

Sanmenxia Tianyuan Aluminum Company Limited

(A company limited incorporated in the People's Republic of China)

Articles of Association

As adopted by an extraordinary resolution passed on 30 March 2010

(These Articles of Association are prepared and revised in accordance with the Essential Clauses in these Articles of Association of Companies Listed Overseas (the "Essential Clauses"), the Document for Supplementary Modification Proposal on Articles of Association of Companies Listed in Hong Kong (the "Supplementary Proposal"), the Proposal for Promoting Standardized Operation and Deep Reform of Companies Listed Overseas (the "Proposal"), the Stock Exchange of Hong Kong Limited GEM Listing Rules (the "Hong Kong GEM Listing Rules"))

# Sanmenxia Tianyuan Aluminum Company Limited

## Articles of Association

### Chapter 1 General Provisions

- 1.01 The Company (the “Company”) is a company limited which is registered and established in accordance with the Company Law of the People’s Republic of China (the “Company Law”) and is regulated in accordance with the Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Stocks by Limited Stock Companies (the “Special Provisions”) and other relevant laws and administrative regulations of the State. (Clause 1 of the Essential Clauses)
- On 13 July 2000, the Company was established in the manner of promoter under approval of the Document of the Commission for Economic Restructuring of Henan Province with reference no. Yu Gu Pi Zi [2000]29; the Company was registered in Administration for Industry and Commerce of Henan Province on 8 August 2000 with receiving the business license (registration no.: Yu Gong Shang Qi 4100001005228).
- The promoters of the Company are: Sanmenxia Aluminum Group Co., Ltd., Baiyin Fluoride Co., Ltd., Jiaozuo Cryolite Factory, Jiaozuo Carbon Factory under Jiaozuo Aluminum Company and Henan Sixth Building Engineering Company.
- 1.02 The Chinese registration name of the Company: 三门峡天元铝业股份有限公司 (Clause 2 of the Essential Clauses)  
English name for reference: SANMENXIA TIANYUAN ALUMINUM COMPANY LIMITED
- 1.03 The registered address of the Company: 10 Dongfeng South Road, Sanmenxia City, Henan Province, P.R. China (Clause 3 of the Essential Clauses)  
Tel: (86398) 2916763  
Fax: (86398) 2916530  
Postal code: 472000
- 1.04 The legal representative of the Company can be occupied by the board chairman, an executive director or the general manager of the Company. (Clause 4 of the Essential Clauses)
- 1.05 The Company is a limited liability company of permanent existence. (Clause 5 of the Essential Clauses)
- 1.06 The rights and liabilities of any shareholder of the Company are limited to the

shares that such shareholder holds, and the Company undertakes liabilities for its debts with all of its assets.

The Company is an independent business corporation and is governed and protected by the laws and administrative regulations of the People's Republic of China.

1.07 The general meeting of shareholders of the Company has revised the original Articles of Association in accordance with the relevant provisions of the Company Law of the People's Republic of China, the Special Provisions, the Essential Clauses in these Articles of Association of Companies Listed Overseas (the "Essential Clauses") and other laws and administrative regulations of the State and has established these Articles of Association (or referred to as the "Articles of Association" or the "Articles").

1.08 These Articles of Association shall become effective after adopted by an extraordinary resolution in the general meeting of the Company and completed the procedures for registration of changes in the Administration for Industry and Commerce of Henan Province. The original Articles of Association of the Company shall be substituted by these Articles of Association after these Articles of Association have been effective. (Clause 6 of the Essential Clauses)

These Articles of Association shall become the bound document for regulating the organization and conduct of the Company and the rights and obligations between the Company and its shareholders and between shareholders as of the effective date of these Articles of Association.

1.09 These Articles of Association are bound to the Company and its shareholders, directors, supervisors, managers and other senior officers; the foregoing persons may set forth any claim relating to the Company's things according to these Articles of Association. (Clause 7 of the Essential Clauses)

A shareholder may bring a suit against the Company in accordance with these Articles of Association; the Company may bring a suit against a shareholder in accordance with these Articles of Association; a shareholder may bring a suit against any other shareholder in accordance with these Articles of Association; a shareholder may bring a suit against any of the directors, supervisors, managers and other senior officers of the Company in accordance with these Articles of Association.

The "bring a suit" referred to in the foregoing paragraph includes bringing a suit to a court or applying for arbitration to an arbitration organization.

1.10 The Company may invest to other limited liability companies or limited companies, (Clause 8 of the Essential Clauses)

and will undertake its liability to the invested company with the amount of such investment.

The Company shall not become an investor that undertakes joint and several liabilities to the debts of the invested company.

- 1.11 In the event of complying with the laws and administrative regulations of China, the Company has the right of financing or borrowing, including (but not limited to) the power of issuing corporate bonds, mortgaging or pledging its properties and other rights approved by the laws and administrative regulations of the State.

## **Chapter 2 Business Purposes and Scope**

- 2.01 The business purposes of the Company are: to carry out modern enterprise system, implement management innovation, technical innovation and idea innovation on the basis of assets operation, actively extend capital operation, expand enterprise production scale, establish good image of the enterprise, ensure the legal rights and interests of all shareholders, create good economic benefits and give satisfactory return to shareholders with the best benefit. (Clause 9 of the Essential Clauses)
- 2.02 The scope of business of the Company is based on the items approved by the corporation registration organization. (Clause 10 of the Essential Clauses)
- The scope of business of the Company includes: production and sale of aluminum and aluminum alloy ingot products.
- 2.03 In accordance with the trend of the domestic and overseas markets, the demand of domestic business development as well as its own development capacity and business demand, the Company may duly modify its investment policy, scope of business and style, and set up any branch or office at home and abroad and in Hong Kong, Macao or Taiwan (whether wholly owned or not).

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

- 3.01 The Company sets common shares at all times; the Company may set other categories of shares upon approval of the corporation examination and approval department authorized by the State Council. (Clause 11 of the Essential Clauses)
- 3.02 All of the shares issued by the Company are par value shares with the par value of RMB 1.00. Each share of the Company is divided into 10 shares with the par value of RMB 0.10 each upon approval of the Securities Agency under the State Council. (Clause 12 of the Essential Clauses)

RMB referred to in the foregoing paragraph means the legal currency of China.

- 3.03 Upon approval of the Securities Agency under the State Council, the Company may issue shares to the domestic and overseas investors. (Clause 13 of the Essential Clauses)

The overseas investors referred to in the foregoing paragraph mean the investors from foreign countries, Hong Kong, Macao and Taiwan who subscribe the shares issued by the Company; the domestic investors mean the investors who subscribe the shares issued by the Company and are in the People's Republic of China except the above-mentioned regions.

- 3.04 The shares issued by the Company to the domestic investors and subscribed in RMB are called as domestic shares. The shares issued by the Company to the overseas investors and subscribed in any foreign currency are called as foreign shares. When the foreign shares are listed abroad, they are called as overseas listed foreign shares. The shareholders of domestic shares and the shareholders of overseas listed foreign shares are shareholders of common shares and own the same obligations and rights. (Clause 14 of the Essential Clauses, Clause 9 of Appendix 3 to GEM Listing Rules of Hong Kong)

The foreign currency referred to in the foregoing paragraph means the legal currency of other country or region, which is accepted by the national foreign exchange administration and used for payment of shares for the Company and other than RMB.

The shares approved by the relevant governmental department of the State, listed in the Stock Exchange of Hong Kong Limited (the "Stock Exchange of Hong Kong"), indicated the par value in RMB and subscribed and transacted in Hong Kong dollar are referred to H share for short.

The domestic shares can be converted into H shares upon approval of the State Council or the examination and approval organization authorized by the State Council.

- 3.05 (1) Upon approval of the Document of the Commission for Economic Restructuring of Henan Province with reference no. Yu Gu Pi Zi [2000]29, the total quantity of the common shares issued when the Company was established is 68,000,000 shares with par value RMB 1.00 each. They are inscribed common shares and fully held by promoters. The registered capital is RMB 68,000,000. (Clause 15 of the Essential Clauses)
- (2) Upon approval of the Document of the People's Government of Henan Province with reference no. Yu Gu Pi Zi [2003]09 on 24 June 2003, the annual profit distribution of the Company in 2002 was capitalized into 17,000,000 shares, and the total amount of equity capital is altered into

85,000,000 shares, and the registered capital is RMB 85,000,000.

- 3.06 (A) Upon the approval of the Securities Agency under the State Council and (Clause 16 of the Essential Clauses, Clause 9 of Appendix 3 to GEM Listing Rules of Hong Kong) after one share (with the par value of RMB 1.00) of the Company is divided into ten shares (with the par value of RMB 0.1), the Company increased capital in July 2004 for issuing overseas listed foreign shares (H shares) of 318,200,000 shares (exclusive of 31,820,000 H shares converted from domestic shares and sold by the shareholders of state-owned shares for the purpose of reducing state-owned shares in accordance with the relevant regulations of the State).

After shares are issued with increased capital and the reduction of state-owned shares is made in accordance with the relevant regulations of the State, 31,820,000 domestic shares are converted into the overseas listed foreign shares, and the total quantity of common shares of the Company is changed as 1,168,200,000 shares with par value RMB 0.10 each.

Upon the approval of China Securities Regulatory Commission and the Department of Commerce of Henan Province, in November 2009 the Company increased capital to issue 840,048,000 overseas listed foreign shares (H shares) (exclusive of 17,648,860 H shares converted from domestic shares and sold by the shareholders of state-owned shares for the purpose of reducing state-owned shares in accordance with the relevant regulations of the State) and increased capital to issue 1,900,096,104 domestic shares.

After shares are issued with increased capital and the reduction of state-owned shares is made in accordance with the relevant regulations of the State, 17,648,860 domestic shares are converted into the overseas listed foreign shares, and the total quantity of the common shares of the Company is changed as 3,908,344,104 shares with par value RMB 0.10 each.

- (B) Now the shareholding structure of the Company is:

(I) Shareholders of domestic shares:

- (1) Tianrui Group Co., Ltd. holds 2,661,799,752 shares, covering about 68.11% in the total equity capital of the Company;
- (2) Jiaozuo Dongxing Carbon Co., Ltd. holds 30,003,062 shares, covering about 0.76% in the total equity capital of

the Company;

(3) Do-Fluoride Chemicals Co., Ltd. holds 8,824,430 shares, covering about 0.23% in the total equity capital of the Company.

(II) The shareholders of overseas listed foreign shares (H shares) hold 1,207,716,860 shares, covering about 30.90% in the total equity capital of the Company.

3.07 In accordance with the Company's plan of issuing overseas listed foreign shares and domestic shares as approved by the Securities Agency under the State Council, the board of directors of the Company may make implementation arrangement for respective issuing. (Clause 17 of the Essential Clauses)

In accordance with the plan of respectively issuing overseas listed foreign shares and domestic shares as stated in the foregoing paragraph, the Company may separately implement within 15 months as of the approval date by the Securities Agency under the State Council.

3.08 If the Company respectively issues overseas listed foreign shares and domestic shares in the total quantity of shares determined in the issuing plan, the shares shall be fully raised one time respectively; it fails to fully raise one time in special situation, the shares can be issued in installments upon approval of China Securities Regulatory Commission. (Clause 18 of the Essential Clauses)

3.09 The registered capital of the Company is RMB 390,834,410.40. (Clause 19 of the Essential Clauses)

3.10 The Company may approve to increase capital in accordance with the relevant provisions of these Articles of Association for the operation and development demand. (Clause 20 of the Essential Clauses)

The Company may increase its capital by any of the following methods:

- (1) Raise new shares from non-specific investors;
- (2) Place new shares to the existing shareholders;
- (3) Allot new shares to the existing shareholders;
- (4) Other methods as permitted by laws and regulations.

The matter that the Company issues new shares with increased capital, after approved according to these Articles of Association, shall be transacted subject to

the relevant laws and administrative regulations of the State.

- 3.11 The shares of the Company may be freely transferred without any lien except otherwise provisions in laws and administrative regulations. (Clause 21 of the Essential Clauses)
- 3.12 Once any shares of the Company have been transferred, the transferee of such shares, whose name will be recorded in the list of shareholders, becomes the holder of such shares.
- 3.13 The issuing or transfer of all overseas listed foreign shares listed in the Stock Exchange of Hong Kong will be registered in the register of shareholders of overseas listed foreign shares of the Company as kept in Hong Kong according to Article 6.04 of these Articles of Association. Clause (b), Section 1, Part C, Appendix 11 to GEM Listing Rules of Hong Kong, Clause 35 of the Essential Clauses
- 3.14 Any shareholder of the overseas listed foreign shares listed in the Stock Exchange of Hong Kong may transfer all or partial shares that he holds, by virtue of any written transfer document generally used in Hong Kong or any written transfer indentures acceptable by the board of directors of the Company. The transfer documents shall be signed by the transferor and transferee or in the manner of machine printing.

If a shareholder is the recognized clearing house (the “Recognized Clearing House”) or its agent as defined in the relevant laws and regulations for the listing site of the Company’s shares, the transfer form may be signed by hand or in the manner of machine printing.

All transfer indentures shall be placed at the legal address of the Company or any other site that the board of directors may from time to time designate.

- 3.15 The Company shall ensure all of its overseas listed foreign shares bearing the following statement, and indicate its share registrar and procure such registration office to refuse registering any person as the holder for subscription, purchase or transfer of any shares of the Company, except and until such person has produced to such registration office a copy of share sample and duly executed transfer as agreed by the board of directors concerning such shares are attached with the following statement or any statement containing the same meaning: Clause 25, Clause 39 of Appendix 3 to GEM Listing Rules of Hong Kong
- (1) The purchaser expresses consent to the Company and its shareholders, and the Company expresses consent to its shareholders, to comply with and conform to the Company Law and other relevant laws, administrative regulations and Articles of Association;
  - (2) The purchaser expresses consent to the Company, its shareholders, directors, supervisors and managers, and the Company on behalf of itself and on behalf



of the directors, supervisors and managers of the Company expresses consent to shareholders, will make arbitration according to these Articles of Association to all disputes and claims arising from these Articles of Association, and the disputes and claims arising from any rights or obligations attached to or stipulated by the Company Law and other relevant laws and administrative regulations, and the arbitration so made will be deemed as authorization that the arbitration can be made public hearing and declared the result;

- (3) The purchaser and the Company and its shareholders express consent that the shares of the Company can be freely transferred by their holders;
- (4) The purchaser of shares authorizes the Company to enter a contract with each director and senior officer on behalf of the purchaser, and such director and senior officer undertake to comply with and perform the liabilities that they shall undertake to shareholders in accordance with the Articles of Association.

Section 1,  
Clause 13,  
Appendix 3 to  
GEM Listing  
Rules of Hong  
Kong

3.16 Concerning exercise of power to terminate sending the dividend policy by post, if such dividend policy is not withdrawn cash, the power may be exercised after such dividend policy is not withdrawn cash in two consecutive times. However, such power can be exercised if such dividend policy is not served at the receiver first time and is returned.

3.17 Concerning exercise of right to sell the shares of the untraceable shareholders, such right shall not be exercise unless the following provisions are met:

Section 2,  
Clause 13,  
Appendix 3 to  
GEM Listing  
Rules of Hong  
Kong

- (1) Relevant shares shall be allotted dividends three times at least within 12 years, and no person claims any dividend in this period; and
- (2) The Company may declare intentional sale of shares after expiration of 12 years and notify the Stock Exchange of Hong Kong.

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

4.01 The Company may reduce its registered capital according to the provisions of these Articles of Association.

Clause 22 of  
the Essential  
Clauses

4.02 The Company shall prepare the balance sheet and list of properties while reducing its registered capital.

Clause 23 of  
the Essential  
Clauses

The Company shall give a notice to the creditors within ten days from the date when a resolution of reducing its registered capital is made, and declare the matter in a newspaper within 30 days. The creditors have the right to request the Company

to pay off debts or provide corresponding debt paying guarantee within 30 days as of receiving the notice and within 45 days as of the declaration date if no receipt of the notice.

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

- 4.03 In the following circumstances, after approved through the procedures stated in these Articles of Association, the Company may report relevant competent authorities for approval to repurchase its outstanding shares: Clause 24 of the Essential Clauses
- (1) To cancel shares for the purpose of reducing the Company's capital;
  - (2) To merge with other companies that hold the shares of the Company;
  - (3) To reward shares to the employees of the Company;
  - (4) A shareholder disagrees the merger and split resolution made in the general meeting of shareholders of the Company and request the Company to purchase his shares;
  - (5) Other circumstances that laws and administrative regulations approve.
- 4.04 The Company may repurchase shares in any of the following methods after approved by the relevant competent authorities of the State: Clause 25 of the Essential Clauses
- (1) To set out the offer of repurchase to all shareholders in the same proportion;
  - (2) To repurchase in the stock exchange by public transaction;
  - (3) To repurchase outside the stock exchange by agreement.
- 4.05 For the redeemable shares that the Company has the right to repurchase: Clause 8 of Appendix 3 to GEM Listing Rules of Hong Kong
- (1) If they are not repurchased via market or in manner of bidding, their price shall not exceed a ceiling price limit; and
  - (2) If they are repurchased in manner of bidding, the same bidding proposal must be sent to all shareholders.
- 4.06 If the Company repurchases shares outside the stock exchange by agreement, it shall obtain prior approval from the general meeting of shareholders in accordance with the provisions of these Articles of Association. Upon prior approval by the general meeting of shareholders in the same manner, the Company may dissolve or Clause 26 of the Essential Clauses

alter the contract that has been concluded in the foregoing manner, or waive any right in the contract.

The contract of repurchasing shares as stated in the foregoing paragraph includes (but not limited to) the agreement that agrees to undertake the obligation of repurchasing shares and acquire the right of repurchasing shares.

The Company shall not transfer the contract of repurchasing its shares or any right stipulated in the contract.

4.07 After the Company has repurchased the shares by law, it shall cancel or transfer such shares in accordance with the provisions of Article 4.03 hereof in the term prescribed in the laws and administrative regulations, and make application to the former corporation registration authority to complete registration of change of the registered capital.

Clause 27 of  
the Essential  
Clauses

The total book value of the cancelled shares shall be reduced from the registered capital of the Company.

4.08 Unless the Company has entered the stage of liquidation, the Company shall comply with the following provisions for repurchasing its outstanding shares:

Clause 28 of  
the Essential  
Clauses

(I) If the Company repurchases the shares at par value, the amount shall be deducted from the book balance of the distributable profit of the Company and the income of the new shares issued for repurchasing the old shares;

(II) If the repurchased shares are issued at the price higher than the book value, the part equivalent to the book value is deducted from the book balance of the distributable profit of the Company and the income of the new shares issued for repurchasing the old shares; the part higher than the book value is treated according to the following methods:

(1) If the repurchased shares are issued at par value, the amount shall be deducted from the book balance of the distributable profit of the Company;

(2) If the repurchased shares are issued at the price higher than the book value, the amount shall be deducted from the book balance of the distributable profit of the Company and the income of the new shares issued for repurchasing the old shares; however, the amount deducted from the income of issuing new shares shall neither exceed the total premium obtained when the repurchased old shares are issued, nor exceed the amount in the capital reserve account of the Company when repurchased (including the premium amount of issuing new shares);

(III) The funds paid for the following purposes by the Company shall be paid from the distributable profit of the Company:

- (1) To obtain the repurchase right of repurchasing its shares;
- (2) To alter the contract of repurchasing its shares;
- (3) To dissolve its obligations in the repurchase contract.

After the total book value of the cancelled shares is reduced from the registered capital of the Company according to relevant provisions, the amount reduced from the distributable profit for repurchasing the book value of shares shall be entered into the capital reserve account of the Company.

## **Chapter 5 Financial Aid for Purchasing the Shares of the Company**

5.01 The Company or its subsidiaries shall not at any time provide any financial aid in any manner to the people who purchase or intend to purchase the shares of the Company. The foregoing people who purchase the shares of the Company include those people who directly or indirectly undertake obligations arising from purchase of the Company's shares.

Clause 29 of  
the Essential  
Clauses

The Company or its subsidiaries shall not at any time provide any financial aid in any manner to the foregoing people for reducing or dissolving their obligations.

This Article is not applicable to the circumstances stated in Article 5.03 of this Chapter.

5.02 The financial aid referred to in the Chapter includes (but not limited to) the following manners:

Clause 30 of  
the Essential  
Clauses

- (1) Donation;
- (2) Guarantee (including the guarantor undertakes liability or provides properties to guarantee the obligor to perform the obligations), indemnity (but not including any indemnity arising from the own fault of the Company), dissolution or waive of rights;
- (3) Provide a loan or conclude a contract that the Company performs the obligations prior to other parties, change of the parties of such loan and such contract, transfer of such loan and rights in the contract;
- (4) Any financial aid provided by the Company in any other manner in the event that the Company is unable to repay debts, has no net assets or will

cause significant reduction of net assets.

Reference of undertaking obligations in the Chapter includes the obligations undertaken by the obligor for change of its financial status for concluding a contract or making an arrangement (whether the contract or arrangement can be enforceable, or is undertaken by himself or jointly with others), or in any other manner.

5.03 The following conducts are not deemed as those prohibited in Article 5.01 of the Chapter:

- (1) The relevant financial aid provided by the Company is for the Company's interest in good faith, and the major purpose of the financial aid is not for purchasing the shares of the Company or the financial aid is one part attached to a general plan of the Company;
- (2) The Company takes its assets as dividend for distribution according to laws;
- (3) Distribute dividend in manner of shares;
- (4) Reduce registered capital, repurchase shares, modify shareholding structure and etc in accordance with these Articles of Association;
- (5) The Company provides loans for its normal business activities in the scope of its business (but it shall not cause the net assets of the Company reduced, or even if reduced, the financial aid can be paid from the distributable profit of the Company);
- (6) The Company provides funds for employee stock ownership plan (but it shall not cause the net assets of the Company reduced, or even if reduced, the financial aid can be paid from the distributable profit of the Company).

## **Chapter 6 Shares and Register of Shareholders**

6.01 The shares of the Company are inscribed.

Clause 32 of  
the Essential  
Clauses

The shares of the Company shall specify the following major particulars:

- (1) Name of the Company;
- (2) Date of registration and incorporation of the Company;
- (3) Category, par value of stock and quantity of representing shares;

- (4) Serial number of stock;
- (5) Other particulars required by the Company Law and the Special Provisions for Overseas Listing;
- (6) Other particulars required by the stock exchange where the Company's shares are listed.

6.02 The Company's shares are signed by the board chairman. If the stock exchange where the Company's shares are listed requires other senior officers of the Company to sign, other relevant senior officers shall sign. The shares shall become effective after the securities seal of the Company is affixed or affixed in manner of printing. Authorization of the board of directors shall be required for affixing the securities seal of the Company on shares. The signature of the board chairman or other relevant senior officers of the Company on the shares may be made in manner of printing.

Clause 33 of the Essential Clauses, Clause 1 of Supplementary Proposal, Section 1, Clause 2 of Appendix 2 to GEM Listing Rules of Hong Kong

6.03 The Company shall establish register of shareholders and record the following particulars:

Clause 34 of the Essential Clauses

- (1) Name, address (residence), occupation or nature of shareholder;
- (2) Category and its quantity of shares held by each shareholder;
- (3) Amount paid or payable for the shares held by shareholders;
- (4) Serial number of shares held by shareholders;
- (5) Date when each shareholder is registered as an shareholder;
- (6) Date when each shareholder is terminated as an shareholder.

The register of shareholders is the sufficient evidence certifying that a shareholder holds shares of the Company, but except any contrary evidence.

6.04 The Company may keep the register of shareholders of overseas listed foreign shares abroad in accordance with the understanding and agreement between the Securities Agency under the State Council and the overseas securities administration institution, and authorize an overseas agency institution to manage it. The original of the register of shareholders of overseas listed foreign shares listed in the Stock Exchange of Hong Kong shall be kept in Hong Kong and an agency institution in Hong Kong is authorized for management of the register.

Clause 35 of the Essential Clauses, Clause 2 of Supplementary

The Company shall put the duplicate of the register of shareholders of overseas listed foreign shares at the office of the Company; the overseas agency institution authorized shall at any time maintain consistence between the original and duplicate of the register of shareholders of overseas listed foreign shares.

The original shall prevail if there is any discrepancy between the original and duplicate of the register of shareholders of overseas listed foreign shares.

- 6.05 The Company shall keep a complete register of shareholders. Clause 36 of the Essential Clauses, paragraph b, section 1, part C, Appendix 11 to GEM Listing Rules of Hong Kong
- The register of shareholders shall include the following parts:
- (1) The register of shareholders that is kept at the office of the Company except those prescribed in the paragraph (2) and (3) of this Article.
  - (2) The Company's register of shareholders of overseas listed foreign shares that are listed abroad and kept at the site of the stock exchange;
  - (3) The register of shareholders that the board of director decides to keep at other place for the listing demand of the Company's shares.
  - (4) In the register of shareholders of overseas listed foreign shares, the original part of the register of shareholders relating to the holders of shares listed in the Stock Exchange of Hong Kong shall be kept in Hong Kong.
- 6.06 The parts of the register of shareholders shall not repeat mutually. Any transfer of shares registered in a part of the register of shareholders shall not be registered in any other part of the register of shareholders in the registration existence period of the shares. Clause 37 of the Essential Clauses
- 6.07 Any overseas listed foreign shares, which is listed in the Stock Exchange of Hong Kong and for which the whole payment of subscription has been paid, can be freely transferred (except in the event that the Stock Exchange of Hong Kong permits) in accordance with these Articles of Association without limitation of any lien; but unless the following conditions are met, otherwise the board of directors has the right to refuse recognizing any transfer indenture without declaration of any causes: Clause 12 of Supplementary Proposal, Clause 1, Appendix 3 to GEM Listing Rules of Hong Kong
- (1) Pay the Company with the fee of HK\$ 2.50 (for each copy of transfer indenture) or any lower fee that the board of directors may from time to time require (but such fee shall not exceed the maximum fee as prescribed from time to time in the listing rules of the Stock Exchange of Hong Kong), for registering the share transfer indentures and other documents that are relating

to or may affect stock ownership;

- (2) The transfer indenture is only involved with the overseas listed foreign shares listed in the Stock Exchange of Hong Kong;
- (3) The stamp tax payable has been paid for the transfer indenture;
- (4) Shall provide relevant shares, and the evidence that the board of directors reasonably requires to certify that the transferor has the right to transfer shares;
- (5) If any share will be transferred to a joint holder, the number of the joint holder shall not exceed four persons;
- (6) The relevant shares are not attached with any lien of the Company.

Alteration or correction of any part of the register of shareholders shall be made in accordance with the laws applicable to the storage site of such part of the register of shareholders.

If the Company refuses to register the transfer of shares, the Company shall give the transferor and the transferee a written notice of refusing registration of such share transfer within two months as of the date when the transfer application is formally submitted.

The above-mentioned transfer may be used with the standard transfer form required by the Stock Exchange of Hong Kong.

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|------|---|------------------------------------|
| 6.08 | Within ten days before the general meeting of shareholders will be held or within five days before the benchmark date when the Company decides to distribute dividend, registration of change involved with register of shareholders arising from transfer of shares shall not be made.   | Clause 38 of the Essential Clauses |
| 6.09 | When the Company convenes general meeting of shareholders, distributes dividend, liquidates or makes other conducts that need to confirm stock equity, the board of directors shall determine one day as the stock equity confirmation date, and the shareholders in the register are the shareholders of the Company when the stock equity confirmation date terminates. | Clause 39 of the Essential Clauses |
| 6.10 | Anyone who disagrees the register of shareholders and requires to write his name on the register of shareholders, or requires to cancel his name from the register of shareholders may apply for correcting the register of shareholders to a competent court.  | Clause 40 of the Essential Clauses |

Clause 41 of the Essential Clauses, Clause 7(1), Appendix 3 to GEM Listing Rules of



6.11 Any shareholder in the register of shareholders or anyone who requires to write his name on the register of shareholders, if his shares (i.e. the “Original Shares”) are lost, may apply for new shares for renewing such shares (i.e. the “Relevant Shares”) to the Company.

If a shareholder of domestic shares loses his shares and applies for renewal, it shall be treated according to the provisions of Article 144 of the Company Law.

If a shareholder of overseas listed foreign shares loses its shares and applies for renewal, it may be treated according to the laws of the place where the original of register of shareholders of overseas listed foreign shares is kept, the rules of the stock exchange or other relevant provisions.

If a shareholder of overseas listed foreign shares listed in Hong Kong loses its shares and applies for renewal, such renewal shall comply with the following conditions:

- (1) The Applicant shall lodge application in the standard format indicated by the Company and attach the notarization or statutory statement document. The content of the notarization or statutory statement document shall include the application causes of the applicant, share losing situation and evidence, other details that can certify the application causes according to the actual situation and the statement that nobody other than the applicant could require to register as the shareholder of the Relevant Shares.
- (2) The Company has not received the statement of requiring registration as the shareholders of such shares from anyone other than the applicant before the Company decides to give new shares for the purpose of renewal.
- (3) If the Company decides to give new shares to the applicant for renewal, it shall publish the declaration of giving new shares for renewal in the Chinese and English newspaper in Hong Kong as designated by the board of directors. The term of declaration shall be 90 days and the declaration shall be repeatedly published once at least every 30 days.
- (4) Before publishing the declaration of giving new shares for renewal, the Company shall submit a duplicate of the declaration to be published to the stock exchange where the new shares will be listed. The Company can publish the declaration after receiving the reply from the stock exchange and confirming representation of such declaration in the stock exchange. The representation period of the declaration in the stock exchange is 90 days.
- (5) If an application for renewal of shares in which a shareholder announces as the holder of the Relevant Shares is not approved by the shareholders in the

register of shareholders of the Relevant Shares, the Company shall send the copy of the declaration to be published to such shareholder by post.

- (6) If the 90-day period of the declaration and representation prescribed in the above paragraph (3) and (4) of this Article expires and the Company has not received any objection from anyone to renewal of shares, the Company may give new shares for renewal in accordance with the applicant's application.
- (7) While making renewal with new shares according to this Article, the Company shall cancel the original shares immediately and write such cancellation and renewal on the register of shareholders.
- (8) All expenses that the Company spends for cancelling the original shares and making renewal with new shares shall be paid by the applicant. Before the applicant fails to provide any reasonable guarantee for such expenses, the Company has the right to refuse taking any act.

6.12 After the Company makes renewal with new shares according to the provisions of these Articles of Association, the bona fide purchaser who obtains the foregoing new shares or the shareholder who is subsequently registered as the owner of such shares (if being a bona fide purchaser), whose name shall not be cancelled from the register of shareholders. Clause 42 of the Essential Clauses

6.13 The Company has no obligation of compensation to any person who is damaged due to cancellation of the original shares or the renewal with new shares except such person can certify any fraudulent act of the Company. Clause 43 of the Essential Clauses

### **Chapter 7 Rights and obligations of shareholder**

7.01 A shareholder of the Company refers to a person who legally holds shares of the Company and whose name is recorded in the register of the shareholders. Clause 44 of the Essential Clauses

A shareholder owns rights and undertakes obligations in accordance with the category and portion of shares that it holds; the shareholders who hold the same category of shares shall own the same rights and undertake the same obligations.

7.02 In case of a joint shareholder, if one person thereof is deceased, only other surviving persons in the joint shareholder shall be deemed as the person who owns the ownership of the relevant shares, but the board of directors has the right to require the death certificate that it deems appropriate, for the purpose of revising the register of shareholders. For a joint shareholder of any shares, only the joint shareholder whose name stands first in the register of shareholders has the right to receive shares of relevant stocks, notice of the Company, attend and vote in the general meeting of shareholders of the Company, and any notice served at such

Clause 45 of the Essential Clauses

person shall be deemed as served to all joint shareholders of relevant shares.

7.03 A common shareholder of the Company owns the following rights:

- (I) To receive dividend and distribution of interest in other manner by virtue of the shares that he holds;
- (II) To participate, or authorize a shareholder proxy to participate, and vote in any general meeting of shareholders;
- (III) To supervise and manage the business activities of the Company and set forth proposal or inquiry;
- (IV) To transfer shares in accordance with the laws, administrative regulations and Articles of Association;
- (V) To obtain relevant information in accordance with the provisions of these Articles of Association, including:
  - (1) Receive these Articles of Association after paying costs;
  - (2) Accessible to refer and copy after paying reasonable expenses:
    - (a) Register of all shareholders in various parts;
    - (b) The individual information of the directors, supervisors, managers and other senior officers, including:
      - (i) The existing and previous name, alias;
      - (ii) Major address (residence);
      - (iii) Nationality;
      - (iv) Full-time and all other part-time jobs and positions;
      - (v) Identity certificate document and its number.
    - (d) Equity capital status of the Company;
    - (e) The report covering the par value, quantity, maximum price and minimum price of each category of its own shares that the Company repurchased since the last fiscal year, and the total expenses that the Company has paid accordingly;

(f) The minute of the meeting of shareholders.

(VI) If the Company would be terminated or liquidated, participate in distribution of the residual property of the Company in accordance with the shares that the common shareholder holds;

(VII) Other rights granted by the laws, administrative regulations and Articles of Association.

7.04 The Company shall not exercise any power to freeze or otherwise damage the rights attached to any shares that it holds, only for the reason that any person who directly or indirectly owns the rights and interests has not disclosed his rights and interests to the Company.

Clause 12,  
Appendix 3 to  
GEM Listing  
Rules of Hong  
Kong

7.05 A common shareholder of the Company shall undertake the following obligations:

Clause 46 of  
the Essential  
Clauses

(I) To comply with these Articles of Association;

(II) To pay money for shares in accordance with the shares that he has subscribed and the manner of stock ownership.

(III) Other obligations that shall be undertaken in accordance with the laws, administrative regulations and Articles of Association.

A shareholder does not undertake the liability to any subsequently additional equity capital except the conditions that the subscriber of shares has agreed in subscription.

7.06 Except the obligations as required by the laws, administrative regulations or listing rules of the stock exchange where the Company's shares are listed, while in exercising its powers as a shareholder, the holding shareholder shall not, for exercising its voting power, make any decision harmful to the interest of the whole or partial shareholders in the following issues:

Clause 47 of  
the Essential  
Clauses

(1) To exempt from the liability that a director, a supervisor shall act for the maximum interest of the Company in good faith;

(2) To approve a director, a supervisor (for himself or other's benefit) to deprive the Company's property in any manner, including (but not limited to) any opportunity beneficial to the Company;

(3) To approve a director, a supervisor (for himself or other's benefit) to deprive the individual interest of other shareholders, including (but not limited to) any distribution power, voting power, but not including

Clause 48 of  
the Essential  
Clauses

restructuring of the Company to be submitted to the general meeting for approval according to these Articles of Association.

7.07 The holding shareholder stated in the foregoing Article refers to any person who meets one of the following conditions:

- (1) Such person may elect more than half of directors if acting solely or consistently with others;
- (2) Such person may exercise more than 30% (inclusive) of the voting power of the Company or control exercise of more than 30% (inclusive) of the voting power if acting solely or consistently with others;
- (3) Such person holds more than 30% (inclusive) of the outstanding shares of the Company if acting solely or consistently with others;
- (4) Such person otherwise actually controls the Company if acting solely or consistently with others.

#### **Chapter 8 General meeting**

8.01 General meeting is the agency of power of the Company and exercises its functions and powers in accordance with laws.

Clause 49 of the Essential Clauses

8.02 General meeting exercises the following functions and powers:

Clause 50 of the Essential Clauses

- (I) To decide the business policy and investment plans of the Company;
- (II) To elect and replace directors and decide the remuneration things relating to directors;
- (III) To elect and replace supervisors taken up by shareholder representatives, and decide the remuneration things relating to supervisors;
- (IV) To consider and approve the report of the board of directors;
- (V) To consider and approve the report of the board of supervisors;
- (VI) To consider and approve the annual budget program and final budget program of the Company;
- (VII) To consider and approve the profit distribution program and loss recovery program of the Company;

- (VIII) To make a resolution for increasing or decreasing the registered capital;
- (IX) To make a resolution for merger, split, dissolution and liquidation of the Company;
- (X) To make a resolution for the Company issuing bonds;
- (XI) To make a resolution for the Company employing, dismissing from employment of or not extending employment of an accounting firm;
- (XII) To amend these Articles of Association;
- (XIII) To discuss any proposal of the shareholders who represent more than 3% (inclusive) of the voting shares of the Company;
- (XIV) To authorize or entrust the board of directors to transact the relevant matters;
- (XV) Other things that general meeting shall make resolutions in accordance with the laws, administrative regulations and Articles of Association.

8.03 Unless upon prior approval of general meeting, the Company shall not enter a contract with any person other than the directors, supervisors, managers and other senior officers to allow such person responsible for management of the whole or major businesses of the Company.

Clause 51 of the Essential Clauses

8.04 General meeting consists of annual meeting of shareholders and temporary general meeting of shareholders. General meeting is convened and decided date and venue of meeting by the board of directors. The annual meeting of shareholders is held once every year, and shall be held within six months after closure of the last fiscal year.

Clause 52 of the Essential Clauses, Clause 6 of Comments

The board shall hold a temporary general meeting of shareholders within two months in any of the following circumstances:

- (1) The number of directors is less than the number as prescribed in the Company Law or less than two-thirds of the number as required in these Articles of Association;
- (2) The loss not made up by the Company is equivalent to one third of the total amount of the equity capital;
- (3) The shareholders holding more than 10% (inclusive) of the outstanding shares attached with the voting power of the Company require in writing to

hold a temporary general meeting of shareholder;

- (4) The board of directors considers necessary or the board of supervisors proposes to convene;
- (5) The accounting firm employed by the Company requires to convene a temporary general meeting of shareholders in accordance with Article 16.10 of these Articles of Association;
- (6) More than two independent directors propose to convene.

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| 8.05   | For convening a general meeting, the Company shall send a 25 days' notice in accordance with the provisions of these Articles of Association, and notify the things to be discussed in the meeting and the date and venue of the meeting to all directors in the register. Any shareholder who intends to attend the general meeting shall serve the written reply of attending the meeting to the Company five days prior to the meeting.   | Clause 53 of the Essential Clauses |
| 8.06   | If the Company convenes a general meeting, the shareholders who solely or jointly hold more than 3% (inclusive) of the total voting shares of the Company may set forth a new proposal in writing to the Company five days prior to the meeting. The things in the proposal involved with the scope of responsibilities of the general meeting shall be listed into the agenda of the meeting by the Company.  | Clause 54 of the Essential Clauses |
| 8.07   | The Company calculates the number of the voting shares that the shareholders who intend to attend the meeting represent. If the voting shares that the shareholders who intend to attend the meeting represent reach over half of the total voting shares of the Company, the Company may hold a general meeting of shareholders; or otherwise the Company shall inform the shareholders the things to be discussed in the meeting, the date and venue of the meeting again within three days in the manner of declaration, and the Company may hold a general meeting by notice of declaration. | Clause 55 of the Essential Clauses |
| A general meeting shall not decide any matter not specified in the notice. |  |                                    |
| 8.08   | A notice of general meeting shall be in conformity with the following requirements:  | Clause 56 of the Essential Clauses |
| (1) Made in the manner as prescribed in these Articles of Association;     |  |                                    |
| (2) Specify the venue, date and time of the meeting;                       |  |                                    |
| (3) Describe the things to be discussed in the meeting;                    |  |                                    |
| (4) Provide shareholders with the information and explanation required for |  |                                    |

making wise decision for the things to be discussed; this principle includes (but not limited to) that the actual conditions of the proposed transaction and its contract (if any) shall be provided if the Company proposes merger, repurchasing shares, restructuring of shares or other restructurings, and careful explanation shall be made to its cause and outcome;

- (5) If any director, supervisor, manager and other senior officer have any interest in the thing to be discussed, they shall disclose the nature and degree of their interest therein; if the thing to be discussed has any influence to such director, supervisor, manager and other senior officer as a shareholder different with the influence to other shareholders in the same category, such difference shall be specified;
- (6) The whole text of any extraordinary resolution to be proposed for passing in the meeting is contained;
- (7) Describe by clear wording that a shareholder entitled to attend and vote has the right to authorize one or more proxies to attend and vote on his behalf, and such proxies need not be shareholders;
- (8) Set out the service time and venue of the authorization for voting in the meeting.

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| 8.09   | A notice of general meeting shall be sent to the shareholders who are registered on the confirmation date of the meeting (whether with the voting power in the general meeting or not) in the manner prescribed in these Articles of Association. If the notice is sent by hand or by a prepaid mail, the address of the receiver shall be based on the address in the register of shareholder. The notice of general meeting for the shareholders of domestic shares may be sent in the manner of declaration. | Clause 57 of the Essential Clauses, Section 1 and Section 3, Clause 7, Appendix 3 to GEM Listing Rules of Hong Kong |
| The declaration referred to in the foregoing paragraph shall be published in one or more newspapers designated by the Securities Agency under the State Council in the period 25-30 days prior to the meeting. The declaration so published shall be deemed as the notice of the general meeting that all shareholders of the domestic shares have received. |   |   |
| 8.10   | The meeting and resolutions made in the meeting shall not become effective for any meeting notice is not sent to any person who has the right to receive the notice due to omission or such person has not received the meeting notice.   | Clause 58 of the Essential Clauses  |
| 8.11   | Any shareholder who is entitled to attend a meeting of shareholders has the right to authorize one or several persons (such persons may not be shareholders) to act as his proxies to attend and vote in the meeting on his behalf. Such proxies may exercise the following rights in accordance with the authorization of such   | Clause 59 of the Essential Clauses  |



shareholder:

- (1) The right to speak of such shareholder in the general meeting;
- (2) Individually or jointly with others require to vote by ballot;
- (3) Exercise the voting power by a show of hands or ballot, but if the authorized proxies of shareholder are more than one, such proxies can only exercise the voting power by ballot.

If the shareholder is the recognized clearing house or its agent, the shareholder may authorize one or more persons that the shareholder considers appropriate to act as his representative in any general meeting of shareholders or any meeting of shareholders in any category; however, if more than one person obtains such authorization, the power of attorney shall specify the number and category of the involved shares of such person each by such authorization. The persons so authorized may represent the recognized clearing house or its agent to exercise rights as if such person would be an individual shareholder of the Company.

8.12 A shareholder shall authorize his proxy in writing and such authorization shall be signed by the principal or the agent that he authorizes in writing; if the principal is a legal person, such authorization shall be affixed the seal of the legal person or signed by any formally appointed person or agent. Such authorization shall specify the number of shares that the shareholder's proxy will represent. If several persons are authorized as the shareholder's proxies, such authorization shall indicate the number of shares that each proxy represents.

Clause 60 of the Essential Clauses, Clause 11(2), Appendix 3 to GEM Listing Rules of Hong Kong

8.13 The power of attorney for voting proxy shall be put at the office of the Company or other place as the notice for convening the meeting designates in 24 hours prior to the relevant meeting in which the power of attorney authorizes for voting, or in 24 hours prior to the designated voting time. If the power of attorney is signed by other person that the principal authorizes, the letter of authorization for signature or other authorization documents shall be notarized. The letter of authorization or other authorization documents so notarized shall be put together with the power of attorney for voting proxy at the office of the Company or other place as the notice for convening the meeting designates.

Clause 61 of the Essential Clauses

If the principal is a legal person, the persons authorized by its legal representative or board of directors, other decision-making institutes through resolution shall attend the general meeting of the Company as a representative.

8.14 Any format of the power of attorney given to a shareholder by the board of directors of Company for appointing the shareholder's proxy shall allow the shareholder to freely select to instruct the shareholder's proxy to vote for or against,

Clause 62 of the Essential Clauses, Clause 11(1), Appendix 3 to GEM Listing Rules of Hong Kong

(Clause 63 of the Essential

and separately give instructions on the voting matters of each subject of the meeting. The power of attorney shall specify that the shareholder's proxy may vote at his own will if the shareholder gives no instruction.

8.15 If the principal has been deceased, has lost the capacity for civil conduct, withdrawn appointment, withdrawn the authorization for signing appointment or the relevant shares have been transferred before voting, the voting made by the shareholder's proxy in accordance with the power of attorney shall remain effective provided that the Company has not received the written notice for such matter before the relevant meeting starts.

8.16 If an individual shareholder designates his proxy to attend the general meeting of shareholders, such proxy shall produce the power of attorney of the shareholder and the identity certificate of himself; if a legal person shareholder designates its representative to attend the general meeting of shareholders, such representative shall produce his identity certificate and the certificate of the legal representative or the duplicate of the notarized resolution that the board of directors of such legal person shareholder (except the recognized clearing house or its agent) or other decision-making institutions appoint the representative.

8.17 Resolutions of general meeting of shareholder consist of common resolutions and extraordinary resolutions.

(Clause 64 of the Essential Clauses)

A common resolution made in a general meeting of shareholders shall be passed by more than half of the voting power held by the shareholders (including shareholder's proxies) attending the general meeting.

An extraordinary resolution made in a general meeting of shareholders shall be passed by more than two thirds of the voting power held by the shareholders (including shareholder's proxies) attending the general meeting.

8.18 When a shareholder (including his proxies) votes in a general meeting of shareholders, such shareholder exercises his voting power with the number of the voting shares that he represents, and each share has one vote.

(Clause 65 of the Essential Clauses)

8.19 If the GEM Listing Rules of Hong Kong requires that any shareholder must give up the voting power for a matter under resolution, or any shareholder is limited to only vote for (or against) a matter under resolution, the votes of such shareholder or his representatives shall not be counted in the event that there is any circumstance in breach of relevant provision or limitation.

8.20 Unless the following persons, before or after voting by a show of hands, require voting by ballot, a general meeting of shareholders shall vote by ballot:

(Clause 66 of the Essential Clauses)

- (1) Chairman of meeting;
- (2) At least two shareholders with the voting power or proxies of shareholders with the voting power;
- (3) One or some shareholders (including shareholder's proxies) that solely or jointly hold more than 10% (inclusive) of the voting shares in the meeting.

Unless any person proposes voting by ballot, the chairman of meeting shall declare the passing result of the proposal in accordance with the result of voting by a show of hands, and record this in the minute as the final evidence, and it is necessary to certify the no or yea votes or their proportion in the resolution passed in the meeting.

The requirement for voting by ballot may be withdrawn by the applicant.

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| 8.21 | If the matter required for voting by ballot is election of chairman or adjournment of meeting, the voting by ballot shall be made immediately; other matters required for voting by ballot will be decided the voting time by the chairman. The meeting may proceed to discuss other matters, and the voting result is still deemed as the resolution passed in the meeting.  | (Clause 67 of the Essential Clauses) |
| 8.22 | While voting, the shareholders (including shareholder's proxies) owning two or more votes need not give all no or yea votes.  | (Clause 68 of the Essential Clauses) |
| 8.23 | When the no votes and yea votes are same, either by a show of hands or by ballot, the chairman of meeting has the right to casting vote.  | (Clause 69 of the Essential Clauses) |
| 8.24 | The following matters shall be passed by a common resolution in a general meeting of shareholders:  | (Clause 70 of the Essential Clauses) |
|      | <ol style="list-style-type: none"> <li>(1) The working report of the board of directors and the board of supervisors;</li> <li>(2) The profit distribution program and loss recovery program drafted by the board of directors;</li> <li>(3) Recall of any member of the board of directors and the board of supervisors and their remuneration and payment conditions;</li> <li>(4) The annual budget and final report, balance sheet, profit statement and other financial statements of the Company;</li> <li>(5) The matters other than those matters that shall be passed by extraordinary resolutions as prescribed by the laws, administrative regulations and Articles</li> </ol> | (Clause 71 of the Essential Clauses) |

of Association.

8.25 The following matters shall be passed by an extraordinary resolution in a general meeting of shareholders:

- (1) The Company increases or reduces equity capital and issues any category of shares, subscription warrant and other similar securities;
- (2) Issue corporate bonds;
- (3) Split, merger, dissolution and liquidation of the Company;
- (4) Amendment of Articles of Association;
- (5) Other matters, which are deemed with major influence to the Company and need to be passed by extraordinary resolutions, are passed by common resolutions in a general meeting of shareholders.

8.26 A shareholder shall transact according to the following procedures if requiring convening a temporary general meeting of shareholders or a meeting of category shareholders:

(Clause 72 of the Essential Clauses)

- (1) Two or more shareholders jointly holding more than 10% (inclusive) of the voting shares in the meeting to be held may sign one or several copies of written proposal in the same format and content, request the board of directors to convene a temporary general meeting of shareholders or a meeting of category shareholders and set out the subject of such meeting. The board of directors shall convene a temporary general meeting of shareholders or a meeting of category shareholders as quickly as possible after receiving the foregoing written proposal. The foregoing number of shares is calculated on the date when the shareholders make the written proposals.
- (2) If the board of directors has not issued the declaration for convening the meeting within 30 days after receiving the foregoing written proposal, the shareholders making the proposal may convene a meeting by themselves within four months after the board of directors has received the proposal, and the convening procedures shall be same as the procedures by which the board of directors convenes a meeting of shareholders as far as possible.
- (3) If any shareholders convene and hold a meeting by them for the board of directors has not replied to the foregoing proposal of holding a meeting, the reasonable expenses that they have occurred shall be paid by the Company and will be deducted from the amount that the Company has not paid to the director who neglects his duties.

8.27 A general meeting of shareholders shall be convened by the board of directors and presided by the board chairman. If the board chairman cannot perform or fails to perform the office of chairman, a vice chairman shall preside at the meeting; if any vice chairman cannot perform or fails to perform the office of chairman, more than half of directors shall jointly elect a director to preside at the meeting. (Clause 73 of the Essential Clauses)

If the board of directors cannot perform or fails to perform the duty of convening a general meeting of shareholders, the board of supervisors shall promptly convene and preside; if the board of supervisors cannot convene and preside, the shareholders solely or jointly holding more than 10% of shares of the Company for 90 consecutive days may convene and preside by themselves.

8.28 The chairman of meeting is responsible to decide whether a resolution of a general meeting of shareholders is passed, and his decision is the final decision and shall be declared at the meeting and recorded into the minute. (Clause 74 of the Essential Clauses)

8.29 If the chairman of meeting has any doubt to the result of the resolution to be submitted for voting, he may count all votes; if the chairman does not count the votes and the shareholders or shareholder's proxies attending the meeting disagree the result declared by the chairman, they have the right to require counting the votes immediately after declaration, the chairman shall count the votes forthwith. (Clause 75 of the Essential Clauses)

8.30 If the general meeting of shareholders counts the votes, the result of counting the votes shall be recorded in the minute of the meeting. (Clause 76 of the Essential Clauses)

The general meeting of shareholders shall prepare the minute for the decisions of the discussed matters, which are signed by the meeting chairman and the directors attending the meeting. The minute together with the signature book of the attending shareholders and the power of attorney for attending on behalf shall be kept at the office of the Company.

8.31 A shareholder may refer to any copy of minute at the office time of the Company without any charge. If any shareholder requires the Company to provide a copy of relevant minute, the Company shall send out the copy within 7 days after receiving the reasonable expenses. (Clause 77 of the Essential Clauses)

## **Chapter 9 Special procedures for voting by category shareholders**

Clause 78 and Clause 85 of the Essential Clauses, Clause (f), Part C, Appendix 11 to GEM Listing Rules of Hong Kong

9.01 The shareholders who hold shares in different categories are category shareholders. Except other category shareholders, shareholders of domestic shares and shareholders of overseas listed foreign shares are different category shareholders.

Category shareholders own rights and undertake obligations in accordance with the provisions of laws, administrative regulations and Article of Association.

- 9.02 If the Company intends to alter or cancel the rights of category shareholders, such alteration or cancellation before carried out shall be passed in a general meeting of shareholders by an extraordinary resolution and in a meeting of shareholders that the affected category shareholders convene respectively according to Article 9.04 and Article 9.08. (Clause 79 of the Essential Clauses)
- 9.03 The following circumstances shall be deemed as alteration or cancellation of the rights of a category of shareholders: (Clause 80 of the Essential Clauses)
- a) Increase or reduce the number of the shares in the category, or increase or reduce the number of those category shares that own the same or more voting power, distribution power, other privileges as or than the category shares;
  - b) Convert the whole or partial category shares into other category, or convert the whole or partial shares in another category into the shares in the category or grant such conversion right;
  - c) Cancel or reduce the rights that the shares in the category have owned, obtained the generated dividend or accumulative dividend;
  - d) Reduce or cancel the priority rights of the category shares to obtain divided or to obtain property distribution in liquidation of the Company;
  - e) Increase, cancel or reduce the right of converting shares, selection right, voting power, transfer right, placing priority right, the right of obtaining the Company's securities that the category shares own;
  - f) Cancel or reduce the rights of the category shares to collect the payables of the Company in specific currency;
  - g) Establish any new category that owns the same or more voting power, distribution power or other privileges as or than the category shares;
  - h) Make any limitation on the transfer or ownership of the category shares or increase such limitation;
  - i) Issue share subscription right of the category or another category or the right of converting shares;
  - j) Increase rights and privileges of other categories;

- k) The restructuring program of the Company will constitute that the shares in different categories undertake liabilities in the restructuring not in proportion;
- l) Amend or abolish the articles stated in the Chapter.

9.04 The affected category shareholders, whether owning the voting power in a general meeting of shareholders or not, own the voting power in a meeting of category shareholders if the circumstances stated in (II) to (VIII), (XI) to (XII) of Article 9.03 are involved, but the interested shareholders have no voting power in a meeting of category shareholders. (Clause 81 of the Essential Clauses)

The interested shareholder in the foregoing paragraph refers to:

- a) In the event that the Company sends the offer of repurchase in the same proportion to all shareholders in accordance with the provisions of Article 4.04 or repurchases its own shares in the stock exchange by public transaction, the “interested shareholder” refers to the holding shareholder as defined in Article 7.05 of these Articles of Association;
- b) In the event that the Company repurchases its own shares in the stock exchange by agreement in accordance with the provisions of Article 4.04 of these Articles of Association, the “interested shareholder” refers to the shareholder relating to the agreement;
- c) In the restructuring program of the Company, the “interested shareholder” refers to the shareholder who undertakes the liability in the proportion lower than other shareholders in the category or the shareholder who owns the interests different with other shareholders in the category.

9.05 Any resolution of a meeting of category shareholders before made shall be passed by more than two-thirds of equity capital with the voting power attending the meeting of category shareholders in accordance with Article 9.04. (Clause 82 of the Essential Clauses)

9.06 If the Company will hold a meeting of category shareholders, it shall send a 25 days’ notice in the manner as prescribed in these Articles of Association, informing the registered shareholders in the category about the matters to be discussed in the meeting and the date and venue of the meeting. The shareholders who intend to attend the meeting shall serve the written reply of attending the meeting to the Company five days prior to the meeting. (Clause 83 of the Essential Clauses)

If the voting shares that the shareholders who intend to attend the meeting represent reach over half of the total voting shares of the category in the meeting, the Company may hold a meeting of category shareholders; or otherwise the Company shall inform the shareholders the things to be discussed in the meeting, the date and

(Clause 84 of the Essential Clauses)

venue of the meeting again within three days in the manner of declaration, and the Company may hold a meeting of category shareholders by notice of declaration.

9.07 The notice of a meeting of category shareholders shall be only sent to the shareholders who have the right to vote in the meeting.

A meeting of category shareholders shall be held in accordance with the same procedures as a general meeting of shareholders as far as possible, and the articles of these Articles of Association relating to the procedures for holding general meeting are applicable to any meeting of category shareholders.

9.08 The following procedures are not applicable to the special procedures for voting by category shareholders: Clause 85 of the Essential

a) After approved in a general meeting of shareholders by an extraordinary resolution, the Company separately or simultaneously issue domestic shares, overseas listed foreign shares every 12 months, and the number of the domestic shares, overseas listed foreign shares to be issued shall not exceed 20% of the outstanding shares of its category respectively; Clauses, Clause 3 of Supplementary Proposal, Clause (f), Part C, Appendix 11 to GEM Listing Rules of Hong

The plan of issuing domestic shares and overseas listed foreign shares when the Company was incorporated is completed within 15 months as of the date when China Securities Regulatory Commission or other securities regulatory authority under the State Council approves.

## Chapter 10. Board of Directors

10.01 The Company shall set up Board of Directors. The Board of Directors shall consist of 9 directors, including 3 independent (non-executive) directors (refer to directors that are independent of shareholders of the Company and don't hold any office in the Company; same below). The Board of Directors shall have one chairman and one vice chairman and the chairman shall deal with relevant affairs as authorized by the Board of Directors. Clause 86 of Essential Clauses

10.02 The Board of Directors shall be independent of controlling company and shall not be influenced by the controlling company. The number of executives (chairman, vice chairman and executive director) of the controlling company that concurrently serves as chairman, vice chairman and executive director of the Company shall not exceed two. Clause 1 of the Proposal

10.03 Directors shall be elected by the shareholders' meeting. The term of office of the directors shall be 3 years and they may serve consecutive terms if reelected upon expiration of the term of office. However, the duration for the consecutive term of independent non-executive directors shall not exceed 6 years. Clause 87 of Essential Clauses

Clause 4 of Supplementary Proposal; Appendix 3 Sections 4(4) and (5) of "GEM Listing Rules"



- 10.04 Where the Company delivers notice to elect a person as director and the said person delivers notice to the Company indicating he is willing to accept such nomination, the said person shall deliver such notice to the Company after the Company delivers the notice of the meeting but at least 7 days before the meeting.
- 10.05 The number of directors elected for each session shall not be fewer than that specified in Article 10.01 or exceed the maximum number of directors identified by the shareholders' meeting in the form of ordinary resolution. Where the number of directors elected by vote exceeds the limit of maximum number of directors, those winning higher votes shall be elected as directors based on the maximum number of directors.
- Chairman and vice chairman shall be elected and dismissed by all directors based on majority vote. The term of office of the chairman and vice chairman shall be 3 years and they may serve consecutive terms if reelected upon expiration of the term of office.
- 10.06 For any person appointed by the Board of Directors as director to fill up temporary vacancy or as additional director, his term of office shall expire upon the next annual shareholders' meeting and such persons may serve consecutive terms if reelected upon expiration of the term of office. Without violating relevant laws, administrative regulations, the shareholders' meeting may remove in the form of ordinary resolution any director before the expiry of his term of office (However, relevant claim launched in accordance with relevant contract shall not be affected by this).
- 10.07 Directors are required to hold shares of the Company.
- 10.08 Directors shall have sufficient time and necessary knowledge and capability to perform their duty. When directors are performing their duty, the Company shall provide necessary information. Specifically, independent (non-executive) directors may directly report to the securities regulatory agency under the State Council and other relevant authorities.
- 10.09 The Board of Directors shall be responsible to the shareholders' meeting and exercise the following functions and powers:
- (1) To convene shareholders' meeting and report work to the shareholders' meeting;
  - (2) To execute the resolution of the shareholders' meeting;
  - (3) To decide on the operation plan and investment program of the Company;
  - (4) To formulate annual financial budget plan and settlement plan for the

Clause 87 of  
Essential Clauses

Appendix 3  
Sections 4(2) and  
(3) of "GEM  
Listing Rules";  
Clause 4 of  
Supplementary  
Proposal

Clause 87 of  
Essential Clauses

Clause 6 of the  
Proposal

Clause 88 of  
Essential Clauses;  
Clause 6 of the  
Proposal

Company;

- (5) To formulate profit distribution plan and loss makeup plan for the Company;
- (6) To formulate registered capital increase/decrease plan and bond issuing plan for the Company;
- (7) To prepare merger, splitting and dissolution plan for the Company;
- (8) To decide on the setting of internal management organs for the Company;
- (9) To appoint or dismiss company manager, appoint or dismiss company deputy and financial director as nominated by the manager, and decide their remuneration;
- (10) To formulate basic management system for the Company;
- (11) To formulate program to modify the Articles of Association;
- (12) To decide to raise funds, implement loan, mortgage-based loan, lease, contract or transfer key assets of the Company in accordance with relevant laws and regulations and the provisions of the Articles of Association, and authorize the manager to exercise such power under specific restrictions and within specific time limit;
- (13) To exercise other functions and powers granted by the shareholders' meeting and the Articles of Association.

Except resolutions specified in (6), (7) and (11) above that require voting by 2/3 or more directors, other resolutions of the Board of Directors only require voting by half or more directors.

No affiliated transaction of the Company shall be valid unless it is signed by independent directors.

- 10.10 When the Board of Directors is disposing of the fixed assets, if the sum of the anticipated value of the fixed assets to be disposed of and the earned value of the fixed assets disposed of within 4 months before the current proposal to dispose of fixed assets exceeds 33% of the value of the fixed assets indicated in the Balance Sheet recently reviewed by the shareholders' meeting, then, the Board of Directors shall not dispose of or agree to dispose of the said fixed assets before approval by the shareholders' meeting.

The disposal of fixed assets as specified herein shall include the conduct of transferring some assets and equity but not include the conduct of providing guarantee with fixed assets.

The effectiveness of the transaction performed by the Company through disposal of fixed assets shall not be affected due to violation against paragraph 1 herein.

If the Company purchases or sells any major assets within one year or guarantees the amount exceeding 30% of the total assets of, the shareholders' meeting shall adopt specific resolution by 2/3 or more voting by shareholders attending such meeting.

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

Clause 90 of  
Essential Clauses

- (1) To chair shareholders' meeting, convene and chair board meeting;
- (2) To inspect the implementation status of board resolutions;
- (3) To sign securities issued by the Company;
- (4) To exercise other functions and powers granted by the Board of Directors.

Where the chairman cannot or fails to perform such functions, the vice chairman shall perform such functions; where the vice chairman cannot or fails to perform such functions, a director jointly elected by more than half of the directors shall perform such functions.

10.12 The Board of Directors shall hold at least two meetings each year. The chairman shall convene board meetings and notify all directors 10 days before the meeting. In case of emergency, shareholders representing more than 1/10 of the voting rights, more than 1/3 of the directors, the board of supervisors or the manager of the Company may propose to convene an interim meeting of the Board of Directors. In this case, the chairman shall convene and chair board meeting within 10 days after receiving such proposal without being restricted by the notice of board meeting as specified in 10.14 herein.

Clause 91 of  
Essential Clauses

10.13 In principle, board meeting shall be held at the domicile of the Company. However, it may be held in any other location in China subject to the resolution adopted by the Board of Directors.

The language used in a board meeting shall be Chinese. When necessary, however, interpreter(s) may be available to provide Chinese and English consecutive Interpretation.

10.14 The mode and time limit of notice for board meeting and interim board meeting

Clause 3 of the  
Proposal

shall be as shown below:

If the time and place of routine board meeting is predefined by the Board of Directors, it is not required to deliver notice for such meetings.

If the time and place of routine board meeting is not predefined by the Board of Directors, the Board of Directors shall notify directors of the time and place of the board meeting via telex, telegram, fax, express mail or registered mail 10-30 days prior to the meeting, unless otherwise specified in 10.12.

The notice shall be in Chinese and English version may be attached when necessary. The notice shall include the agenda of the meeting. Any director may waive the right to obtain the notice of board meeting.

For major affairs that need board resolution, it is required to notify all directors within the time limit as specified herein, provide sufficient documents and go through relevant procedures as specified. Directors may request to provide supplementary documents. Where over 1/4 of the directors and more than 2 independent (non-executive) directors conclude that documents are insufficient or demonstration is not specific, they may jointly propose to postpone board meeting or postpone the discussion of that part at board meeting, and the Board of Directors shall adopt such proposal.

- 10.15 Where a director has attended a board meeting and has not announced before or at the meeting that he has not received the notice of the board meeting, the Board of Directors shall be deemed as having delivered the notice of board meeting to such director.
- Routine board meeting or interim board meeting may be held in the form of videoconference or via similar communication equipment. Where directors present can clearly hear other directors and exchange views with them, they shall be deemed as having attended such board meeting in person.
- 10.16 Board meeting may be held with the attendance of more than 1/2 of the directors (including directors who entrust other directors in writing as specified in 10.18 herein to attend board meeting on their behalf).
- Each director has one voting right. The resolution made at a board meeting shall be subject to adoption by more than half of all directors.
- When the number of dissenting votes is equal to the number of affirmative votes, the chairman may cast another vote.
- 10.17 Where any transaction involved in board resolution is affiliated with any director, such director shall evade and have no voting right, and such director shall not be included in the quorum of directors attending the board meeting.
- 10.18 Directors shall attend board meeting in person. If any director cannot attend the board meeting for any reason, he may entrust another director in writing to attend
- Clause 92 of Essential Clauses
- Clause 93 of Essential Clauses
- Appendix 3 Sections 4.1 of "GEM Listing Rules"
- Clause 3 of the Proposal

the board meeting on his behalf. The power of attorney shall clearly indicate the scope of authorization.

10.19 A director who attends the board meeting on behalf of another director shall exercise the right of a director within scope of authorization. Any director who neither attends a board meeting nor entrusts any proxy to attend the board meeting on his behalf shall be deemed as having waived the right to vote at the meeting.

10.20 The Board of Directors may accept written proposal instead of holding board meeting. However, the draft of such proposal shall be delivered to each director in person or via mail, telegram or fax. If the Board of Directors has distributed the proposal to all directors, the number of directors that have signed the proposal for affirmation has reached the quorum of directors required to adopt a resolution as specified in 10.09 of these Articles of Association, and the signed proposal has been submitted to the secretary of board via the abovementioned approach, the said approach shall become board resolution without having to convene any board meeting.

10.21 Decisions on matters discussed at the board meeting shall be recorded in the minutes of the meeting, and the comments made by independent (non-executive) directors shall be recorded in the board resolution. The minutes of each board meeting shall be delivered to all directors for review as soon as possible. Directors who wish to make supplementation or modification to the minutes shall submit written report concerning the recommended modification to the chairman within one week after receiving the minutes of board meeting. After the minutes of the meeting are finalized, directors present at the meeting and recorder shall sign the minutes of the meeting. The minutes of the board meeting shall be kept at the domicile of the Company in China and a complete copy shall be delivered to each director as soon as possible.

Clause 95 of  
Essential Clauses;  
Clause 3 of the  
Proposal

Directors shall assume responsibility for board resolution. Where board resolution violates relevant laws, administrative regulations or the Articles of Association and thus cause severe losses to the Company, directors participating in adopting the resolution shall be held responsible for compensation. However, if it is verified that a director expresses objection when voting and his objection is recorded in the minutes, such director may be exempted from assuming responsibility.

## **Chapter 11. Secretary of Board**

11.01 The Company shall appoint a secretary for the board. As a senior officer of the Company, the board secretary shall perform obligations as specified in relevant laws, regulations and the Articles of Association for senior officers, enjoy corresponding power and have corresponding remuneration.

Clause 96 of  
Essential Clauses

11.02 It is the key task for the board secretary to assist directors in dealing with

Clause 97 of  
Essential Clauses;  
Clause 8 of the  
Proposal

day-to-day work of the Board of Directors, keep the directors informed of relevant regulations, policies and requirements of domestic and overseas regulatory organs on corporate operations, and assist directors in complying domestic and overseas laws, regulations, these Articles of Association and other relevant provisions when exercising their functions and powers; organize and prepare documents for board meetings and shareholders' meetings, record the minutes of the meetings, ensure the decision of the meetings complies with statutory procedures, and identify the implementation of board resolutions; organize and coordinate information disclosure, coordinate relations with investors and improve transparency of the Company; participate in organizing capital market financing; coordinate relations with intermediary organs, regulatory organs and relevant media and improve public relations.

11.03 Appointed by the Board of Directors, the board secretary shall be a natural person who has professional knowledge on listing in overseas market and knowledge on relevant laws and regulations as well as relevant working experience; is familiar with corporate operation and industrial practices; has relevant knowledge needed to perform his functions; has good personal quality and occupational ethics; and has good capability in public relations and coordination.

11.04 The secretary of the board shall have a minimum of 3 years' working experience in financial auditing, enterprise management or legal affairs.

11.05 The natural person with any one of the circumstances as specified in 14.01 shall not serve as the board secretary.

11.06 Directors or other senior officers of the Company may serve as the board secretary. If any director or other senior officer of the Company serves as the board secretary, it is required to ensure that he has sufficient efforts and time to perform the functions as board secretary. The accountant of the CPA firm appointed by the Company shall not concurrently serve as board secretary. Where a director serves as board secretary, if any conduct has to be performed by the director and board secretary separately, the person that concurrently serves as director and board secretary shall not perform such conduct in double identity.

Clause 98 of  
Essential Clauses

11.07 The scope of key functions and powers of the board secretary

Clause 97 of  
Essential Clauses

(1) To ensure the Company has complete organization documents and meeting minutes;

(2) To ensure the Company prepares and submits relevant reports and documents required by relevant authorities in accordance with relevant laws and regulations;

- (3) To ensure the Company has the list of shareholders available and ensure those who have the right to access relevant records and documents of the Company can properly access such records and documents.

11.08 The board secretary shall perform fiduciary duty and diligence to the Company, obey these Articles of Association, earnestly perform his duties, protect the interests of the Company, and shall not make use of his position and power in the Company for personal gains. To have any third person perform part of his functions, the board secretary shall seek prior approval from the Board of Directors and ensure that part of functions thus entrusted is performed in accordance with law. In case of violation against law, the board secretary shall assume corresponding liability.

Clause 16 of “Guideline for Board Secretaries of Companies Listed Overseas”

## **Chapter 12. Company Manager**

12.01 The Company shall have one manager, who shall be appointed or dismissed by the Board of Directors.

Clause 99 of Essential Clauses

12.02 The manager shall be responsible to the Board of Directors and exercise the following functions and powers:

Clause 100 of Essential Clauses

- (1) To assume responsibility in production and operation management of the Company, and organize the implementation of board resolutions;
- (2) To organize the implementation of the annual operation plan and investment programs of the Company;
- (3) To formulate internal management programs for the Company;
- (4) To formulate basic management procedures for the Company;
- (5) To establish basic rules and procedures for the Company;
- (6) To propose to appoint or dismiss deputy manager and financial director of the Company;
- (7) To appoint and dismiss management personnel other than those who have to appointed or dismissed by the Board of Directors;
- (8) To exercise other functions and powers granted by these Articles of Association and the Board of Directors.

12.03 A manager not being a director can attend a board meeting and have the right to

Clause 101 of Essential Clauses

Clause 102 of Essential Clauses

receive any notice of board meeting and relevant documents but without any voting right at a board meeting.

- 12.04 When exercising functions and powers, the manager shall comply with relevant laws, administrative regulations and the Articles of Association, and perform fiduciary duty and diligence.
- 12.05 When exercising functions and powers, the manager and deputy manager shall not alter the resolutions of the shareholders' meeting and the Board of Directors or act beyond the scope of their powers.
- 12.06 Manager, deputy manager and other senior managers may resign from their office subject to 3-month prior notice in writing to the Board of Directors; department managers may resign from their office subject to 2-month prior notice in writing to the Board of Directors.

### **Chapter 13. Board of Supervisors**

- 13.01 The Company shall have a board of supervisors. As a standing supervisory organ of the Company, the Board of Supervisors shall supervise the Board of Directors, individual directors, the manager, deputy manager and other senior managers to prevent them from abusing their powers to infringe the legitimate rights of shareholders, the Company and relevant employees. Clause 103 of Essential Clauses
- 13.02 The Board of Supervisors shall consist of 5 members and one of them shall serve as the chairman of the Board of Supervisors. The term of office of the supervisors shall be 3 years and they may serve consecutive terms if reelected upon expiration of the term of office. Clause 104 of Essential Clauses; Clause 5 of Supplementary Proposal; Appendix 11 Part C Section I. Clause d Item i. of "GEM Listing Rules"
- The chairman of the Board of Supervisors may be appointed or dismissed subject to voting by over 2/3 (including 2/3) supervisors.
- 13.03 The Board of Supervisors shall consist of 3 shareholder representatives and 2 staff representatives. Shareholder representatives shall be elected and dismissed by shareholders' meeting while staff representatives shall be elected and dismissed by company staff. Clause 105 of Essential Clauses
- 13.04 The directors, the manager, deputy managers, person in charge of finance and other senior officers of the Company shall not concurrently serve as supervisor of the Company. Clause 106 of Essential Clauses
- 13.05 The Board of Supervisors shall hold at least two meetings each year. The chairman of the Board of Supervisors shall convene such meetings and notify all supervisors 10 days before the meeting. In case of emergency, the Board of Supervisors may Clause 107 of Essential Clauses



convene an interim meeting without being restricted by the notice of supervisor meeting as specified below.

In principle, the meeting of the Board of supervisors shall be held at the domicile of the Company. However, it may be held in any other location in China subject to the resolution adopted by the Board of Supervisors.

13.06 The Board of Supervisors shall be responsible to the shareholders' meeting and exercise the following functions and powers in accordance with law:

Clause 7 of the Proposal

- (1) To inspect the financial affairs of the Company;
- (2) To supervise the directors, manager and other senior managers for their violation against laws, administrative regulations and the Articles of Association while exercising their functions and powers;
- (3) To cause the directors, manager and other senior officers to correct their conduct when their conduct is damaging the interests of the Company;
- (4) To review financial documents proposed to be submitted to the shareholders' meeting by the Board of Directors, including financial report, operation report and profit distribution program, and appoint certified public accountant and auditor to review such financial documents in the name of the Company in case of inquiry;
- (5) To propose to convene interim shareholders' meeting;
- (6) To deal with or launch legal proceedings against any director on behalf of the Company;
- (7) To exercise other functions and powers specified in these Articles of Association.

The Board of Supervisors may put forward suggestions to the CPA firm appointed by the Company; when, they may appoint another CPA firm in the name of the Company if necessary for independent auditing of the financial affairs of the Company, and directly report to the securities regulatory agency under the State Council and other relevant authorities.

13.07 Supervisors shall independently report the good faith and diligence performance of the senior managers of the Company to the shareholders' meeting.

Clause 108 of Essential Clauses

Supervisors may attend board meeting without voting rights.

Clause 109 of Essential Clauses; Clause 6 of Supplementary Proposal; Appendix 11 Section C Part d Item ii of "GEM Listing Rules"

- 13.08 The meeting of the Board of Supervisors may be held with the attendance of more than 2/3 of the supervisors. Each supervisor has one voting right. The resolution made at the meeting of the Board of Supervisors shall be subject to adoption by more than 2/3 (including 2/3) of all supervisors.
- 13.09 Reasonable expenses incurred by the Board of Supervisors to appoint attorneys, certified public accountant and auditor when exercising their functions and powers shall be for the account of the Company. Clause 110 of Essential Clauses
- 13.10 Supervisors shall comply with relevant laws, administrative regulations as well as the Articles of Association, and loyally perform their duty as supervisors. Clause 111 of Essential Clauses

#### **Chapter 14. Eligibility and Obligation of the Directors, Supervisors, Managers and Other Senior Officers**

- 14.01 In case of any of the following circumstances, a person is ineligible to serve as a director, supervisor, manager or any other senior officer of the Company: Clause 1 of the Proposal; Clause 112 of Essential Clauses
- (1) Civil incapacity or restricted civil capacity;
  - (2) A person who was sentenced to criminal punishment for embezzlement, bribery, seizure of property or misappropriation of property or for sabotage of the socialist market economic order, where less than five years have elapsed after the expiration of the period of execution; or a person who was deprived of his political rights for the commission of a crime, where less than five years have elapsed after the expiration of the period of execution;
  - (3) A person who, being a director or the head or manager of a company or enterprise that went into bankruptcy and liquidation, was personally liable for the bankruptcy of the said company or enterprise, where less than three years have elapsed from the date liquidation of the company or enterprise is completed;
  - (4) A person who, being the legal representative of a company or an enterprise, the business license of which was revoked for violation of law and which was ordered to close down, was personally liable for the above, where less than three years have elapsed from the date the business license of the company or enterprise is revoked;
  - (5) A person who fails to liquidate a relatively large amount of personal debts when they are due;
  - (6) A person who is involved in a case on file for investigation due to violation against criminal law and the case is not closed yet;

- (7) A person who is illegible to serve as enterprise leader as specified in relevant laws and administrative regulations;
- (8) Non-natural person;
- (9) A person who was judged by competent department as violating securities laws and regulations and involved in fraud or dishonesty conduct, where less than five years have elapsed from the date the judgment was made;
- (10) The management personnel of the controlling company shall not concurrently serve as the manager, deputy manager, financial director, marketing director or board secretary of the Company.

- |       |   |                                 |
|-------|---|---------------------------------|
| 14.02 | The effectiveness of the conduct of the directors, manager and other senior officers on behalf of the Company to any bona fide third party shall not be affected by any nonconforming conduct in office, election or eligibility.   | Clause 113 of Essential Clauses |
| 14.03 | In addition to the obligations specified by relevant laws, administrative regulations or the listing rules of the stock exchange where the shares of the Company are listed, the directors, supervisors, managers and other senior managers of the Company shall also perform the following obligations to individual shareholders when exercising their functions and powers granted by the Company:   | Clause 114 of Essential Clauses |
|       | <ol style="list-style-type: none"> <li>(1) To avoid the Company from going beyond the business scope specified in the business license;</li> <li>(2) To act earnestly for the maximum benefits of the Company;</li> <li>(3) To avoid depriving the property of the Company in any manner, including (but not limited to) favorable opportunity to the Company;</li> <li>(4) To avoid depriving the personal rights and benefits of shareholders, including (but not limited to) distribution right and voting right, but not including corporate reorganization submitted to the shareholders' meeting for adoption as specified in these Articles of Association.</li> </ol> |                                 |
| 14.04 | When exercising their rights or performing their obligations, directors, supervisors, managers and other senior officers shall practice their prudence, diligence and skills that should be exhibited in similar circumstances as a reasonably prudent person.  | Clause 115 of Essential Clauses |
| 14.05 | When exercising their functions and powers, directors, supervisors, managers and other senior managers shall comply with the principle of good faith, and avoid getting involved in any situation of potential conflict between personal interests and obligations. This principle includes (but not limited to) performance of the   | Clause 116 of Essential Clauses |

following obligations:

- (1) To act earnestly for the maximum benefits of the Company;
- (2) To exercise powers within the scope of authorization without going beyond this scope;
- (3) To personally exercise discretion and avoid being manipulated by others; never transfer discretion to any third party unless otherwise permitted by relevant laws, administrative laws or regulations or knowing approval from the shareholders' meeting;
- (4) To treat shareholders of the same category impartially and treat shareholders of different categories fairly;
- (5) Never establish contract or engage in any transaction or arrangement with the Company unless otherwise specified in these Articles of Association or knowing approval from the shareholders' meeting;
- (6) Shall not make use of the property of the Company for personal gains without informed approval from the shareholders' meeting;
- (7) Shall not take advantage of his functions and powers to accept bribes or collect other illicit earnings, and shall not take illegal possession of the property of the Company, including (but not limited to) favorable opportunity to the Company;
- (8) Shall not accept commission related with any transaction of the Company without informed approval from the shareholders' meeting;
- (9) Shall obey the Articles of Association, earnestly perform his duties, protect the interests of the Company, and shall not make use of his position and power in the Company for personal gains;
- (10) Shall not compete with the Company in any manner without informed approval from the shareholders' meeting;
- (11) Shall not embezzle the funds of the Company or loan them to others; shall not use the assets of the Company to open savings account in personal name or any other name or use the assets to provide guarantee for the debts of the shareholders of the Company or any other person;
- (12) Without informed approval from the shareholders' meeting, shall not disclose any confidential information obtained when holding office in the Company;

or use such information in any manner unless for the benefits of the Company; however, under the following circumstances, it is permitted to disclose such information to court or any governmental authority:

- (i) Specified by law;
- (ii) Required for public benefits;
- (iii) Required for the personal benefits of the said director, supervisor, manager and other senior officer.

14.06 The director, supervisor, manager and other senior officer of the Company shall not cause the following individual or institution (referred to as “related person” hereinafter) to do anything which the director, supervisor, manager or other senior officer of the Company is not permitted to do:

Clause 117 of  
Essential Clauses

- (1) Spouse or juvenile children of the director, supervisor, manager or other senior officer of the Company;
- (2) Trustee of the director, supervisor, manager or other senior officer of the Company or the person as described in (1) above;
- (3) Partner of the director, supervisor, manager or other senior officer of the Company or the person as described in (1) and (2) above;
- (4) Any company de facto independently controlled by the director, supervisor, manager or other senior officer of the Company, or any company de facto jointly controlled by any person as described in (1), (2) and (3) above or other director, supervisor, manager or other senior officer of the Company;
- (5) The director, supervisor, manager or other senior officer of the controlled company described in (4) above.

14.07 The fiduciary duty of the directors, supervisors, managers and other senior officers may survive their term of office. Their obligation to keep confidential the trade secret of the Company shall remain valid after the expiry of their term of office. The surviving period for other obligations shall be determined based on the principle of fairness depending on the time interval from the occurrence of any event to the expiry of the term of office and depending on under what circumstances and conditions their relations with the Company will terminate.

Clause 118 of  
Essential Clauses

14.08 The liabilities of the directors, supervisors, managers and other senior officers for breach of specific obligations may be knowingly released by the shareholders’ meeting except the circumstances specified in 7.04 herein.

Clause 119 of  
Essential Clauses

Clause 120 of  
Essential Clauses;  
Section 4.1  
Appendix 3 of  
“HK GEM

14.09 Where any director, supervisor, manager or other senior officer has any direct or indirect conflict of interest in the contract, transaction or arrangement that has been established or is to be established by the Company (excluding the employment contract signed between the Company and such director, supervisor, manager or other senior officer), whether relevant transaction needs approval from the Board of Directors or not, they shall promptly disclose the nature and degree of such conflict of interest to the Board of Directors.

Unless relevant director, supervisor, manager or other senior officer has disclosed their conflict of interest to the Board of Directors and the Board of Directors has approved such contract, transaction or arrangement at a board meeting where such director, supervisor, manager or other senior officer is not included in quorum and does not participate in voting, the Company reserves the right to cancel such contract, transaction or arrangement except that the other party is a bona fide party that does not know the director, supervisor, manager or other senior officer has breached their obligations.

Where the related person of any director, supervisor, manager or other senior officer has any conflict of interest in any contract, transaction or arrangement, such director, supervisor, manager and other senior officer shall also be deemed as having conflict of interest.

Unless otherwise specified in these Articles of Association, no director shall vote in any contract or arrangement in which the director or his relative person has major equity or vote in any other board resolution proposed by them; such director shall not be included when determining quorum.

14.10 Where relevant director, supervisor, manager or other senior officer notifies the Board of Directors in writing before the Company is initially planning to establish relevant contract, transaction or arrangement indicating he has conflict of interest in the contract, transaction or arrangement to be established by the Company due to the contents listed in the notice, then, within the extent as indicated in the notice, such director, supervisor, manager or other senior officer shall be deemed as having disclosed relevant conflict of interest as specified above.

Clause 121 of  
Essential Clauses

14.11 The Company shall not pay any tax for its directors, supervisors, managers and other senior officers in any form.

Clause 122 of  
Essential Clauses

14.12 The Company shall not, either directly or indirectly, provide loans or loan guarantee for the directors, supervisors, managers and other senior officers of the Company or its parent company; or loans or loan guarantee for their related persons.

Clause 123 of  
Essential Clauses

This provision shall not apply to the following circumstances:

- (1) The Companies provides loans or loan guarantee for its subsidiary;
- (2) Based on the employment contract approved by the shareholders' meeting, the Company provides loans, loan guarantee or other payment for its directors, supervisors, managers and other senior officers to pay or cover the expenses incurred to them for the purpose of the Company or when performing their functions and powers for the Company;
- (3) If the normal operation of the Company includes the provision of loans and loan guarantee, the Company may provide loans and loan guarantee for its directors, supervisors, managers and other senior officers as well as their related persons provided that the conditions for providing loans and loan guarantee are not commercial conditions.

14.13 Where the Company provides loans against the above provisions, the loan receiver shall promptly return such loans no matter what their loan conditions are. Clause 124 of Essential Clauses

14.14 Where the Company provides loan guarantee against 14.12(1) herein, the Company shall not be obliged to perform such guarantee except that: Clause 125 of Essential Clauses

- (1) When providing loans to the related persons of the directors, supervisors, managers and other senior officers of the Company or its parent company, the loan provider does not know the situation;
- (2) The guaranty provided by the Company has been legitimately sold by the loan provider to bona fide buyer.

14.15 The aforesaid guarantee includes the conduct of the guarantor assuming responsibility or providing property as guaranty to guarantee the obligator performs its obligations. Clause 126 of Essential Clauses

14.16 Where any director, supervisor, manager or other senior officer fails to perform their obligations to the Company, the Company reserves the right to take the following measures in addition to the rights and remedies provided in laws and administrative regulations: Clause 127 of Essential Clauses

- (1) To request relevant director, supervisor, manager or other senior officer to compensate for the losses to the Company arising from their negligence;
- (2) To cancel any contract or transaction established by the Company with such director, supervisor, manager or other senior officer, and cancel any contract or transaction established by the Company with any third party (provided that the third party knows or should know the director, supervisor, manager or other senior officer of the Company breaches their obligations to the

Company);

- (3) To request relevant director, supervisor, manager or other senior officer to surrender their gains obtained by breaching their obligations;
- (4) To recover any amount which has been received by relevant director, supervisor, manager or other senior officer but should have been received by the Company, including (but not limited to) commission;
- (5) To request relevant director, supervisor, manager or other senior officer to surrender the interest that is earned or should be earned by them using the funds they kept but should have paid to the Company.

14.17 The Company shall enter into a written contract with its directors and supervisors concerning specific remuneration, and submit it to the shareholders' meeting for approval. The aforesaid remuneration includes:

Clause 128 of  
Essential Clauses

- (1) Remuneration as directors, supervisors or senior officers of the Company;
- (2) Remuneration as directors, supervisors or senior officers of the Company's subsidiary;
- (3) Remuneration earned from providing management and other services for the Company and its subsidiary;
- (4) Compensation gained by such directors or supervisors due to dismissal or retirement from their office.

Except based on the aforesaid contract, directors or supervisors shall not bring any litigation against the Company for the benefits they should get due to the aforesaid matters.

14.18 The Company shall specify in the contract entered into with its directors and/or supervisors concerning remuneration that, when the Company is acquired, its directors and supervisors shall have the right to seek compensation or other benefits for their dismissal or retirement from their office subject to prior approval from the shareholders' meeting. "The Company is acquired" as referred to in the preceding paragraph shall refer to one of the following circumstances:

Clause 129 of  
Essential Clauses

- (1) Any party proposes acquisition offer to all shareholders;
- (2) Any party proposes acquisition offer such that the offeror will become a controlling shareholder. For defining of controlling shareholder, see 7.07 herein for detail.



Where any director and/or supervisor fail to comply with these provisions, any amount gained by them shall belong to those who accept the above offer and sell their shares. Such director and/or supervisor shall bear the expenses incurred when distributing such amount and such expenses shall not be deducted from the said amount.

## **Chapter 15. Financial Accounting System and Profit Distribution**

- 15.01 The Company shall establish its financial accounting system in accordance with relevant laws, administrative regulations and China Accounting Standards enacted by the financial authorities under the State Council. Clause 130 of Essential Clauses
- 15.02 The accounting year of the Company is based on Gregorian calendar, i.e., an accounting year commences on January 1 and ends on December 31 each year. Clause 131 of Essential Clauses
- The Company uses RMB as accounting currency and accounts are kept in Chinese.
- The Company shall prepare financial statements at the end of each accounting year and perform auditing in accordance with law.
- 15.03 At each annual shareholders' meeting, the Board of Directors shall submit to shareholders relevant financial statements prepared by the Company in accordance with relevant laws, administrative regulations and regulatory documents enacted by local governments and competent authorities and such financial statements shall be audited. Clause 132 of Essential Clauses
- 15.04 The financial statements of the Company shall be made available to shareholders at the premises of the Company 20 days before the shareholders' meeting. Each shareholder of the Company may have access to the financial statements referred to herein. Clause 133 of Essential Clauses; Clause 7 of Supplementary Proposal; Clause 5. of Appendix 3 of "HK GEM Listing Rules"
- The Company shall, at least 21 days before the shareholders' meeting, deliver aforesaid financial statements (including summary financial report), board report, relevant balance sheet and relevant documents specified in applicable regulations to each shareholder of overseas listed foreign share in a manner specified in these Articles of Association. If it is delivered to shareholder of overseas listed foreign share via postage prepaid mail, the address of the recipient shall be as registered in the list of shareholders.
- 15.05 The financial statements of the Company shall be prepared in accordance with Chinese accounting standards and relevant regulations. In addition, they shall be prepared in accordance with international accounting standards or the accounting Clause 134 of Essential Clauses

standards of the country for overseas listing. In case significant discrepancy occurs in the financial statements prepared in accordance with the two types of accounting standards, such discrepancy shall be indicated in the notes to the financial statements. When distributing after-tax profit for relevant accounting year, the lesser amount of the after-tax profit in the two financial statements shall prevail.

15.06 Interim and quarterly performance or financial statements released or disclosed by the Company shall be prepared in accordance with Chinese accounting standards and regulations. Meanwhile, they shall be prepared in accordance with international accounting standards or the accounting standards of the country for overseas listing.

15.07 The Company shall prepare quarterly financial statements for the first 3-9 months in each financial year and release them within 45 days after the end of such period; The Company shall prepare interim financial statements for the first 6 months in each financial year and release them within 45 days after the end of such period; The Company shall prepare annual financial statements at the end of each financial year and release them within 3 months after the end of such period;

Clause 136 of  
Essential Clauses

15.08 The Company shall establish no account book other than statutory account book.

Clause 137 of  
Essential Clauses

15.09 When distributing after-tax profit of the current year, the Company shall retain 10% of the profit and account it into the statutory reserve of the Company. Where the accumulated statutory reserve exceeds 50% of the registered capital, the Company may suspend the retaining of statutory reserve.

Clause 177 of  
Company Law

Where the statutory reserve of the Company is insufficient to make up the losses of the Company in the previous year, it is required to use the profit of the year to make up losses before retaining statutory reserve as specified above.

After retaining statutory reserve from after-tax profit, the Company may retain arbitrary reserve subject to the resolution of the shareholders' meeting.

The remaining profit of the Company after making up losses and retaining reserve funds may be distributed to shareholders based on the ratio of their shareholding.

15.10 Before making up losses and retaining reserve funds, the Company shall not distribute dividend or distribute in the form of bonus dividend.

Clause 167 of  
Company Law

15.11 Capital reserve includes the following items:

Clause 138 of  
Essential Clauses

- (1) Premium earned from issue exceeding par value;
- (2) Other revenue listed in capital reserve as specified by the financial authorities under the State Council.

Clause 169 of  
Company Law

- 15.12 Reserve funds of the Company can only be used to make up losses, expand production and operation or increase capital of the Company.

Where the Company transfers reserve funds to capital based on the resolution of the shareholders' meeting, new shares shall be allotted to shareholders based on their initial shareholding ratio (or increase par value per share). However, when transferring statutory reserve to capital, the remaining amount shall not be less than 25% of the registered capital before transfer.

- 15.13 Capital reserve shall not be used to make up losses.

- 15.14 Dividend shall be distributed to shareholders based on their shareholding ratio within 6 months after the end of each accounting year.

Appendix 3  
Clause 3.1-3.2 of  
“HK GEM  
Listing Rules”

Unless otherwise specified in laws or regulations, the amount of interim dividend shall not exceed 50% of the distributable profit in the interim income statement of the Company.

The payment for shares paid before payment call shall bear interests. However, such shareholder shall have no right to enjoy dividend announced after such prepayment.

As for the exercise of the dividend which remains outstanding after the right is confiscated, such right may be exercised after the expiry of the applicable period.

- 15.15 The Company may distribute dividend in the following manners:

Clause 139 of  
Essential Clauses

- (1) Cash;
- (2) Share.

- 15.16 The Company shall pay cash dividend and other amount to domestic shareholders in RMB. When the Company pays cash dividend and other amount to shareholders of overseas listed foreign shares, such amount shall be calculated and announced in RMB and paid in HK\$. The foreign currency needed by the Company to pay cash dividend and other amount to shareholders of overseas listed foreign shares shall be dealt with in accordance with state regulations on foreign exchange.

- 15.17 Where cash dividend and other amount is paid in HK\$, the mean middle price of foreign exchange released by the People's Bank of China for the week in Gregorian calendar before the date when the cash dividend and other amount are announced shall prevail for exchange rate unless otherwise specified by relevant laws and administrative regulations.

- 15.18 Unless otherwise resolved by the shareholders' meeting, the Board of Directors may distribute interim dividend or special dividend subject to the authorization from the shareholders' meeting.
- 15.19 When distributing dividend to shareholders, the Company shall withhold tax from the dividend proceeds of shareholders in accordance with the Tax Law of the PRC.
- 15.20 The Company shall appoint a payee proxy for shareholders holding overseas-listed foreign shares. Such payee proxy shall receive dividend and other payment distributed from the foreign shares of the Company listed in overseas market for relevant shareholders. Clause 140 of Essential Clauses
- The payee proxy appointed by the Company shall comply with local laws or relevant regulations of the stock market in the country where the Company is listed.
- 15.21 The payee proxy appointed by the Company for shareholders of overseas-listed foreign shares listed in the Stock Exchange of Hong Kong Limited shall be a trust company registered in accordance with Hong Kong "Trustee Ordinance". Clause 8 of Supplementary Proposal; Clause c, Section I Part C of Appendix 11 "HK GEM Listing Rules"

#### **Chapter 16 Engagement of Accounting Firm**

- 16.01 The Company shall engage an independent accounting firm that can meet relevant national provisions to audit the annual financial reports and review other financial reports of the Company. Clause 141 of Essential Clauses
- The accounting firm of the Company may be engaged by the general meeting of shareholders. If the general meeting of shareholders does not exercise the power, the Board of Directors shall exercise such power.
- 16.02 The term of engagement of an accounting firm engaged by the Company shall commence upon the conclusion of the annual general meeting of the shareholders of the Company and end upon the conclusion of the next annual general meeting. Clause 142 of Essential Clauses
- 16.03 An accounting firm engaged by the Company shall have the following rights: Clause 143 of Essential Clauses
- (1) To inspect the books and accounts, records or evidence of the Company at any time and to require directors, managers or other senior officers of the Company to provide the relevant information and explanation;
  - (2) To require the Company to take all reasonable steps to obtain from its subsidiaries the information and explanation necessary for such accounting firm to carry out its duties; and
  - (3) To attend meetings of shareholders and receive notice of meeting and other

information relating to such meeting which any shareholder is entitled to receive, and speak at any meeting of shareholders about the matters relating to its being the accounting firm of the Company.

- 16.04 If the office of the accounting firm becomes vacant, the Board of Directors shall, before the convening of the general meeting, have the right to appoint an accounting firm to fill such vacancy provided that if there is another accounting firm in office for the Company during the period of such vacancy, such accounting firm may act.
- 16.05 The general meeting of shareholders may by an ordinary resolution remove an accounting firm prior to the expiration of its term of office notwithstanding anything contained in the terms and conditions of the contract entered into between the accounting firm and the Company but without prejudice to the right of the accounting firm to claim damages against the Company for such removal for any reason. Clause 145 of Essential Clauses
- 16.06 The remuneration or the manner in which such remuneration shall be determined shall be decided by the general meeting of shareholders. The remuneration of the accounting firm appointed by the Board of Directors shall be determined by the Board of Directors. Clause 146 of Essential Clauses
- 16.07 The decisions of the Company on engagement, dismissal or renewal of engagement of an accounting firm, or engagement of a firm other than an incumbent accounting firm to fill any vacant office of an accounting firm, or renewal of engagement of an accounting firm or dismissal of an accounting firm before the expiration of its term of office shall be made by the general meeting of shareholders and shall be put on file with the Securities Agency of the State Council. Clause 147 of Essential Clauses
- 16.08 Where a resolution is proposed to be passed at a general meeting of shareholders to appoint a firm other than an incumbent accounting firm to fill any vacant office of an accounting firm, or to renew the engagement of an accounting firm who has been appointed by the Board of Directors to fill a vacancy, or to remove an accounting firm before the expiration of its term of office, the following provisions should apply: Article 9 of Supplementary Proposal; Item i, Paragraph e, Section 1, Part C of Appendix 11 to the HK GEM Listing Rules
- (1) A copy of the resolution relating to the appointment and vacation of office shall be sent to the accounting firm proposed to be appointed or the accounting firm intended to vacate its office or the accounting firm who has vacated from its office in the relevant accounting year, before the notice of the general meeting of shareholders is served on the shareholders.

Vacating office includes leaving by removal, resignation and retirement.

- (2) If the accounting firm which is vacating its office makes a representation in writing and requires the Company to notify the shareholders of that representation, the Company should, unless the written representation is received beyond the deadline, take the following measures:
  - (a) To state the fact of the representation having been made by the firm vacating the office in any notice of the resolution given to the shareholders;
  - (b) To send a copy of the representation serving as attachment to the notice to the shareholders in a manner as specified in these Articles of Association.
- (3) If the Company does not send the representations of the accounting firm concerned under paragraph (2) of this Article, such accounting firm may require that the representation be read out at the general meeting of shareholders and may make further statements.
- (4) An accounting firm which is vacating its office shall be entitled to attend the following meeting:
  - (a) The general meeting of shareholders at which its term of office would have expired;
  - (b) The general meeting of shareholders at which it is proposed to fill the vacancy caused by its removal; and
  - (c) The general meeting of shareholders convened due to its resignation.

The accounting firm vacating its office shall be entitled to receive all notices or other relevant information of the said meetings, and speak at the said meetings in respect of the affairs in which it is involved as a former accounting firm of the Company.

16.09 When the Company dismisses or does not renew the engagement of an accounting firm, it shall give advance notice to the accounting firm. The accounting firm shall have the right to make representations at the general meeting of shareholders. Where the accounting firm resigns, it shall state in the general meeting of shareholders whether or not there are irregularities in the Company.

Clause 148 of Essential Clauses

16.10 An accounting firm may resign by depositing a written notice of resignation at the registered address of the Company. The notice shall be effective on the date when the notice is deposited at the registered address of the Company or a later date specified in the notice. Such notice shall contain the following statements:

Article 10 of Supplementary Proposal; Item ii through iv, Paragraph e, Section 1, Part C of Appendix 11 to the HK GEM Listing Rules

- (a) 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; or
- (b) A statement of any such circumstances as should be given.

Within 14 days after the Company receives the written notice referred to in the preceding paragraph, it shall send a copy of such notice to the competent authorities concerned. If the notice contains any statement that should be given, a copy of the notice shall be kept in the Company for the inspection by the shareholders. The Company shall also send a copy of the aforesaid representation to each shareholder entitled to acquire the financial status report of the Company by prepaid post. Such copy shall be delivered to the address of the recipient as recorded in the register of shareholders.

When the notice of resignation of the accounting firm contains any statement that should be given, the accounting firm may require the Board of Directors to convene an extraordinary general meeting for the purpose of hearing its explanation of the circumstances in connection with its resignation.

## **Chapter 17 Merger and Split of the Company**

- |       |   |  |
|-------|---|--|
| 17.01 | A proposal for merger or split of the Company shall be proposed by the Board of Directors of the Company, and shall be passed through the procedures as specified in the Articles of Association and submitted to relevant authorities for approval. The shareholders, either against the proposal or for the proposal, shall be entitled to require the Company to purchase their shares at a fair price. The contents of the resolutions with respect to merger or split of the Company shall be compiled as a special document for inspection by the shareholders and shall be sent by post to the overseas holders of overseas listed foreign shares. | Clause 149 of Essential Clauses  |
| 17.02 | The merger of the Company may take the forms of merger of absorption and merger by establishment of a new company.<br><br>In the event of merger of the Company, the parties involved in the merger shall enter into a merger agreement and prepare a balance sheet and a list of assets. The Company shall notify the creditors within 10 days from the date of the merger resolution and shall make announcement in newspapers within 30 days thereof.  |  |
| 17.03 | After completion of the merger, the creditor's rights and debts of the parties involved in the merger shall be assumed by the company surviving the merger or the new company established after the merger.   | Clause 150 of Essential Clauses  |
| 17.04 | In the event of a split of the Company, its properties shall be divided accordingly.  | Clause 151 of Essential Clauses;<br>Section 1, Article 7 of Appendix 3 of the HK GEM |

In the event of a split of the Company, the parties involved shall enter into a split agreement and prepare the balance sheet and list of assets. The Company shall notify the creditors within 10 days from the date of the split resolution and shall make an announcement in newspapers within 30 days thereof.

The liabilities of the Company prior to the split shall be undertaken jointly and severally by the companies surviving such split, except otherwise specified in a written agreement on debt settlement concluded with creditors.

- 17.05 In the event of a merger or split of the Company, alterations in the registered matters of the Company shall be registered with the company registration authorities in accordance with law; in the event of a dissolution of the Company, the deregistration shall be made in accordance with law; in the event of the establishment of a new company, the registration of incorporation thereof shall be made in accordance with law.

Clause 152 of  
Essential  
Clauses

### **Chapter 18 Liquidation of the Company upon Dissolution**

- 18.01 The Company shall be dissolved under any of the following circumstances:
- (1) The expiry of the term of business operation as specified in these Articles of Association;
  - (2) The dissolution is approved by a resolution of the general meeting of shareholders;
  - (3) The dissolution is necessary due to a merger or split of the Company;
  - (4) The business license of the Company is revoked, or the Company is ordered to close down or is discharged in accordance with law;
  - (5) The Company has serious difficulties in its operation and management and its continuous existence may cause major damage to the interests of shareholders, and such issues can not be solved by other ways. In this case, the shareholders holding more than 10 percent of the total shareholder's voting rights of the Company may apply to the People's Court with jurisdiction for the dissolution.

Clause 153 of  
Essential  
Clauses

- 18.02 In the event that the Company is dissolved under the provisions of paragraph (1), (2), (4) or (5) of the preceding Article, a liquidation committee shall be set up for liquidation within 15 days after the cause for dissolution occurs. The committee shall be composed of the persons determined by the directors or in a general meeting of shareholders. In the event of failure to establish a liquidation committee on time, the creditors may apply to the People's Court to designate relevant

Clause 154 of  
Essential  
Clauses



personnel for setting up the liquidation committee to proceed with the liquidation.

- 18.03 In the event that the Board of Directors decides to liquidate the Company (except for liquidation as a result of the declaration of insolvency by the Company), it shall specify in the notice convening the general meeting for such purpose that the Board of Directors has made a full inquiry of the affairs of the Company and the Company, in its opinion, will be able to pay all its debts within 12 months from commencement of liquidation.
- Clause 155 of Essential Clauses

Upon the passing of the liquidation resolution at the general meeting, the duties of the Board of Directors of the Company shall cease immediately.

The liquidation committee shall comply with the instructions of the general meeting of shareholders, report to the meeting of shareholders at least once a year in respect of the income and expenditure of the liquidation committee, the business of the Company and the progress of the liquidation and submit final report to the meeting of shareholders when the liquidation is completed.

- 18.04 The liquidation committee shall notify the creditors within 10 days of its establishment and announce the same in the newspapers within 60 days. The liquidation committee shall register all creditors' claims.
- Clause 156 of Essential Clauses; Section 1, Article 7 of Appendix 3 of the HK GEM Listing Rules

- 18.05 During the liquidation period, the liquidation committee shall exercise the following functions and powers:
- Clause 157 of Essential Clauses

- (1) To dispose of the properties of the Company and prepare a balance sheet and list of assets respectively;
- (2) To give notice or make announcement to the creditors;
- (3) To deal with and liquidate the uncompleted business of the Company relating to the liquidation;
- (4) To settle all taxes due and all taxes incurred during the liquidation;
- (5) To settle debts and indebtedness;
- (6) To deal with the assets remaining after settlement of debts by the Company;
- (7) To represent the Company in any civil proceedings.

- 18.06 After the properties of the Company have been disposed of and the balance sheet and list of assets have been prepared by the liquidation committee, it shall prepare a
- Clause 158 of Essential Clauses

liquidation plan and submit the same to the shareholders' general meeting or the People's Court for confirmation and then apply to relevant approval authorities for record.

Settlement of the Company's properties shall be made in the following sequence:

- (1) Payment of liquidation expenses;
- (2) Payment of wages, social security fees and legal compensation payable to the staff and workers of the Company;
- (3) Payment of all taxes owed by the Company;
- (4) Settlement of the debts of the Company.

The remaining properties of the Company subsequent to the settlement in accordance with the provisions in the foregoing paragraphs shall be distributed to the shareholders of the Company according to the class and proportion of shares held by them.

During the liquidation period, no new business activities shall be carried out by the Company.

18.07 In the case of liquidation due to dissolution, if the liquidation committee, after the disposal of the properties of the Company and preparation of the balance sheet and list of assets, discovers that the properties of the Company are insufficient to settle the debts, it shall forthwith make an application to the People's Court for a declaration of bankruptcy. Clause 159 of Essential Clauses

After the declaration of bankruptcy by the People's Court, the liquidation committee shall transfer the liquidation matters to the People's Court.

18.08 Upon the completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report and statement of income and expenditure and the financial accounts for the liquidation which, upon verification by an accountant registered in China, shall be submitted to the shareholders' general meeting or the People's Court for confirmation and to relevant approval authorities for record. Clause 160 of Essential Clauses

After liquidation report is submitted to relevant approval authorities, the liquidation committee shall complete the cancellation procedures with competent tax authorities and registry authorities and publicly announce the Company's termination in accordance with applicable laws.

## **Chapter 19 Amendment Procedures of the Articles of Association**

- 19.01 The Company may amend the Article of Association in accordance with the requirements of laws, administrative regulations and these Articles of Association. Clause 161 of Essential Clauses
- 19.02 The following procedure shall be followed when amending the Company's Articles of Association:
- (1) The Board of Directors shall adopt a resolution thereon in accordance with these Articles of Associations and prepare a proposal for amendment of the Articles;
  - (2) The foregoing proposal for amendment shall be furnished to the shareholders and the general meeting of shareholders shall be convened for voting on it;
  - (3) The amendments presented to the general meeting of shareholders shall be adopted by a special resolution.
- 19.03 Where an amendment to the Company's Articles of Association involves matters provided for in the *Essential Clauses for the Essential Clauses in the Articles of Association of Companies Listed Overseas* ("Essential Clauses"), it shall become effective only if examined and approved by the approval authorities authorized by the State Council and China Securities Regulatory Commission. Where an amendment to the Company's Articles of Association involves the matters of company registration, the change registration procedures shall be completed according to law. Clause 162 of Essential Clauses

## **Chapter 20 Settlement of Disputes**

- 20.01 The Company shall comply with the following rules for settlement of disputes: Clause 163 of Essential Clauses
- (1) Whenever any disputes or claims relating to the affairs of the Company arise from the rights and obligations provided for in these Articles of Association, the *Company Law* and other relevant laws and administrative regulations, between the shareholders of overseas listed foreign shares and the Company, between the shareholders of overseas listed foreign shares and the directors, supervisors, managers or other senior officers of the Company, between the shareholders of overseas listed foreign shares and shareholders of domestic shares, the parties involved shall refer such disputes or claims to arbitration.
- The disputes or claims mentioned above which are referred to arbitration shall be the entire dispute and claim; all persons having 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 the disputes or claims shall submit themselves to such arbitration, if they are shareholders of the

Company, directors, supervisors, managers or other senior officers of the Company.

Disputes over who is a shareholder and over the register of shareholders need not be resolved through arbitration.

- (2) The party seeking arbitration may elect to have the dispute or claim arbitrated either by the China International Economic and Trade Arbitration Commission according to its arbitration rules or by the Hong Kong International Arbitration Center according to its securities arbitration rules. Once the party seeking arbitration submits a dispute or claim to arbitration, the other party shall submit to the arbitral body selected by the party seeking the arbitration.

If the party seeking arbitration elects to arbitrate at the Hong Kong International Arbitration Center, either party may apply to have such arbitration conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Center.

- (3) The laws of the PRC shall govern the arbitration of disputes or claims described in paragraph (1) of this Article unless otherwise provided by laws and administrative regulations.
- (4) The arbitration award of the arbitral body shall be final and binding on the parties thereto.

## **Chapter 21 Insurance**

- 21.01 The Company shall effect necessary insurances with an insurance company which can provide insurance services to Chinese companies registered in China and permitted by Chinese laws.

Type of insurance, insurance amount and other terms and conditions of insurance and insurance period shall be discussed and determined by the Board of Directors with reference to the practices complied with by the companies in same industry in other countries and course of dealings and statutory requirements in China.

## **Chapter 22 Labor Management**

- 22.01 The Company shall establish labor management, personnel management, wages, welfare benefits and social security systems according to laws and administrative regulations of the PRC.
- 22.02 The Company shall adopt an appointment system applicable to the management

staff at each level, and a contract system applicable to general staff of the Company. The company shall, at its discretion, decide the allocation of its staff, and shall have the right to recruit and dismiss its management staff and general employees in accordance with the provisions of administrative regulations and relevant contracts.

- 22.03 The Company is entitled, at its discretion, to decide the wage and benefits of the managerial staff at various levels and employees of each kind according to its financial status and to the extent as permitted by relevant administrative regulations.
- 22.04 The Company shall arrange for medical insurance, retirement insurance and unemployment insurance for the managerial staff and general employees of the Company in accordance with the relevant administrative regulations and rules of the national and local governments, and shall implement the provisions of the laws, administrative regulations and the relevant stipulations relating to labor insurance and labor protection for retired and unemployed workers.

### **Chapter 23 Trade Union**

- 23.01 The staff and workers of the Company shall have the right to establish a trade union, carry out trade union activities in accordance with the *Trade Union Law of the PRC*. The activities organized by the trade union shall be carried out outside the normal working hours, except otherwise specified by the Board of Directors.
- 23.02 The Company shall allot an amount equaling 2% of total salaries of the staff and workers of the Company as trade union's funds which shall be used by the trade union in accordance with the *Management Rules for the Trade Union Funds* formulated by the All China Federation of Trade Union.

### **Chapter 24 Notice**

- 24.01 "Corporate Communication" as stated in these Articles of Association shall refer to any document issued or to be issued by the Company for information or action of holders of any securities of the Company, including but not limited to: (a) the directors' report, its annual accounts together with the auditors' report and its summary financial report; (b) the interim report and its summary interim report; (c) its quarterly report; (d) a notice of meeting; (e) listing documents; (f) a circular; (g) a proxy form; (h) request form of meeting.

The corporation communication as stated herein to be sent by the Company to the holders of overseas listed foreign shares shall be delivered in one or several of the following means:

- (1) Personal delivery;

- (2) Mail (postage prepaid);
- (3) Facsimile transmission or e-mail;
- (4) Announcements published on the website designated by the Company and HKEX under the precondition where laws, administrative regulations and listing rules in the jurisdiction where the Company is listed are complied with;
- (5) Other means accepted by the securities regulatory authorities in the jurisdiction where the Company is listed or specified in these Articles.

24.02 Any corporation communication,

- (i) If sent by personal delivery, shall be deemed effectively given on the date of personal delivery;
- (ii) If sent by post, shall be put into a clearly addressed and prepaid postage envelope. Such communication shall be deemed given when envelope containing corporation communication is placed into postbox and shall be deemed effectively received after 48 hours subsequent to the sending;
- (iii) If delivered by fax or electronic mail, shall be deemed effectively received on the date of delivery;
- (iv) If delivered by the announcements published on the website designated by the Company or HKEX, shall be deemed effectively given on one of the following dates, whichever is later: (1) the date on which the notices stating that the corporation communication is published on the website are sent to the holders of overseas listed foreign shares; or (2) the date on which the corporate communication first appears on the website (if the corporation communication is published after aforesaid notices are issued).

24.03 Except otherwise required by relevant regulatory institute or otherwise provided in these Articles, for corporation communications intended to be sent to the holders of overseas listed foreign shares, within 28 days after the documents seeking the comments from the recipients about the choice of communication method and language version are sent in advance to the holders of overseas listed foreign shares, if no replies requiring the continuation by personal delivery or mail (postage prepaid) is received from some of the foregoing holders, then such holders shall be deemed to have agreed to receive corporation communication by electronic means.

If corporate communications are required to be delivered, posted, dispatched, sent, published or otherwise provided in both English and Chinese versions by the

applicable regulatory rules of the stock exchange where the Company is listed, provided that the Company has complied with applicable laws and regulations and has made arrangements accordingly, to seek the shareholders' election to receive only English version or Chinese version of such corporate communications, the Company may, according to the shareholders' election, deliver only English version or Chinese version of such corporate communications to relevant shareholders.

## **Chapter 25 Supplementary Provisions**

- 25.01 Any matters uncovered in these Articles of Association shall be proposed by the Board of Directors and determined by resolutions of general meetings of shareholders.
- 25.02 For any important matters, such as the Company's recruitment, the Company shall make announcements on newspaper.
- 25.03 These Articles of Association shall take effect upon the date on which the same is passed by resolution of the general meetings of shareholders and change registration procedure with the Administrative Bureau for Industry and Commerce of Henan Province is completed.
- 25.04 For the purpose of these Articles of Association, the figure itself shall be included when such expressions as "more than" or "less than" are used; likewise, the figure itself shall not be included when such expressions as "insufficient" or "other than" are used.
- 25.05 These Articles of Association are written in Chinese, and in the event of conflict between this version and other versions in any other language, the Chinese version last approved or registered by the Administrative Bureau for Industry and Commerce of Henan Province shall prevail.
- 25.06 The Board of Directors shall have the right to interpret these Articles of Association and the general meeting of shareholders shall have the right to amend the same.
- 25.07 For the purpose of these Articles of Association, the term "accounting firm" shall have the same meaning as the term "auditor". The "President" and "Vice President" as referred to herein shall mean the "President" and "Vice President" of the Company respectively.
- 25.08 For the purpose of these Articles of Association, such expressions as "Essential Clauses", "Supplementary Proposal", "Proposal" and "the HK GEM Listing Rules" shall refer to the *Essential Clauses for the Essential Clauses in the Articles of Association of Companies Listed Overseas* issued by the Securities Commission of the State Council and the State Commission for Restructuring

Clause 165 of  
Essential  
Clauses

Economy on August 27, 1994, the *Letter of Opinion on Supplemental Amendment to the Articles of Association of Companies Listing in Hong Kong* issued by the Overseas Listing Office under China Securities Regulatory Commission and the Production System Bureau under the State Commission for Restructuring Economy on April 3, 1995, the *Opinion on Further Standardizing Operations and Intensifying Reform of Companies Listed Outside China* issued by the State Economic and Trade Commission and the China Securities Regulatory Commission on March 29, 1999 and the *Rules Governing the Listing of Securities on the Growth Enterprise Market of the Stock Exchange of Hong Kong Limited* issued in July of 1999 (as amended from time to time) respectively.



This is hereby to acknowledge that these Articles of Association are approved and adopted by the general meeting of shareholdings of Sanmenxia Tianyuan Aluminum Company Limited.



Tianrui Group Company Limited (Simplified Chinese: 天瑞集团有限公司) (Seal)



Jiaozuo City Dongxing Carbon Co., Ltd (Simplified Chinese: 焦作市东星炭素有限公司) (Seal)



Do-Fluoride Chemicals Co., Ltd. (Simplified Chinese: 多氟多化工股份有限公司) (Seal)

公司董事长:

Chairman of the Board of Directors of the Company: (Signature)