

## APPENDIX VI

## SUMMARY OF ARTICLES OF ASSOCIATION

### OVERVIEW

This Appendix contains the summary of the principal provisions of the Articles of Association. The Articles of Association of the Company shall take effect on the date of the H Shares being [REDACTED] on the Stock Exchange.

### SHARES AND REGISTERED CAPITAL

The Company shall set up ordinary Shares at any time. According to the Company's needs, the Company may create other classes of Shares upon approval from the authorized department of the State Council.

All the shares issued by the Company shall have a par value, which shall be RMB1 for each share.

The Shares of the Company shall be issued in accordance with the principles of openness, fairness and justice. Each share of the same class shall carry the same rights.

Shares of the same class and in the same issue shall be issued on the same conditions and at the same price. Any entity or individual shall pay the same price for each of the Shares it/he/she subscribes for.

### INCREASE AND REDUCTION OF CAPITAL AND BUYBACK OF SHARES

#### Capital Increase

In light of the Company's operational and developmental needs, the Company may increase its capital in accordance with the laws and regulations and subject to relevant requirements of the Article of Association and a resolution of the general meeting, by any of the following methods:

- (1) a [REDACTED] of shares;
- (2) allotment of new shares to existing shareholders;
- (3) allotment of bonus shares to existing shareholders;
- (4) an offering of new shares to specific investors;
- (5) conversion of other reserve to share capital; or
- (6) other methods permitted by laws and administrative regulations and approved by relevant competent authorities.

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Where the Company increases its capital by issuing new shares upon approval in accordance with the Articles of Association and the listing rules of the place where the Company's shares are listed, it shall be handled in accordance with the procedures stipulated in relevant laws and administrative regulations and the listing rules of the place where the Company's shares are listed.

### **Reduction of Capital**

The Company may reduce its registered capital in accordance with the Articles of Association. If the Company reduces its registered capital, it shall do so by the procedures set forth in the Company Law, other relevant regulations and the Articles of Association.

If the Company is to reduce its registered capital, it must prepare a balance sheet and a list of its property.

The Company shall notify its creditors to reduce its registered capital and publish a public announcement in accordance with the Company Law, and pay its debts or provide a corresponding security for repayment as required by the creditors.

### **Repurchase of Shares**

The Company shall not acquire or sell its shares. However, the Company may, in the following circumstances, buy back its own outstanding shares by the procedures provided for in laws, administrative regulations, departmental rules, the listing rules of the place where the company's shares are listed, and the Articles of Association:

- (1) to cancel shares to reduce the registered capital of the Company;
- (2) to merge with other companies that hold shares in the Company;
- (3) to use the shares for employee shareholding schemes or as share incentives;
- (4) to acquire the shares of shareholders (upon their request) who vote against any resolution adopted at any general meetings on the merger or division of the Company;
- (5) to use the shares to satisfy the conversion of those corporate bonds convertible into shares issued by the Company;
- (6) to safeguard corporate value and shareholders' equity as the Company deems necessary; or
- (7) other methods permitted by laws, administrative regulations and listing rules of the stock exchange on which the Company's shares are listed.

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Unless the Company is undergoing liquidation, it shall comply with the following provisions in repurchasing its outstanding shares:

- (1) for repurchases of shares by the Company at their par value, payment shall be made from the book balance of distributable profit of the Company or from the proceeds of issuance of new shares for that purpose;
- (2) where the Company repurchases its shares at a premium to its par value, payment up to the par value shall be made from the book balance of distributable profit of the Company or from the proceeds of issuance of new shares for that purpose. Payment of the portion which is in excess of the par value shall be made as follows:
  - (i) if the shares being repurchased were issued at par value, payment shall be made from the book balance of distributable profit of the Company;
  - (ii) if the shares being repurchased were issued at a premium to its par value, payment shall be made from the book balance of distributable profit of the Company and/or the proceeds of issuance of new shares for that purpose, provided that the amount deducted from the proceeds of issuance of new shares shall not exceed the aggregate amount of the premium received by the Company from the issuance of the shares so repurchased, nor shall it exceed the amount in the Company's premium account (or capital reserve fund account) (including premiums on the new share) at the time of such repurchase;
- (3) the Company shall make the following payments from the Company's distributable profits:
  - (i) acquisition of the right to repurchase its own shares;
  - (ii) modification of any contracts for the repurchase of its shares;
  - (iii) release from any of its obligations under any repurchase contract; and
  - (iv) after the aggregate par value of the cancelled shares is deducted from the Company's registered capital in accordance with relevant provisions, the amount deducted from the distributable profit used for the repurchase of the shares at par value shall be credited to the Company's premium account(or capital reserve fund account).

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### FINANCIAL ASSISTANCE FOR THE PURCHASE OF COMPANY SHARES

Neither the Company nor its subsidiaries shall at any time provide any financial assistance in any form to purchasers or prospective purchasers of shares of the Company. Purchasers of shares of the Company as referred to above shall include persons that directly or indirectly assumes obligations as a result of purchasing shares of the Company.

Neither the Company nor its subsidiaries shall at any time provide any financial assistance in any form to the above obligors in order to reduce or release them from their obligations.

The term "financial assistance" shall include but not be limited to financial assistance in the forms set forth below:

- (1) gift;
- (2) security (including the assumption of liability or the provision of property by the guarantor to secure the performance of obligations by the obligor), indemnity (excluding, however, indemnity arising from the Company's own fault), release or waiver of any rights;
- (3) provision of a loan or conclusion of a contract under which the obligations of the Company are to be fulfilled before the fulfilment of obligations of the other party to the contract, or a change in the parties to, or the assignment of rights under, such loan or contract; and
- (4) any other form of financial assistance given by the Company when the Company is insolvent or has no net asset or when its net assets would thereby be reduced to a material extent.

The "assumption of obligations" means the assumption of obligations by way of contract or by way of arrangement (irrespective of whether such contract or arrangement is enforceable or not, and irrespective of whether such obligations are to be borne by the obligor solely or jointly with other persons), or by any other means which results in a change in the obligor's financial condition.

The following acts shall not be prohibited:

- (1) the financial assistance provided by the Company is either genuinely for the interests of the Company and the main principal purpose of such financial assistance is not to purchase shares of the Company, or the financial assistance is an incidental part of certain overall plan of the Company;
- (2) the lawful distribution of the Company's properties by way of dividends;

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- (3) the allotment of bonus shares as dividends;
- (4) a reduction of registered capital, repurchase of shares or adjustment of the share capital structure effected in accordance with the Articles of Association;
- (5) the provision by the Company of a loan within its scope of operation and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the net assets are thereby reduced, the financial assistance is provided out of its distributable profit);
- (6) the provision of funds by the Company for an employee shareholding schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the net assets are thereby reduced, the financial assistance is provided out of its distributable profit).

### **SHARE CERTIFICATES AND REGISTER OF MEMBERS**

#### **Share Certificates**

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

The share certificates of the Company shall contain items required by the Company Law and other items required to be specified by the Stock Exchange where the company's shares are listed.

The share certificates shall be signed by the chairman of the Board of Directors of the Company. Where the stock exchange on which the shares of the Company are listed requires the share certificates to be signed by other senior management of the Company, the share certificates shall also be signed by such senior management. The share certificates shall take effect after being affixed or printed with the seal of the Company. The share certificates shall only be affixed with the Company's seal with the authorization of the Board of Directors. The signatures of the chairman of the Board of Directors or other relevant senior management on the share certificates may also be in printed form.

If the Company's shares are issued and traded in paperless form, the regulations of the securities regulator of the place where the shares of the Company are listed shall apply.

#### **Register of Members**

The Company shall keep a register of shareholders, in which the following items shall be recorded:

- (1) the name (title), address (place of domicile), occupation or nature of business of each shareholder;
- (2) the class and number of shares held by each shareholder;

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- (3) the amount paid-up or payable in respect of shares held by each shareholder;
- (4) the serial numbers of the shares held by each shareholder;
- (5) the date on which each shareholder was registered as a shareholder;
- (6) the date on which any shareholder ceased to be a shareholder.

Unless there is evidence to the contrary, the register of members shall be the sufficient evidence of the shareholders' shareholding in the Company.

The Company may, in accordance with the mutual understanding and agreements made between the CSRC and overseas securities regulatory authorities, keep its register of holders of overseas listed foreign shares outside of the PRC and appoint overseas agent(s) to manage such register. The original register of holders of H shares shall be maintained in Hong Kong.

The Company shall maintain a duplicate of the register of holders of overseas listed foreign shares at its place of domicile. The designated overseas agent(s) shall ensure consistency between the original version and the duplicate register of holders of overseas listed foreign shares at all times. If there is any inconsistency between the original and the duplicate register of holders of overseas listed foreign shares, the original version shall prevail.

The Company shall maintain a complete register of members. The register of members shall include the following parts:

- (1) the register of members which is maintained at the Company's place of domicile (other than those share registers which are described in paragraphs (2) and (3) of this Article);
- (2) the register of members in respect of the holders of overseas listed foreign shares of the Company which is maintained at the place where the overseas stock exchange on which the shares are listed is located;
- (3) the register of members which is maintained in such other place as the Board of Directors may consider necessary for the purpose of listing of the Company's shares.

Different parts of the register of members shall not overlap one another. No transfer of the shares registered in any part of the register shall, during the existence of that registration, be registered in any other part of the register of members.

Alteration or rectification of each part of the register of members shall be made in accordance with the laws of the place where that part of the register of members is maintained.

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Within 30 days before the convening of shareholders' general meeting or within 5 days before the benchmark date of the company's decision to distribute dividends, registration of changes to the register of members due to share transfers shall be suspended, unless applicable laws, administrative regulations, department rules, regulatory documents, and relevant stock exchange or regulatory agency of where the Company's shares are listed otherwise specified.

When the Company intends to convene a shareholders' general meeting, distribute dividends, enter into liquidation and engage in other activities that require determination of shareholdings, the Board of Directors shall determine a specific date as equity determination date, registered shareholders at the end of which shall be the shareholders entitled to the relevant rights and interests.

The Hong Kong branch register of shareholders must be available for inspection by shareholders, but the company may be allowed to suspend the registration of shareholders on terms equivalent to section 632 of the Companies Ordinance (Chapter 622 of the Laws of Hong Kong). Any person who challenges the register of members and requests to have his/her name (title) included in or removed from the register of members may apply to the court having jurisdiction for rectification of the register of members.

Any shareholder who is registered in, or any person who requests to have his name (title) entered into, the register of members may apply to the Company for issuance of a replacement share certificate in respect of such shares if his/her share certificate (the original share certificate) is lost.

The Company shall not have any obligation to indemnify any person for any damage suffered thereby arising out of the cancellation of the original share certificate or the issuance of a replacement share certificate, unless such person concerned can prove fraud on the part of the Company.

### **RIGHTS AND OBLIGATIONS OF THE SHAREHOLDERS**

A shareholder of the Company is a person who lawfully holds shares of the Company and whose name (title) is recorded in the register of members.

A shareholder shall enjoy relevant rights and assume relevant obligations in accordance with the class and number of shares he/she holds. Shareholders holding the same class of shares shall have the same rights and assume the same obligations.

Holders of the ordinary shares of the Company shall enjoy the following rights:

- (1) the right to dividends and other distributions in proportion to the number of shares held;
- (2) the right to apply for, convene, preside, attend or appoint proxies to attend general meetings and to exercise the corresponding right to speak and vote;
- (3) the right to supervise, present proposals or raise enquiries in respect of the Company's business operations;

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- (4) the right to transfer, give as a gift or pledge the shares it holds in accordance with laws, administrative regulations, the Listing Rules of the Stock Exchange and the Articles of Association;
- (5) the right to obtain relevant information in accordance with the Articles of Association, including:
  - (i) The right to obtain a copy of the Articles of Association, subject to payment of the cost;
  - (ii) The right to inspect for free and subject to a payment of a reasonable fee, to copy:
    - A. All parts of the register of members;
    - B. Personal information of each of the Company's directors, supervisors and senior management, including:
      - a. present and former name or alias;
      - b. principal address (place of domicile);
      - c. nationality;
      - d. full-time and all other part-time occupations and positions;
      - e. identity document and its number.
    - C. the report of the Company's issued share capital;
    - D. reports showing the aggregate par value, quantity, the maximum and minimum prices paid in respect of each class of shares repurchased by the Company since the end of the last financial year, and the aggregate amount paid by the Company for this purpose (domestic shares and overseas listed foreign shares respectively);
    - E. corporate bond stubs of the Company, resolutions of the Board of Directors and Board of Supervisors;
    - F. most recent audited financial statements of the Company, and reports of the Board of Directors, auditors and Board of Supervisors;
    - G. previous year's annual report/annual return of the Company that has been submitted to the State Administration for Market Regulation or other competent authorities;



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- H. minutes of general meetings (only the Company's shareholders are entitled to inspect) and special resolutions of the Company.

The Company shall keep the above documents other than those set out in paragraphs B and E at its address in Hong Kong in accordance with the requirements of the Hong Kong Listing Rules, and make such documents available for inspection by the public and the overseas listed foreign shareholders free of charge.

If the contents accessed and copied involve trade secrets, inside information of the Company and personal privacy of relevant personnel, the Company may refuse to provide them.

- (6) in the event of the termination or liquidation of the Company, the right to participate in the distribution of the remaining property of the Company in proportion to the number of shares held;
- (7) shareholders who object to resolutions of merger or division made by the shareholders' general meeting of may request the Company to purchase their shares;
- (8) shareholders who individually or collectively hold more than three (3%) percent of the Company's shares may have the right to propose an interim proposal in writing within 10 days before the shareholders' general meeting and submit it to the Board of Directors;
- (9) such other rights conferred by laws, administrative regulations, department rules, Listing Rules of the Stock Exchange and the Articles of Association.

Shareholders of common shares of the Company shall have the following obligations:

- (1) to abide by laws, administrative regulations, Listing Rules of the Stock Exchange and the Articles of Association;
- (2) to pay the share subscription price based on the shares subscribed for by them and the method of acquiring such shares;
- (3) not to abuse shareholders' rights to infringe upon the interests of the Company or other shareholders; not to abuse the Company's status as an independent legal person or the limited liability of shareholders to harm the interests of the Company's creditors;

Any shareholder who abuses shareholders' rights and causes the Company or other shareholders to suffer a loss shall be liable for making compensation in accordance with the law;

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Any shareholder who abuses the status of the Company as an independent legal entity or the limited liability of shareholders to evade debts and severely harm the interests of the Company's creditors shall assume joint and several liability for the Company's debts;

- (4) to assume other obligations required by laws, administrative regulations, department rules, Listing Rules of the Stock Exchange and the Articles of Association.

Shareholders shall not be liable to make any further contributions to the share capital other than according to the terms agreed by the subscribers at the time of share subscription.

### **RESTRICTION ON RIGHTS OF THE CONTROLLING SHAREHOLDERS**

In addition to obligations imposed by laws, administrative regulations and regulations or required by the Listing Rules of the Stock Exchange, a controlling shareholder of the Company exercises his/her right as a shareholder, he/she shall not exercise his/her voting rights in respect of the following matters in a manner prejudicial to the interests of all or part of the shareholders of the Company:

- (1) to waive a director or supervisor of his responsibility to act honestly in the best interests of the Company;
- (2) to approve the expropriation by a director or supervisor (for his/her own benefits or for the benefits of another person), in any way, of the Company's properties, including but not limited to any opportunities beneficial to the Company;
- (3) to approve the expropriation by a director or supervisor (for his own benefits or for the benefits of another person) of personal rights of other shareholders, including but not limited to rights to distributions and voting rights save pursuant to a corporate restructuring passed at a general meeting in accordance with the Articles of Association.

### **GENERAL MEETING**

#### **General Rules for Convening a General Meeting**

The general meeting is the organ of the highest authority of the Company and shall exercise the following functions and powers:

- (1) to decide on the operating policies and investment plans of the Company;
- (2) to elect and replace directors; and to decide on matters relating to their remuneration;

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- (3) to elect and replace supervisors who are not employee representatives; and to decide on matters relating to their remuneration;
- (4) to review and approve reports of the Board of Directors;
- (5) to review and approve reports of the Board of Supervisors;
- (6) to review and approve the annual financial budgets and final accounts of the Company;
- (7) to review and approve the profit distribution plans and loss recovery plans of the Company;
- (8) to adopt resolutions on increasing or reducing the registered capital of the Company;
- (9) to adopt resolutions on the issuance of corporate bonds, other securities and their listing;
- (10) to adopt resolutions on the merger, division, dissolution, liquidation or change in corporate form of the Company;
- (11) to adopt resolutions on the engagement, renewal or non-renewal, or dismissal of the engagement of accounting firms by the Company;
- (12) to amend the Articles of Association, the rules of procedures of the general meeting, the Board of Directors and the Board of Supervisors;
- (13) to review and approve the purchase or the sale of major assets by the Company, and the provision of guarantee within one year, the amount of which exceeds 30% of the latest audited total assets of the Company (except for guarantees provided to consolidated subsidiaries);
- (14) to review proposals raised by a shareholder alone or shareholders jointly holding no less than 3% of the voting shares of the Company;
- (15) to review any transactions where the applicable percentage ratios calculated by the Company pursuant to the percentage ratios requirement under Rule 14.07 of the Hong Kong Listing Rules amount to twenty-five percent (25%) or more (including one-off transactions and a series of transactions requiring a combined percentage ratio) or any connected transactions where the applicable percentage rate reaches five percent (5%) or more (including one-off transactions and a series of transactions requiring a combined percentage rate);
- (16) to review the Company's equity incentive scheme;
- (17) to view other matters that required to be resolved by the general meeting as prescribed by the law, regulations, the Listing Rules of the Stock Exchange and the Articles of Association.

The Company shall not conclude any contract with any person other than a director, a supervisor, senior management whereby such person is put in charge of the management of all or a substantial part of the Company's business without the prior approval of the general meeting.

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General meetings include annual general meetings and extraordinary general meetings. In general, general meetings shall be convened by the Board of Directors. Annual general meetings shall be convened once every financial year and within six months after the end of the preceding fiscal year.

The Company shall convene an extraordinary general meeting within two months from the date of the occurrence of any of the following circumstances:

- (1) the number of directors is less than the number provided for in the Company Law or less than two-thirds of the number prescribed in the Articles of Association;
- (2) the losses of the Company that have not been made up reach one-third of its total paid in share capital;
- (3) such is requested in writing by a shareholder alone or shareholders jointly holding no less than 10% of the Company's outstanding voting shares (The number of shares held is calculated based on the number of shares held at the close of the market on the day when the shareholder made a written request. If the day of the written request is a non-trading day, it will be the previous trading day.);
- (4) the Board of Directors considers it necessary;
- (5) the Board of Supervisors proposes that such a meeting shall be held;
- (6) two or more independent non-executive directors propose that such a meeting shall be held;
- (7) other circumstances as specified by laws, administrative regulations, department rules and the Listing Rules of the Stock Exchange and the Articles of Association.

A shareholder alone or shareholders jointly holding no less than 10% of the Company's shares on the one-share-one vote basis shall have the right to make a request to the Board of Directors in writing to convene an extraordinary general meeting. If the Board of Directors fails to issue a notice calling the general meeting within 30 days after the receipt of the request, the shareholder alone or shareholders jointly holding no less than 10% of the Company's shares shall have the right to propose to the Board of Supervisors in writing to convene an extraordinary general meeting. If the Board of Supervisors fails to issue a notice calling the general meeting within 30 days, a shareholder who alone or shareholders who jointly holding no less than 10% of the shares of the Company for at least 90 days in succession may within four months after the Board of Directors receive the request himself/herself/themselves convene and preside over such meeting.

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### **Proposals of General Meetings**

A shareholder alone or shareholders jointly holding no less than 3% of the voting shares of the Company may submit extempore motions in writing to the convenor 10 days prior to the date of general meeting. The convenor shall issue a supplemental notice of general meeting within 2 days after receipt of the motion, and submit such extempore motion to the general meeting for consideration. The contents of such an extempore motion shall fall within the authority of general meetings.

Except as provided in the preceding paragraph, the convenor, after issuing the notice of the general meeting, shall neither modify the proposals stated in the notice of general meetings nor add new proposals.

### **Notices of General Meetings**

Where a general meeting is convened by the Company, it shall issue a written notice 20 business days prior to the convening of the annual general meeting or 15/10 business days (whichever is longer) prior to the convening of the extraordinary general meeting to notify shareholders. When calculating the starting date, the date of the meeting and issuance of notice shall be excluded. The notice shall include date, time and venue of the meeting and matters to be considered at the meeting and a statement indicating that shareholders is entitled to appoint proxies to attend and vote at such meeting on his/her behalf in writing.

Notice of general meeting shall be served to any shareholder (whether has voting right on general meeting or not) either by hand or by post in a prepaid mail, addressed to such shareholder at his/her/its registered address as shown in the register of members. For holders of domestic shares, the notice of a general meeting may also be given by public announcement.

### **Convening of General Meetings**

Any shareholder entitled to attend and vote at a general meeting shall have the right to appoint 1 or more persons (who may not be a shareholder) as his/her proxies to attend and vote on his/her behalf. Such proxies may exercise the following rights as entrusted by the shareholder. Where a shareholder is a corporation, it may appoint a proxy to attend a shareholders' general meeting. And if a shareholder has appointed a proxy to attend any meeting, he shall be deemed to be present in person:

- (1) the shareholder's right to speak at the general meeting;
- (2) the right to demand by himself or jointly with others, to vote by way of poll;
- (3) the right to vote by show of hands or on a poll, except that if a shareholder has appointed more than 1 proxy, such proxies may only exercise their voting rights on a poll.

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Shareholders shall appoint their proxies by written instruments, which shall be signed by the principals or their agents appointed in writing. If the principal is a legal person, the instrument shall be under the seal of the legal person or signed by its director(s) or duly authorized agent(s). Where such shareholder is a Recognized Clearing House (or its nominee) within the meaning of the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), it may authorize one or more persons as it deems fit to act as its representative(s) at any shareholders' general meeting or any class meeting, provided that, if more than one person is so authorized, the power of attorney shall specify the number and class of shares in respect to which person is so authorized. The person so authorized may exercise the rights on behalf of the Recognized Clearing House (or its nominees) as if such person were an individual shareholder of the Company.

The instrument appointing a voting proxy shall be placed at the domicile of the Company or at such other place as specified in the notice of the meeting at least 24 hours before the commencement of the relevant meeting at which the proxy is authorized to vote or 24 hours before the specified time of the vote.

If a general meeting is convened by the board of directors, the chairman of the Board of Directors shall serve as host and preside over the meeting. If the chairman of the Board of Directors fails or is unable to perform his or her duties, the meeting shall be presided over by the director designated by the Board of Directors. If the host of the meeting is not designated, the shareholders attending the meeting may elect one person to serve as the host; if for any reason, the shareholders are unable to elect the host, the shareholder holding the most voting shares (including the shareholder proxies) present at the meeting shall serve as the host of the meeting.

### **Voting and Resolutions of General Meeting**

Resolutions of the general meeting include ordinary resolutions and special resolutions. Ordinary resolution at a general meeting shall be adopted by shareholders in attendance (including proxies) holding more than half of the voting rights. Special resolution at a general meeting shall be adopted by shareholders in attendance (including proxies) holding at least two-thirds of the voting rights.

Shareholders (including proxies) shall exercise their voting rights according to the number of voting shares they represent, with one vote for each share. Shares in the Company which are held by the Company do not carry any voting rights, and shall not be counted in the total number of voting shares represented by shareholders present at a general meeting.

When a poll is taken at a meeting, a shareholder (including his proxy) who has the right to 2 or more votes need not cast all his votes in the same way. When the number of votes for and against a resolution is equal, whether the vote is taken by a show of hands or on a poll, the chairman of the meeting shall be entitled to one additional vote.

Decisions of the general meeting on any of the following matters shall be adopted by special resolution:

- (1) the increase or reduction of the registered capital and issuance of any class of shares, warrants or other similar securities by the Company;
- (2) the issuance of corporate bonds;

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- (3) the division, merger, dissolution and liquidation or change in the corporate form of the Company;
- (4) the amendment to the Articles of Association;
- (5) to review and approve the purchase or the sale of major assets by the Company, and the provision of guarantee within one year, the amount of which exceeds 30% of the latest audited total assets of the Company;
- (6) other matters which the laws, administrative regulations or the Articles of Association require to be adopted by special resolutions and which the general meeting considers will have a material impact on the Company and therefore require, by an ordinary resolution, to be adopted by special resolution.

### **Procedures for Voting by Class Shareholders**

Shareholders that hold different classes of shares shall be class shareholders. Class shareholders shall enjoy rights and assume obligations in accordance with the laws, administrative regulations, the listing rules of the place where the Company's shares are listed and the Articles of Association.

The Company shall not proceed to change or abrogate the rights of class shareholders unless such proposed change or abrogation has been approved by way of a special resolution at a general meeting and by a separate shareholder meeting convened by the class shareholders so affected in accordance with the Articles of Association.

The rights of shareholders of a certain class shall be deemed to have been changed or abrogated in the following circumstances:

- (1) An increase or decrease in the number of shares of such class or an increase or decrease in the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (2) a conversion of all or part of the shares of such class into shares of another class, a conversion of all or part of the shares of another class into shares of such class or the grant of the right to such conversion;
- (3) a removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;
- (4) a reduction or removal of a dividend preference or property distribution preference during liquidation of the Company, attached to shares of such class;

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- (5) an addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, pre-emptive rights to rights issues or rights to acquire securities of the Company attached to shares of such class;
- (6) a removal or reduction of rights to receive amounts payable by the Company in a particular currency attached to shares of such class;
- (7) a creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of that class;
- (8) an imposition of restrictions or additional restrictions on the transfer or ownership of shares of such class;
- (9) an issuance of rights to subscribe for, or convert into, shares of such class or another class;
- (10) an increase in the rights and privileges of shares of another class;
- (11) restructuring of the Company which causes shareholders of different classes to bear liability to different extents during the restructuring;
- (12) any amendment or abrogation of the provisions of this section.

Shareholders of the affected class, whether or not having the right to vote at general meeting, shall have the right to vote at class meetings in respect of matters referred to in above paragraphs (2) to (8) and (11) to (12), except that interested shareholders shall not have the right to vote at class meetings.

The term "interested shareholders" in the preceding paragraph shall have the following meanings:

- (1) if the Company has made a buyback offer to all shareholders in the same proportion or has bought back its own shares through open market transactions on a stock exchange in accordance with Article 29 of the Articles of Association, the controlling shareholders as defined in the Articles of Association shall be "interested shareholders";
- (2) if the Company has bought back its own shares by an agreement outside of a stock exchange in accordance with Article 29 of the Articles of Association, holders of shares in relation to such agreement shall be "interested shareholders";
- (3) under a restructuring proposal of the Company, shareholders who will bear liability in a proportion smaller than that of the liability borne by other shareholders of the same class, or shareholders who have an interest in a restructuring proposal of the Company that is different from the interest in such restructuring proposal of other shareholders of the same class shall be "interested shareholders".



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The quorum of a class meeting to change or abrogate rights of shareholders of a certain class shall be holder(s) of no less than one-third of the issued shares of such class. Resolutions of a class meeting may be passed only by shareholders present at the class meeting representing no less than two-thirds of the voting rights in accordance with relevant provisions in the Articles of Associations.

When convening a class meeting, the Company shall issue a written notice 15 or 10 business days prior to the convening of the class meeting to notify shareholders. If the regulations where the Company is listed regulates otherwise, such regulations shall prevail.

The procedure according to which class shareholders' meetings are held shall, to the extent possible, be identical to the procedure according to which general meetings are held. Provisions of the Articles of Association relevant to procedures for the holding of general meetings shall be applicable to class shareholders' meetings.

The special procedure for voting by class shareholders shall not apply under the following circumstances:

- (1) where the Company issues domestic shares and overseas listed foreign shares, upon approval by a special resolution of the general meeting, either concurrently or separately once every 12 months, and the quantity of domestic investment shares and overseas listed foreign shares intended to be issued does not exceed 20% of the outstanding shares of the respective classes;
- (2) where the Company's plan to issue domestic shares and overseas listed foreign shares upon its incorporation is implemented within 15 months from the date of approval by the securities regulatory authorities under the State Council;
- (3) where, as approved by the securities regulatory authorities under the State Council and Hong Kong Stock Exchange, the transfer of domestic shares to foreign investors, the conversion of domestic shares of the Company into foreign shares and the listing and trading of such shares on an overseas stock exchange.

### DIRECTORS AND BOARD OF DIRECTORS

#### Directors

Directors shall be elected or replaced at the general meeting and may be removed before the expiry of the term at the general meeting. Every term of a director is 3 years, and upon expiry of the term, a director shall be eligible for re-election and re-appointment.

Subject to the compliance with the relevant laws and administrative regulations, the general meeting may by ordinary resolution remove any director before the expiration of his term of office without prejudice to the director's right as provided in any contracts to claim for damages arising from his removal.

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### Board of Directors

The Company shall set up a board of directors. The Board of Directors shall consist of 9 directors, including at least 3 independent non-executive directors and accounting for at least one-third of the members of the Board of Directors. The board of directors shall consist of 1 chairman. The chairman shall be elected and removed by more than one-half of all directors. The term of office of the chairman shall be 3 years, renewable upon re-election.

The Board of Directors is accountable to the general meetings and exercise the following functions and powers:

- (1) to convene general meetings and report to the general meetings;
- (2) to implement resolutions of the general meetings;
- (3) to decide on the Company's business plans and investment plans;
- (4) to formulate the annual financial budgets and final accounts of the Company;
- (5) to formulate the Company's profit distribution plans and plans on making up losses;
- (6) to formulate proposals for the increase or reduction of the Company's registered capital, the issuance of bonds or other securities of the Company and listing of shares of the Company;
- (7) to formulate plans for the Company's merger, division, dissolution or change of corporate form;
- (8) to decide on establishment of internal management organs of the Company;
- (9) to decide on the appointment or dismissal of the Company's general manager and secretary to the Board of Directors, company secretary and their remunerations; and to decide on the appointment or dismissal of the Company's deputy general manager, chief financial officer and their remunerations according to the nomination of the general manager;
- (10) to formulate the basic management system of the Company;
- (11) to formulate proposals to amend the Articles of Association;

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- (12) to consider and approve (1) all share transactions (including one-off transactions and a series of transactions requiring a combined percentage ratio) where the percentage ratios calculated pursuant to the percentage ratio requirement under Rule 14.07 of the Hong Kong Listing Rules are less than 5% and the consideration includes the shares to be issued for listing, (2) any discloseable transactions (including one-off transactions and a series of transactions requiring a combined percentage ratio) where the applicable percentage ratios are 5% or more but all are less than 25%, or (3) any partially exempt connected transactions and non-exempt connected transactions (including one-off transactions and a series of transactions requiring a combined percentage ratio) where any one of the percentage ratios (other than the profit ratio) calculated pursuant to the percentage ratio requirement under Rule 14.07 of the Hong Kong Listing Rules amounts to 0.1% or more but less than 5%;
- (13) to develop the Company's equity incentive scheme;
- (14) to manage information disclosure of the Company;
- (15) to propose to the general meeting the appointment or replacement of the accounting firm that provides audit service to the Company;
- (16) to decide material matters and administrative matters other than those matters required to be decided by the general meeting of the Company in accordance with the PRC Company Law and the Article of Association;
- (17) other functions and powers provided for in laws, administrative regulations, department regulations, Listing Rules of the Stock Exchange and the Articles of Association.

Except for the Board of Directors resolutions in respect of the matters specified in paragraphs (6), (7) and (11) which shall be passed by no less than two-thirds of the directors, the Board of Directors resolutions in respect of all other matters set out in the preceding paragraphs may be passed by more than half of the directors.

Meetings of the board of directors may be held only if more than one half of the directors are present. Vote on Board of Directors resolution shall be carried out on the basis of one person one vote.

If any director is associated with the enterprises that are involved in the matters to be resolved at the meeting of the Board of Directors, he or she shall not exercise his or her voting rights for such matters, nor shall such director exercise voting rights on behalf of other directors. Such meeting of the Board of Directors may be held only if more than one half of the directors without a connected relationship are present, and the resolutions made at such a meeting of the Board of Directors shall be passed by more than one half of the directors without a connected relationship. If the number of non-connected directors present at such meeting is less than three, the matter shall be submitted to the general meeting for consideration.

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### **SECRETARY OF THE BOARD**

The Company shall have a secretary to the Board of Directors. The secretary to the Board of Directors is a member of the senior management of the Company.

The secretary to the Board of Directors of the Company shall be a natural person with the requisite professional knowledge and experience and shall be appointed by the Board of Directors.

Any accountant from the accounting firm engaged by the Company shall not concurrently serve as the secretary to the Board of Directors of the Company.

### **BOARD OF SUPERVISORS**

The Company shall establish a Board of Supervisors. The Board of Supervisors shall consist of 3 supervisors, one of which shall be the chairman. The term of office of each supervisor shall be a period of 3 years, renewable upon re-election. Any directors, general managers and other senior management shall not act concurrently as supervisors. The Board of Supervisors consists of shareholders' representative supervisors and employee representative supervisors.

The Board of Supervisors shall be accountable to the general meeting and exercise the following functions and powers in accordance with law:

- (1) to examine the Company's financial matters;
- (2) to supervise the performance by the directors and senior management of their duties to the Company and propose the dismissal of the directors and senior management who violates laws, administrative regulations, Listing Rules of the Stock Exchange, the Articles of Association of the Company or the resolutions of the general meeting;
- (3) to demand rectification from the directors and senior management when the acts of such persons are harmful to the Company's interests;
- (4) to verify the financial information such as the financial report, business report and plans for distribution of profits to be submitted by the Board of Directors to the general meetings and, should any queries arise, to engage, in the name of the Company, certified public accountants and practising auditors for a re-examination of the aforesaid information;
- (5) to propose the convening of extraordinary general meetings; to convene and preside the general meetings in the event that the Board of Directors fails to perform its duties to convene and preside the general meetings;
- (6) to submit motion to the general meetings;

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- (7) to communicate or sue directors and senior management on behalf of the Company in accordance with the Company Law;
- (8) to investigate any abnormal matters during the business operation of the Company; if necessary, to engage professionals such as accounting firms or law firms to assist it in exercising its functions and powers with expenses being borne by the Company;
- (9) other functions and powers provided by laws, administrative regulations, and the Articles of Association;

Supervisors may attend as a nonvoting delegate at the meeting of the Board of Directors.

### GENERAL MANAGER AND OTHER MEMBERS OF THE SENIOR MANAGEMENT

The Company has one general manager, and may set up several deputy general managers as needed, all of whom shall be appointed or dismissed by the Board of Directors.

The general manager shall be accountable to the Board of Directors and exercise the following functions and powers:

- (1) to be in charge of the production, operation and management of the Company, to organize the implementation of the resolutions of the Board of Directors, and to report his/her works to the Board of Directors;
- (2) to organize the implementation of the Company's annual business plans and investment plans;
- (3) to draft plans for the establishment of the Company's internal management organization;
- (4) to draft the Company's basic management system;
- (5) to formulate the specific rules and regulations of the Company;
- (6) to propose to the Board of Directors appointment or dismissal of deputy general manager and chief financial officer of the Company;
- (7) to appoint or dismiss management personnel other than those required to be appointed or dismissed by the Board of Directors;
- (8) such other functions and powers conferred by the Articles of Association or the Board of Directors.

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### **BORROWING POWER**

The Articles of Association do not contain any specific provision regarding the manner in which the Directors may exercise the right to borrow money or the manner in which such a right is given provided that the Board of Directors shall be entitled to formulate proposals for the Company to issue bonds and to list its shares, and that such bond issues must be approved by the shareholders by a special resolution at the shareholders' general meeting.

### **FINANCIAL AND ACCOUNTING SYSTEMS**

The Company shall formulate its financial and accounting systems in accordance with the laws, administrative regulations, the Listing Rules of the Stock Exchange and the PRC accounting standards formulated by relevant state authorities.

The Company shall prepare financial reports at the end of each fiscal year. Such reports shall be audited by an accounting firm in accordance with the law.

The Company shall publish financial reports twice every fiscal year, namely an interim financial report within 60 days after the end of the first six months of the fiscal year and an annual financial report within 120 days after the end of the fiscal year. Notwithstanding the foregoing, if the Listing Rules of the Stock Exchange on which the Company's shares are listed provide otherwise, such listing rules shall prevail.

The financial reports of the Company shall be made available for inspection by shareholders 20 days prior to the convening of an annual general meeting. Each shareholder of the Company shall have the right to obtain a copy of the financial reports referred to in this Chapter.

The company shall send the Board of Directors' report together with the balance sheet (including every document required by law to be attached to the balance sheet) and the income statement or income and expenditure account, or a summary financial report, to each overseas listed foreign shareholder by postage paid mail at least 21 days prior to the general meeting. The addresses of the recipient shall be registered address as shown on the register of members.

The financial statements of the Company shall be prepared not only in accordance with PRC accounting standards and regulations, but also in accordance with international accounting standards or the accounting standards of the place outside the PRC where shares of the Company are listed. If there are major differences in the financial statements prepared in accordance with these two sets of accounting standards, such differences shall be stated in notes appended to such financial statements.

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### PROFIT DISTRIBUTIONS

The company may use (or use by more than two forms at the same time) cash, share certificate or other method permitted by laws, administrative regulations, department rules or regulatory rules of the place where shares of the Company are listed for distribution of dividends.

The Company shall appoint receiving agents for holders of overseas listed foreign shares to collect on behalf of the relevant shareholders the dividends distributed and other amount payable by the Company in respect of overseas listed foreign shares.

The receiving agents appointed by the Company shall meet the requirements of the laws of the place or the relevant regulations of the stock exchange where the Company's shares are listed.

The receiving agents appointed by the Company for holders of overseas listed foreign shares listed on the Hong Kong Stock Exchange shall be a trust company registered under the Trustee Ordinance of Hong Kong.

Subject to the laws of the PRC, the Company may exercise power to forfeit unclaimed dividends, provided that it does so only in six years after the declaration of the dividends.

The Company has the power to cease sending dividend warrants by post to a given holder of overseas listed foreign shares, provided that such power shall not be exercised until such dividend warrants have been so left uncashed on two consecutive occasions. However, the Company may exercise such power after the first occasion on which such a warrant is returned undelivered.

The Company shall have the power to sell, in such manner as the Board of Directors thinks fit, any shares of a shareholder of overseas listed foreign shares who is untraceable subject to the following conditions:

- (1) the Company has distributed dividends at least three times in respect of such shares within 12 years, but none of such dividends was claimed;
- (2) the Company has, after the expiration of a period of 12 years, made an announcement on one or more newspapers in the place in which the Company's shares are listed, stating its intention to sell such shares, and notify the securities regulatory authority of the place in which the Company's shares are listed of such intention.

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### DISSOLUTION AND LIQUIDATION OF THE COMPANY

The Company shall be dissolved and liquidated in accordance with the law under any of the following circumstances:

- (1) the term of business operation expires;
- (2) the general meeting resolves to dissolve the Company;
- (3) dissolution is necessary as a result of the merger or division of the Company;
- (4) the Company is declared bankrupt in accordance with law because it is unable to pay its debts as they fall due;
- (5) the Company's business license is revoked or it is ordered to close down or it is deregistered according to laws; or
- (6) serious difficulties arise in the operation and management of the Company and its continued existence would cause material loss to the interests of the shareholders and such difficulties cannot be resolved through other means, in which case shareholders holding at least 10% of all shareholders' voting rights of the Company may petition a People's Court to dissolve the Company.

Where the Company is dissolved according to the provisions of sub-paragraphs (1), (2), (5) and (6) of the preceding Article, it shall establish a liquidation committee and liquidation shall commence within 15 days from the date on which the cause for dissolution arose. The liquidation committee shall be determined by an ordinary resolution of general meeting. If the Company fails to establish the liquidation committee and carry out the liquidation within the time limit, its creditors may petition a People's Court to designate relevant persons to form a liquidation committee and carry out the liquidation.

Where the Company is to be dissolved voluntarily by a resolution of the shareholders' general meeting, the resolution shall be passed by at least two-thirds (2/3) of the votes held by the shareholders present at the shareholders' general meeting.

If the Company is to be dissolved pursuant to item (5) of the preceding Article, the People's Court shall, in accordance with the provisions of relevant laws, arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.



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If the Board of Directors decides that the Company shall be liquidated (except for the liquidation as a result of the Company's declaration of bankruptcy), the notice of the general meeting convened for such purpose shall include a statement to the effect that the Board of Directors has made full inquiry into the conditions of the Company and that the Board of Directors is of the opinion that the Company can pay its debts in full within 12 months after the commencement of the liquidation. The functions and powers of the Board of Directors of the Company shall terminate immediately after the general meeting has passed the resolution to carry out liquidation.

The liquidation committee shall take instructions from the general meeting and shall make a report to the general meeting on the committee's income and expenditure as well as the business of the Company and the progress of the liquidation at least annually. It shall make a final report to the general meeting when the liquidation is completed. The liquidation committee shall notify creditors within 10 days of its establishment, and make announcements on the newspapers designated by the stock exchange where the Company's shares are listed within 60 days of its establishment. Creditors shall declare their claims to the liquidation committee within 30 days from the date of receipt of the written notice or, if they did not receive a written notice, within 45 days from the date of the announcement. When declaring their claims, creditors shall explain the particulars relevant to their claims and submit supporting documentation. The liquidation committee shall register the claims.

After the liquidation committee has liquidated the Company's property and prepared a balance sheet and property list, it shall formulate a liquidation plan and submit such plan to the general meeting or the People's Court for confirmation. The Company's property remaining after payment of the liquidation expenses, the wages, social insurance premiums and statutory compensation of the employees, the taxes owed and all the Company's debts shall be distributed by the Company to the shareholders in proportion to the shares they hold.

During liquidation, the Company shall continue to exist but may not engage in any business activities unrelated to the liquidation. The Company's property will not be distributed to the shareholders until repayment of its debts in accordance with the preceding paragraph.

If the liquidation committee, having liquidated the Company's property and prepared a balance sheet and property list, discovers that the Company's property is insufficient to pay its debts in full, it shall apply to the People's Court for a declaration of bankruptcy in accordance with the law. After the People's Court has ruled to declare the Company bankrupt, the liquidation committee shall turn over the liquidation matters to the People's Court.

Following the completion of liquidation of the Company, the liquidation committee shall formulate a liquidation report, a revenue and expenditure statement and financial accounts in respect of the liquidation period and, after verification thereof by a certified public accountant in China, submit the same to the general meeting or the People's Court for confirmation. Within 30 days from the date of the general meeting's or the People's Court's confirmation, the liquidation committee shall submit the aforementioned documents to the company registration authority to apply for company deregistration, and announce the Company's termination.

