



**上海復旦張江生物醫藥股份有限公司**  
**Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd.\***  
*(a joint stock limited company incorporated in the People's Republic of China)*  
**(Stock code: 8231)**

**ARTICLES OF ASSOCIATION**

**(Authorized by special resolutions passed by the shareholders' Annual General Meeting held on 29 June, 2012 and approved by the Board on 8 August, 2013)**



## ARTICLES OF ASSOCIATION

### OF SHANGHAI FD-ZJ BIO-PHARMACEUTICAL COMPANY LIMITED

(Authorized by special resolutions passed by the shareholders' Annual General Meeting held on 29 June, 2012 and approved by the Board on 8 August, 2013)

#### Chapter 1 General Provisions

1. Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. (the "Company") is a company limited by shares established in accordance with the Company Law of the People's Republic of China (the "Company Law"), the Provisional Regulations on Certain Issues Concerning the Establishment of Companies Limited by Shares with Foreign Investment and other relevant laws and administrative regulations of the People's Republic of China ("China" or the "State").

The Company was established by way of being wholly reorganized into from Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co. (上海復旦張江生物醫藥有限公司) and approved by the People's Government of Shanghai, as evidenced by an approval concerning the Company's incorporation by wholly reorganization (Hu Fu Ti Gai Shen 2000 No.033). The Company is registered with and has obtained a business license no.3100001006533 from the State Administration for Industry and Commerce of Shanghai on November 8<sup>th</sup>, 2000.

After its listing in the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited, the Company shall obtain a Certificate of Approval for Foreign Invested Enterprise from competent governing authority of the State, and then conduct an updated registration with and obtain a new business license from the State Administration for Industry and Commerce of Shanghai.

The promoters of the Company are China General Technology (Group) Holding Ltd. (中國通用技術(集團)控股有限責任公司), Shanghai Pharmaceutical Holding Co., Ltd. (上海醫藥集團股份有限公司), Shanghai Zhangjiang High-Tech Park Development Co., Ltd. (上海張江高科技園區股份有限公司), Shanghai Pudong Technology Investment Co., Ltd. (上海浦東科技投資有限公司), Fu Dan University (復旦大學), Wang Hai Bo (王海波), Su Yong (蘇勇), Zhao da Jun (趙大君), Li Jun (李軍) and Fang Jing (方靖).

2. The Company's registered name is 上海復旦張江生物醫藥股份有限公司 in Chinese and Shanghai Fudan-Zhangjiang Bio-Pharmaceutical Co., Ltd. in English.
3. The Company's address is No.308, Cai Lun Road, Zhang Jiang Hi-Tech Park, Pudong New Area, Shanghai, China; post code:201210; telephone: 86-21-58953355; facsimile: 86-21-58553990.



4. The legal representative of the Company is the chairman of the board of directors of the Company.
5. The Company is a company limited by shares of perpetual duration.
6. The Company is an independent enterprise legal person, subject to the jurisdiction and protection of the laws of China.
7. In a shareholders' annual general meeting held on June 24<sup>th</sup>, 2005, the Company amended its articles of association adopted by the special resolutions of its shareholders' annual general meeting held on June 25<sup>th</sup>, 2004 in accordance with the actual situations concerning its issue of Overseas-Listed Foreign-invested Shares; in a shareholders' Extraordinary General Meeting held on 29 October, 2010, the Company adopted the further amended articles of association of the Company; upon the authorization by special resolutions passed by the shareholders' Annual General Meeting held on 29 June, 2012, the Board approved the amendment to the articles of association of the Company on 19 March, 2013; the Board further approved this amendment to the articles of association of the Company on 9 May, 2013 and 8 August, 2013 (these "Articles").

These Articles shall replace the Original Articles as of its effective date. Unless otherwise amended by the Amendment to these Articles, all the other articles of these Articles shall remain its full effect.

8. From the effective date of these Articles, they shall constitute a legally binding document regulating the organization and activities of the Company and the rights and obligations between the Company and each of its shareholders and among the shareholders inter se.
9. These Articles are binding upon the Company, its shareholders, directors, supervisors, managers and other senior officers; the aforementioned persons may claim rights relating to the affairs of the Company in accordance with these Articles.

A shareholder may bring actions against the Company, the Company may bring actions against any of its shareholders, shareholders may bring actions against each other, and a shareholder may bring actions against the directors, supervisors, managers and other senior officers of the Company, in each case in accordance with these Articles.

The actions referred to in the preceding paragraph include court proceedings and applications for arbitration before an arbitration tribunal.

10. The Company may invest in other limited liability companies and companies limited by shares. The Company's liabilities to an investee company shall be limited to the amount of its capital contribution to the investee company.

Upon the approval of the company approval authorities authorized by the State Council, the Company may, according to its need of operation and management,



operate as a holding company as prescribed in the second paragraph of Article 12 of the Company Law.

11. The Company shall not become an unlimited liability shareholder of any profitable organization. The liability of a shareholder to the Company is limited to the shares held by him. The Company shall be liable for its debts up to the extent of all of its assets.
12. On condition of compliance with the laws and administrative regulations of the State, the Company is entitled to raise capital and borrow money, including (without limitation) the issue of bonds, the mortgaging or pledging of part or whole of the Company's business or properties and other rights permitted by the laws and administrative regulations of the State.

## **Chapter 2 Objectives and Scope of Business**

13. The business objectives of the Company are to arrange production and operation in accordance with market's requirement so as to raise economic efficiency, labour efficiency and realize assets' maintenance and increment, in order to ensure all shareholders' greatest investment reward.
14. The scope of business of the Company includes research and development of Bio and Medical technology (excluding the development and application of body stem cells, gene diagnosis and treatment technology); production of intermediates, medical appliances and medicines (small volume injection (antineoplastic), powder, raw material drugs, and in vitro diagnostic reagents); sale of self-produced products; wholesale and importation & exportation of medical appliances (Category II : medical laser apparatus), and the provision of related technical services (no commodity involves state-run trade administration; if any commodity involves quota, license administration, special regulation, quality inspection, safety inspection administration and other requirements, business operation shall be carried out after the relevant licenses have been obtained pursuant to the relevant state regulation).
15. The Company may, according to the change of domestic and overseas markets, the need of its domestic and overseas business and its ability to develop, and upon the approval by special resolution adopted by the shareholders' general meeting and the approval of the relevant government authorities of the State, adjust its scope of business or investment orientation and method, etc.

## **Chapter 3 Shares and Registered Capital**

16. There must at all time be ordinary shares in the Company. The shares issued by the Company may include Domestic-Invested Shares and Foreign-Invested Shares. The Company may, according to its needs and subject to obtaining approval by the company approval authorities authorized by the State Council, create other classes of shares.
17. Shares issued by the Company shall have a par value. Each share shall have a par



value of Renminbi 0.10 yuan.

The Renminbi referred to in the preceding paragraph is the legal currency of China.

18. Subject to the approval of the securities regulatory authority of the State Council, the Company may issue shares to either or both domestic investors and foreign investors.

Foreign investors referred to in the preceding paragraph mean those investors of foreign countries and regions of Hong Kong, Macau and Taiwan who subscribe for shares issued by the Company; domestic investors referred to in the preceding paragraph mean those investors within the territory of China (excluding investors of the regions referred to in the preceding sentence) who subscribe for shares issued by the Company.

19. Shares issued by the Company to domestic investors for subscription in Renminbi are referred to as "Domestic-Invested Shares". Shares issued by the Company to foreign investors for subscription in foreign currencies are referred to as "Foreign-Invested Shares". Foreign-Invested Shares which are listed overseas are called herein "Overseas-Listed Foreign-Invested Shares". The shareholders of Domestic-Invested Shares and Overseas-Listed Foreign-Invested Shares shall be the shareholders of ordinary shares and they shall have equal rights and obligations.

The foreign currencies referred to in the preceding paragraph mean the legal currencies (apart from Renminbi) of other countries or regions which are recognized by the foreign currency control authority of the State and can be used to pay the Company for the share price.

20. Hongkong-Listed Foreign-Invested Shares issued by the Company shall be called "H Shares". H Shares are shares which have been approved by relevant governmental departments and have been admitted for listing on the Stock Exchange of Hong Kong Limited (the "HKSE"), the par value of which is denominated in Renminbi and which are subscribed for and traded in Hong Kong dollars.

21. The Company has actually issued a total of 923,000,000 ordinary shares, among which (1) 530,000,000 Domestic-Invested Shares were issued on the establishment of the Company and were wholly subscribed for by the promoters of the Company; (2) in accordance with the approval of the securities regulatory authorities of the State Council, 180,000,000 H shares have been initially issued to foreign investors, at the same time, 18,000,000 Domestic-Invested Shares originally state owned had been decreased according to relevant laws and administrative regulations and thereafter sold and converted into Foreign-invested Shares; (3) in accordance with the approval of the securities regulatory authorities of the State Council, 142,000,000 H shares have been issued to foreign investors through capital increase; (4) in accordance with the Company's restricted share scheme, 71,000,000 Domestic-Invested Shares have been issued to employees of the Company and entity for restricted share scheme through capital increase.



22. In accordance with the approval of the securities regulatory authorities authorized by the State Council, the Company has increased its capital by issuing 180,000,000 Overseas-Listed Foreign-invested Shares, approximately representing 25.35% of the total ordinary shares issued by the Company.

After increase of capital by issuing shares as referred to in the preceding paragraph, the share capital structure of the Company is 710,000,000 issued ordinary shares, of which 512,000,000 Domestic-Invested Shares are held by China General Technology (Group) Holding Ltd. (中國通用技術(集團)控股有限責任公司), Shanghai Pharmaceutical Holding Co., Ltd. (上海醫藥集團股份有限公司), Shanghai Zhangjiang High-Tech Park Development Co., Ltd. (上海張江高科技園區開發股份有限公司), Shanghai Pudong Technology Investment Co., Ltd. (上海浦東科技投資有限公司), Fu Dan University (復旦大學), Wang Hai Bo (王海波), Su Yong (蘇勇), Zhao da Jun (趙大君), Li Jun (李軍) and Fang Jing (方靖), as the promoters of the Company, approximately representing 72.11% of the total issued ordinary shares of the Company; and 198,000,000 H Shares are held by the holders of Overseas-Listed Foreign-Invested Shares (H shares), representing 27.89% of the Company's total share capital.

In accordance with the approval of the securities regulatory authorities authorized by the State Council dated December 11, 2012, the Company has increased its capital by issuing 142,000,000 Overseas-Listed Foreign-invested Shares, approximately representing 16.67% of the total ordinary shares issued by the Company.

After increase of capital by issuing shares as referred to in the preceding paragraph, the share capital structure of the Company is 852,000,000 issued ordinary shares, of which 381,022,184 Domestic-Invested Shares are held by the promoters- Shanghai Pharmaceutical Holding Co., Ltd. (上海醫藥集團股份有限公司), Shanghai Zhangjiang High-Tech Park Development Co., Ltd. (上海張江高科技園區開發股份有限公司), Shanghai Pudong Technology Investment Co., Ltd. (上海浦東科技投資有限公司), Shanghai Fudan Asset Operation Co., Ltd. (上海復旦資產經營有限公司), Wang Hai Bo (王海波), Su Yong (蘇勇), Zhao da Jun (趙大君), Li Jun (李軍) and Fang Jing (方靖), 130,977,816 Domestic-Invested Shares are held by other shareholders, approximately representing 60.09% of the total issued ordinary shares of the Company; and 340,000,000 H Shares are held by the holders of Overseas-Listed Foreign-Invested Shares (H shares), approximately representing 39.91% of the Company's total share capital.

In accordance with the Domestic-Invested Shares capital increase agreement dated May 9, 2013, the Company has increased its capital by issuing 35,500,000 Domestic-Invested Shares, approximately representing 4% of the total ordinary shares issued by the Company.

After increase of capital by issuing shares as referred to in the preceding paragraph, the share capital structure of the Company is 887,500,000 issued ordinary shares, of which 388,022,184 Domestic-Invested Shares are held by the promoters- Shanghai



Pharmaceutical Holding Co., Ltd. (上海医药集团股份有限公司), Shanghai Zhangjiang High-Tech Park Development Co., Ltd. (上海张江高科技园区开发股份有限公司), Shanghai Pudong Technology Investment Co., Ltd. (上海浦东科技投资有限公司), Shanghai Fudan Asset Operation Co., Ltd. (上海复旦资产经营有限公司), Wang Hai Bo (王海波), Su Yong (苏勇), Zhao da Jun (赵大君), Li Jun (李军) and Fang Jing (方靖), 159,477,816 Domestic-Invested Shares are held by other shareholders, approximately representing 61.69% of the total issued ordinary shares of the Company; and 340,000,000 H Shares are held by the holders of Overseas-Listed Foreign-Invested Shares (H shares), approximately representing 38.31% of the Company's total share capital.

In accordance with the Domestic-Invested Shares capital increase agreement dated August 8, 2013, the Company has increased its capital by issuing 35,500,000 Domestic-Invested Shares, approximately representing 3.85% of the total ordinary shares issued by the Company.

After increase of capital by issuing shares as referred to in the preceding paragraph, the share capital structure of the Company is 923,000,000 issued ordinary shares, of which 289,107,088 Domestic-Invested Shares are held by the promoters- Shanghai Pharmaceutical Holding Co., Ltd. (上海医药集团股份有限公司), Shanghai Pudong Technology Investment Co., Ltd. (上海浦东科技投资有限公司), Shanghai Fudan Asset Operation Co., Ltd. (上海复旦资产经营有限公司), Wang Hai Bo (王海波), Su Yong (苏勇), Zhao da Jun (赵大君), Li Jun (李军) and Fang Jing (方靖), 293,892,912 Domestic-Invested Shares are held by other shareholders, approximately representing 63.16% of the total issued ordinary shares of the Company; and 340,000,000 H Shares are held by the holders of Overseas-Listed Foreign-Invested Shares (H shares), approximately representing 36.84% of the Company's total share capital.

23. Upon approval by the securities regulatory authority of the State Council of the plan to issue Overseas-listed Foreign-invested Shares and Domestic-invested Shares, the Company's board of directors may make implementing arrangements to issue separately.

The Company's plan to issue Overseas-Listed Foreign Shares and Domestic-invested Shares separately pursuant to the preceding paragraph may be implemented within 15 months from the date of the approval of China Securities Regulatory Commission (the "CSRC").

24. In respect of the total number of shares as stated in the Company's share issuing plan, where the Company shall separately issue Overseas-Listed Foreign Shares and Domestic-Invested Shares, these respective shares shall be fully subscribed for at their respective offerings. If the shares cannot be fully subscribed for at their offerings due to special circumstances, then subject to the approval of CSRC the shares may be issued in installments.
25. The Company's registered capital is Renminbi 92,300,000.



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

The Company may increase its capital in the following ways:

- (1) offering new shares to non-specially-designated investors for subscription;
- (2) placing new shares to its existing shareholders;
- (3) allotting bonus shares to its existing shareholders;
- (4) any other ways permitted by laws and administrative regulations.

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

27. Unless otherwise provided by the laws and administrative regulations, shares of the Company are freely transferable and are not subject to any lien.
28. Upon transfer of the shares of the Company, the name (title) of the transferee of the shares shall be entered in the register of shareholders, and the transferee shall be the holder of such shares.
29. The issue and transfer of all H Shares shall be entered in part of the register of shareholders maintained in Hong Kong pursuant to Article 45 hereof.
30. The Company's Overseas-Listed Foreign-Invested shares as listed in Hongkong shall be transferred in ordinary or usual forms or other forms of transferring documents as accepted by the board of directors. Such transferring documents must be signed under hand or under effective seal of the Company (if the transferor or transferee is a company.) If the transferor or transferee is a clearing organization or its agent, the documents shall be signed under hand or machine im-printed signature. All the transferring documents shall be deposited at places at the Company's legal address or any other places specified by the board of directors from time to time.

#### **Chapter 4 Reduction of Capital and Repurchase of Shares**

31. The Company may reduce its registered capital in accordance with the provisions of these Articles.
32. When the Company reduces its registered capital, it shall prepare a balance sheet and an inventory of assets.

The Company shall notify its creditors within 10 days of the date of the resolution





for reduction of its registered capital, and shall make a public announcement in a newspaper at least 3 times within 30 days following the date of such resolution. A creditor has the right, within 30 days of receiving the notice or, in the case of such notice not being received, within 90 days of the date of the first public announcement, to require the Company to repay its debts or to provide a corresponding guarantee for such debts.

The Company's registered capital after reduction shall not be less than the statutory minimum amount.

33. The Company may, with the approval in accordance with the procedures provided in these Articles and subject to the approval of the relevant governing authorities of the State, repurchase its issued shares in the following circumstances:
- (1) cancellation of its shares for the purpose of reducing its share capital;
  - (2) merging with another company which holds shares in the Company;
  - (3) other circumstances permitted by laws and administrative regulations.
34. The Company may, upon the approval of the relevant governing authorities of the State, repurchase its shares in one of the following ways:
- (1) making a pro rata general offer of repurchase to all its shareholders;
  - (2) repurchasing shares through public dealing on a stock exchange;
  - (3) repurchasing by an off-market agreement outside a stock exchange.
35. Where the Company repurchases its own shares by an off-market agreement outside a stock exchange, it must obtain the prior approval of the shareholders' general meeting in accordance with these Articles. The Company may rescind or vary a contract so entered into by the Company or waive its rights thereunder with the prior approval of the shareholders' general meeting granted in the same manner.

A contract to repurchase shares referred to in the preceding paragraph includes (without limitation) an agreement to assume an obligation to repurchase and acquire the right to repurchase shares in the Company.

The Company shall not assign a contract to repurchase its shares or any of its rights thereunder.

36. Shares repurchased in accordance with law by the Company shall be cancelled within the time limit prescribed by the laws and/or administrative regulations, and the Company shall apply to the original company registration authority for registration of the change of its registered capital.

The amount of the Company's registered capital shall be reduced by the aggregate



par value of those cancelled shares.

37. Unless the Company is in the course of liquidation, it shall comply with the following provisions in relation to repurchase of its issued shares:
- (1) where the Company repurchases its shares at par value, payment shall be made out of the book surplus distributable profits of the Company and/or out of the proceeds from any issue of new shares made for the purpose of the repurchase;
  - (2) where the Company repurchases its shares at a premium to the par value, payment up to their par value may be made out of the book surplus distributable profits of the Company and/or the proceeds from any issue of new shares made for the purpose of the repurchase. Payment of the portion in excess of the par value shall be effected as follows:
    - (i) if the shares being repurchased were issued at par value, payment shall be made out of the book surplus distributable profits of the Company;
    - (ii) if the shares being repurchased were issued at a premium to the par value, payment shall be made out of the book surplus distributable profits of the Company and/or the proceeds from any issue of new shares made for the purpose of the repurchase, provided that the amount paid out of such proceeds shall neither exceed the aggregate of the premiums received by the Company on the issue of the shares repurchased nor the current amount of the capital reserve fund account of the Company (including the premiums on the new issues) at the time of the repurchase;
  - (3) payment by the Company for the following purposes shall be made out of the Company's distributable profits:
    - (i) acquisition of rights to repurchase shares in the Company;
    - (ii) variation of any contract to repurchase shares in the Company;
    - (iii) release of any of the Company's obligations under a contract to repurchase shares in the Company;
  - (4) After the Company's registered capita has been reduced by the aggregate par value of the cancelled shares in accordance with the relevant regulations, the amount deducted from the distributable profits for paying up the par value portion of the repurchased shares shall be transferred to the Company's capital reserve fund account

## **Chapter 5 Financial Assistance for Purchase of Shares**

38. The Company and its subsidiaries shall not, by any means at any time, provide any kind of financial assistance to a person who is purchasing or is proposing to purchase shares in the Company. The said purchaser of the shares of the Company includes a



person who directly or indirectly assumes any obligations due to the purchase of shares in the Company.

The Company and its subsidiaries shall not, by any means at any time, provide any kind of financial assistance to the obligor as referred to in the preceding paragraph for the purpose of reducing or discharging the obligations assumed by that person.

This provision shall not apply to the circumstances specified in Article 40 of this Chapter.

39. For the purposes of this Chapter, "financial assistance" includes (without limitation) the following meanings:
- (1) gift;
  - (2) guarantee (including the assumption of obligations by the guarantor or the provision of assets by the guarantor to secure the performance of obligations by the obligor), or compensation (other than compensation in respect of the Company's own default), or release or waiver of any rights;
  - (3) provision of loan or making of any contract under which the obligations of the Company are to be fulfilled before the obligations of another party, or the change of the parties to, or the assignment of rights under, such loan or contract, etc;
  - (4) financial assistance provided in any other ways under the circumstances where the Company is unable to pay its debts or has no net assets, or if the Company's net assets will thereby be reduced to a material extent.

For the purposes of this Chapter, any reference to assumption of obligations includes (without limitation) the assumption of obligations by the obligor by the changing of its financial position by way of making of contract or arrangement (without regard to whether such contract or arrangement is enforceable or not, and without regard to whether the obligations under such contract or arrangement are to be assumed by that obligor alone or with any other persons), or by any other means.

40. The following activities shall not be deemed prohibited by Article 38 of this Chapter:
- (1) the provision of financial assistance by the Company where the financial assistance is provided in good faith in the interests of the Company, and the principal purpose in providing the financial assistance is not for the purchase of shares in the Company, or the giving of the financial assistance is an incidental part of some larger purpose of the Company;
  - (2) the lawfully distribution of the Company's assets by way of dividend;
  - (3) the allotment of bonus shares as dividends;



- (4) a reduction of the Company's registered capital, a repurchase of shares of the Company or a reorganization of the share capital structure of the Company, etc., in accordance with these Articles;
- (5) the lending of money by the Company where the lending is part of its scope of business and in the ordinary course of its business (provided that the net assets of the Company are not thereby reduced or that, to the extent that the net assets are thereby reduced, the financial assistance is provided out of the distributable profits);
- (6) the provision of money by the Company for contributions to employees' share schemes (provided that the net assets of the Company are not thereby reduced or that, to the extent that the net assets are thereby reduced, the financial assistance is provided out of the distributable profits).

### **Chapter 6 Share Certificates and Share Register**

41. Share certificates of the Company shall be in registered form.

The following items shall be stated on the share certificates of the Company:

- (1) the Company's name;
- (2) the date of registration of the Company;
- (3) the class of the share certificate, the par value and the number of shares represented by the share certificate;
- (4) the serial number of the share certificate;
- (5) any other matters required by the Company Law and the Special Regulations;
- (6) other items required to be stated by the stock exchanges on which the Company's shares are listed.

The share certificates can be transferred, donated, inherited and mortgaged in accordance with relevant laws, administrative regulations and the provisions of these Articles.

42. Share certificates of the Company shall be signed by the Chairman of the Company's board of directors. Where the stock exchanges on which the Company's shares are listed require the share certificates to be signed by other senior officers of the Company, the share certificates shall also be signed by such senior officers. The share certificates shall take effect after being affixed with the Company's seal (including the securities seals) The share certificates shall only be affixed with the Company's seal or the Company's securities seal under the authorization of the board of directors. The signatures of the Chairman of the board of directors or other senior officers of the Company on the share certificates may be printed in mechanical form.



43. The Company shall keep a register of its shareholders and enter in the register the following particulars:
- (1) the name (title), address (residence) and occupation or nature of each shareholder;
  - (2) the class and number of shares held by each shareholder;
  - (3) the amount paid up or payable on the shares held by each shareholder;
  - (4) the share certificate numbers of the shares held by each shareholder;
  - (5) the date on which each person was entered in the register as a shareholder;
  - (6) the date on which any shareholder ceases to be a shareholder.

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

44. The Company may, in accordance with the understanding or agreements between the securities regulatory authority of the State Council and the overseas securities regulatory organizations, maintain the register of shareholders of Overseas-Listed Foreign-Invested Shares overseas and appoint overseas agent(s) to manage such share register. The original share register for holders of Hongkong-Listed Foreign-Invested Shares shall be maintained in Hong Kong.

Duplicates of the share register for holders of Overseas-Listed Foreign-Invested Shares shall be maintained at the Company's residence. The appointed overseas agent(s) shall ensure the consistency between the original and the duplicate of the share register.

If there is any inconsistency between the original and the duplicate of share register for holders of Overseas-Listed Foreign-Invested Shares, the original shall prevail.

45. The Company shall have a complete register of shareholders which shall comprise the following:
- (1) a part of the shareholders' register maintained at the Company's residence other than those parts mentioned in sub-paragraphs (2) and (3) of this Article;
  - (2) a part of the shareholders' register in respect of the holders of Overseas-Listed Foreign-Investment Shares of the Company maintained in the place of the overseas stock exchange on which the shares are listed;
  - (3) any other parts of the shareholders' register maintained at such other places as the board of directors may deem necessary for the purpose of listing the shares of the Company.



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

The alteration or rectification of any part of the register of shareholders shall be carried out in accordance with the laws of the place where such part of the register is maintained.

47. All fully paid-up H Shares can be freely transferred in accordance with these Articles; provided, however, that the board of directors may refuse to recognize any instrument of transfer without giving any reason, unless the following conditions are satisfied:

- (1) a fee (for each instrument of transfer) of five (5) Hong Kong dollars or any higher fee as agreed by the HKSE has been paid to the Company for the registration of any transfer instrument or any other documents which is related to or will affect the ownership of or the change of the ownership of the shares;
- (2) the instrument of transfer only involves H Shares;
- (3) the stamp duty chargeable on the instrument of transfer has been paid;
- (4) the relevant share certificates and upon the reasonable request of the board of directors any evidence in relation to the right of the transferor to transfer the shares have been submitted;
- (5) if it is intended to transfer the shares to joint owners, the maximum number of joint owners shall not exceed four;
- (6) the Company does not have any lien on the relevant shares.

If the Company refuses to register a transfer of shares, the Company shall, within 2 months following the date of the formal application for the transfer, provide the transferor and the transferee with a written notice of refusal to register such transfer.

The adoption of standard forms of transfer stipulated by HKSE does not contravene these Articles.

48. No changes which are required by reason of a transfer of shares may be made to the register of shareholders within 30 days prior to the date of a shareholders' general meeting or 5 days prior to the record date for the Company's distribution of dividends.
49. When the Company decides to convene a shareholders' general meeting, distribute dividends, liquidate or carry out other activities which require the determination of shareholdings, the board of directors shall fix a record date for the purpose of determining the shareholding. A person who is registered in the register as



shareholders of the Company at the end of the record date shall be a shareholder of the Company.

50. Any person who has any objection to the register of shareholders and seeks to have his name (title) entered into or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.
51. Any person who is registered shareholder or who requests to have his name (title) entered into the register of shareholders may, if his share certificate (the "original certificate") in respect of shares in the Company is lost, apply to the Company for a replacement new share certificate in respect of such shares (the "Relevant Shares").

If a shareholder of Domestic-Invested Shares loses his share certificate and applies for a replacement new share certificate, it shall be dealt with in accordance with Article 150 of the Company Law.

If a shareholder of Overseas-Listed Foreign-Invested Shares loses his share certificate and applies for a replacement new share certificate, it may be dealt with in accordance with the laws, the rules of the stock exchange and other relevant regulations of the place where the original register of holders of Overseas-Listed Foreign-Invested Shares is maintained.

If a shareholder of H Shares loses his share certificate and applies for a replacement new share certificate, the issue of such certificate shall comply with the following requirements:

- (1) The applicant shall submit an application to the Company in the form prescribed by the Company accompanied by a notarial certificate or a statutory declaration stating the grounds upon which the application is made and the circumstances and evidence of the loss of the original certificate and declaring that no other person is entitled to be registered as a shareholder in respect of the Relevant Shares.
- (2) Before the Company decides to issue the replacement new share certificate, no statement made by any person other than the applicant declaring that he shall be registered as a shareholder in respect of the Relevant Shares has been received.
- (3) The Company shall, if it decides to issue a replacement new share certificate to the applicant, make an announcement of its decision at least once every 30 days for a period of 90 days in such newspapers as may be designated by the board of directors.
- (4) The Company shall have, prior to publication of its decision to issue a replacement new share certificate, delivered to the stock exchange on which its shares are listed a copy of the announcement to be published. The Company may publish the announcement upon receiving a confirmation from such stock exchange that the announcement has been exhibited in the premises of the



stock exchange. The announcement shall be exhibited in the premises of the stock exchange for a period of 90 days.

In the case of an application to issue a replacement new certificate being made by a person claimed to be a holder of shares without the consent of the registered holder of the Relevant Shares, the Company shall deliver by mail to such registered shareholder a copy of the announcement to be published.

- (5) If, by the expiration of the 90-day period referred to in paragraphs (3) and (4) of this Article, the Company shall not have received from any person notice of any disagreement to such application, the Company may issue a replacement new share certificate to the applicant accordingly.
  - (6) Where the Company issues a replacement new share certificate under this Article, it shall forthwith cancel the original share certificate and enter the cancellation and replacement issue in the register of shareholders accordingly.
  - (7) All expenses relating to the cancellation of an original share certificate and the issue of a replacement new share certificate by the Company shall be borne by the applicant. The Company may refuse to take any action until reasonable security is provided by the applicant for such expenses.
52. Where the Company issues a replacement new share certificate in accordance with these Articles, the name (title) of a bona fide purchaser gaining possession of such new share certificate or the person who is subsequently entered in the register of shareholders as holder of such shares (if he is a bona fide purchaser) shall not be removed from the register of shareholders.
53. The Company shall not be liable for any damage sustained by any person as a result of the cancellation of the original share certificate or the issue of a replacement new share certificate, unless the claimant proves that the Company has acted fraudulently.

## **Chapter 7 Rights and Obligations of Shareholders**

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

A shareholder shall enjoy the rights and bear the obligations according to the class and the proportion of the shares held by him; shareholders who hold shares of the same class shall enjoy the same rights and bear the same obligations.

In the case of joint shareholders, if one of the joint shareholders dies, the living joint shareholder(s) shall be deemed as the owner(s) of such shares. While the board of directors shall have right to ask for appropriate evidence of death on its discretion for the purpose of amending the registers of shareholders. Only the joint shareholders on the head of the lists shall have the right to take over the shares, to receive the notices from the Company, to present at the shareholders' general meeting and to exercise the voting rights. Any notice delivered to the said shareholders shall be





deemed delivered to all the joint shareholders of relevant shares.

55. The ordinary shareholders of the Company shall enjoy the following rights:
- (1) The right to dividends and other distributions in proportion to the number of shares held by him;
  - (2) The right to attend or appoint a proxy to attend shareholders' general meetings and to vote thereat;
  - (3) The right to supervise the Company's business operations, and the right to present proposals and inquiries;
  - (4) The right to transfer shares in accordance with the laws, administrative regulations and these Articles;
  - (5) the right to obtain relevant information in accordance with the provisions of these Articles, including:
    - (i) the right to obtain a copy of these Articles, subject to payment of the cost thereof;
    - (ii) the right to inspect and copy, subject to payment of a reasonable charge:
      - (a) all parts of the register of shareholders;
      - (b) the personal particulars of each of the directors, supervisors, general manager, deputy general manager and other senior officers of the Company, including present name and alias and any former name or alias, principal address (residence), nationality, primary and all other part-time occupations and duties and identification documents and their relevant numbers;
      - (c) state of the Company's share capital;
      - (d) reports showing the aggregate par value, quantity and the highest and lowest price paid in respect of each class of the shares repurchased by the Company since the end of last accounting year and the total amount paid by the Company for this purpose;
      - (e) minutes of shareholders' general meetings and accountant's report;
  - (6) in the event of the termination or liquidation of the Company, to participate in the distribution of surplus assets of the Company according to the number of shares held by him;
  - (7) other rights conferred by laws, administrative regulations and these Articles.



56. The ordinary shareholders of the Company shall have the following obligations:

- (1) to abide by these Articles;
- (2) to pay subscription monies in accordance with the number of shares subscribed and the method of subscription;
- (3) other obligations imposed by laws, administrative regulations and these Articles.

A shareholder is not be liable to make any further contribution to the share capital other than the terms agreed by the subscriber of the relevant shares at the time of subscription.

Any rights attached to the shares held by any one owning any direct or indirect interests cannot be impaired in the way of freezing or by any other means due to its failure to disclose its interests.

57. In addition to the obligations imposed by laws and administrative regulations or the listing rules of the stock exchange on which shares of the Company are listed, a controlling shareholder, when exercising his rights as a shareholder, shall not exercise his voting rights to make a decision which is prejudicial to the interests of the shareholders generally or of some of the shareholders of the Company in respect of the following matters:

- (1) to relieve a director or supervisor of his duty to act honestly in the best interests of the Company;
- (2) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person), in any guise, of the Company's assets, including (without limitation) opportunities beneficial to the Company;
- (3) to approve the expropriation by a director or supervisor (for his own benefit or for the benefit of another person) of the individual rights of other shareholders, including (without limitation) rights to distributions and voting rights, but not including a restructuring of the Company submitted to and approved by shareholders' general meeting in accordance with these Articles.

58. For the purposes of the preceding Article, a "controlling shareholder" means a person who satisfies any one of the following conditions:

- (1) he alone or acting in concert with others has the power to elect more than half of the directors;
- (2) he alone or acting in concert with others has the power to exercise or to control the exercise of 30% or more of the voting rights in the Company;
- (3) he alone or acting in concert with others holds 30% or more of the issued

shares of the Company;

- (4) he alone or acting in concert with others in any other manner controls the Company in fact.

### **Chapter 8 Shareholders' General Meetings**

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

60. The shareholders' general meeting shall have the following functions and powers:

- (1) to determine the Company's operational policies and investment plans;
- (2) to elect and replace directors and decide on matters relating to the remuneration of directors;
- (3) to elect and replace supervisors who are representatives of shareholders and independent supervisors, and decide on matters relating to the remuneration of supervisors;
- (4) to examine and approve reports of the board of directors;
- (5) to examine and approve reports of the supervisory committee;
- (6) to examine and approve the Company's proposed annual preliminary and final financial budgets;
- (7) to examine and approve the Company's profit distribution plans and plans for making up losses;
- (8) to decide on increases or decreases in the Company's registered capital;
- (9) to decide on matters such as merger, division, dissolution and liquidation of the Company;
- (10) to decide on the issue of debentures by the Company;
- (11) to decide on the appointment, dismissal or disengagement of the accountants of the Company;
- (12) to amend these Articles;
- (13) to consider resolutions raised by shareholders who represent 5% or more of the total shares of the Company carrying the right to vote;
- (14) to decide on other matters which require resolution of the shareholders in general meeting according to laws and administrative regulations or these



Articles.

The shareholder's general meeting can authorize or appoint the board of directors to carry on items as authorized and appointed

61. The Company shall not, without the prior approval of the shareholders in general meeting, enter into any contract with any person other than a director, supervisor, general manager, deputy general manager or other senior officer whereby the management of the whole or any substantial part of the business of the Company is to be handed over to such person.
62. Shareholders' general meetings are divided into annual general meetings and extraordinary general meetings. Shareholders' general meetings shall be convened by the board of directors. Annual general meetings shall be held once every year and within 6 months from the end of the preceding financial year.

Under any of the following circumstances, the board of directors shall convene an extraordinary general meeting within 2 months:

- (1) when the number of directors is less than the number required by the Company Law or two-thirds of the number specified in these Articles;
  - (2) when the unrecovered losses of the Company amount to one-third of the total amount of its share capital;
  - (3) when shareholders holding 10% or more of the Company's issued and outstanding shares carrying voting rights requests in writing the convening of an extraordinary general meeting;
  - (4) when the board of directors considers necessary or upon the request of the supervisory committee.
  - (5) upon two independent directors' request
63. When the Company convenes a shareholders' general meeting, written notice of the meeting shall be given 45 days prior to the date of the meeting to notify all shareholders registered in the register of shareholders of the matters to be considered and the date and the place of the meeting. A shareholder who intends to attend the meeting shall deliver his written reply confirming the attendance of the meeting to the Company 20 days prior to the date of the meeting.
  64. When the Company convenes a shareholders' annual general meeting, shareholders holding 5% or more of the total voting shares of the Company shall have the right to propose new motions in writing, and the Company shall place those matters in the proposed motions within the scope of the functions and powers of the shareholders' general meeting on the agenda.
  65. The Company shall, based on the written replies received from shareholders 20 days

prior to the date of the shareholders' general meeting, calculate the number of voting shares represented by shareholders who intend to attend the meeting. If the number of voting shares represented by shareholders who intend to attend the meeting is more than half of the total number of voting shares in the Company, the Company may hold the meeting; if not, then the Company shall within 5 days notify shareholders again by publishing an announcement of the matters proposed to be considered at and the date and place of the meeting. The Company may then hold the meeting after publishes of such announcement.

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

66. A notice of shareholders' meeting shall meet the following requirements:
- (1) be in writing;
  - (2) specify the place, the date and the time of the meeting;
  - (3) state the matters to be discussed at the meeting;
  - (4) provide the shareholders with such information and explanation as are necessary for them to make an informed decision on the matters put before them. Without limiting the generality of the foregoing, where a proposal is made for the Company to merge with another, to repurchase shares, to reorganize its share capital, or to restructure in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed contract, if any, and the cause and effect of such proposal must be fully and properly explained;
  - (5) contain a disclosure of the nature and extent, if any, of the material interests of any director, supervisor, general manager, deputy general manager or other senior officer in the matter to be discussed and the effect of the matter on them in their capacity as shareholders in so far as it is different from the effect on the other shareholders of the same class;
  - (6) contain the full text of any special resolution to be proposed at the meeting;
  - (7) contain conspicuously a statement that a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote at the meeting instead of him and that a proxy so appointed need not be a shareholder;
  - (8) specify the time and place for lodging written reply and proxy forms for the relevant meeting.
67. Notices of shareholders' general meetings shall be served on the shareholders registered at the shareholding determining date (whether or not they are entitled to vote at the meeting) by personal delivery or prepaid mail to their addresses registered in the register of shareholders. For the holders of Domestic-Invested Shares, notices



of shareholders' general meetings may also be given by way of public announcement.

The public announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities regulatory authority of the State Council within the interval between 45 to 50 days prior to the date of the meeting. Upon the publication of announcement, all holders of Domestic-Invested Shares shall be deemed to have received notice of the relevant shareholders' meeting.

68. The accidental omission to give notice of a meeting to, or the failure to receive notice of a meeting by any person entitled to receive notice shall not invalidate that meeting and the resolutions passed at that meeting.
69. Any shareholder entitled to attend and vote at a shareholders' general meeting shall be entitled to appoint one or more persons (whether or not a shareholder) as his proxy to attend and vote on his behalf. A proxy so appointed shall be entitled to exercise the following rights in accordance with the authorization from that shareholder:
  - (1) the shareholder's right to speak at the meeting;
  - (2) the right to demand, whether on his own or together with others, a poll;
  - (3) the right to vote by hand or on a poll, but a proxy of a shareholder who has appointed more than one proxy may only vote on a poll.

Where that shareholder is a recognized clearing house within the meaning of the Securities and Futures (Clearing Houses) Ordinance (Cap.420 of the Law of Hong Kong) or its proxy (the "recognized clearing house"), it may authorize such person or persons as it thinks fit to act as its representative (representatives) at any shareholders' general meeting or any meeting of any class of shareholders provided that, if more than one person is so authorized, the authorization must specify the number and class of shares in respect of which such person is so authorized. The person so authorized will be entitled to exercise the same power on behalf of the recognized clearing house as that clearing house could exercise if it were an individual shareholder of the Company.

70. An instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorized in writing, of if the appointer is a legal person, either under seal of that legal person or under the hand of a director of that legal person or attorney duly authorized. The instrument appointing a proxy shall clearly bear the amount of shares represented by the proxy. If more than one person is appointed, the instrument appointing a proxy shall clearly bear the amount of shares represented by each proxy respectively.
71. The instrument appointing a voting proxy shall be deposited at the Company's domicile or at such other place as is specified in the notice convening the meeting not less than 24 hours prior to the time for holding the meeting at which the proxy

propose to vote or the time specified for the passing of the resolution. If such instrument is signed by another person under a power of attorney or other authorization documents given by the appointer, such power of attorney or other authorization documents shall be notarized. The notarized power of attorney or other authorization documents shall, together with the instrument appointing the voting proxy, be deposited at the Company's domicile or at such other place as is specified in the notice convening the meeting.

If the appointer is a legal person, its legal representative or any person authorized by resolutions of its board of directors or other governing body shall attend the shareholder's meeting as the appointer's representative.

72. Any form issued to a shareholder by the board of directors for the purpose of appointing a proxy shall be such as to enable the shareholder, according to his free will, to instruct his proxy to vote in favor of or against the motions proposed and in respect of each individual matters to be voted on at the meeting. Such a form shall contain a statement that in the absence of instructions from the appointer, the proxy may vote as he thinks fit.
73. A vote made by a proxy in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or loss of capacity of the appointer or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the relevant shares, provided that no notice in writing of such events shall have been received by the Company prior to the commencement of the relevant meeting.
74. A proxy who attends a shareholders' general meeting on behalf of a shareholder shall present his identification document. If a shareholder who is a legal person appoints its legal representative to attend the meeting, the legal representative shall present his own identification document and a notarially certified copy of the resolutions of the board of directors or other governing body of the shareholder authorizing the legal representative or other certified copies as acknowledged by the Company, the latter one does not apply to the recognized clearing house.
75. Resolutions of shareholders' general meetings shall be divided into ordinary resolutions and special resolutions.

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

Shareholders presenting at the shareholders' general meeting (including the shareholders' proxy) shall distinctively vote for or against each item. Any abstention or given up votes shall not be considered as effective votes in calculating the final voting result.

Where any shareholder is, under the GEM Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against



particular resolution, any vote cast or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

76. A shareholder (including proxy), when voting at a shareholders' general meeting, shall exercise voting rights in accordance with the number of shares carrying the right to vote and each share shall have one vote.
77. At any shareholders meeting, voting shall be made by a show of hands unless a poll (before or after any vote by a show of hands) is demanded:
- (1) by the chairman of the meeting;
  - (2) by at least two shareholders, present in person or by proxy, who have the right to vote;
  - (3) by one or more shareholders, present in person or by proxy, who, alone or together, represent 10% or more of all shares carrying the right to vote at the meeting.

Unless a poll is so demanded, a declaration by the chairman based on the result of a show of hands as to whether a resolution has been passed and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without the necessity to produce evidence of the number or proportion of the votes recorded in favor of and against such resolution at the meeting.

The demand for a poll may be withdrawn by the person who makes such demand.

78. A poll demanded on the election of the chairman of the meeting or on a question of adjournment of the meeting shall be taken forthwith. A poll demanded on any other matters shall be taken at such time as the chairman of the meeting decides, and the meeting may proceed to consider and vote on other matters. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.
79. On a poll taken at a meeting, a shareholder (including proxy) entitled to two or more votes need not cast all his votes in the same way.
80. In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands takes place or at which the poll is demanded shall be entitled to one additional vote.
81. The following matters shall be resolved by an ordinary resolution of a shareholders' general meeting:
- (1) work reports of the board of directors and the supervisory committee;
  - (2) proposals formulated by the board of directors for distribution of profits and for making up losses;





- (3) removal of the members of the board of directors and of the supervisory committee, their remuneration and method of payment;
  - (4) annual preliminary and final budgets, balance sheets, profit and loss accounts and other financial statements of the Company;
  - (5) matters other than those required by the laws and administrative regulations or these Articles to be adopted by special resolutions.
82. The following matters shall be resolved by a special resolution of a shareholders' general meeting:
- (1) the increase or reduction of the Company's share capital and the issue of share of any class, warrants and other similar securities;
  - (2) the issue of debentures of the Company;
  - (3) the division, merger, dissolution and liquidation of the Company;
  - (4) amendments to these Articles;
  - (5) amendments to rights of holders holding different categories of shares; and
  - (6) any other matters considered by the shareholders' general meeting, resolved by way of an ordinary resolution, to be of a nature which may have a material impact on the Company and should be adopted by a special resolution.

Any resolution passed by the general meeting shall be in compliance with the laws, administrative regulations of China and provisions of these Articles.

83. Shareholders requisitioning the convening of extraordinary general meetings of shareholders or class meetings shall abide by the following procedures:
- (1) Two or more shareholders holding in aggregate 10% or more of the shares carrying the right to vote at the meeting sought to be held shall sign a written requisition in one or more counterparts in the same form and contents, requiring the board of directors to convene a shareholders' extraordinary general meeting or a class meeting thereof and stating the matters to be considered at the meeting. The board of directors shall as soon as possible after receipt of the requisition proceed to convene a shareholders' extraordinary general meeting or a class meeting thereof.

The amount of shareholdings of the requisitioning shareholders referred to in the preceding paragraph shall be calculated as at the date of the deposit of the requisition.

- (2) If the board of directors fails to issue a notice of such a meeting within 30 days from the date of receipt of the requisition, the requisitioning shareholders may



themselves convene such a meeting within 4 months of the receipt of the requisition by the board of directors. In so convening a meeting, the requisitioning shareholders should adopt a procedure as similar as possible as that of shareholders' general meetings to be convened by the board of directors.

All reasonable expenses incurred in connection with a meeting convened by any shareholders themselves by reason of the failure of the board of directors to convene a meeting pursuant to a requisition shall be borne by the Company and shall be set off against sums owed by the Company to the directors in default.

84. The Chairman of the board of directors shall convene and take the chair of every shareholders' general meeting. If the Chairman is unable to attend the meeting for any reason, the vice- chairman shall convene and take the chair of the meeting. If both the Chairman and the vice- chairman(s) are unable to attend the meeting, then the board of directors may designate a director to convene and take the chair of the meeting. If no chairman of the meeting has been so designated, the shareholders present at the meeting may elect a person to act as the chairman of the meeting. If for any reason, the shareholders shall fail to elect a chairman, then the shareholder present at the meeting in person or by proxy and holding the largest number of shares carrying the right to vote thereat shall be the chairman of the meeting.
85. The chairman of the meeting shall be responsible for the determination of whether a resolution of the shareholders' general meeting is passed. His decision shall be final and shall be announced at the meeting and recorded in the minute book.
86. If the chairman of the meeting has any doubt as to the result of a resolution put to the vote, he may have the votes counted. If the chairman of the meeting fails to have the votes counted, any shareholder who is present in person or by proxy and who objects to the results announced by the chairman of the meeting may demand that the votes be counted immediately after the declaration of results, and the chairman of the meeting shall have the votes counted immediately.
87. If votes are counted at a shareholders' general meeting, the result of the count shall be recorded in the minute book.

Minute shall be made in respect of all resolutions passed at a shareholders' general meeting and signed by directors present at the meeting. The minutes, shareholders' attendance list and proxy forms shall be kept at the Company's domicile.

88. Shareholders may, during the business hours of the Company, inspect copies of the minutes of any shareholders' general meetings without charge. If a shareholder requests from the Company a copy of the minutes of any meeting, the Company shall send a copy of such minutes to him within 7 days after receipt of reasonable charges.

## **Chapter 9 Special Procedures for Voting by A Class of Shareholders**



89. Those shareholders who hold different classes of shares are shareholders of different classes.  
A class of shareholders shall enjoy rights and bear obligations in accordance with the laws and administrative regulations and these Articles.
90. The Company may not vary or abrogate the rights of any class of shareholders unless approved by a special resolution of the shareholders' general meeting and by the holders of shares of that class at a separate meeting conducted in accordance with Articles 92 to 96 hereof.
91. The following circumstances shall be deemed to be a variation or abrogation of the rights of a class of shareholders:
- (1) To increase or decrease the number of shares of such class, or increase or decrease the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
  - (2) To effect an exchange of all or part of the shares of such class into shares of another class or to effect an exchange or create a right of exchange of all or part of the shares of another class into the shares of such class;
  - (3) To remove or reduce rights to accrued dividends or rights to cumulative dividends attached to shares of such class;
  - (4) To reduce or remove a dividend preference or a liquidation preference attached to shares of such class;
  - (5) To add, remove or reduce any conversion privileges, options, voting rights, transfer or pre-emptive rights, or rights to acquire securities of the Company attached to shares of such class;
  - (6) To remove or reduce rights to receive payments payable by the Company in particular currencies attached to shares of such class;
  - (7) To create a new class of shares having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
  - (8) To restrict the transfer or ownership of the shares of such class or add to such restriction;
  - (9) To issue of rights to subscribe for, or convert into, shares in the Company of such class or another class;
  - (10) To increase the rights or privileges of shares of another class;
  - (11) To restructure the Company where the proposed restructuring will result in different classes of shareholders bearing a disproportionate amount of

obligations in such restructuring;

(12) To vary or abrogate the provisions of this Chapter.

The following circumstances shall not be deemed to a variation or abrogation of the rights of a class of shareholders and the special procedures for voting at any meeting of a class of shareholders shall not apply:

- (1) Where the Company issues, upon the approval by special resolution of its shareholders' general meeting, either separately or concurrently once every 12 months, not more than 20% of each of its existing issued Domestic-Invested Shares and Overseas-Listed Foreign-Invested Shares;
- (2) Where the Company's plan to issue Domestic-Invested Share and Overseas-Listed Foreign-Invested Shares at the time of its establishment is carried out within 15 months from the date of approval of the securities regulatory authority of the State Council.

92. Shareholders of the affected class, whether or not entitled to vote at shareholders' general meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning sub-paragraphs (2) to (8), (11) and (12) of Article 91, but interested shareholder(s) shall have no right to vote at such meetings.

The meaning of "interested shareholder(s)" as referred to in the preceding paragraph is:

- (1) in the case of a repurchase of shares by offers to all shareholders or public dealing on a stock exchange under Article 34 hereof, a controlling shareholder within the meaning of Article 58 hereof;
- (2) in the case of a repurchase of shares by an off-market contract under Article 34 hereof, a shareholder to whom the proposed contract is related;
- (3) in the case of a restructure of the Company, a shareholder within a class who bears less than a proportionate amount of obligations imposed on the shareholders of that class or who has an interest different from the interest of the other shareholders of that class.

93. Resolutions of meetings of a class of shareholders shall be passed by votes representing more than two-thirds of the voting rights of shareholder of that class present at the meeting who are entitled to vote at the meeting according to Article 92 hereof.

Where any shareholder is, under the GEM Listing Rules, required to abstain from voting on any particular resolution in a class meeting or restricted to voting only for or only against particular resolution in a class meeting, any vote cast or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

94. Written notice of a class meeting shall be given by the Company 45 days prior to the date of the meeting to notify all the registered shareholders holding shares of that class of the matters to be considered at the meeting and the date and place of the meeting. A shareholder who intends to attend the meeting shall deliver a written reply confirming his attendance at the class meeting to the Company 20 days prior to the date of the meeting.

If the number of shares carrying voting rights at the meeting represented by the shareholders who intends to attend the class meeting is more than half of the voting shares at the class meeting, the Company may hold the class meeting; if not, the Company shall within 5 days notify the shareholders of that class again by a public announcement of the matters to be considered at the meeting, the date and place of the meeting. The Company may then hold the class meeting after such public announcement is made,.

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

Meetings of any class of shareholders shall be conducted in a manner as similar as possible to that of general meetings of shareholders. The provisions of these Articles relating to the proceedings of shareholders' general meeting shall apply to any meeting of a class of shareholders.

96. Apart from the holders of other classes of shares, the holders of Domestic-Invested Shares and holders of Overseas-Listed Foreign-Invested Shares shall be deemed to be shareholders of different classes.

Except other class shareholders, Domestic-Invested Shareholders and Overseas-Listed Foreign-Invested Shareholders are deemed as different class shareholders. The special voting procedures for class shareholders shall not apply to the following circumstances:

- (1) where the Company issues, upon the approval by special resolution of its shareholders in general meeting, either separately or concurrently once every twelve months, not more than 20 percent of each of its existing issued Domestic-Invested Shares or Overseas-Listed Foreign-Invested Shares;
- (2) where the Company's plan (made at the time of its establishment) to issue Domestic-Invested Shares and Overseas-Listed Foreign-Invested Shares is completed within 15 months from the date on which approval is given by the securities regulatory authorities of the State Council.

## Chapter 10 Board of Directors

97. The Company shall have a board of directors. The board of directors shall consist of 11 directors, comprising 1 chairman, 1 to 2 vice-chairman(s) and 5 directors. More than half of the directors shall be external directors (the directors who don't hold posts in the Company), including at least 3 independent directors (the directors who



are independent from the shareholders of the Company and don't hold posts in the Company).

The board of directors shall establish professional committees for strategic decision, auditing and salary if needed.

98. Directors shall be elected at the shareholders' general meeting. The term of office of the directors is 3 years. At the expiry of a director's term, the term is renewable upon re-election.

Notice in writing of the intention to propose a person for election as a director and notice in writing by that person of his willingness to be elected shall have been given to the Company 7 days before the date of such shareholder's general meeting. The period for lodgment of the notices referred to in this paragraph will commence no earlier than the day after the dispatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting.

The number of directors elected each term shall not be less than the number as provided in Article 97 and shall not exceed the ceiling number of directors elected through ordinary voting by the shareholders' general meeting. When the number of directors elected exceeds the ceiling number, the elected directors shall be determined by the number of votes by sequence.

The Chairman and Vice-chairman(s) shall be elected and removed by more than one half of all the members of the board of directors. The term of office for each of the Chairman and the Vice-chairman(s) is 3 years, renewable upon re-election.

The term of office of any one appointed by the board of directors as director to fill up the temporary vacancy of the board of directors or augmentatively appointed as director shall be valid until the next shareholders' anniversary general meeting, and such person are qualified to be re-elected.

The shareholders' general meeting may by special resolution remove any director before the expiration of his term of office (but without prejudice to such director's right to claim damages based on any contract) on the condition that all the relevant laws and administrative regulations are fully complied with.

The external directors shall have sufficient time, essential knowledge and ability to discharge their duties. When the external directors are discharging their duties, the Company shall provide necessary information. The independent directors (not executing directors) may report directly to the shareholders' general meeting, CSRC and relevant governmental organizations.

A director shall not be required to hold shares of the Company.

99. The board of directors is responsible to the shareholders' general meeting and exercises the following powers:



- (1) to be responsible for the convening of the shareholders' general meetings and to report on its work at such meetings;
- (2) to implement the resolutions of shareholders' general meetings;
- (3) to decide on the Company's business plans and investment plans;
- (4) to formulate the Company's annual preliminary and final financial budgets;
- (5) to formulate the Company's profit distribution plan and plan for making up losses;
- (6) to formulate the debt and financial policies, proposals for increases or reductions in the Company's registered capital and the issue of debentures of the Company;
- (7) to prepare plans for important acquisitions or sales, merger, division or dissolution of the Company;
- (8) to decide on the establishment of the Company's internal management structure;
- (9) to appoint or dismiss the Company's general manager, and pursuant to the general manager's nominations to appoint and dismiss the deputy general manager, the financial controller and secretary of the board of directors of the Company and decide on their remuneration;
- (10) to establish the Company's basic management system;
- (11) to formulate proposals for any amendments to these Articles;
- (12) to decide other important affairs and administrative affairs besides the affairs to be decided by the general meeting as regulated by Company Law and the provisions of these Articles, and to sign other important agreements.
- (13) to exercise any other powers conferred by the shareholders' general meetings.

Except the board of director's resolutions in respect of the matter specified in sub-paragraphs (6), (7) and (11) of this Article which shall be passed by more than two-thirds of all the directors, the board of director's resolutions in respect of all other matters may be passed by more than one half of all the directors.

100 The board of directors shall not, without the prior approval of shareholders in a general meeting, dispose or agree to dispose of any fixed assets of the Company where the aggregate of the amount or value of the consideration for the proposed disposition, and the amount or value of the consideration for any such disposition of any fixed assets of the Company that has been completed in the period of 4 months immediately preceding the proposed disposition, exceeds 33% of the value of the



Company's fixed assets as shown in the last balance sheet placed before the shareholders in general meeting.

For the purposes of this Article, a disposal of fixed assets includes an act involving the transfer of an interest in fixed assets but does not include the provision of security with fixed assets.

The validity of a transaction entered into by the Company for the disposal of fixed assets shall not be affected by the breach of the first paragraph of this Article.

In making decisions on market development, merger and acquisition, investment in new areas, if the amount of investment or merger & acquisition is more than 10% of the Company's total assets, the board of directors shall engage consulting organizations to provide opinions as important basis for decision making.

101 The board of directors shall carry out its duties in compliance with the laws and administrative regulations, these Articles and resolutions of the shareholders' general meetings.

102 The Chairman of the board of directors exercises the following powers:

- (1) to preside shareholders' general meetings and to convene and preside meetings of the board of directors;
- (2) to supervise the implementation of resolutions of the board of directors;
- (3) to sign the securities certificates issued by the Company;
- (4) to exercise other powers conferred by the board of directors.

Where the Chairman is unable to exercise his powers, he may designate the Vice- chairman to exercise such powers on his behalf.

103 Meetings of the board of directors shall be held at least twice every year and convened by the Chairman of the board of directors. Notice of the meeting shall be served on all directors 10 days before the date of the meeting. In case of any urgent matters, upon requisition by more than three directors or by two independent directors, an extraordinary meeting of the board of directors may be held; upon requisition by the general manager, an extraordinary meeting of the board of directors may be held, and shall not be restricted by notifying ways of meeting as provided in Article 104.

With regard to the important matters which shall be decided by the board of directors, all directors shall be noticed in advance in compliance with the time as stipulated in this Articles of Association and be provided enough information. Directors are entitled to request supplementary information. The board of directors shall postpone the meetings of the board of directors or part of the matters which are to be discussed by the board of directors upon the requisition by more than a quarter





of directors or two external directors who consider the information not to be enough or consider the demonstration not to be clear and definite.

104 Meetings and extraordinary meetings of the board of directors shall be notified in the following ways:

- (1) No notice of director's regular meeting is required, if the time and place of regular meetings of the board of directors have been fixed by the board of directors in advance;
- (2) Notice of the time and place of a meeting of the board of director for which the time and place have not otherwise set in advance by the board of directors shall be sent by the Chairman through the secretary to the board of directors to each of the directors and the chairman of the supervisory committee by telex, telegram, facsimile, express delivery, registered mail or personal delivery not less than 10 days before the meeting, unless otherwise provided by Article 103;
- (3) Notices shall be in Chinese and, where necessary, in English also and shall include an agenda of the meeting. Any director may waive its right of requesting notification from the board of directors

Notice of a meeting shall be deemed to have been given to a director who attends the board meeting without protesting against, before or upon his attendance at the meeting, any lack of notice.

Any regular or extraordinary meeting of the board of directors may be held by conference telephone or similar communication equipment so long as all directors participating in the meeting can clearly hear and communicate with each other, and all such directors shall be deemed to be present in person at the meeting.

105 A meeting of the board of directors (including the directors appointing other directors to present at the meeting through written power of attorney as provided by Article 106) shall be held only if more than half of all the directors are present.

Each director shall have one vote. Resolutions of the board of directors must be passed by more than half of all the directors.

Where the number of votes cast for and against a resolution are equal, the Chairman shall have the right to cast an additional vote.

The opinions of independent directors shall be clearly stated in resolutions of the board of directors. Connected transactions of the Company shall not be effective without the signatures of independent directors.

106 Directors shall attend the meetings of the board of directors in person. Where a director is unable to attend a meeting for any reason, he may appoint another director by a written power of attorney to attend the meeting on his behalf. The power of attorney shall set out the scope of the authorization.



A director appointed as a representative of another director to attend the meeting shall exercise the rights of a director within the scope of authority conferred by the appointing director. Where a director is unable to attend a meeting of the board of directors and has not appointed a representative to attend the meeting on his behalf, he shall be deemed to have waived his right to vote at the meeting.

Fees arising from directors' attending board meetings shall be paid by the Company. These fees include transportation fees accrued (if directors' locations are different from that of the place of meetings) and the board and lodging fees arising from the term of the board meetings. The rental of place for meetings and other local transportation fees shall also be paid by the Company.

In respect of any matter requiring the resolution of any extraordinary meeting of the board of directors, the board of directors may accept written proposals instead of board meetings. A resolution approved in writing by at least such number of directors as may be required pursuant to Article 99 hereof after the resolution has been reduced into writing (including delivery by courier, mail or facsimile), and delivered to all the directors, shall be deemed to be a valid resolution and a board meeting shall be dispensed with.

Minutes shall be made in Chinese in respect of all resolutions passed at a board meeting, whether a board meeting is held or not. The meeting minutes of each board meeting shall be circulated to all directors for review. Directors who want to make amendments or supplements shall make a report in writing to the chairman of the board within one week after its receipt of such minutes. After the finalization of such minutes, all the directors presenting at the meeting together with the recorder shall sign on the minutes. The minutes shall be deposited at the Company's domicile located inside China and the copies shall be distributed to all directors.

- 107 The board of directors shall keep minutes of resolutions on matters discussed at the meeting. The minutes shall be signed by the directors present at the meeting and by the person who recorded the minutes. The directors shall be liable for the resolutions of the board of directors. If a resolution of the board of directors violates the laws, administrative regulations or these Articles and results in the Company sustaining serious losses, the directors participating in the resolution shall be liable to compensate the Company. If, however, it can be proven that a director expressly objected to the decision when the resolution is voted on and that such objection is recorded in the minutes of the meeting, such director may be released from such liability.

### **Chapter 11 Secretary of the Board of Directors**

- 108 The Company shall have one secretary of the board of directors who shall be a senior officer of the Company.
- 109 The secretary of the board of directors shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the board of



directors. His primary responsibilities are to ensure that:

- (1) the Company has complete organizational documents and records;
- (2) the Company prepares and submits all reports and documents required by the competent authorities entitled thereto in accordance with law;
- (3) the Company's registers of shareholders are properly maintained, and that persons entitled to the Company's records and documents are furnished with such records and documents without delay.

110 A director or other senior officer of the Company may hold the office of the secretary of the board of directors concurrently. The accountant(s) of the certified public accountants appointed by the Company shall not act as the secretary of the board of directors.

Provided that where the office of the secretary of the board of directors is held concurrently by a director, and an act is required to be done by a director and the secretary separately, the person who holds the office of director and secretary may not perform the act in dual capacity.

## **Chapter 12 General Manager**

111 The Company shall have one general manager, who shall be appointed and dismissed by the board of directors. The Company shall have a certain number of deputy general managers, one financial controller who will assist the general manager in his work and who shall be appointed and dismissed by the board of directors upon the nomination by the general manager. A director of the Company may act concurrently as the general manager or deputy general manager.

112 The general manager shall be accountable to the board of directors and exercise the following functions and powers:

- (1) to be in charge of the Company's production, operation and management and to organize the implementation of the resolutions of the board of directors;
- (2) to organize the implementation of the Company's annual business plan and investment plan;
- (3) to draft plans for the establishment of the Company's internal management structure;
- (4) to draft the Company's basic management system;
- (5) to formulate basic rules and regulations of the Company;
- (6) to propose the appointment or dismissal of the Company's deputy general managers and the financial controller;

- (7) to appoint and dismiss management personnel other than those required to be appointed or dismissed by the board of directors;
  - (8) other functions and powers conferred by these Articles and the board of directors.
- 113 The general manager shall be present at meetings of the board of directors. The general manager has no voting rights at the board meetings unless he is also a director.
- 114 The general manager and deputy general manager shall not, in performing their functions and powers, vary the resolutions of shareholders' general meetings and those of the board of directors or exceed the scope of their authorities.
- 115 The general manager and deputy general manager shall, in performing their functions and powers, act honestly and diligently and in accordance with the laws and administrative regulations and these Articles.

The general manager and deputy general manager shall give written notification to the board of directors 3 months in advance of his resignation. Division managers shall notify the general manager 2 months in advance of his resignation.

### **Chapter 13 Supervisory Committee**

- 116 The Company shall have a supervisory committee. The supervisory committee is a standing supervisory body of the Company and is responsible for supervising the board of directors and its members, general manager, deputy general manager, financial controller and other senior managers to prevent power abuse and to prevent violating the rights of shareholders, the Company and the Company's employees.
- 117 The supervisory committee shall be composed of 5 members, one of whom shall be the chairman of the supervisory committee.

The term of office of supervisors shall be 3 years, renewable upon re-election.

The chairman of the supervisory committee shall be elected and removed with the consent of two-thirds or more of all the supervisors.

The term of office of the chairman shall be 3 years, renewable upon re-election.

- 118 The supervisory committee shall comprise of 2 representatives of shareholders who shall be elected and removed by the shareholders' general meeting, 2 independent supervisors (the supervisors who are independent from the shareholders of the Company and don't have posts in the Company) and 1 representative of the employees of the Company who shall be elected and removed by the employees of the Company democratically. More than half of the supervisors of the supervisory committee shall be external supervisors (the supervisors who don't have posts in the



Company).

The supervisory committee may set up one administrative body to be responsible for routine affairs.

- 119 The directors, general manager, deputy general managers, financial officer and other senior managers of the Company shall not act concurrently as supervisors.
- 120 Meetings of the supervisory committee shall be held at least once every 12 months, and shall be convened by the chairman of the supervisory committee.
- 121 The supervisory committee shall be accountable to the shareholders' general meeting and exercise the following functions and powers in accordance with law:
- (1) to examine the Company's financial situation;
  - (2) to supervise the directors, general manager, deputy general manager and other senior officers to see whether they act in contravention of the laws, administrative regulations and these Articles in the performance of their duties;
  - (3) to demand rectification from a director, general manager, deputy general manager or other senior officer when acts of such persons are detrimental to the interests of the Company;
  - (4) to check the financial information such as the financial report, business report and plans for profit distribution to be submitted by the board of directors to the shareholders' general meeting and, should any queries arise, to appoint, in the name of the Company, public certified accountants and practicing auditors to assist in such check;
  - (5) to propose to convene a shareholders' extraordinary general meetings;
  - (6) to represent the Company in negotiation with or bring an action a director;
  - (7) other functions and powers specified in these Articles.

The supervisory committee can express its opinions on the accounting firm engaged and can engage another accounting firm in the name of the Company to check the review the financial affairs of the Company. Supervisors may report the situations directly to CSRC and other relevant authorities. Independent supervisors shall report the behavior of good faith and due diligence of the senior officers of the Company to the shareholders' general meeting.

Supervisors shall be present at meetings of the board of directors.

- 122 Resolutions of the supervisory committee shall be passed by two-thirds or more of all the supervisors.



- 123 All reasonable expenses incurred in respect of the employment of professionals such as lawyers, certified public accountants or practicing auditors as are required by the supervisory committee in exercising its functions and powers shall be borne by the Company.
- 124 A supervisor shall perform his duties honestly and faithfully in accordance with the laws, administrative regulations and these Articles.

**Chapter 14 The Qualification and Duties of  
the Directors, Supervisors, General Manager, Deputy General Managers and  
Other Senior Officers of the Company**

- 125 A person may not serve as a director, supervisor, general manager, deputy general manager or any other senior officer of the Company if he falls into any of the following categories:
- (1) a person without capacity for civil conduct or with restricted capacity for civil conduct;
  - (2) a person who has committed an offence of corruption, bribery, infringement of property, misappropriation of property or disrupting social and economic order, and has been published because of committing such offence; or who has been deprived of his political rights, in each case where 5 years have not yet elapsed since the date of completion of implementation of his punishment;
  - (3) a person who is a former director or factory manager or director of a company or enterprise which has entered into insolvent liquidation due to mismanagement and is personally liable for the insolvency of such company or enterprise, where 3 years have not yet elapsed since the date of completion of the insolvency and liquidation of the company or enterprise;
  - (4) a person who is a former legal representative of a company or enterprise which had its business license revoked due to a violation of the law and who incurred personal liability, where 3 years have not yet elapsed since the date of revocation of the business license of the company or enterprise;
  - (5) a person who has a relatively large amount of debts due and outstanding;
  - (6) a person who is under investigation or prosecution by judicial authorities for violation of criminal law which is not yet concluded;
  - (7) a person who is not eligible for enterprise leadership according to the laws and administrative regulations;
  - (8) a non-natural person;
  - (9) a person who is convicted by the competent authorities of contravention of provisions of the relevant securities laws and regulations, and such conviction



involves a finding that he has acted fraudulently or dishonestly, where 5 years have not yet elapsed since the date of the conviction.

126 The validity of an act of a director, general manager, deputy general manager or other senior officer on behalf of the Company shall not, vis-à-vis a bona fide third party, be affected by any irregularity in his office, election or any defect in his qualification.

127 In addition to the obligations imposed by the laws and administrative regulations or the listing rules of the stock exchange on which shares of the Company are listed, each of the Company's directors, supervisors, general manager, deputy general managers and other senior officers, owes a duty to each shareholder, in the exercise of the functions and powers of the Company entrusted to him:

- (1) not to cause the Company to operate outside the scope of business specified in its business license;
- (2) to act honestly in the best interests of the Company;
- (3) not to expropriate in any guise the Company's property, including (without limitation) usurpation of opportunities advantageous to the Company;
- (4) not to expropriate personal rights and interests of shareholders, including (without limitation) rights to distribution and voting rights, save pursuant to a restructuring of the Company submitted to and approved by the shareholders' general meeting in accordance with these Articles.

128 Each of the Company's directors, supervisors, general manager, deputy general manager and other senior officers owes a duty, in the exercise of his powers and discharge of his duties, to exercise the care, diligence and skill that a reasonably prudent person would exercise under the similar circumstances.

129 Each of the Company's directors, supervisors, general manager, deputy general managers and other senior officers shall exercise his powers and carry on his duties in accordance with the principles of fiduciary and shall not place himself in a position where his duty and his interest may conflict. This principle includes (without limitation) discharging the following obligations:

- (1) to act honestly in the best interests of the Company;
- (2) to exercise his powers within the scope of his authority and not act in excess of his powers;
- (3) to exercise the discretion vested in him personally and not to allow himself to act under the control of another person and, unless and to the extent permitted by the laws or administrative regulations or with the informed consent of shareholders given in general meeting, not to delegate the exercise of his discretion to another person;



- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) not to enter into any contract, transaction or arrangement with the Company, except in accordance with these Articles or with the informed consent of shareholders given in general meeting;
- (6) not to use the Company's property for his own benefit in any manner, except with the informed consent of shareholders given in general meeting;
- (7) not to exploit his position to accept bribes or other unlawful income or expropriate the Company's property in any manner, including (without limitation) opportunities advantageous to the Company;
- (8) not to accept any commission in connection with any transaction in which the Company is involved, except with the informed consent of shareholders given in general meeting;
- (9) to abide by these Articles, perform his duties honestly and protect the Company's interests, and not to exploit his position and power in the Company to advance his own private interests;
- (10) not to compete with the Company in any way except with the informed consent of shareholders given in general meeting;
- (11) not to misappropriate the Company's funds or lend such funds to any other person, not to open any bank account in his own name or other name for the deposit of the Company's assets and not to provide security for debt of a shareholder of the Company or any other individuals with the Company's assets;
- (12) not to disclose any confidential information of the Company acquired by him while in office or use such information other than in the interests of the Company, without the informed consent of shareholders given in general meeting, save that disclosure of such information to a court or other governmental authorities is permitted if:
  - (i) disclosure is made under compulsion of law;
  - (ii) the interests of the public require disclosure;
  - (iii) the personal interests of the relevant director, supervisor, general manager, deputy general manager or other senior officers require disclosure.

130 A director, supervisor, general manager, deputy general manager or other senior officer of the Company shall not direct the following persons or institutions (the



"Related Persons") to do what he is prohibited from doing:

- (1) the spouse or minor child of that director, supervisor, general manager, deputy general manager or other senior officer;
- (2) a person acting in the capacity of trustee for that director, supervisor, general manager, deputy general manager or other senior officer or of any person referred to in sub-paragraph (1) of this Article;
- (3) a person acting in the capacity of partner of that director, supervisor, general manager, deputy general manager or other senior officer or of any person referred to in sub-paragraphs (1) and (2) of this Article;
- (4) a company in which that director, supervisor, general manager, deputy general manager or other senior officer, alone or jointly with one or more persons referred to in sub-paragraphs (1), (2) and (3) of this Article or with any of other directors, supervisors, general manager, deputy general managers or other senior officers of the Company, have de facto control;
- (5) the directors, supervisors, general manager, deputy general managers and other senior officers of the controlled company referred to in sub-paragraph (4) of this Article.

131 The fiduciary duties of a director, supervisor, general manager, deputy general manager and other senior officer of the Company do not necessarily cease with the termination of his tenure. The duty of confidentiality in relation to trade secrets of the Company survives the termination of his term of office. Other duties may continue for such period as fairness may require depending on the time lapse between the termination of his term of office and the occurrence of the matter in question and the circumstances and the terms under which the relationships between him and the Company are terminated.

132 A director, supervisor, general manager, deputy general manager or other senior officer of the Company may be relieved of liability for a specific breach of his duty by informed consent of shareholders given in general meeting, except in the circumstances referred to in Article 57 hereof.

133 Where a director, supervisor, general manager, deputy general manager or other senior officer of the Company has, directly or indirectly, a material interest in a contract, transaction or arrangement entered into or proposed to be entered into by the Company (other than his contract of employment), he shall declare the nature and extent of his interest to the board of directors at the earliest opportunity, whether or not the matters in question are otherwise subject to the approval of the board of directors.

Director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his associates (as defined in the GEM Listing Rules) has material rights and interests nor shall be counted in the



quorum present at the meeting.

Unless the interested director, supervisor, general manager, deputy general manager or other senior officer disclose his interests in accordance with the preceding paragraph and the contract, transaction or arrangement is approved by the board of directors (subsequent to such disclosure) at a meeting at which the interested director, supervisor, general manager, deputy general manager or other senior officer is not counted in the quorum and refrain from voting, such contract, transaction or arrangement is voidable at the instance of the Company except as against a bona fide party acting without notice of the breach of duty by that director, supervisor, general manager, deputy general manager or other senior officer.

For the purpose of this Article, a director, supervisors, general manager, deputy general manager or other senior officer of the Company is deemed to be interested in a contract, transaction or arrangement in which a Related Person of him has an interest.

- 134 Where a director, supervisor, general manager, deputy general manager or other senior officer of the Company gives the board of directors a general notice in writing stating that, by reason of the facts stated in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be entered into by the Company, then he shall be deemed to have made a disclosure for the purposes of the preceding Article so far as the content stated in such notice is concerned, if such notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration by the Company.
- 135 The Company shall not in any manner pay taxes for or on behalf of a director, supervisor, general manager, deputy general manager or other senior officer.
- 136 The Company shall not, directly or indirectly, make a loan or provide any guarantee for a loan to a director, supervisor, general manager, deputy general manager or other senior officer of the Company or of the Company's holding company or any of their respective Related Persons.

The prohibition contained in the preceding paragraph shall not apply to the following transactions:

- (1) the provision by the Company of a loan or a guarantee for a loan to a subsidiary of the Company;
- (2) the provision by the Company of a loan or a guarantee for a loan or other funds to any of its directors, supervisors, general manager, deputy general managers or other senior officers to meet expenditure incurred or to be incurred by him in the interests of the Company or for the purpose of enabling him to perform his duties for the Company, in accordance with the terms of an employment contract approved by the shareholders' general meeting;

- (3) where the ordinary course of business of the Company includes the lending of money or the provision of guarantees, the Company may make a loan to or provide a guarantee for a loan to relevant directors, supervisors, general manager, deputy general managers or other senior officers and their respective Related Persons, provided that the loan or guarantee is on normal commercial terms.
- 137 A loan made by the Company in breach of the preceding Article shall be repaid immediately by the recipient of the loan regardless of the terms of the loan.
- 138 A guarantee for a loan provided by the Company in breach of Article 136 hereof shall not be enforceable against the Company, unless:
  - (1) the guarantee was provided in connection with a loan to a Related Person of a director, supervisor, general manager, deputy general manager or other senior officer of the Company or of the Company's holding company and at the time the loan was advanced, the lender was not aware of the relevant circumstances;
  - (2) the collateral provided by the Company has been lawfully sold by the lender to a bona fide purchaser.
- 139 For the purposes of the foregoing Articles of this Chapter, a "guarantee" includes an undertaking or property provided to secure the performance of obligations of the obligor.
- 140 In addition to the rights and remedies provided by the laws and administrative regulations, where a director, supervisor, general manager, deputy general manager or other senior officer of the Company is in breach of his duties to the Company, the Company has the right to:
  - (1) claim damages from the director, supervisor, general manager, deputy general manager or other senior officer in compensation for losses sustained by the Company as a result of such breach;
  - (2) rescind any contract or transaction entered into by the Company with the director, supervisor, general manager, deputy general manager or other senior officer or with a third party (where such third party knows or should have known that there is a breach of duties of such director, supervisor, general manager, deputy general manager or other senior officer);
  - (3) demand an account of the profits made by the director, supervisor, general manager, deputy general manager or other senior officer as a result of breach of his duties;
  - (4) recover any monies received by the director, supervisor, general manager, deputy general manager or other senior officer which should have been received by the Company, including (without limitation) commissions;



- (5) demand payment of the interest earned or which may have been earned by the director, supervisor, general manager, deputy general manager or other senior officer on the monies that should have been paid to the Company.

141 The Company shall, with the prior approval of the shareholders' general meeting, enter into a contract in writing with each director and supervisor in respect of his emoluments. The aforesaid emoluments include:

- (1) emoluments in respect of his services as director, supervisor or senior officer of the Company;
- (2) emoluments in respect of his services as director, supervisor or senior officer of a subsidiary of the Company;
- (3) emolument in respect of other services provided in connection with the management of the affairs of the Company and any of its subsidiaries;
- (4) monies payable as compensation for his loss of office or as consideration for his retirement from office.

Except pursuant to a contract as described above, a director or supervisor may not institute any proceedings against the Company for benefits due to him in respect of the matters mentioned above.

142 The contract concerning the emoluments between the Company and its director or supervisor shall provide that in the event of a takeover of the Company, the Company's director or supervisor shall, subject to the prior approval of shareholders in general meeting, have the right to receive compensation or other payment in respect of his loss of office or retirement. A takeover of the Company referred to in this paragraph means any of the following:

- (1) an offer made by any person to all shareholders of the Company;
- (2) an offer made by any person with a view to the offeror becoming a "controlling shareholder" within the meaning set out in Article 58 hereof.

If the relevant director or supervisor fails to comply with this Article, any sum so received by him shall belong to those persons who have sold their shares as a result of their acceptance of the offer made. The expenses incurred in distributing that sum pro rata amongst those persons shall be borne by the relevant director or supervisor and not be paid out of that sum.

## **Chapter 15 Financial and Accounting System and Distribution of Profits**

143 The Company shall establish its financial and accounting systems and internal audit system in accordance with the laws, administrative regulations and Chinese accounting standards formulated by the finance regulatory authority of the State



Council.

- 144 At the end of each financial year ( the financial year shall be calculated from Jan 1<sup>st</sup> to Dec 31<sup>st</sup>), the Company shall prepare a financial report which shall be examined and verified in accordance with law. The Company shall use RMB as the booking money and the accounts shall be written in Chinese.

The Company's financial reports shall include the following accounting statements and schedules:

- (1) balance sheet;
  - (2) profit and loss statement;
  - (3) statement of financial conditions;
  - (4) explanation of financial conditions;
  - (5) profit distribution statement.
- 145 The board of directors of the Company shall place before the shareholders at every annual general meeting such financial reports as are required by the laws, administrative regulations or directives promulgated by competent local governments and supervisory authorities to be prepared by the Company. These financial reports shall be verified.
- 146 The Company's financial reports shall be made available for shareholders' inspection at the Company's domicile 20 days prior to the shareholders' annual general meeting. Each shareholder shall have the right to obtain a copy of the financial reports referred to in this Chapter.

A copy of the aforesaid financial reports shall be sent by prepaid mail by the Company to each holder of Overseas-Listed Foreign-Invested Shares at his address as registered in the register of members no late than 21 days before the date of every shareholders' annual general meeting.

On the condition that the Company acts according to applicable laws and regulations and has obtained prior written approval from relative shareholders, the Company may distribute financial abstract report to substitute the aforesaid corporate financial report. "Financial abstract report" has interpretation of GEM Listing Rules and Hongkong Companies Ordinance.

The related details shall implement in accordance with GEM Listing Rules and other applicable laws and regulations.

- 147 The financial statements of the Company shall, in addition to being prepared in accordance with the Chinese accounting standards and regulations, be prepared in accordance with either international accounting standards or that of the place outside



China where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the aforesaid accounting standards, such difference shall be stated and explained in the financial statements. For the purposes of distribution of the Company's after-tax profits in a financial year, the lower of the after-tax profits as shown in the different set of financial statements shall be adopted.

- 148 Any interim results or financial information announced or disclosed by the Company must also be prepared and presented in accordance with the Chinese accounting standards and regulations as well as in accordance with either international accounting standards or that of the overseas place where the Company's shares are listed.
- 149 The Company shall prepare annual, interim and quarterly financial reports. The annual financial report shall be announced within 120 days after the end of a financial year, the interim financial report shall be announced within 60 days after the end of the first six months of a financial year, and the quarterly financial report shall be announced within 45 days after the end of each quarter.
- 150 The Company shall not keep any other books of accounts other than those provided by law.
- 151 The Company shall implement an internal audit system, and establish an internal auditing organization or provide internal auditing personnel to undertake the internal auditing and supervision over the Company's income and expenses and other economic activities under the leadership of the supervisory committee.
- 152 The Company's after-tax profit shall be allocated in accordance with the following order:
- (1) making up for losses;
  - (2) allocation to the statutory common reserve fund;
  - (3) allocation to the statutory common welfare fund;
  - (4) allocation to the discretionary common reserve fund upon approval by resolution of the shareholders' general meeting;
  - (5) payment of dividends in respect of ordinary shares.

The board of directors shall, in accordance with the laws and administrative regulations of the State and the Company's operation and development requirements, determine the detail proportions of profit distributions in item (2) to (5) above and submit its determination to the shareholders' general meeting for approval.

The Company shall not share the stock dividend or share the profit in other forms of bonuses before loss making-up and drawing statutory common reserve fund and



statutory common welfare fund. The stock dividend shall not bear any interest unless the Company fails to distribute the stock interest to shareholders before due date. The shareholder shall benefit from the stock interest of the shares before the called-up shares payment. The shareholder shall not have the right to benefit from the interest of shares arising from its advance payment before due date.

153 The capital reserve fund includes the following items:

- (1) premium on shares issued at a premium price;
- (2) any other income designated for the capital reserve fund by the finance supervisory authorities of the State Council.

154 The common reserve fund of the Company (the statutory reserve fund, discretionary reserve fund and capital reserve fund) shall be applied to the following purposes:

- (1) making up losses;
- (2) expansion of the Company's production and operation;
- (3) increase of the Company's capital.

When the Company converts its common reserve fund into its capital upon a resolution adopted in the shareholders' general meeting, the Company shall either distribute new shares in proportion to the shareholders' number of shares, or increase the par value of each share, provided, however, that when the statutory common reserve fund is converted to capital, the balance of the statutory common reserve fund may not fall below 25% of the register capital.

155 The Company's statutory common welfare fund is used for the collective welfare of the Company's employees.

156 Dividends shall be distributed in accordance with the proportion of shares held by shareholders.

Unless otherwise resolved by the shareholders' general meeting, the Company apart from distributing annual dividends, may by its board of directors acting under the power conferred by the shareholders' general meeting, distribute interim dividends, provided that the amount of interim dividends distributed shall not exceed 50% of the distributable profits as stated in the interim profit statement of the Company.

157 The Company may distribute dividends in the form of:

- (1) cash;
- (2) shares.

In the event that the Company implements the power to confiscate the dividends not



being drawn, such power shall be implemented after the end of applicable term.

Concerning the termination of powers' implementation by post, in the event that the dividends sheets are not drawn, such powers shall not be implemented until the dividends sheets are not drawn in consecutive two years. Nevertheless, the powers can be implemented in the event that the dividends sheets are failed to be delivered to the recipient and are returned at first time.

Concerning the powers' implementation to sell shares held by ones out of communication, the powers cannot be implemented unless the provisions hereunder are satisfied:

(1) The dividends of relative shares shall be distributed at least three times in twelve years, and no one claims for the dividends in such period; and

(2) The Company shall advertise on the newspaper after the twelve-year-period, and illuminate the intent to sell such shares and inform HKSE.

158 Dividends or other payments declared by the Company to be payable to holders of Domestic-Invested Shares shall be declared and calculated in Renminbi, and paid in Renminbi; and those payable to holders of Overseas-Listed Foreign-Invested Shares shall be declared and calculated in Renminbi, and paid in the local currency at the place where such Overseas-Listed Foreign-Invested Shares are listed (if there is more than one place of listing, then the principal place of listing as determined by the board of directors)

Dividend paid in cash and other foreign currency required by the Company for payment of dividends or other sum to holders of Overseas-Listed Foreign-Invested Shares shall be handled in accordance with the relevant foreign exchange control regulations of the State. The exchange rate shall be determined by the average selling rates promulgated by People's Bank of China within 1 week before the announcement of the dividend and other payments.

159 The Company shall, in accordance with the tax laws of China, withhold and make payments on behalf of shareholders in respect of their tax payable on their dividend income.

160 The Company shall appoint on behalf of holders of Overseas-Listed Foreign-Invested Shares receiving agents to receive on behalf of such shareholders dividends and other monies payable by the Company in respect of their shares.

The receiving agents appointed by the Company shall meet the requirements of the laws of the place of listing or relevant rules of the securities exchanges.

The receiving agent appointed on behalf of holders of H Shares shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.



## Chapter 16 Appointment of Accountants Firm

- 161 The Company shall appoint an independent firm of accountants which is qualified under the relevant regulations of the State to audit the Company's annual reports and review the Company's other financial reports.
- 162 The accountants firm appointed by the Company shall hold office from the conclusion of the annual general meeting of shareholder until the conclusion of the next annual general meeting of shareholders.
- 163 The accountants firm appointed by the Company shall have the following rights:
- (1) to inspect at any times the books, records and vouchers of the Company, and to require the directors, general manager, deputy general managers and other senior officers of the Company to provide any relevant information and explanation;
  - (2) to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary to enable it to discharge its duties;
  - (3) to attend shareholders' general meetings and to receive all notices of, and other communications relating to, such meetings as which a shareholder of the Company is entitled to receive, and to speak at any shareholders' general meeting on any matter concerning its role as the accountants of the Company.
- 164 If there is a vacancy in the office of accountants firm, the board of directors may before the convening of the shareholders' general meeting appoint a firm of accountants to fill the vacancy, provided that if there is another firm of accountants acting for the Company during the vacancy, that firm of accountants may continue to act.
- 165 The shareholders in general meeting may by ordinary resolution remove an accountants firm before the expiry of its term of office, notwithstanding the stipulations in the contract between the Company and the firm, but without prejudice to the firm's right to claim, if any, for damages in respect of such removal.
- 166 The remuneration of an accountants firm or the manner in which such remuneration is determined shall be decided by the shareholders in general meeting. The remuneration of an accountants firm appointed by the board of directors shall be determined by the board of directors.
- 167 The Company's appointment of, removal of and non-reappointment of an accountants firm shall be resolved upon by the shareholders in general meeting. The resolution of shareholders' general meeting shall be filed with the securities regulatory authorities of the State Council.

Where it is proposed that any resolution be passed at a shareholders' general meeting concerning the appointment of an accountants firm which is not an incumbent firm to fill a vacancy in the office of the accountants firm, re-appointment of a retiring accountants firm which was appointed by the board of directors of the Company to fill a vacancy or removal of the accountants firm before the expiration of its term of office, the following provisions shall apply:

- (1) A copy of the proposal shall be sent before notice of meeting is given to the shareholders to the firm proposed to be appointed or proposing to leave its post or the firm which has left its post in the relevant fiscal year (leaving includes leaving by removal, resignation and retirement).
- (2) If the firm leaving its post makes representations in writing and requests the Company to notify such representations to the shareholders, the Company shall (unless the representations are received too late):
  - (i) in any notice of the resolution given to shareholders, state the fact of the representations having been made;
  - (ii) attach a copy of the representations to the notice and deliver it to the shareholders in the manner stipulated in these Articles.
- (3) If the firm's representations are not sent in accordance with the preceding sub-paragraph (2), the relevant accountants firm may (in addition to its right to be heard) require that the representations be read out at the shareholders' general meeting.
- (4) An accountants firm which is leaving its post shall be entitled to attend:
  - (i) the shareholders' general meeting at which its term of office would otherwise have expired;
  - (ii) any shareholders' general meeting at which it is proposed to fill the vacancy caused by its removal;
  - (iii) any shareholders' general meeting convened on its resignation;

and to receive all notices of, and other communications relating to, any such meetings as referred to in this sub-paragraph (4), and to speak at any such meeting in relation to matters concerning its role as the former accountants firm of the Company.

168 Prior to the removal or the non-renewal of the appointment of the accountants firm, notice of such removal or non-renewal shall be given to the accountants firm and such firm shall have the right to make representation to the shareholders' general meeting. Where the accountants firm resigns its post, it shall make clear to the shareholders' general meeting whether there is any impropriety on the part of the Company.



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

- (1) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the notice of the shareholders or creditors of the Company;
- (2) a statement of any such circumstances.

Where a notice is deposited under the preceding subparagraph, the Company shall within 14 days send a copy of the notice to the relevant governing authority. If the notice contains a statement under the preceding subparagraph (2), a copy of such statement shall be placed at the Company for shareholders' inspection. The Company should also send a copy of such statement by prepaid mail to every holder of Overseas-Listed Foreign-Invested Shares at the address registered in the register of shareholders.

Where the accountants firm's notice of resignation contains a statement of any circumstance which should be brought to the notice of the shareholders or creditors of the Company, it may require the board of directors to convene a shareholders' extraordinary general meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.

### **Chapter 17 Insurance**

- 169 The types of coverage, the insured amounts and periods of the Company's insurance shall be decided at a meeting of the board of directors based on the laws and administrative regulations of the State, the practices of similar industries in China and other countries and the circumstances of the Company.

### **Chapter 18 Labor and Personnel Management Systems**

- 170 The Company shall, in accordance with the relevant provisions of the Labor Law of the People's Republic of China and other relevant laws and regulations of the State, formulate its labor and personnel management systems which shall be appropriate to its particular circumstances.

### **Chapter 19 Trade Union**

- 171 The Company shall establish trade union organizations and organize its employees to carry out trade union activities in accordance with the Trade Union Law of the People's Republic of China.

The Company shall allocate funds to the trade union in accordance with the Trade Union Law of the People's Republic of China. Such fund shall be used by the trade

union of the Company in accordance with the Measures for the Management of Trade Union Funds formulated by the All China Federation of Trade Unions.

## Chapter 20 Merger and Division of the Company

172 In the event of the merger or division of the Company, a plan shall be presented by the Company's board of directors and shall be approved in accordance with the procedures stipulated in these Articles and then the relevant examining and approving procedures shall be processed as required by law. A shareholder who objects to the plan of merger or division are entitled to demand the Company or any shareholders who agreed to the plan of merger or division to purchase his shares at a fair price.

The contents of the Company's merger or division resolution shall be made into special documents for shareholders' inspection. Such special documents shall be sent by mail to holders of Overseas-Listed Foreign-Invested Shares.

173 The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

In the event of a merger, the merging parties shall execute a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the Company's resolution to merge and shall make an announcement of the merger at least 3 times in a newspaper within 30 days from the date of the Company's resolution to merge. A creditor has the right within 30 days of receiving such notice from the Company or, for creditors who do not receive the notice, within 90 days of the date of the first public announcement, to demand that the Company repay its debts to that creditor or provide a corresponding guarantee for such debt. Where the Company fails to repay its debts or provide corresponding guarantees for such debts, it may not be merged.

After the merger, the rights and liabilities of each of the merged parties shall be assumed by the company which survives the merger or the new company established as a result of the merger.

174 When the Company is divided, its assets shall be split up accordingly.

In the event of division of the Company, all parties to such division shall execute a division agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the Company's resolution to divide and shall make an announcement of the division at least 3 times in a newspaper within 30 days from the date of the Company's resolution to divide. A creditor has the right within 30 days of receiving such notice from the Company or, for creditors who do not receive the notice, within 90 days of the date of the first public announcement, to demand that the Company repay its debts to that creditor or provide a corresponding guarantee for such debt. Where the Company fails to repay its debts or provide corresponding guarantees for such debts, it may not be divided.



Debts of the Company prior to division shall be assumed by the post-division companies in accordance with the agreement reached.

- 175 When the Company merges or divides and there is a change in any item in its registration, the Company shall change its registration with the company registration authority in accordance with the law. When the Company dissolves, the Company shall cancel its registration in accordance with the law. When a new company is established, its establishment shall be registered in accordance with the law.

## **Chapter 21 Dissolution and Liquidation of the Company**

- 176 The Company shall be dissolved and liquidated in accordance with law upon occurrence of any of the following events:

- (1) a resolution for dissolution is passed by a shareholders' general meeting;
- (2) dissolution is necessary due to a merger or division of the Company;
- (3) the Company is legally declared insolvent due to its failure to repay debts due;
- (4) the Company is ordered to close down because of its violation of laws or administrative regulations.

- 177 A liquidation group shall be set up within 15 days of the Company being dissolved pursuant to sub-paragraph (1) of the preceding Article, and the composition of the liquidation group of the Company shall be determined by an ordinary resolution of shareholders in general meeting. If a liquidation group to carry out liquidation procedure is not set up within the specified time limit, the creditors may apply to the People's Court to have it designate relevant persons to form a liquidation group in order to carry out liquidation procedure.

Where the Company is dissolved under sub-paragraph (3) of the preceding Article, the People's Court shall in accordance with provisions of relevant laws organize the shareholders, relevant organizations and relevant professional personnel to establish a liquidation group to carry out liquidation procedure.

Where the Company is dissolved under sub-paragraph (4) of the preceding Article, the relevant governing authorities shall organize the shareholders, relevant organizations and professionals personnel to establish a liquidation group to carry out liquidation procedure.

- 178 Where the board of directors proposes to liquidate the Company due to causes other than where the Company has declared that it is insolvent, the board shall include a statement in its notice convening a shareholders' general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the board of directors is of the opinion that the Company will be able to pay all its debts in full within 12 months from the commencement of the liquidation.



Upon the passing of the resolution by the shareholders in general meeting for the liquidation of the Company, all functions and powers of the board of directors shall cease.

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

179 The liquidation group shall within 10 days of its establishment send a notice to creditors, and within 60 days of its establishment make a public announcement in a newspapers at least three times. A creditor shall within 30 days of receiving the notice, or for creditors who do not receive the notice, within 90 days of the date of the first public announcement, report its creditors' rights to the liquidation group.

When reporting creditors' rights, the creditor shall provide an explanation of matters relevant to the creditor's rights and shall provide materials as evidence. The liquidation group shall carry out registration of creditors' rights so reported.

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

- (1) to sort out the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to notify all creditors by notice or public announcements;
- (3) to dispose of and liquidate any relevant unfinished business matters of the Company;
- (4) to pay all outstanding taxes;
- (5) to settle claims and debts;
- (6) to deal with assets remaining after the Company's debts having been paid in full;
- (7) to represent the Company in any civil proceedings.

181 After sorting out the Company's assets and preparing a balance sheet and an inventory of assets, the liquidation group shall formulate a liquidation plan and present it to the shareholders' general meeting or to the relevant governing authorities for confirmation.

To the extent that the Company is able to repay its debts, it shall, in the following order, pay: the liquidation expenses, wages of the employees, labor insurance fees, outstanding taxes, and the Company's debts.



The assets of the Company remaining after its debts have been repaid in accordance with the provisions of the preceding paragraph shall be distributed to its shareholders according to the class and proportion of their shareholdings.

During the liquidation period, the Company shall not commence any new operational activities.

- 182 If after putting the Company's assets in order and preparing a balance sheet and an inventory of assets in connection with the liquidation of the Company resulting from dissolution, the liquidation group discovers that the Company's assets are insufficient to repay the Company's debts in full, the liquidation group shall immediately apply to the People's Court for a declaration of insolvency.

After a Company is declared insolvent by a ruling of the People's Court, the liquidation group shall turn over liquidation matters to the People's Court.

- 183 Following the completion of liquidation, the liquidation group shall present a report on liquidation and prepare a statement of the receipts and payments during the period of liquidation and financial books and records which shall be audited by Chinese registered accountants and submitted to the shareholder's general meeting or the relevant governing authority for confirmation.

The liquidation group shall also within 30 days after such confirmation, submit the documents referred to in the preceding paragraph to the company registration authority and apply for cancellation of registration of the Company, and publish an announcement relating to the termination of the Company.

## **Chapter 22 Procedures for Amendment of these Articles**

- 184 The Company may amend these Articles in accordance with the stipulations of laws, administrative regulations and these Articles.

The amendments of these Articles shall be in accordance with the following procedures:

- (1) the board of directors shall pass resolutions, prepare proposals for amendments of these Articles in accordance with the provisions of these Articles, or the shareholders shall propose the amendments of these Articles;
- (2) inform the shareholders of the amendment proposals and submit the proposals to the general meeting for passing;
- (3) amendments as submitted to the general meeting shall be passed through a special resolution.

- 185 The amendments to these Articles involving the contents of the Mandatory Provisions shall become effective upon approvals by the company approval

authorities of the State Council and the securities regulatory authority of the State Council. If there is any change relating to the registered particulars of the Company, application shall be made for registration of the changes in accordance with law.

### **Chapter 23 Settlement of Disputes**

186 The Company shall act according to the following principles to settle disputes:

- (1) Whenever any disputes or claims arising between: holders of the Overseas-Listed Foreign-Invested Shares and the Company; holders of the Overseas-Listed Foreign-Invested Shares and the Company's directors, supervisors, general manager, deputy general manager or other senior officers; or holders of the Overseas-Listed Foreign-Invested Shares and holders of Domestic-Invested Shares, based on these Articles or any rights or obligations conferred or imposed by the Company Law or any other laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration.

Where a dispute or claim of rights referred to in the preceding paragraph is referred to arbitration, the entire claim or dispute must be referred to arbitration, and all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, shall abide by the arbitration, provided that such person is the Company or the Company's shareholder, director, supervisor, general manager, deputy general manager or other senior officer.

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

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

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

- (3) If any disputes or claims of rights are settled by way of arbitration in accordance with sub-paragraph (1) of this Article, the laws of China shall apply, save as otherwise provided in laws and administrative regulations.
- (4) The award of an arbitration body shall be final and conclusive and binding on all parties.

### **Chapter 24 Supplementary**



187 Any reference in these Articles to the publication of announcements in a newspaper shall be interpreted as requiring publication in such newspaper as designated or required in accordance with relevant laws and administrative regulations of the State and, if the relevant announcements are required to be made to holders of H Shares, as also requiring the relevant announcements to be published in such newspaper as may be required by the term "published in the newspapers" (as defined in the Rules Governing the Listing of Securities on the Growth Enterprise Market of the HKSE).

Concerning announcement in the way of advertisement when implementing powers, such advertisements should be published on newspapers.

There is no restrictions on announcement to the shareholders whose registered addresses are outside Hongkong.

On condition that the Company acts in accordance with the applicable laws and regulations and has obtained the prior written approval from shareholders, the Company may notify the shareholders in electronic form, and the shareholders have right to choose whether to receive printed version or electronic version from time to time.

"Company Communications" are referred to as any documents sent out by the Company for shareholders' reference or action, including without limitation to :

- (1) report of board of directors and annual accounts of the Company together with auditor report and(if applicable) financial abstract report;
- (2) semi-annual report;
- (3) quarterly report;
- (4) meeting notice;
- (5) listing documents ;and
- (6) announcement.

Related details shall be implemented according to the GEM Listing Rules and other applicable laws and regulations.

188 In these Articles, the meaning of an accountants firm is the same as that of "auditors".

189 These Articles have been prepared in Chinese. In the event of any discrepancy between the Chinese version hereof and any translation hereof in any other language, the Chinese version shall prevail.