

## APPENDIX VI

## SUMMARY OF THE ARTICLES OF ASSOCIATION

### SHARES

#### Shares and Registered Capital

The Company shall set up ordinary Shares at any time; according to its needs, the Company may create other classes of Shares upon approval from the company approval department authorized by the State Council.

The issuance of shares shall be conducted in a fair and equitable manner. Each share of the same class shall be entitled to the same rights. For shares issued at the same time and within the same class, the conditions and price per share must be the same; for the shares subscribed by any entity or any individual, the price per share paid must be the same. Domestic shares and overseas listed foreign shares issued by the Company shall rank *pari passu* over any distribution by way of dividend or any other forms of distribution.

Upon the approval by securities regulatory authority of the State Council and consent of the Hong Kong Stock Exchange, holders of domestic shares of the Company may transfer the shares held by them to overseas investors and list and trade such shares on an overseas stock exchange; all or part of domestic shares of the Company may be converted into foreign shares and upon such conversion, the foreign shares may be listed and traded on an overseas stock exchange. Listing and trading of the transferred or converted shares on an overseas stock exchange shall also comply with the regulatory procedures, rules and requirements of the overseas stock exchange. Neither the listing and trading of the transferred shares on an overseas stock exchange nor the conversion of domestic shares into foreign shares and the listing and trading of such foreign shares on an overseas stock exchange requires resolution at a general meeting or a class meeting. Domestic shares, after being converted into overseas listed foreign shares, are of the same class as the overseas listed foreign shares listed on the same overseas stock exchange.

Subject to the approval by the securities regulatory authority of the State Council, the Company may issue shares to domestic investors and overseas investors. Regarding the plan for issuing overseas listed foreign shares and domestic shares by the Company approved by the competent securities authority of the State Council, the Board of Directors of the Company may arrange for the implementation of such plan by means of separate issuances. According to the aforesaid plan for separate issuance of overseas listed foreign shares and domestic shares, the Company may issue the shares separately within 15 months after approval by the securities regulatory authority of the State Council. Where the Company issues overseas listed foreign shares and domestic shares separately within the total number of shares specified in the issuance plan, every such issue shall be fully subscribed for in one time. Where it is impossible for respective shares to be fully subscribed for in one time under exceptional circumstances, the shares may be issued by several times upon the approval of the securities regulatory authority of the State Council.

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### **Increase/Decrease of Shares**

Subject to the provisions of laws, regulations, listing rules of the place where the Company’s shares are listed, the Company may, upon resolution by a shareholders’ general meeting, increase its capital on the basis of its business and development needs and pursuant to the Articles of Association. The Company may increase its registered capital in the following ways:

- (I) offering new shares to non-specific investors;
- (II) placing new shares to existing shareholders;
- (III) distributing bonus shares to existing shareholders;
- (IV) issuing new shares to certain investors;
- (V) converting the reserved funds into share capital;
- (VI) other ways as approved by laws and regulations and the regulatory authorities.

After having been approved in accordance with the provisions of the Articles of Association, the increase of the company’s capital by issuing new shares shall be handled in accordance with the procedures provided for in relevant State laws and administrative regulations and listing rules of the stock exchange where the Company’s shares are listed.

The Company may reduce its registered capital in accordance with the provisions of the Articles of Association. The reduction of registered capital of the Company shall follow the procedures set forth in the Company Law of the People’s Republic of China (“Company Law”) and other relevant regulations as well as the Articles of Association.

When reducing its registered capital, the Company shall prepare a balance sheet and an inventory of property. Within 10 days of the date on which the resolution on reducing registered capital is made, the creditors shall be notified by the Company and a public announcement shall be made on newspapers within 30 days. Creditors may within 30 days after receiving the notice, or within 45 days of the public announcement if no notice has been received, require the Company to pay its debts or provide guarantees covering the debts.

### **Repurchase of Shares**

The Company may, subject to the procedures set out in the Articles of Association and with the approval of the state competent authorities, repurchase its issued shares in accordance with legal procedures under the following circumstances:

- (I) cancelling its shares for the purpose of reducing the registered capital of the Company;

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- (II) merging with another company which holds the shares of the Company;
- (III) using shares for employee stock ownership plan or equity incentives;
- (IV) acquiring the shares of shareholders who vote against any resolution adopted at the shareholders' general meeting on the merger or demerger of the Company and request the Company to acquire their shares;
- (V) using shares for converting convertible corporate bonds issued by the Company;
- (VI) it is necessary for the Company to maintain corporate value and shareholders' interests;
- (VII) other circumstances as permitted by laws, administrative regulations and listing rules of the place where the Company's shares are listed and approved by regulatory authorities.

A resolution of a shareholders' general meeting is required for the acquisition of our shares by the Company under either of the circumstances stipulated in item (I) or item (II) above; for the Company's acquisition of our shares under any of the circumstances stipulated in item (III), item (V) or item (VI) above, a resolution of a meeting of the board of directors shall be made by more than two-thirds of directors attending the meeting according to the provisions of the Company's Articles of Association or as authorized by the shareholders' general meeting. If the repurchase of our shares is made by the Company under any of the circumstances stipulated in item (III), item (V) or item (VI) above, centralized trading shall be adopted publicly. After the Company's acquisition of our shares under the circumstances above, the shares acquired under the circumstance stipulated in item (I) hereof shall be deregistered within ten days from the date of acquisition of our shares; the shares shall be assigned or deregistered within six months if the repurchase of shares is made under the circumstances stipulated in either item (II) or item (IV); and the shares in the Company held in total by the Company under the circumstances stipulated in item (III), item (V) or item (VI) shall not exceed 10% of the Company's total shares in issue, and shall be assigned or deregistered within three years.

Except for the aforesaid circumstances, the Company shall not trade in our shares. The Company shall not accept its shares as the subject matter of pledge. If it is otherwise provided in relevant laws, regulations, regulatory documents and relevant requirements of the securities regulatory authorities at the place where the Company's shares are listed regarding the relevant events in respect of repurchase of the shares above, the latter shall prevail.

With the approval of the relevant competent authorities of the State, the Company may repurchase its shares by the following ways:

- (I) to make a repurchase tender offer to all shareholders in the same proportion;

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- (II) to repurchase shares through public transaction on a stock exchange;
- (III) to repurchase shares through an off-market agreement outside a stock exchange;
- (IV) the other ways approved by relevant regulatory authorities.

A prior approval shall be obtained from the shareholders' general meeting in respect of any share repurchase by the Company through an off-market agreement outside a stock exchange in accordance with the provisions of our Articles of Association. After the Shareholders' general meeting has given its prior approval in the same way, the Company may rescind or alter any contracts entered into in the said manner or waive any rights under such contracts.

The aggregate par value of the shares so canceled shall be deducted from the Company's registered capital.

### **Financial Assistance**

The Company or its subsidiaries shall not, at any time and in any manner, provide any financial assistance to purchasers or prospective purchasers of the shares of the Company. The aforesaid purchasers of shares of the Company shall include persons who directly or indirectly assume relevant obligations as a result of purchasing shares of the Company.

The Company or its subsidiaries shall not, at any time and in any manner, provide any financial assistance to the above obligators in order to reduce or discharge their obligations. The aforesaid restriction shall not apply to the following circumstances:

- (I) where the financial assistance given by the Company is genuinely for the benefits of the Company and the main purpose of such financial assistance is not to purchase shares of the Company, or the financial assistance is an incidental part of a general plan of the Company;
- (II) distribution of the Company's properties as dividends pursuant to the law;
- (III) distribution of dividends in the form of shares;
- (IV) reduction of registered capital, buy-back of shares and shareholding structuring etc., in accordance with the Articles of Association;
- (V) provision of a loan by the Company within its business scope and in the ordinary course of its business (provided that it does not lead to a reduction in the net assets of the Company or that if it constitutes a reduction, the financial assistance was paid out of the Company's distributable profits);
- (VI) provision of money by the Company for an employee stock ownership plan (provided that it does not lead to a reduction in the net assets of the Company or that if it constitutes a reduction, the financial assistance was paid out of the Company's distributable profits).

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### **Transfer of Shares**

Unless otherwise specified by the laws, administrative regulations and the relevant requirements of the securities regulatory authorities at the place where shares of the Company are listed or the Articles of Association, the fully paid shares of the Company may be transferred freely without any lien attached.

The transfer of the Company's shares shall be registered in the shares registration institutions entrusted by the Company.

In the case of a transfer to joint holders, the number of joint holders to whom the shares are to be transferred does not exceed four.

The shares of the Company held by a promoter shall not be transferred within 1 year from the date of the establishment of the Company. Shares issued prior to the public offering of shares by the Company shall not be transferred within 1 year from the day on which the shares of the Company are listed and traded on the stock exchange.

The directors, supervisors and senior management of the Company during their terms of office shall report to the Company their shareholdings in the Company and the changes thereof and shall not transfer annually during their terms of office more than 25% of the total number of shares of the Company which they hold; the shares of the Company held by them shall not be transferred within 1 year from the date when the shares of the Company are listed and traded. Any of the aforesaid persons shall not transfer the shares of the Company held by him/her within half a year from his/her termination of the office.

All instruments of transfer of overseas listed foreign shares shall be made in writing in a general or in the usual common form or in such other form acceptable to the Board of Directors (including the standard transfer form or transfer form prescribed by the Stock Exchange of Hong Kong from time to time). If the transferor or transferee of the shares of the Company is a recognized clearing house or its nominee as defined by the relevant regulations in force under the laws of Hong Kong from time to time, the written transfer may be signed by hand or by machine printing. All instruments of transfer must be placed at the legal address of the Company or such other place as the Board of Directors may from time to time specify.

### **SHAREHOLDERS AND SHAREHOLDERS' GENERAL MEETING**

#### **Shareholders**

The Company's shareholders are persons who lawfully hold shares of the Company and whose names are entered in the register of shareholders. Shareholders enjoy relevant rights and assume the relevant obligations in accordance with the class and numbers of shares they hold; shareholders holding the same class of shares shall enjoy the same rights and assume the same obligations.

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In respect of the shareholders of overseas listed foreign shares, where two or more persons are registered as the joint holders of any shares they shall be deemed to hold the same as joint tenants with benefit of survivorship, subject to the following restrictions:

- (I) the joint holders of any shares shall not exceed four;
- (II) the joint holders of any shares shall be liable severally as well as jointly in respect of all payments which ought to be made in respect of such shares;
- (III) on the death of any one of such joint holders, other survivor or survivors shall be the only person or persons recognised by the Company as having any title to such shares, but the Board of Directors may require such evidence of death as they may deem fit;
- (IV) only the person whose name stands first in the Register of Members as one of the joint holders of any shares entitled to receive notices from the Company relating to such shares, and any notice given to such person shall be deemed notice to all the joint holders.

A receipt for any dividend, bonus or return of capital payable given by one of such joint holders shall be deemed as an effectual receipt.

The shareholders of ordinary shares of the Company shall be entitled to the following rights:

- (I) obtaining dividends and any other form of profit distribution based on the number of shares held by them;
- (II) requiring, convening, chairing, attending or appointing a proxy to attend a shareholders' general meeting pursuant to the laws and exercising the corresponding voting rights;
- (III) to supervise and manage, present suggestions on or make inquiries about the business operations of the Company;
- (IV) to transfer, gift or pledge their shares 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;
- (V) obtaining related information in accordance with provisions prescribed by the Articles of Association, including:
  - 1. to obtain a copy of the Articles of Associations upon payment of costs thereof;

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2. to acquire the right to inspect and duplicate after paying a reasonable charge:
  - (1) all parts of the register of shareholders;
  - (2) personal information on the directors, supervisors and senior management of the Company, including:
    - a. present and former name and alias;
    - b. principal address (domicile);
    - c. nationality;
    - d. full-time and all other part-time occupations and positions;
    - e. identification certificate document and its number.
  - (3) status of share capital of the Company;
  - (4) reports showing the number and nominal value in respect of each class of shares repurchased by the Company since the last fiscal year, the aggregate amount paid for such shares and the maximum and minimum prices paid in respect of each class of securities repurchased (with a breakdown between domestic shares, foreign shares and H shares);
  - (5) bond stubs, resolutions of meetings of the board of directors, resolutions of meetings of the Supervisory Committee, the financial and accounting reports of the Company;
  - (6) the latest audited financial statements of the Company, and the reports of the Board, auditors and the Supervisory Committee;
  - (7) The annual report of the previous year filed with the market regulation authority or other competent authorities of China;
  - (8) minutes of shareholders' general meetings and special resolutions of the Company.
- (VI) upon termination or liquidation of the Company, participating in the distribution of the Company's residual assets based on their shareholding;
- (VII) a shareholder who objects to the resolution on merger or division of the Company passed by a shareholders' general meeting may request the Company to acquire his/her/its shares;

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- (VIII) with respect to shareholders individually or jointly hold 3% or above shares of the Company, the right to propose extraordinary resolutions and submit to the Board in written 10 days before the date of general meeting;
- (IX) any other rights stipulated by laws, administrative regulations, departmental rules, listing rules of the place where the Company's shares are listed or the Articles of Association.

The Company shall not exercise any power to freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the Company.

The shareholders of the Company's ordinary shares shall undertake the following obligations:

- (I) abiding by laws, administrative regulations, listing rules of the place where the Company's shares are listed and the Articles of Association;
- (II) making payment for shares subscribed for according to the quantity of shares subscribed for and the manners of subscription;
- (III) not abusing shareholder's rights to harm the interests of the Company or other shareholders; not abusing the independent legal person status of the Company and shareholders' limited liability to harm the interests of the Company's creditors. Shareholders of the Company who abuse shareholders' rights and cause damages to the Company or other shareholders shall be liable for compensation pursuant to the laws; shareholders of the Company who abuse the independent legal person status of the Company and shareholders' limited liability to evade debts and severely infringe upon interests of the Company's creditors shall assume joint and several liabilities for the Company's debts;
- (IV) any other obligations stipulated by laws, administrative regulations, listing rules of the place where the Company's shares are listed and the Articles of Association.

Shareholders shall not be liable for any further contribution to share capital other than on the conditions agreed to by the subscribers of the relevant shares at the time of subscription.

In addition to the obligations required under the laws, administrative regulations, or the listing rules of the place where Company's shares are listed, when exercising their rights as a shareholder, controlling shareholders shall not exercise their voting rights and make decisions on the following issues as these issues are detrimental to the interests of all or some of the shareholders:

- (I) exempting directors and supervisors from acting in good faith with the best interests of the Company;



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- (II) approving directors and supervisors (for the benefit of themselves or others) to deprive the Company's property in any form, including (but not limited to) any opportunity that is beneficial to the Company;
- (III) approving directors and supervisors (for the benefit of themselves or others) in depriving other shareholders of their personal interests, including (but not limited to) any distribution rights and voting rights, but excluding corporate restructuring submitted to the shareholders' general meeting for approval in accordance with the Articles of Association.

### **General Rules for the Shareholder's General Meeting**

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

- (I) to determine the Company's operating principles and investment plans;
- (II) to elect and remove directors, and to determine the remuneration of the relevant directors;
- (III) to elect and replace the supervisors who are shareholder representatives and to decide on the matters relating to the remuneration of supervisors;
- (IV) to review and approve the reports of the board of directors;
- (V) to review and approve the reports of the Supervisory Committee;
- (VI) to review and approve the Company's annual financial budgets and final accounts;
- (VII) to review and approve the Company's profit distribution proposals and loss recovery proposals;
- (VIII) to decide on any increase or reduction of the Company's registered capital;
- (IX) to decide on the issue of corporate bonds;
- (X) to decide on merger, division, dissolution and liquidation of the Company or change of its corporate form;
- (XI) to decide on the engagement, dismissal or discontinuation of the appointment of the accounting firm;
- (XII) amendments to the Articles of Association;
- (XIII) to consider matters relating to the purchases, disposals of material assets (including but not limited to land, building, equipment, production line, equity), or provisions of guarantees, the accumulated amount of which is more than 30% of the latest audited total assets of the Company, within one year;

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- (XIV) to examine equity incentive plans;
- (XV) to deliberate proposals put forward by shareholders who represent 3% or more of the Company's voting shares;
- (XVI) to review other issues which should be decided by the shareholders' general meeting as stipulated by laws, regulations, listing rules of the place where the Company's shares are listed and the Articles of Association.

Where the Company provides guarantee for the shareholders or actual controllers of the Company, the resolution shall be made by the shareholders' general meeting.

Unless the Company is under exceptional circumstances such as crisis, the Company shall not enter into contracts with a party (other than directors, supervisors, and senior management members) in relation to handover of the administration of all business or the important business of the Company to that party without the pre-approval of the shareholders' general meeting.

There are two types of Shareholders' general meetings: annual general meetings and extraordinary general meetings. A shareholders' general meeting shall be convened by the board of directors. The annual general meeting shall be convened once a year, and be held within 6 months after the end of the previous accounting year.

An extraordinary general meeting shall be convened by the Company within two months from the date of occurrence of any of the following events:

- (I) the number of directors is less than the number required by the Company Law or less than two-thirds of the number stipulated in the Articles of Association;
- (II) the outstanding losses of the Company amount to one-third of the Company's total paid-in share capital;
- (III) shareholders who individually or jointly hold above 10% of the shares of the Company have requested to convene the meeting;
- (IV) the board of directors deems it necessary to convene the meeting;
- (V) the Supervisory Committee proposes to convene the meeting;
- (VI) two or more independent non-executive directors propose to convene the meeting;
- (VII) any other circumstances as stipulated by the laws, administrative regulations, departmental rules, listing rules of the place where the Company's shares are listed or the Articles of Association.

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### Convening of Shareholders' General Meetings

Shareholders requesting the convening of an extraordinary general meeting or a class shareholders' meeting shall proceed in accordance with the procedures set forth below:

- (I) shareholders who individually or jointly hold 10% or more of the shares carrying the right to vote at the proposed meeting may sign one or several written requisitions of the same format and contents, requesting the board of directors to convene an extraordinary general meeting or a class shareholders' meeting, and clarifying the object of the meeting. The board of directors shall convene the extraordinary general meeting or a class shareholders' meeting as soon as possible after receipt of the aforesaid written requisition(s). The number of the aforesaid shares shall be calculated as of the date on which the written requisition(s) is/are made by shareholders.
- (II) Where the Board of Directors fails to issue a notice to convene the meeting within 30 days after receiving the aforementioned written request, the shareholders who made the request may request the Supervisory Committee to convene an extraordinary general meeting or a class shareholders' meeting.
- (III) Where the Supervisory Committee fails to issue a notice to convene the meeting within 30 days after receiving the aforementioned written request, the shareholders who individually or collectively hold 10% or more of the shares carrying the right to vote at the proposed meeting individually or jointly for more than 90 consecutive days may proceed to convene the meeting on their own initiative within 4 months upon the board of directors having received such request, and the procedures for convening the shareholders' general meeting shall be as similar as possible to the procedures for the board of directors to convene the shareholders' general meeting.

If the shareholders' general meeting is held by the shareholders on their own due to the failure of the board of directors and the Supervisory Committee to convene the meeting according to the above requirements, all reasonable expenses incurred for such meeting shall be borne by the Company and deducted from the sums owed by the Company to the negligent directors and supervisors.

A shareholders' general meeting shall be convened by the board of directors, and the chairman of the board of directors shall act as the chairman of the meeting. Where the chairman of the board of directors fails or is unable to perform his/her duty, the board of directors may appoint a company director to convene the meeting on his/her behalf and serve as the chairman of the meeting; in the event that no chairman of the meeting is appointed, the shareholders present at the meeting may elect one person to act as the chairman of the meeting. If for any reason, shareholders fail to elect a chairman, the shareholder (including proxies) holding the largest number of voting shares among the attending shareholders shall be the chairman of the meeting.

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### Notice of the Shareholders' General Meeting

The convener shall inform each shareholder of the time, venue and matters to be considered at the meeting 21 days before the annual shareholders' general meeting, and shall inform each shareholder the extraordinary shareholders' general meeting 15 days before the meeting.

The notice of a Shareholders' general meeting shall:

- (I) be made in writing;
- (II) specify the venue, date and time of the meeting;
- (III) state the matters to be discussed at the meeting;
- (IV) provide shareholders with the information and explanations needed to enable them to make informed decisions on the matters to be discussed; this means that when (including but not limited to) any merger, share repurchase, share capital reorganization or other changes in the structure of the Company are involved, the detailed terms of the proposed transaction and the contract (if any) and detailed explanation as to the cause and effect of such a proposal transaction shall be provided;
- (V) if any of the Directors, Supervisors and senior management personnel have material interest in the matters to be discussed, they shall disclose the nature and extent of such interest; and if the effects of the matters to be discussed have a different effect on a Director, Supervisor or senior management member as Shareholders compared to other Shareholders of that same class, they shall explain this difference;
- (VI) the full text of any proposed special resolution to be voted on at the meeting;
- (VII) a written state that clearly indicates that a shareholder entitled to attend and vote at the meeting is entitled to appoint one or more proxies to attend and vote on his/her behalf and such proxy does not need be a shareholder;
- (VIII) specify the time and address for serving the power of attorney for the voting proxy for the meeting.

Unless otherwise specified in the Articles of Association, the notice of a shareholders' general meeting shall be delivered to the shareholders (whether or not entitled to vote thereat) by personal delivery or postage paid mail to the recipient's address shown in the register of shareholders. For holders of Domestic Shares, the notice of the general meeting may also be given by way of announcement. The aforesaid announcement shall be published in one or more newspapers designated by the competent securities authority of the State Council 15 days interval prior to the date on which the extraordinary general meeting, or 21 days interval prior

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to the date on which the annual general meetings is to be convened. All holders of Domestic Shares shall be deemed as having been notified of the forthcoming Shareholders' general meeting once the announcement is published.

Where a notice of meeting is not delivered to persons who have the right to receive the notice or such persons do not receive the notice of meeting due to accidental omission, the meeting and the resolutions passed by the meeting shall not be rendered invalid as a result thereof.

### **Proposal of Shareholders' General Meeting**

When the Company convenes a shareholders' general meeting, shareholders who individually or jointly hold 3% or more of the Company's total shares with voting rights shall be entitled to put forward new proposals in writing to the Company and submit them to the convener 10 days before the shareholders' general meeting. The convener of the general meeting shall issue a supplemental notice of general meeting to other shareholders within 2 days after the receipt of such proposal and incorporate the matters falling within the scope of duties of the shareholders' general meeting into the agenda of such meeting for the consideration.

### **Appointment of Shareholders' General Meeting**

Any shareholder entitled to attend and vote at a shareholders' general meeting shall have the right to appoint one or more persons (who may not be a shareholder or shareholders) in writing as his/her/its proxy to attend and vote on his/her/its behalf.

The proxy(ies) so appointed by the Shareholder(s) may, pursuant to the appointment of the Shareholder(s), shall exercise the following rights:

- (I) the Shareholders' right to speak at the Shareholders' general meeting;
- (II) the right to demand a poll by himself/herself or jointly with others;
- (III) the right to vote by hand or on a poll, provided that where more than one proxy has been appointed, the proxies may only exercise such voting rights by a poll.

The appointment of a proxy shall be in writing and signed by the appointing Shareholder or his/her attorney duly authorized in writing; where the appointing Shareholder is a legal person, such appointment shall be affixed with its seal or signed by its Director or attorney duly authorized.

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The instrument of proxy shall be lodged at the address of the Company or at other places specified in the notice of meeting at least 24 hours prior to the relevant meeting at which the proxy is authorized to vote, or within 24 hours prior to the specified time of voting. Where the instrument of proxy is signed by a person authorized by the appointing shareholder, the power of attorney or other documents authorizing such person to sign the instrument of proxy shall be notarized. The notarized power of attorney or other authorization documents, together with the instrument of proxy, shall be lodged at the address of the Company or at other places specified in the notice of meeting.

Where the appointing shareholder is a legal person, its legal representative or the person authorized by the resolution of its board of directors or other governing bodies may attend the shareholders' general meetings of the Company as a representative of such appointing shareholder.

If the shareholder of the Company is a recognized clearing house or its nominee as defined by the relevant regulations in force under the laws of Hong Kong from time to time, the shareholder may authorize one or more suitable persons at any shareholders' general meeting or any classified shareholders' meeting as his proxy(ies), and any such proxy(ies) shall have the right to equal to the other shareholders have; however, if more than two persons are authorized, the power of attorney shall state the number and type of shares to which each such person is authorized. A person so authorized may exercise the right on behalf of a recognized clearing house or its nominee (without presentation of a certificate of shareholding, power of attorney with notarization and/or further evidence) as if the person is an individual shareholder of the Company.

Any format of the power of attorney issued to a shareholder by the board of the Company for appointing a proxy shall provide the shareholder with the flexibility to instruct the proxy to vote for or against, and give directives on each of the resolutions to be decided at the meeting.

Such a power of attorney shall specify that in default of directives from the shareholder, the proxy may vote at his/her own discretion.

Where the appointing shareholder has deceased, lost capacity, revoked the appointment or the signed instrument of authorization prior to the voting, or the relevant shares have been transferred prior to the voting, a vote given in accordance with the terms of instrument of proxy shall remain valid as long as the Company did not receive a written notice of such event prior to the commencement of the relevant meeting.

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### Resolutions of Shareholders' General Meeting

Resolutions at the general meeting shall be divided into ordinary resolutions and special resolutions. Ordinary resolutions shall be approved by more than half of voting rights held by the shareholders (including their proxies) attending the general meeting. Special resolutions shall be approved by above two-thirds of voting rights held by the shareholders (including their proxies) attending the general meeting.

In the event the matters of connected transactions are considered at a shareholders' general meeting, if required by applicable laws, regulations or the listing rules of the stock exchange where the Company's shares are listed, connected shareholders shall abstain from voting upon such connected transactions and the number of voting shares represented by such shareholders shall not be counted in the total number of valid votes.

When the Shareholders' general meeting is deliberating the proposal to provide guarantee for the shareholder and the actual controller, the shareholder or the shareholder controlled by the actual controller shall not participate in the voting of the matters specified in the preceding paragraph. The vote shall be adopted by more than half of the voting rights held by other shareholders present at the meeting.

When voting at the shareholders' general meeting, shareholders (including their proxies) shall exercise voting rights based on the number of shares with voting rights held by them, and each share shall have one vote. The shares of the Company held by the Company itself shall have no voting right and shall not be included in the total number of shares with voting rights of the shareholders who are present at the shareholders' general meeting.

The following matters shall be approved by general meeting by ordinary resolutions:

- (I) work reports of the board of directors and the Supervisory Committee;
- (II) profit distribution plan and plan for covering losses formulated by the board of directors;
- (III) appointment and dismissal of members of directors and non-employee representative supervisors, and their remunerations and the method of payment thereof;
- (IV) annual budgets and final accounts of the Company;
- (V) annual report of Company;
- (VI) to resolve on resolutions on the engagement, dismissal or discontinuation of the appointment of accounting firms by the Company;

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- (VII) all other proposals not approved by the shareholders' general meeting by special resolutions as provided for in laws, administrative regulations, listing rules of the place where the Company's shares are listed or the Articles of Association.

The following matters shall be approved by general meeting by special resolutions:

- (I) increase or reduction in the registered capital of the Company, and issuance of any class of shares, warrants and other similar securities;
- (II) issuance of corporate bonds;
- (III) division, merger, dissolution, liquidation of the Company or change in the form of the Company;
- (IV) amendment to the Articles of Association;
- (V) to consider matters relating to the purchases, disposals of material assets (including but not limited to land, building, equipment, production line, equity), or provisions of guarantees accumulated within one year, which are more than 30% of the latest audited total assets of the Company;
- (VI) any other matters to be approved by a special resolution as required by the laws, administrative regulations, listing rules of the place where the Company's shares are listed or the Articles of Association, or considered by an ordinary resolution of the general meeting to be of substantial impact to the Company and required to be approved by a special resolution.

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

Shareholders who hold different classes of shares shall be class shareholders. Class shareholders shall be entitled to rights and shall bear responsibilities in accordance with laws, administrative regulations, listing rules of the place where the Company's shares are listed and the Articles of Association.

If the Company proposes to change or abrogate the rights of the class shareholders, this proposal should be passed by a special resolution at the shareholders' general meeting and passed at the meeting convened according to the relevant Articles of Association by the related class of shareholders.

Where any changes in domestic and overseas laws, administrative regulations and listing rules of the place where the Company's shares are listed, as well as decisions made under law by domestic and overseas regulatory authorities, lead to the changes or abrogation of rights of class shareholders, no approval of the shareholders' meeting or class shareholders' meeting would be required.



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Upon approval by the securities regulatory authority of the State Council and consent of the Hong Kong Stock Exchange, the transfer of the Company's domestic shares by its holders in whole or part to overseas investors and the listing and trading of such transferred shares on overseas stock exchanges, or the conversion of the domestic shares in whole or part into overseas listed foreign shares and the listing and trading of such converted shares on overseas stock exchanges, shall not be deemed to be a variation or abrogation of the rights of class shareholders proposed by the Company.

The rights of a certain class of Shareholders shall be deemed to be changed or nullified in the following circumstances:

- (I) increase or reduce the number of shares of that class, or increase or reduce the number of shares of other class with equal or more voting rights, distribution rights and other privileges;
- (II) a change 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 change;
- (III) a removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;
- (IV) a reduction or removal of a dividend preference or property distribution preference during liquidation of the Company attached to shares of such class;
- (V) an addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, pre-emptive rights or rights to acquire securities of the Company attached to shares of such class;
- (VI) a removal or reduction of rights to receive amounts payable by the Company in a specified currency attached to shares of such class;
- (VII) 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;
- (VIII) an imposition of restrictions or additional restrictions on the transfer or ownership of shares of such class;
- (IX) an issuance of rights to subscribe for or convert into shares of such class or another class;
- (X) an increase in the rights and privileges of shares of another class;
- (XI) a restructuring plan of the Company which will cause shareholders of different classes to bear liability to different extents during the restructuring;
- (XII) to revise or nullify the provisions in this chapter.

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Shareholders of the affected class, whether or not having the right to vote at shareholders' general meeting, shall have the right to vote at class meetings in respect of matters referred to in Items (II) to (VIII) or (XI) to (XII), provided that interested shareholders shall not have the right to vote at class meetings.

A resolution of the class meeting shall be passed by Shareholders present at the class meeting representing two-thirds or more of the voting rights.

The special voting procedure for class Shareholders shall not apply for the following cases:

- (I) after approval by a special resolution in shareholders' general meeting, the Company issue domestic shares and overseas listed foreign shares separately or at the same time at an interval of 12 months, and the proposed number of domestic shares and overseas listed foreign shares to be issued respectively will not exceed 20% of the outstanding issued shares of such class;
- (II) the plans to issue domestic shares and overseas listed foreign shares upon establishment of the Company are completed within 15 months from the date of approval by the securities regulatory authority of the State Council;
- (III) Upon the approval by the securities regulator under the State Council and the content from Hong Kong Stock Exchange, the domestic Shareholders of the Company will transfer their shares to offshore investors, or the domestic Shareholders of the Company are approved for converting all or part of domestic shares into foreign shares, and such shares transferred or converted will be listed and traded on overseas stock exchanges.

## DIRECTORS AND BOARD OF DIRECTORS

### Directors

Directors shall be elected or replaced at a shareholders' general meeting and the tenure shall be 3 years. A Director may serve consecutive terms if re-elected upon the expiration of his term.

The tenure of a Director shall be from the date of appointment to the expiry of tenure of the current Board of Directors. When the Directors' term expires and re-election not be held in time, or where the resignation of a Director during his term of office causes the number of board members to be less than the quorum, the original Directors shall still perform their duties as Directors in accordance with laws, administrative regulations, departmental rules, the listing rules of the place where the Company's shares are listed and the Company's Articles of Association before the re-elected Directors take office.

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Any Director can be removed before the expiration of his/her term of office by an ordinary resolution passed at a shareholders' general meeting, subject to full compliance with the relevant laws and administrative regulations. Such removal does not affect the rights of such Director to make any claim under any contract.

A Director is not required to hold any shares of the Company.

### **Chairman of the Board**

The Board of Directors shall have one chairman. The chairman of the Board shall be elected and removed by more than half of the Directors of the Board. The chairman of the Board shall serve a term of three years subject to re-elected.

The chairman of the Board of Directors shall exercise the following powers and functions:

- (I) presiding over shareholders' general meetings, and convening and presiding over Board meetings;
- (II) supervising and inspecting implementation of resolutions of the Board of Directors;
- (III) signing corporate stocks, corporate bonds and other valuable securities;
- (IV) signing important documents of the Board of Directors and other documents that are required to be signed by the legal representative of the Company;
- (V) in cases of an emergency of force majeure such as catastrophic natural disasters, exercising special powers to deal with the Company's affairs in compliance with the law and the interests of the Company, and reporting to the Board of Directors and the shareholders' general meeting of the Company afterwards;
- (VI) to nominate or recommend a general manager, secretary of the Company, secretary of the Board for discussion and voting at the meetings of Board of Directors;
- (VII) to propose the convening of interim Board meetings;
- (VIII) to exercise other functions and powers granted by the Board of Directors.

Where the chairman of the Board is incapable of performing or is not performing his/her duties, a Director elected jointly by more than half of the Directors shall perform his/her duties.

### **Board of Directors**

A company shall have a board which is responsible and submitting work reports to the shareholders' general meeting. Our Board consists of 9 Directors, including 3 executive Directors, 3 non-executive Directors and 3 independent non-executive Directors.

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The board of directors shall be responsible to the shareholders' general meetings and exercise the following functions and powers:

- (I) convening the shareholders' general meeting and submitting work reports to the shareholders' general meeting;
- (II) implementing resolutions of the shareholders' general meeting;
- (III) determining the company's business plans and investment schemes;
- (IV) formulating the company's annual budgets plan and final accounts plan;
- (V) formulating the company's profit distribution plan and plan for covering losses;
- (VI) formulating the company's plans for increase or reduction of registered capital, issuance of bonds or other securities and listing plan;
- (VII) making plans for the merger, division and dissolution of the company or change of its corporate form;
- (VIII) determining the internal management setup of the company;
- (IX) appointing or dismissing the general manager of the company, the secretary to the board of directors, the secretary of the company; appointing or dismissing senior management personnel including deputy general manager of the Company and person-in-charge of finance of the company based on the nominations of the general manager, and determining their emoluments;
- (X) formulating the company's basic management system;
- (XI) formulating draft for amendment of the articles of association;
- (XII) authorizing the chairman of the board of directors to exercise part of the functions and powers of the board of directors;
- (XIII) determining the establishment of special committees of the board of directors and select the members of each special committees of the board of directors;
- (XIV) formulating the equity incentive plans of the company;
- (XV) proposing the scheme on the amount and the method of payment of directors' remuneration, and reporting to the shareholders' general meeting for decision;
- (XVI) managing information disclosure by the company;

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- (XVII) proposing to the shareholders' general meeting on the appointment or replacement of accounting firm which provides audit services to the company;
- (XVIII) determining the major matters and administrative affairs other than those which shall be resolved by the shareholders' general meeting of the company as required by laws, administrative regulations, competent departmental rules and the articles of association of the company, and entering into other important agreements;
- (XIX) any other functions and powers accorded by laws, administrative regulations, departmental rules and the listing rules of the place where company's stocks are listed or the articles of association.

Resolutions by the board of directors on matters referred to in the preceding paragraph may be passed by the affirmative vote of a more than half of the directors with the exception of resolutions on matters referred to in Items (VI), (VII), (XI), which shall require the affirmative vote of more than two-thirds of the directors.

For the disposal of any fixed assets by the board of directors, if the aggregate of the expected value of the fixed assets proposed to be disposed of and the value of the fixed assets which had been disposed of within four months preceding such proposal for disposal exceeds 33% of the fixed assets value shown in the most recent balance sheet reviewed at a shareholders' general meeting, the board of directors shall not dispose of or approve of the disposal of such fixed assets without the prior approval of the shareholders' general meeting.

Meetings of the board of directors include regular meetings of the board of directors and interim meetings of the board of directors. Meetings of the board of directors shall be convened at least four (4) times each year (approximately once a quarter). Meetings of the board of directors shall be convened by chairman of the board of directors. Notices and documents of meeting shall be served to all directors and supervisors at least fourteen (14) prior to the date of meeting (excluding the date of the meeting). The board of directors shall make arrangements to ensure that all directors are given an opportunity to put matters for discussion on the agenda of regular meetings of the board of directors. Regular meetings shall not be held by way of circulating written resolutions. The Board meeting shall follow the principle of on-site convening. If necessary, the Board meeting, on the condition that the directors can fully express their opinions, can be convened through video, telephone, fax, and email, etc. upon the consent of the convener (chairman) or the proposer(s) of the meeting. The Board meetings may also be held by the on-site method and by other means at the same time.

The chairman of the Board shall convene an extraordinary Board meeting in one of the following circumstances:

- (I) proposed by shareholders holding not less than one-tenth of the voting rights;
- (II) proposed by not less than one-third of the directors;
- (III) proposed by two or more independent non-executive directors;

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- (IV) proposed by the general manager or the Supervisory Committee;
- (V) the chairman of the Board of Directors considers necessary;
- (VI) any other circumstances as provided for in the articles of association.

A Board meeting shall be attended by more than half of the Directors.

Each Director shall have one vote. The resolution proposed by the Board of Directors shall be passed by a simple majority of all the directors, unless otherwise stated in the Articles of Association.

Where there is an equality of votes cast both for and against a resolution, the chairman shall have the right to cast one more vote.

A meeting of the Board shall be attended by the directors in person. Where a director is unable to attend a meeting for any reason, he/she shall appoint another director in writing to attend the meeting on his/her behalf. Such an instrument of appointment shall specify the names of the proxy, the issues, the scope of the authorization granted by the principal, and the term of validity of the appointment and with the principal's signature or seal. The director who attends the meeting on his/her behalf shall exercise the director's rights within the scope of authorization. Where a director does not attend a Board meeting and does not appoint a proxy to attend on his/her behalf, he/she shall be deemed to forfeit his/her voting rights at the said meeting.

### **Special Committees of the Board**

Where necessary, the Board may set up special committees such as audit committee, remuneration committee and nomination committee to provide suggestions and advices for its significant decisions. The personnel composition and terms of reference of special committees shall be resolved separately by the Board. Special committees shall not make any resolution in the name of the Board. However, in the absence of violation of the mandatory provisions under PRC's relevant laws, regulations, regulatory documents and the listing rules of the stock exchange where the Company's shares are listed, the special committees shall exercise the right of decision on the authorized matters under the special authorization of the Board.

### **Secretary of the Board**

The Company shall have one secretary of the Board, which shall be appointed or dismissed by the Board of Directors. The secretary of the Board is a member of senior management of the Company.

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The secretary to the Board shall be a natural person with requisite professional knowledge and experience, and his/her main duties include:

- (I) to ensure that the document of the Board complies with relevant laws and regulations;
- (II) to ensure that the Company has a complete set of constitutional documents and records;
- (III) to ensure that the Company legally prepares and submits reports and documents as required by the competent authorities;
- (IV) to ensure that the register of Shareholders of the Company is properly maintained, and that persons entitled to receive relevant records and documents of the Company are given timely access to such records and documents;
- (V) other duties required by laws, regulations, the Articles of Association, other management systems of the Company, and the listing rules of the stock exchange where the Company's shares are listed.

Directors or other senior management members may concurrently act as the secretary to the Board. The accountant of the accounting firm engaged by the Company shall not concurrently serve as the secretary of the Board of the Company. Where the secretary to the Board concurrently acts as a director, for an act which is required to be made by a director and the secretary to the Board separately, the person who concurrently acts as a director and the secretary to the Board may not perform the act in dual capacity.

### **General Manager**

The Company shall have one general manager appointed or dismissed by the Board of Directors. The Company shall have several deputy general managers appointed or dismissed by the Board of Directors.

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

- (I) presiding over production and operation management of the Company, organising the implementation of Board resolutions and reporting to the Board of Directors on his/her work;
- (II) organising the implementation of the Company's annual business plans and investment plans;
- (III) formulating plans for establishment of internal management organisations of the Company;

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- (IV) formulating basic management rules of the Company;
- (V) formulating specific rules and regulations of the Company;
- (VI) proposing to the Board of Directors on appointment or dismissal of deputy general managers and person-in-charge of finance of the Company;
- (VII) deciding to appoint or dismiss management personnel (other than those required to be appointed or dismissed by the Board of Directors);
- (VIII) proposing salaries, benefits, rewards and punishments for the employees of the Company and deciding on the appointment and dismissal of them;
- (IX) exercising other functions and powers conferred by the Article of Association or the Board.

The general manager of the Company shall attend the Board meetings, but he/she has no voting rights at the Board meetings if he/she is not a director.

In exercising functions and powers, the general manager of the Company shall perform the obligation of honesty and diligence in accordance with laws, administrative regulations, the listing rules of the place where the shares of the Company are listed and the Articles of Association.

### **SUPERVISORS AND SUPERVISORY COMMITTEE**

#### **Supervisors**

The supervisors shall be composed of shareholder representatives and employee representatives of the Company. The number of the Company's employee representative supervisors shall not be less than one-third of all the supervisors. The shareholder representatives in the Supervisory Committee shall be elected and removed by the shareholders' general meeting. The employee representatives in the Supervisory Committee shall be democratically elected by company's employees at a employee representative assembly, general employee meeting or otherwise.

Directors and senior management members shall not act concurrently as supervisors.



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### THE SUPERVISORS SHALL ATTEND MEETINGS OF THE BOARD OF DIRECTORS

#### Supervisory Committee

The Company shall have a Supervisory Committee, consisting of three supervisors, including one chairman. A supervisor shall serve a term of three years and may seek reelection upon expiry of the said term. The chairman of the Supervisory Committee shall be appointed or dismissed by the votes of more than two-thirds (inclusive) of the members of the Supervisory Committee.

Meetings of the Supervisory Committee shall be convened at least once every six months and be convened by its chairman. Supervisors may propose to convene an interim meeting of the Supervisory Committee.

The Supervisory Committee shall be accountable to the shareholders' general meeting and shall perform the following functions and powers in accordance with laws and regulations:

- (I) to check the financial situations of the Company;
- (II) to supervise the acts of the directors and senior management members in performing their duties to the Company and propose the removal of those directors and senior management members who violate the laws, administrative regulations, the listing rules of the place where the shares of the Company are listed, the Articles of Association or resolutions of shareholders' general meetings;
- (III) to require any director or senior management member to make rectification when any act thereof harms to the Company's interests;
- (IV) to verify financial information such as financial reports, business reports and profit distribution plans to be submitted by the Board of Directors to the shareholders' general meeting and if there are any queries, to engage certified public accountants or practicing auditors in the name of the Company to assist in the review;
- (V) to propose to convene an extraordinary general meeting;
- (VI) to negotiate with or file suit against the directors on behalf of the Company;
- (VII) to conduct investigation if there are any unusual circumstances in the Company's operations, and if necessary, to engage an accounting firm, law firm or other professional institutions to assist in their work at the expenses of the Company;
- (VIII) to perform other functions and powers stipulated by the laws, administrative regulations and the Article of Association.

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### **Resolutions of the Supervisory Committee**

Resolutions of the Supervisory Committee shall be passed by more than two-thirds of the members of the Supervisory Committee.

### **Qualifications and Obligations of the Directors, Supervisors and Senior Management Members**

None of the following persons shall serve as a director, supervisor, or senior management member of the Company if he/she is:

- (I) a person without civil capacity or with limited civil capacity;
- (II) a person who was convicted for criminal offence for corruption, bribery, encroachment of property, misappropriation of property or disruption of the order of socialist market economy and a five-year period has not elapsed since completion of execution of the judgement, or who has been stripped of his/her political rights as a result of committing a criminal offence and a five-year period has not elapsed since completion of execution of the judgement;
- (III) a director, factory director or manager of bankrupt and liquidated companies or enterprises whereby such person was personally liable for the bankruptcy of such companies or enterprises, and three years have not elapsed from which the liquidation of the companies or enterprises was completed;
- (IV) a person who was the legal representative of a company or an enterprise whose business license was revoked or which was ordered to be closed down due to its violation of law, and who was personally accountable for the revocation of business license or closure of the company or enterprise, and a three-year period has not elapsed since revocation of business license of such company or enterprise;
- (V) a person with relatively large amounts of due and outstanding debt;
- (VI) a person under investigation by judicial authorities for suspected violations of criminal law and the investigation is still ongoing;
- (VII) a person who is prohibited from acting as a leader of an enterprise by virtue of any laws, administrative regulations and the listing rules of the place where the shares of the Company are listed;
- (VIII) a non-natural person;
- (IX) a person who has been ruled as violations of the provisions of relevant securities regulations by the competent authority, involving fraud or dishonesty, and it does not exceed five years from the date of the ruling;

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- (X) other situations required by the relevant laws and regulations of the place where the shares of the Company are listed.

Any election or appointment of directors or supervisors or employment of senior management members in breach of the circumstances stated above shall be invalid. The Company shall remove any directors, supervisors and senior management members if they are involved in the circumstances stated above during their term of office.

In addition to obligations imposed by laws, administrative regulations or listing rules of the place where the shares of the Company are listed, the Company's directors, supervisors and senior management members shall have the following obligations to each shareholder in the exercise of the functions and powers granted to them by the Company:

- (I) not to cause the Company to act beyond the scope of business stipulated in its business license;
- (II) to act honestly in the best interests of the Company;
- (III) not to deprive the Company of its property in any way, including (but not limited to) any opportunities that are favorable to the Company;
- (IV) not to deprive shareholders of their personal interests, including (but not limited to) any distribution rights and voting rights, but excluding the restructuring of the Company submitted for adoption at the shareholders' general meeting in accordance with the Articles of Association;

Each of the directors, supervisors and senior management members of the Company shall, in the performance of duties, abide by the principles of honesty and shall not place himself/herself in a position where there is a conflict between his/her personal interests and duties assumed. This principle shall include (but not limited to) the fulfilment of the following obligations:

- (I) to act honestly in the best interests of the Company;
- (II) to exercise powers within the scope of his/her functions and powers and not to act beyond such powers;
- (III) to personally exercise the discretion invested in him/her, not to allow himself/herself to be manipulated by another person and, not to delegate the exercise of his/her discretion to another party unless permitted by laws, administrative regulations and the listing rules of the place where the shares of the Company are listed or with the informed consent of the shareholders' general meeting;
- (IV) to be equitable towards shareholders of the same class and fair towards shareholders of different classes;

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- (V) not to conclude a contract or enter into a transaction or arrangement with the Company except as otherwise provided in the Articles of Association or with the informed consent of the shareholders' general meeting;
- (VI) not to use the Company's property for his/her own benefit in any way without the informed consent of the shareholders' general meeting;
- (VII) not to make use of official powers to accept bribes or other illegal income, and not to encroach upon the Company's property in any way, including (but not limited to) any opportunities that are favorable to the Company;
- (VIII) not to accept commissions in connection with the Company's transactions without the informed consent of the shareholders' general meeting;
- (IX) to abide by the Articles of Association, perform his/her duties faithfully, protect the interests of the Company and not to seek personal gains with his/her position, functions and powers in the Company;
- (X) without the informed consent of the shareholders' general meeting, not to make use of official powers to seek business opportunities which rightfully belong to the Company for himself/herself or others, or to engage in the same type of businesses as the Company on his/her own or for others or to compete with the Company in any way;
- (XI) not to misappropriate the funds of the Company or lend them to others, not to deposit the Company's assets or funds in accounts opened in his/her own or in another's name, not to use the Company's assets as security for the debts of the Company's shareholders or other individuals;
- (XII) without the informed consent of the shareholders' general meeting, not to disclose confidential information relating to the Company that was acquired by him/her during his/her term of office, and not to use such information except in the interests of the Company; however, such information may be disclosed to the court or other competent government authorities if:
  - 1. provided by law;
  - 2. required in the public interest;
  - 3. required in the own interest of such director, supervisor or senior management member.

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The directors, supervisors and senior management members of the Company shall not direct the following persons or institutions (the "Relevant Persons") to do things from which the directors, supervisors and senior management members are prohibited:

- (I) spouses or minor children of directors, supervisors or senior management members of the Company;
- (II) trustees of directors, supervisors and senior management members of the Company or persons set out in (I) herein;
- (III) partners of directors, supervisors and senior management members of the Company or persons set out in (I) and (II) herein;
- (IV) companies effectively independently controlled by directors, supervisors and senior management members of the Company or companies effectively jointly controlled with the persons set out in (I), (II) and (III) herein or other directors, supervisors and senior management members of the Company; and
- (V) directors, supervisors and senior management members of the controlled companies as set out in (IV) herein.

The directors, supervisors and senior management members of the Company having any direct or indirect material conflict of interests in any executed or proposed contracts, transactions or arrangements (except the employment contracts between the Company and its directors, supervisors and senior management members), regardless of whether such interests are usually subject to the approval and consent of the Board, shall disclose the nature and extent of the interests to the Board as soon as possible.

The Company shall not pay tax for its directors, supervisors and senior management members in any way, except the withholding and payment of income tax for the aforementioned persons in accordance with relevant laws and regulations.

The Company shall not, directly or indirectly, provide loans or loan guarantees to the directors, supervisors and senior management members of the Company and its controlling shareholders, nor shall the Company provide the same to their Relevant Persons, but the said provisions shall not apply to the following circumstances:

- (I) The Company provides loan or loan guarantee for its subsidiaries;
- (II) The Company, in accordance with the employment contracts approved at the shareholders' general meeting, provides loan, loan guarantee or other monies to the directors, supervisors and senior management members of the Company, so that they may pay the expenses incurred for the purposes of the Company or for fulfilling duties of the Company; and

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- (III) If the normal business scope of the Company includes provision of loan and loan guarantee, the Company may provide loan and loan guarantee to relevant directors, supervisors and senior management members and their Relevant Persons, but the conditions for providing loan or loan guarantee shall be normal business conditions.

If the Company provides loan in breach of the provisions above, regardless of the loan conditions, the recipient of the loan shall return the same immediately.

If a director, supervisor or senior management member of the Company breaches his/her obligations to the Company, the Company shall, in addition to any rights and remedies provided by laws, administrative regulations and the listing rules of the place where the shares of the Company are listed, have a right to:

- (I) require the relevant director, supervisor or senior management member to compensate for the losses sustained by the Company as a consequence of his/her dereliction of duty;
- (II) rescind any contract or transaction concluded by the Company with the relevant director, supervisor or senior management member and contracts or transactions with a third party (where such third party is aware or should be aware that the director, supervisor or senior management member representing the Company was in breach of his/her obligations to the Company);
- (III) require the relevant director, supervisor or senior management member to surrender the gains derived from the breach of his/her obligations;
- (IV) recover any funds received by the relevant director, supervisor or senior management member that should have been received by the Company, including (but not limited to) commissions;
- (V) require the relevant director, supervisor or senior management member to return the interest earned or possibly earned on the funds that should have been given to the Company.

The Company shall enter into written contracts with its directors and supervisors in relation to their remunerations, subject to prior approval at the shareholders' general meeting.

The Company shall specify in the contracts concluded with its directors or supervisors in relation to remunerations that if the Company is acquired, its directors or supervisors shall, with the prior approval at the shareholders' general meeting, be entitled to compensations or other monies for losing their positions or for retirement.

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### FINANCIAL ACCOUNTING SYSTEM AND PROFIT DISTRIBUTION

#### Financial Accounting System

The Company shall formulate its financial accounting system in accordance with the laws, administrative regulations, the listing rules of the place where the shares of the Company are listed and PRC accounting standards formulated by the competent financial authority of the State.

The financial statements of the Company shall be prepared in accordance with not only PRC accounting standards and regulations, but also the international accounting standards or the accounting standards of the overseas listing place. If there are any material differences between the financial statements prepared in accordance with the two accounting standards, such differences shall be stated in the notes to the financial statements. The Company shall distribute the after-tax profit of the relevant fiscal year as per the less of the after-tax profits in the aforesaid two financial statements.

Any interim results or financial information announced or disclosed by the Company shall be prepared in accordance with PRC accounting standards and regulations as well as the international accounting standards or the accounting standards of the overseas listing place.

The Company shall publish its financial reports twice in each fiscal year. An interim financial report shall be published within 60 days after the end of the first six months of each fiscal year, while an annual financial report shall be published within 120 days after the end of each fiscal year.

The Company shall not establish account books other than the statutory account books.

#### Profit Distribution

The capital reserve of the Company shall include the following funds:

- (I) the premiums obtained from the issue of shares in excess of the par value;
- (II) other revenue required by the competent financial authority under the State Council to be included in the capital reserve.

The Company may distribute dividends in either (both) of the following forms:

- (I) cash;
- (II) stock;
- (III) other forms approved by laws, administrative regulations, departmental rules and regulatory rules of the place of listing of the Company.

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The Company pays cash dividends and other amounts to holders of domestic shares in Renminbi. The cash dividends and other amounts to be paid to holders of foreign shares by the Company shall be declared and calculated in Renminbi and paid in foreign currency or Renminbi. The Company shall arrange the foreign currency for payment of cash dividends and other amounts to holders of foreign shares in accordance with the relevant foreign exchange management regulations of the PRC.

The Company shall appoint collection agents for holders of overseas listed foreign shares. Collection agents shall collect dividends and other payables distributed by the Company for the overseas listed foreign shares on behalf of the related shareholders.

The collection agents appointed by the Company shall meet the relevant requirements of the laws of the listing place or the stock exchange. The collection agents appointed by the Company for holders of overseas listed foreign shares listed on the Hong Kong Stock Exchange shall be the trust companies registered under the Trustee Ordinance of Hong Kong.

Monies paid by the Company for any shares before dunning shall have interests, but the holders of shares are not entitled to dividends announced later for the said monies.

Provided that the Company is authorized to seize dividends not claimed, the said right shall not be exercised before expiry of the applicable validity period.

The Company's power to cease sending dividend warrants to holders of overseas listed foreign shares by post shall not be exercised until such dividend warrants had been so left uncashed on two consecutive occasions. If a dividend warrant fails to reach the expected recipient in the initial mail delivery and is returned, the Company may exercise the right promptly.

The Company shall have the right to sell the shares of the uncontacted holders of overseas listed foreign shares through the methods the Board deems appropriate and subject to the following conditions:

- (I) the Company has distributed dividends on such shares at least three times in a period of 12 years and the dividends are not claimed by anyone during that period; and
- (II) after the expiration of the 12-year period, the Company makes a public announcement in one or more newspapers in the place where shares of the Company are listed, stating its intention to sell such shares and notifies the securities regulatory authorities at the place where shares of the Company are listed.



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### ACCOUNTING FIRM

The Company shall engage an independent accounting firm which is in compliance with relevant regulations of the State to audit its annual financial report and to review its other financial reports.

The first accounting firm of the Company may be appointed at the inauguration meeting prior to the first annual general meeting. The term of such accounting firm shall terminate upon the conclusion of the first annual general meeting.

An accounting firm employed by the Company shall have the following rights:

- (I) the right to the access to the accounts books, records or vouchers of the Company and the right to require directors or senior management members of the Company to provide the relevant information and explanations;
- (II) the right to require the Company to take all reasonable measures to obtain from its subsidiaries the information and explanations necessary for the accounting firm to perform its duties;
- (III) the right to attend shareholders' general meeting, to receive a notice or other information concerning any meetings which shareholders have a right to receive, and to be heard at any shareholders' general meetings on any matter which relates to it as the accounting firm of the Company.

If there is a vacancy in the position of accounting firm, the Board may engage an accounting firm to fill the vacancy before the convening of the shareholders' general meeting. Any other accounting firm which has been engaged by the Company may continue to act during the period when such a vacancy exists.

The shareholders' general meeting may, by means of an ordinary resolution, dismiss such accounting firm prior to the expiration of its term of office, notwithstanding the terms in the contract between the accounting firm and the Company, but without prejudice to such accounting firm's right, if any, to claim damages from the Company in respect of such dismissal.

The remuneration or method of determining the remuneration of an accounting firm shall be decided upon by the shareholders' general meeting. The remuneration of an accounting firm employed by the Board of Directors shall be determined by the Board of Directors.

The engagement, dismissal or refusal of the renewal of the engagement of an accounting firm shall be decided upon by the shareholders' general meeting and reported to the securities regulatory authorities of the State Council for filing.

## APPENDIX VI

## SUMMARY OF THE ARTICLES OF ASSOCIATION

Where a resolution at a shareholders' general meeting is to be passed to appoint an accounting firm other than an incumbent accounting firm to fill a vacancy, or to reappoint the accounting firm that was appointed by the Board of Directors to fill a vacancy, or to dismiss an accounting firm before the expiration of its term of office, the following provisions shall apply:

- (I) The relevant appointment or dismissal proposal shall be sent (before notice of shareholders' general meeting is given) to the accounting firm proposed to be appointed or proposed to leave its post or the accounting firm which has left its post in the relevant fiscal year (leaving includes leaving by dismissal, resignation and retirement).
- (II) If the accounting firm about to leave its post makes representations in writing and requests the Company to inform the shareholders of such representations, the Company shall (unless the written representations have been received too late) take the following measures:
  1. in any notice of the resolution given to shareholders, state the fact of the representations for the accounting firm about to leave its post having been made; and
  2. attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in the Articles of Association.
- (III) If the Company fails to send out the accounting firm's representations in the manner set out in (II) herein, such accounting firm may require that the representations be read out at the shareholders' general meeting and make further appeal.
- (IV) A accounting firm about to terminate service shall be entitled to attend the following meetings:
  1. the shareholders' general meeting at which its term of office would be expired;
  2. the shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal; and
  3. the shareholders' general meeting which convened as a result of its resignation.

The leaving accounting firm shall have the right to receive all notices or other information concerning any such meetings, and to speak at any such meetings on any matter which relates to it as the former accounting firm of the Company.

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If the Company removes or ceases to continue to appoint the accounting firm, it is required to give prior notice to the accounting firm and the accounting firm is entitled to make representations before the shareholders in the shareholders' general meeting. If an accounting firm resigns from its position, it shall make representations at a shareholders' general meeting whether there has been any impropriety on the part of the Company.

An accounting firm may resign its office by depositing a written resignation notice at the registered office of the Company. Such notice shall become effective on the date of deposit at the legal address of the Company or on a later date stipulated in such notice. Such notice shall contain the following statements:

1. a statement to the effect that there are no circumstances in connection with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company;
2. a statement of any circumstances requiring an explanation.

The Company shall send a copy of the written notice mentioned in the preceding paragraph to relevant competent authority within 14 days after receipt of the said notice. If the notice contains a statement mentioned in 2 of the preceding paragraph, the Company shall keep a copy of the said statement in the Company for shareholders' inspection. The Company shall also send a copy of such statement by prepaid mail to every holder of overseas listed foreign shares at the address registered in the register of members.

If the notice of resignation of an accounting firm contains a statement in respect of any circumstances requiring an explanation, it may require the Board to convene an extraordinary shareholders' general meeting to receive an explanation of the circumstances in connection with its resignation.

### **MERGER AND DIVISION OF THE COMPANY**

The merger or division of the Company shall be proposed by the Company's Board of Directors. After such plan has been adopted in accordance with the procedures stipulated in the Articles of Association, relevant examination and approval procedures shall be carried out according to law. Shareholders who oppose to the plan of merger or division of the Company shall be entitled to require the Company or the shareholders who agree to the plan to purchase their shares at a fair price. The resolutions approving the merger or division of the Company shall be compiled into a special document and made available for inspection by shareholders. For holders of overseas listed foreign shares, the foregoing documents shall also be served by post.

A merger may be in the form of merger by absorption or merger by establishment of a new company. In the event of merger, the parties to the merger shall enter into a merger agreement and prepare balance sheet and asset list. The companies involved shall, within ten (10) days as

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## SUMMARY OF THE ARTICLES OF ASSOCIATION

of making the decision of merger, notify the creditors, and shall make a public announcement in a newspaper within thirty (30) days. In the case of a merger, the credits and debts of the parties involved shall be succeeded by the company that survives the merger or by the newly established company.

If the Company is divided, its properties shall be divided accordingly. In the event of division, the parties to the division shall enter into a division agreement and prepare balance sheet and asset list. The Company shall, within 10 days as of the day when the decision of division is made, notify the creditors and make a public announcement in a newspaper within 30 days. The post-division companies shall bear joint liabilities for the debts of the former company before it is divided, unless it is otherwise prescribed by the company and the creditors before the division with regard to the clearance of debts in written agreement.

Where the merger or division of the Company involves changes in its registered particulars, such changes shall be filed with competent company registration authorities pursuant to the law. Should the Company be dissolved, it shall be deregistered according to laws. If a new company is established, it shall go through the registration for company establishment according to laws.

### DISSOLUTION AND LIQUIDATION

The Company shall be dissolved and liquidated according to law in any of the following circumstances:

- (I) upon expiry of term of business stipulated in the Articles of Association or occurrence of any other events causing dissolution stipulated in the Articles of Association;
- (II) the shareholders' general meeting has resolved on dissolution of the Company;
- (III) merger or division of the Company entails dissolution;
- (IV) where the operation and management of the Company falls into serious difficulties and its continued existence would cause material losses to Shareholders, the Shareholders holding above 10% of the total voting rights of the Company may apply to the people's court to dissolve the Company if there are no other solutions;
- (V) the Company is declared bankrupt according to law as it is unable to repay its debts upon maturity;
- (VI) if the business license of the Company is revoked or if it is ordered to close down its business or if it is canceled due to violation of laws or administrative regulations.

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If the Company is dissolved due to Item (I), Item (II), Item (IV) and Item (VI) in of Articles of Association, it shall establish a liquidation committee and commence liquidation within 15 days from occurrence of the cause of dissolution. Members of the liquidation committee shall be composed of the directors or persons as determined by the shareholders' general meeting. If no liquidation committee is established after the said timeframe, the creditors may apply to the people's court for appointment of relevant persons to establish a liquidation committee to commence liquidation. If the Company is dissolved pursuant to Item (V) in Article 170 of Articles of Association, the People's court shall, according to the relevant laws and regulations, organise shareholders, relevant institutions and professionals to establish liquidation committee and carry out liquidation.

Where the Board of Directors proposes to liquidate the Company (due to causes other than where the Company has declared that it is insolvent), it shall declare in the notice of the shareholders' general meeting to be convened for such purpose that after making full inquiry into the affairs of the Company, the Board of Directors is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of the liquidation. After the Shareholders' general meeting adopts a resolution in favor of the liquidation, the functions and powers of the Board of the Company shall be terminated immediately.

The liquidation committee shall follow the instructions of the Shareholders' general meetings and shall report to the Shareholders' general meeting at least once a year on the income and expenditure of the liquidation committee, the business of the Company and the progress of the liquidation, and shall make a final report to the Shareholders' general meeting at the end of the liquidation.

The liquidation committee shall notify the Company's creditors within ten days (10) after its establishment, and issue a public notice in the newspapers within sixty (60) days. The creditors shall declare their creditor's rights to the liquidation committee within 30 days after receipt of the notice or 45 days after announcement if the creditors have not received the notice. Creditors declaring creditor's rights shall state the relevant information of the creditor's rights and provide evidentiary materials. The liquidation committee shall register the creditor's rights. The liquidation committee shall not make any settlement to creditors during the period of the claim.

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

- (I) to ascertain the Company's assets and separately prepare balance sheet and asset list;
- (II) to notify creditors by sending notice or by making announcement;
- (III) to deal with the Company's outstanding business deals in relation to the liquidation;
- (IV) to settle outstanding taxes and taxes incurred during the process of liquidation;

## APPENDIX VI

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(V) to ascertain claims and debts;

(VI) to dispose of the remaining assets of the Company after the repayment of debts;

(VII) to represent the Company in any civil proceedings.

After the liquidation committee has liquidated the assets of the Company and prepared a balance sheet and an asset list, it shall formulate a liquidation proposal and submit it to the Shareholders' general meeting or the relevant competent authorities for confirmation.

The asset of the Company shall be used respectively for payment of liquidation expenses, employees' wages, social security expenditures, statutory compensations, tax in arrears and the Company's debts; the residual properties thereafter shall be distributed to the shareholders in accordance with the class of shares held by them and the shareholding percentages of the shareholders.

During the liquidation period, a company shall not engage in new operating activities.

In the event of the Company's liquidation due to dissolution, upon examination of the Company's asset and preparation of the balance sheet and asset list, where the liquidation committee discovers that the Company's assets are insufficient to pay its debts in full, it shall apply to the people's court for declaration of bankruptcy pursuant to the law. Upon declaration of the Company's bankruptcy pursuant to the ruling of the people's court, the liquidation committee shall hand over the liquidation matters to the people's court.

After completion of liquidation, the liquidation committee shall prepare a liquidation report and income and expenditure statements and account books in respect of the liquidation period and, after verification of the Chinese certified public accountants, shall submit the same to the Shareholders' general meeting or the relevant competent authority for confirmation. Within 30 days from the date of confirmation of the above-mentioned documents by the Shareholders' general meeting or the relevant authorities in charge, the liquidation committee shall submit the aforesaid documents to company registration authorities and apply for deregistration and make an announcement on termination of the Company.

## AMENDMENTS TO THE ARTICLES OF ASSOCIATION

According to the regulations of laws, administrative regulations, the listing rules of the place where the Company's shares are listed, and the Articles of Association, the Company may amend the Articles of Association.

The amendments to the Articles of Association shall be subject to relevant decision-making procedures and go through necessary formalities in accordance with the provisions of relevant laws, administrative regulations, and the Articles of Association. If an amendment to the Articles of Association involves a registered particular of the Company, registration of the change shall be carried out in accordance with the law.

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### DISPUTE RESOLUTION

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

- (I) If any disputes or claims in relation to the Company's business, with respect to any rights or obligations under the Articles of Association of the Company, the Company Law or any other relevant laws, administrative regulations, and the listing rules of the place where the Company's shares are listed, arise between shareholders of overseas listed foreign shares and the Company, between shareholders of overseas listed foreign shares and the Company's Directors, Supervisors, General Managers and other senior management personnel of the Company, or between shareholders of overseas listed foreign shares and shareholders of domestic Shares, the parties concerned shall submit such disputes or claims to arbitration.

When the aforementioned disputes or claims are submitted to arbitration, such disputes or claims shall be submitted in their entirety, and all persons (being the Company, the Company's Shareholders, Directors, Supervisors, General Managers and other senior management personnel of the Company) that have a cause of action based on the same grounds or the persons whose participation is necessary for the resolution of such disputes or claims, shall comply with the arbitration.

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

- (II) The applicant for arbitration may choose to be arbitrated either by the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Centre in accordance with its arbitration rules.

Once a claimant submits a dispute or claim to arbitration, the other party must carry out the arbitration at the arbitration institution selected by the claimant.

If an applicant opts for arbitration by the Hong Kong International Arbitration Center, either party may request for the arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Center.

- (III) Settlement of disputes or claims set out in (I) by way of arbitration shall be governed by PRC laws save as otherwise specified by laws and administrative regulations.
- (IV) The award of an arbitration tribunal shall be final and conclusive and binding on all parties.