Company, within the scope authorized by the general Shareholders' meeting;
- (x) Determine such matters as our external investment, asset collateralization, entrusting wealth management, apart from other regulations of the stock exchange where our Company is listed;
- (xi) Decide on related transactions pursuant to the regulations of the SZSE;
- (xii) Set plans for amending the Articles of Association;
- (xiii) Appoint or dismiss the president and secretary of the Board of Directors; based on the joint nomination of the chief executive officer and president, appoint or dismiss the chief financial officer, vice president, chief engineer and other senior management of our Company, and determine their remuneration, rewards and sanctions;
- (xiv) Set our basic management systems;
- (xv) Manage the disclosure of our Company information;
- (xvi) Decide on the appointment of promoters;
- (xvii) Formulate our stock option incentive plan;
- (xviii) Attend to the work report of our president and review the work of the president;
- (xix) Propose the appointment or replacement of the accounting firm that performs audits for our Company at the general Shareholders' meeting unless otherwise stipulated in the Articles of Association;
- (xx) Determine our salary levels and welfare benefits plan;
- (xxi) Decide on the setup of special committees and the appointment and dismissal of related personnel;
- (xxii) Decide on other major matters and administrative issues not specified in the Articles of Association to be decided by the general Shareholders' meeting;
- (xxiii) Other powers and duties authorized by the general Shareholders' meeting and the Articles of Association.

All of the above resolutions adopted by the Board of Directors, except those in (vi), (vii) and (xii) and those that must be approved by more than a two-thirds vote of the Directors otherwise specified in laws, administrative rules and regulations and the Articles of Association, shall be approved by a simple majority of votes by the Directors.

Meetings of the Board of Directors shall be convened at least twice a year and be called by the chairman of the Board of Directors, and a notice shall be sent to all Directors and Supervisors ten days before the meeting is convened. In an emergency, as proposed by the chairman or more than one-third of the Directors or the president of our Company, a provisional Board of Directors' meeting may be convened notwithstanding the restrictions of the Articles of Association on the meeting notice.

Shareholders representing more than one-tenth of voting power or more than one-third of the Directors or the Supervisory Committee may propose convening a provisional Board of Directors' meeting. The chairman of the

Board of Directors shall convene and preside over the Board of Directors meeting within ten days of receiving the proposal.

The Directors shall attend the Board of Directors meeting in person. In the event that Directors are unable to attend the meeting for some reason, the Directors may appoint in writing other directors to attend the Board of Directors meeting and a proxy of attorney shall specify the scope of authorization.

If a Director fails to attend the Board of Directors meeting in person twice consecutively and has not appointed another Director to attend the Board of Directors meeting, the Director shall be deemed to be unable to perform his or her duties, and the Board of Directors shall propose to the general Shareholders' meeting to dismiss and replace the Director.

Meetings of the Board of Directors shall be attended by more than one-half of the Directors (including Directors that appoint in writing other Directors to attend the Board of Directors in their place pursuant to the provisions of the Articles of Association) before the Board of Directors meeting can be convened. Each Director has one vote. Resolutions made by the Board of Directors must be approved by more than one-half of the Directors' votes. When the number of affirmative votes equals the number of dissenting votes, the chairman of the Board of Directors is entitled to one additional vote.

Where a Director is connected to a legal person or natural person involved in a resolution of the Board meeting, that Director may not exercise the right to vote on the resolution or exercise the right to vote on behalf of other Director(s). The Board meeting may be convened only if it is attended by more than one-half of unconnected Directors and the resolutions of the Board meeting shall be approved by more than one-half of the votes of the connected Directors. In the event that the number of unconnected Directors attending the Board meeting is less than three, the matter shall be submitted to the general Shareholders' meeting for deliberation.

*(f) Independent Director*

The Board of Directors includes three independent Directors. The independent Directors shall carry out responsibilities in accordance with appropriate requirements of the laws, administrative rules and regulations, as well as regulations of the departments.

*(g) Secretary of the Board of Directors*

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

*(h) Supervisory Committee*

Our Company shall set up a Supervisory Committee.

The Board of Directors consists of five Supervisors and includes one chairman. The Supervisors serve three-year terms and may be re-elected. The chairman of the Supervisory Committee shall be appointed and dismissed by more than a two-thirds vote of the members of the Supervisory Committee.

The Supervisory Committee shall consist of three representatives of the Shareholders and two representatives of our Company staff. The representatives of the Shareholders shall be elected and dismissed by the general Shareholders' meeting while the representatives of the staff shall be elected and dismissed by our Company staff.

The Directors, president, vice president, chief financial officer and other senior management of our Company shall not also serve as Supervisors.

Meetings of the Supervisory Committee shall be held at least once every six months and convening these is the responsibility of the chairman of the Supervisory Committee.

The Supervisory Committee is responsible for the general Shareholders' meetings and lawfully exercises the following powers:

- (i) To review and provide written opinions on the regular reports prepared by the Board of Directors from time to time.
- (ii) Examine the financial standing of our Company;
- (iii) Supervise the performance of the Directors and senior management and put forward suggestions for dismissing any Directors or senior management who violate laws, administrative rules and regulations, the Articles of Association or resolution(s) of the general Shareholders' meeting;
- (iv) Require the Directors and senior management to take corrective measures when their actions are detrimental to our interests;
- (v) Check financial reports, operating results and profit distribution scheme, as well as other financial data to be submitted at the general Shareholders' meeting, and where anything doubtful is discovered, can on behalf of our Company appoint certified accountants and professional auditors to assist in reviewing this;
- (vi) Propose to convene an extraordinary general meeting, convene and preside over our general Shareholders' meeting when the Board of Directors does not perform the responsibilities for convening and presiding over the Shareholders' meeting as stipulated in the PRC Company Law;
- (vii) Submit proposals at the general Shareholders' meeting;
- (viii) Initiate litigation against the Directors and senior management according to the provisions of Article 152 of the PRC Company Law;
- (ix) May carry out an investigation of any abnormality identified in the operations of our Company and, when necessary and at the expense of our Company, hire such professional organizations as accounting and law firms, etc, to assist in the investigation;
- (x) Other powers and duties stipulated in the Articles of Association.

The Supervisors shall attend the Board meeting as observers, query or provide suggestions on the resolutions of the Board meeting.

(i) *Chief Executive Officer (CEO) and president*

Our Company includes one CEO and one president, both of whom are nominated by the chairman of the Board of Directors, appointed or dismissed by the Board of Directors. The CEO and president serve three-year terms and may be re-appointed.

The CEO and president attend the Board meeting as observers. As the CEO and president are not Directors, they do not have the right to vote at a Board meeting(s).

The CEO is responsible to the Board of Directors and exercises the following powers:

- (i) To oversee and check the business and operational management work of our Company under the president's direction.

- (ii) Oversee and check the president's implementation of the resolutions of the Board of Directors and our annual plan;
- (iii) Be responsible for formulating and organizing the implementation of the annual investment scheme of our Company;
- (iv) Be responsible for managing the equity of our subsidiaries;
- (v) With the chairman to: (1) request the Board of Directors to appoint or dismiss the chief financial officer, vice president and chief engineer of our Company; (2) decide on the appointment or dismissal of mid-level management personnel related to the powers and duties of the CEO; and (3) decide on the salary, benefits, and reward and penalty schemes of our Company staff.
- (vi) Submit work reports to the Board of Directors.

The president is responsible to the Board of Directors and exercises the following powers:

- (i) To be responsible for business and operational management, and implement related resolutions of the Board of Directors and reports to the Board of Directors on work;
- (ii) Be responsible for formulating and implementing our annual business plan;
- (iii) Draft our basic management policies;
- (iv) Set our specific rules and regulations;
- (v) Decide on the appointment and dismissal of our Company staff;
- (vi) Implement the salary, benefits and reward schemes of our Company staff;
- (vii) With the chairman to: (1) decide on the appointment or dismissal of mid-level management personnel relating to the powers and duties of the president; and (2) draft the setup scheme of our internal management organization.
- (j) *Reserves*

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

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

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

After offsetting the losses and allocating to the reserve, all remaining profits shall be distributed to the Shareholders based on the proportion of respective shareholdings.

Our statutory reserves must be used only for offsetting our losses, expanding the scale of business and operations or for conversion into capital to increase our capital, but the capital reserve shall not be used to offset our losses.

When the statutory reserve is converted into registered capital, the balance of the reserve shall not be less than 25% of the amount before converting the statutory reserve to the increase of the registered capital.

*(k) Settlement of Disputes*

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

- (i) Any dispute or claim arising out of the rights and obligations specified in the Articles of Association, the PRC Company Law or any other laws and administrative regulations with respect to the affairs of our Company between the holders of the overseas listed foreign Shares and our Company, holders of the overseas listed foreign Shares and the Directors, Supervisors, president or other senior management of our Company, and holders of the overseas listed foreign Shares and the holders of domestic Shares shall be referred by the parties concerned to arbitration for resolution.

Where such a dispute or claim is referred to arbitration, it shall be for the entire claim or dispute. For any person who has cause for action for the same reason or whose participation is needed for settling the dispute or claim, if his or her or its identity is a company, a Shareholder, Director, Supervisor, president or other senior management of our Company, that person shall submit to the arbitration.

Disputes associated with the definition of Shareholders and the register of the Shareholders might not be resolved through arbitration.

- (ii) The arbitration applicant may choose the CIETAC for arbitration in accordance with its arbitration rules or the HKIAC for arbitration in accordance with its securities arbitration rules. Once the arbitration applicant refers the dispute or claim to arbitration, the opposite party must undergo the arbitration procedures at the arbitration institution chosen by the arbitration applicant.

If the arbitration applicant chooses the HKIAC for arbitration, either party may request the arbitration to be done in Shenzhen pursuant to the requirements of the securities arbitration rules of the HKIAC.

- (iii) PRC laws shall apply in the event of settlement of any dispute or claim arising for the reasons stated in (i) above by means of arbitration, unless otherwise provided for in the laws and administrative rules and regulations.
- (iv) The decision reached by the arbitration institution shall be final and binding upon the parties concerned.
- (v) For disputes not involving (i), (ii), (iii) and (iv) above, the parties may choose to settle these by litigation or arbitration.