



XI'AN HAITIAN ANTENNA TECHNOLOGIES CO., LTD

(a joint stock limited company incorporated in the People's Republic of China with limited liability)

Articles of Association

(Adopted in Annual General Meeting 2012 of the Company on 28 June 2013)

(Chinese prevail in case of discrepancies or inconsistencies)

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Articles of Association
of
XI'AN HAITIAN ANTENNA TECHNOLOGIES CO., LTD

Chapter 1 General Rules

Article 1 Xi'an Haitian Antenna Technologies Co., Ltd. ("Company" or "the Company") is a joint stock limited company established in accordance with the "Company Law of the People's Republic of China" ("Company Law"), "the PRC Special Regulations on the Overseas Offering and Listings of Shares by Joint Stock Limited Companies" ("Special Regulations") and other relevant laws and administrative regulations of the State.

Upon the approval regarding the establishment of the Company (關於同意設立西安海天天綫科技股份有限公司的批覆)(陝政函[2000] 222 號) granted by the People's Government of Shaanxi Province (陝西省人民政府) on 29 September 2000, the Company was established by way of the conversion from the original Xi'an Haitian Communications into joint stock limited company, and registered with Xi'an Administration for Industry & Commerce from which it obtained the corporate business license (license number: 6101012111906 1/1 on 11 October 2000.

Upon the approval regarding the conversion of the Company (商務部關於同意西安海天天綫科技股份有限公司變更為外商投資股份有限公司的批覆)(商資批[2005] 101 號) granted by the Ministry of Commerce of the People's Republic of China on 20 January 2005, the Company was agreed to be changed into sino-foreign joint stock limited company, and registered with Xi'an Administration for Industry & Commerce from which it obtained the legal person business license of the Company (license number: Qi Gu Shaan Xi An Zong Zi No. 002216 on 22 March 2005.

The promoters of the Company are Xiao Liangyong, Xi'an Kaiyuan Investment Group Co., Ltd., Chang'an International Trust Co., Ltd., Beijing Holdings Investment Management Co., Ltd., Shaanxi Silk Import & Export Corporation, Xi'an Zhengheng Investment & Advisory Co., Ltd., Wu Chi Yan, Chen Xiao Bin, Shaanxi Mant Intellectual Property Industry Development Co., Ltd..

Xiao Liangyong, as the promoter of the Company, transferred his shares to Xi'an Tian An Investment Company Limited in accordance with laws.

(Article 1 of the Mandatory Provisions)

- Article 2 The registered name of the Company:
Chinese: 西安海天天綫科技股份有限公司
English: XI'AN HAITIAN ANTENNA TECHNOLOGIES CO., LTD.
- (Article 2 of the Mandatory Provisions)
- Article 3 The residence of the Company: No. 66 Jinye Road, Xi'an National Hi-tech Industrial Development Zone; Postal Code: 710075; Telephone No.: (029) 8766 0000; Facsimile No.: (029) 8766 0188
- (Article 3 of the Mandatory Provisions)
- Article 4 The legal representative(s) of the Company shall be the chairman of the board, executive director(s) or general manager(s). The confirmation or alteration of the legal representative of the Company shall be registered in accordance with laws upon approval by the resolution of the board.
- (Article 4 of the Mandatory Provisions)
- Article 5 The term of operation of the Company shall be a perpetual joint stock limited company.
- (Article 5 of the Mandatory Provisions)
- Article 6 Pursuant to the "Company Law", "Special Regulations", "Mandatory Provisions for Articles of Association of the Companies to be Listed Overseas" ("Mandatory Provisions") and the relevant provisions of other laws and administrative regulations of the State, the Company amended the original Articles of Association (the "Original Articles of Association") and formulated these Articles of Association ("these Articles of Association" and "these Articles") in the extraordinary general meeting held on 30 November 2007.
- Article 7 Upon the approval by the special resolution of the annual general meeting in 2009, these Articles came into effect and replaced the Original Articles of Association.
- (Article 6 of the Mandatory Provisions)
- Article 8 From the date of these Articles of Association becoming effective, these Articles of Association constitute a legally binding document regulating the Company's organization and activities, and the rights and obligations between the Company and each shareholder and among the shareholders.
- (Article 6 of the Mandatory Provisions)

Article 9 These Articles of Association are binding on the Company and its shareholders, directors, supervisors, general manager and other senior management officers; all of whom are entitled to claim rights concerning the affairs of the Company in accordance with these Articles.

These Articles of Association are actionable by a shareholder against the Company and vice versa, by shareholders against each other, by a shareholder against the directors, supervisors, general manager and other senior management officers of the Company.

The aforesaid proceedings include lodging a lawsuit in a court or applying for an arbitration in an arbitration institution.

(Article 7 of the Mandatory Provisions)

Article 10 The Company may invest in other limited liability companies or joint stock limited companies. The Company's liabilities to an investee company shall be limited to the amount of its capital contribution to the investee company. However, the Company shall not become a shareholder with unlimited liability of any other profit-making organisations.

Upon the approval of the companies approving departments authorised by the State Council, the Company may, in accordance with operation and management needs, operate as a holding company in accordance with paragraph 2 of Article 12 of the Company Law.

(Article 8 of the Mandatory Provisions)

Article 11 The Company is an independent enterprise legal person. All the acts of the Company shall comply with the laws and regulations of the PRC and the places in which the overseas listed foreign shares are listed and the Company shall protect the lawful interest of the shareholders.

On condition of compliance with the laws and administrative regulations of the PRC, the Company has the power to raise and borrow money, which power to raise money includes but not limited to issuing bonds of the Company, mortgage or pledge of part or all of the Company's business or properties and other rights permitted by the PRC laws and administrative regulations. However, the Company shall not detriment or abrogate the interest of shareholders from any class while exercising the aforesaid rights.

Pursuant to the decision made in the general meeting, the board of the Company may process the aforesaid raising or borrowing after obtaining the approvals from the relevant departments of the government.

Chapter 2 Objectives and Scope of Operation

Article 12 The objectives of the operation of the Company are: to adapt to market economy, to abide by the professional ethics, to comply with laws and regulations, to adopt flexible operation, to be innovative and to put effort in enhancing the economic efficiency of the corporate and the social efficiency.

(Article 9 of the Mandatory Provisions)

Article 13 The scope of operation of the Company is based on the items authorised by the companies registration authority.

The scope of operation of the Company includes: antenna for mobile communication systems and antenna for engineering products, microwave technological products, electronic communication products, data communication products, office automation, instruments and meters and related innovation and development, production, sales, installation, inspection and service of system engineering (for the above items which require licensing, business will not commence until the licenses are obtained) (other than the products which require the approval of the State).

(Article 10 of the Mandatory Provisions)

Article 14 The Company may, according to the changes in the domestic and overseas markets, the demand for the domestic and overseas business and its ability of development, and upon the resolution adopted by the general meeting and approved by the relevant governing authority of the State, adjust its scope of operation or investment orientation, etc.

Chapter 3 Shares and Registered Capital

Article 15 There must at all times be ordinary shares in the Company. The ordinary shares issued by the Company include domestic shares and foreign shares. Subject to the approval from the companies approving department authorised by the State Council, the Company may create other classes of shares according to its needs.

(Article 11 of the Mandatory Provisions)

Article 16 The shares issued by the Company shall have a nominal value of RMB0.1 per share.

The aforesaid RMB refers to the lawful currency of the People's Republic of China.

(Article 12 of the Mandatory Provisions)

Article 17 Subject to the approval from the securities regulatory authority under the State Council, the Company may issue shares to domestic investors and foreign investors.

The aforesaid overseas investors refer to the investors from foreign countries and the regions of Hong Kong, Macau and Taiwan who subscribe for the shares issued by the Company; domestic investors refer to the investors within the People's Republic of China other than those investors from the aforesaid regions who subscribed for the shares issued by the Company.

(Article 13 of the Mandatory Provisions)

Article 18 Shares issued by the Company to domestic investors for subscription in RMB shall be referred to as domestic shares. Shares issued by the Company to foreign investors for subscription in foreign currencies shall be referred to as foreign shares. Foreign shares which are listed overseas are called overseas listed foreign shares.

The aforesaid foreign currencies refer to the lawful currencies (apart from RMB) of other countries or regions which are recognized by the foreign exchange control authority of the State and could be used to pay the Company for the shares.

(Article 14 of the Mandatory Provisions)

Article 19 Foreign shares issued by the Company and listed in Hong Kong shall be referred to as overseas listed foreign shares listed in Hong Kong ("H shares"). Overseas listed foreign shares listed in Hong Kong are shares which have been approved by the relevant departments of the State and admitted for listing on The Stock

Rule 9 of
Appendix 3 to
the Listing
Rules

Exchange of Hong Kong Limited (“Hong Kong Stock Exchange”), the nominal value of which is denominated in RMB and which are subscribed for and traded in Hong Kong dollars. The holders of the overseas listed foreign shares which are listed in Hong Kong and holders of domestic shares shall be holders of ordinary shares with the same rights and obligations and having the same position on the distribution of dividends and assets of the Company.

Article 20 Pursuant to the approval of the companies approving departments authorised by the State Council, the total number of ordinary shares which may be issued by the Company upon its incorporation was 50,000,000 domestic shares of RMB1.00 each, all being issued to the promoters and accounting for 100% of the total number of ordinary shares which may be issued by the Company. Of these shares, Xiao Liangyong held 18,000,000 Domestic Shares, representing 36% of the total share capital; Xi’an Kaiyuan Investment Group Co., Ltd. held 10,000,000 domestic shares, representing 20% thereof; Chang’an International Trust Co., Ltd. held 7,400,000 domestic shares, representing 14.8% thereof; Beijing Holdings Investment Management Co., Ltd held 6,000,000 domestic shares, representing 12% thereof; Shaanxi Silk Import & Export Corporation held 5,000,000 domestic shares, representing 10% thereof; Xian Zhengheng Investment & Advisory Co., Ltd. held 1,500,000 domestic shares, representing 3% thereof; Wu Chi Yan held 1,000,000 domestic shares, representing 2% thereof; Chen Xiao Bin held 600,000 domestic shares, representing 1.2% thereof; and Shaanxi Mant Intellectual Property Industry Development Co., Ltd held 500,000 domestic shares, representing 1% thereof.

Rule 9 of Appendix 3 to the Listing Rules

(Article 15 of the Mandatory Provisions)

Article 21 Upon its establishment, the Company increased its capital for the first time to further issue 161,764,706 ordinary shares, subsequent to which the share capital structure of the Company became 647,058,824 shares. In particular, 485,294,118 shares were domestic shares, representing 75% of the total share capital, which were held as to 180,000,000 shares by Xiao Liangyong, 100,000,000 shares by Xi’an Kaiyuan Investment Group Co., Ltd., 70,151,471 shares by Chang’an International Trust Co., Ltd., 54,077,941 shares by Beijing Holdings Investment Management Co., Ltd, 45,064,706 shares by Shaanxi Silk Import & Export Corporation, 15,000,000 shares by Xian Zhengheng Investment & Advisory Co., Ltd., 10,000,000 shares by Wu Chi Yan, 6,000,000 shares by Chen Xiao Bin and 5,000,000 shares held by Shaanxi Mant Intellectual Property Industry Development Co., Ltd respectively. 161,764,706 shares are held by the holders of overseas listed foreign shares (“H Shares”), representing 25% of the total number of ordinary shares in issue of the Company.

Rule 9 of Appendix 3 to the Listing Rules

Xiao Liangyong, a founder of the Company, transferred 180,000,000 shares to Xi’an Tian An Investment Company Limited in accordance with the laws.

Xian Zhengheng Investment & Advisory Co., Ltd., Wu Chi Yan, Shaanxi Silk

Import & Export Corporation and Shaanxi Mant Intellectual Property Industry Development Co., Ltd, as the promoters of the Company, transferred 15,000,000 shares, 10,000,000 shares, 45,064,706 shares and 5,000,000 shares to Shenzhen Huitai Investment Co., Ltd respectively.

(Article 16 of the Mandatory Provisions)

Article 22 Upon the approval of the proposal to issue overseas listed foreign shares and domestic shares by the securities regulatory authority under the State Council, the board of the Company may make separate implementing arrangements for their issuance.

The abovementioned proposal to issue overseas listed foreign shares and domestic shares by the Company may be implemented within 15 months from the date of obtaining approval from China Securities Regulatory Commission (“CSRC”) respectively.

(Article 17 of the Mandatory Provisions)

Article 23 The Company shall issue the total amount of overseas listed foreign shares and domestic shares as stipulated in the issuance proposal on a one-off basis. If, under special conditions, the Company could not issue all the shares on a one-off basis, the Company may carry out several issuances after obtaining approval from CSRC.

(Article 18 of the Mandatory Provisions)

Article 24 Upon the completion of the overseas listed foreign shares, the registered capital of the Company shall increase to RMB64,705,882. The Company shall lodge an application to the foreign trade and economic departments of the State requesting to change into a sino-foreign equity joint venture enterprise. After obtaining approvals from the aforesaid departments, the Company shall conduct the relevant registration with the relevant administration for industry and commerce and file to the companies approving departments and the securities regulatory departments under the State Council.

(Article 19 of the Mandatory Provisions)

Article 25 Subject to its needs of operation and development, the Company may increase the capital in accordance with the approval of the relevant provisions of these Articles of Association.

The Company may adopt the following methods to increase the capital:

- (1) Issuing new shares to unspecified investors;
- (2) Placing new shares to the existing shareholders;
- (3) Distributing new shares to the existing shareholders;

(4) Other ways permitted by laws and administrative regulations.

Increase in capital of the Company by way of an issue of new shares shall be preceded in accordance with the relevant laws and administrative regulations of the State, and subject to the approval by these Articles of Association.

(Article 20 of the Mandatory Provisions)

Article 26 Unless otherwise specified by the laws and administrative regulations, the shares of the Company may be freely transferable without carrying any lien. Rule 1(2) of Appendix 3 to the Listing Rules

(Article 21 of the Mandatory Provisions)

Article 27 For the transfer in compliance with the provisions of these Articles of Association of overseas listed foreign shares which are listed in Hong Kong, the transferee of the shares may request to have his name (the name of the overseas listed foreign shares which are listed in Hong Kong) entered in the part of the register of shareholders maintained in Hong Kong as the holders of such shares in accordance with the provisions of these Articles of Association.

Article 28 The issuance of all overseas listed foreign shares listed in Hong Kong shall be registered in the part of the register of shareholders maintained in Hong Kong pursuant to Article 46 of these Articles of Association.

Article 29 Any holder of overseas listed foreign shares listed in Hong Kong may transfer all or part of its overseas listed foreign shares listed in Hong Kong by using the standard form of transfer required by Hong Kong Stock Exchange or other forms acceptable to the Board of Directors. The instrument of transfer shall be signed by both transferor and transferee or bearing machine printed signatures. Rule 1(4) of Appendix 3 to the Listing Rules

Article 30 The Company shall ensure that all of its overseas listed foreign shares listed in Hong Kong include the statements stipulated below and must instruct and cause its share registrar to refuse the registration by any person as a holder of the subscription, purchase or transfer of any of its shares unless and until such person delivers to such share registrar a signed form in respect of such shares bearing statements to the following effect:

- (1) the acquirer agrees with the Company and each shareholder of the Company, and the Company also agrees with each shareholder, to observe and comply with the Company Law and other relevant laws, administrative regulations and these Articles of Association;
- (2) the acquirer agrees with the Company, each shareholder, director, supervisor and management officer of the Company and the Company on behalf of itself and of each director, supervisor and management officer agrees with each shareholder to refer all disputes and claims arising from these Articles

of Association or any rights or obligations incident with or regulated by the Company Law and other relevant laws and administrative regulations to arbitration in accordance with these Articles of Association. Any reference to arbitration shall be deemed to authorize the arbitration to conduct the hearing in open session and to publish the award;

- (3) the acquirer agrees with the Company and each shareholder of the Company that the shares of the Company are freely transferable by the holder(s);
- (4) the acquirer authorizes the Company on his behalf to enter into a contract with each director and management officer of the Company and such directors and management officers shall undertake to observe and comply with their obligations to shareholders stipulated in these Articles of Association.

Article 31 The overseas listed foreign shares of the Company listed in Hong Kong are listed on the Growth Enterprise Market of Hong Kong Stock Exchange.

Chapter 4 Reduction of Capital and Repurchase of Shares

Article 32 The Company may reduce its registered capital pursuant to the provisions of these Articles of Association.

(Article 22 of the Mandatory Provisions)

Article 33 When the Company reduces its registered capital, it shall draw up a balance sheet and an inventory of assets.

The Company shall notify its creditors within ten days from the date of the Company's resolution for reduction of registered capital and shall publish an announcement in a newspaper at least three times within thirty days from the date of such resolution. A creditor has the right, within thirty days of receiving the notice from the Company or, in the case of a creditor who does not receive the notice, within ninety days from the date of the first announcement, to require the Company to repay its debts or provide corresponding guarantee for such debts.

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

(Article 23 of the Mandatory Provisions)

Article 34 The Company may, subject to the approval by the procedures set out in these Articles and of the relevant governing authority of the State, repurchase its issued shares under the following circumstances:

- (1) Cancellation of shares for the reduction of the capital of the Company;
- (2) Merge with other companies that holds shares in the Company;
- (3) other circumstances permitted by laws and administrative regulations;
- (4) The repurchase by the Company of its outstanding shares in issue in accordance with Article 35 and Article 38.

(Article 24 of the Mandatory Provisions)

Article 35 The Company may, with the approval of the relevant governing authority of the State for repurchasing its shares, conduct the repurchase in one of the following ways:

- (1) Making a pro rata general offer of repurchase to all its shareholders;
- (2) Repurchase through public dealing on a stock exchange;

(3) Repurchase by an off-market agreement outside a stock exchange.

(Article 25 of the Mandatory Provisions)

Article 36 Where the Company repurchases its shares by an off-market agreement outside a stock exchange, the prior sanction of general meeting shall be obtained in accordance with the Articles of Association. The Company may release or vary a contract so entered into in such manner or waive any right thereunder with the prior approval of general meeting obtained in the same manner.

The aforesaid contract for repurchasing shares includes but not limited to an agreement to become obliged to repurchase shares or to acquire the right to repurchase shares.

A contract for the Company to repurchase its shares or any rights thereunder shall not be assignable.

Where the Company has the power to purchase for redemption a redeemable share, purchases not made through the market or by tender shall be limited to a maximum price; and if purchases are by tender, tenders shall be available to all shareholders alike.

Rule 8(1) and
(2) of
Appendix 3 to
the Listing
Rules

(Article 26 of the Mandatory Provisions)

Article 37 After the repurchase shares in accordance with laws, the Company shall cancel such part of shares within the period prescribed by laws and administrative regulations and shall make an application to its original companies registration authority to alter the registration on its registered capital.

The Company shall deduct the total nominal value of the shares cancelled from its registered capital.

(Article 27 of the Mandatory Provisions)

Article 38 Unless the Company is in the course of liquidation, it must comply with the following provisions in relation to repurchase of its issued shares:

- (1) Where the Company repurchases its shares at nominal value, payment shall be made out of book surplus distributable profits of the Company or out of proceeds from the issue of new shares made for that purpose;
- (2) Where the Company repurchases its shares at a premium to its nominal value, payment up to the nominal value may be made out of the book surplus distributable profits of the Company or out of the proceeds from the issue of new shares made for that purpose. Payment of the portion in excess of the nominal value shall be effected as follows:

1. If the shares being repurchased were issued at nominal value, payment shall be made out of the book surplus distributable profits of the Company;
 2. If the shares being repurchased were issued at a premium to its nominal value, payment shall be made out of the book surplus distributable profits of the Company or out of the proceeds from the issue of new shares made for that purpose, provided that the amount paid out of the proceeds from the issue of new shares shall not exceed the aggregate of premiums received by the Company on the issue of the shares repurchased or the current amount (including the premiums on the issue of new shares) of the Company's capital common reserve/premium account at the time of the repurchase;
- (3) Payment by the Company in consideration of the following shall be made out of the Company's distributable profits:
1. Acquisition of rights to repurchase its shares;
 2. Variation of any contract to repurchase its shares;
 3. Release of any of its obligation under any contract to repurchase its shares;
- (4) After the Company's registered capital has been reduced by the total nominal value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits for paying up the nominal value portion of the shares repurchased shall be transferred to the Company's capital common reserve/premium account.

(Article 28 of the Mandatory Provisions)

Chapter 5 Financial Assistance for Acquiring the Shares of the Company

Article 39 The Company and its subsidiaries shall not, by any means and at any time, provide any kind of financial assistance to any person who acquired or proposed to acquire shares in the Company. The said acquirer of shares in the Company includes a person who directly or indirectly incurs any obligations due to the acquisition of shares in the Company.

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

This Article shall not apply to the circumstances specified in Article 41 of this Chapter.

(Article 29 of the Mandatory Provisions)

Article 40 For the purpose of this Chapter, “financial assistance” includes but not limited to the following meanings:

- (1) Gift;
- (2) Guarantee (including the assumption of liability or provision of assets by the guarantor to secure the performance of obligations by the obligor), or compensation (other than compensation in respect of the Company’s own default) or discharge or waiver of any rights;
- (3) Provision of loan or conclusion of any other contract under which the obligations of the Company are to be fulfilled before the obligations of another party, or the novation of, or the assignment of rights arising under, such loan or contract;
- (4) Any other form of financial assistance given by the Company when the Company is insolvent or has no net assets or when its net assets would thereby be reduced to a material extent.

For the purpose of Article 39 under this Chapter, “incurring any obligations” includes the incurring of obligations by the changing of the obligor’s financial position by way of contract or the making of arrangement (whether enforceable or not, and whether made on his own account or with any other persons), or by any other means.

(Article 30 of the Mandatory Provisions)

Article 41 The following activities shall not be deemed to be prohibited by Article 39 of this Chapter:

- (1) The provision of relevant financial assistance by the Company where the financial assistance is given in good faith in the interests of the Company, and the principal purpose of giving such financial assistance is not for the acquisition of shares in the Company, or the giving of such financial assistance is an incidental part of some larger purpose of the Company;
- (2) The lawful distribution of the Company's assets by way of dividend;
- (3) The allotment of dividends in the form of shares;
- (4) A reduction of registered capital, a repurchase of shares of the Company or a reorganization of the share capital structure of the Company effected in accordance with these Articles of Association;
- (5) The lending of money by the Company within the scope and in the ordinary course of its business, provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, such financial assistance is provided out of the distributable profits of the Company;
- (6) The provision of money by the Company for contributions to staff and workers' shares schemes, provided that the net assets of the Company are not thereby reduced or that, to the extent that the assets are thereby reduced, such financial assistance is provided out of the distributable profits of the Company.

(Article 31 of the Mandatory Provisions)

Chapter 6 Shares Certificate and Register of Shareholders

Article 42 Share certificates of the Company shall be in registered form.

Share certificates of the Company shall contain the following major particulars:

- (1) Name of the Company;
- (2) Date of incorporation of the Company;
- (3) Class of the shares, nominal value and number of shares represented;
- (4) Serial number of the share certificates;
- (5) Other items to be contained as required by the Company Law, the Special Regulations and the stock exchange on which the shares of the Company are listed.

(Article 32 of the Mandatory Provisions)

Article 43 The Company's shares may be transferred, given as gift(s), inherited and charged in accordance with the provisions of relevant laws, administrative regulations and these Articles.

The transfer and assignment of shares must be registered with the share registration entity authorised by the Company.

Article 44 Share certificates shall be signed by the chairman of the board. Where the stock exchanges on which the Company's shares are listed require other senior management officer(s) of the Company to sign on the share certificates, the share certificates shall also be signed by such senior management officer(s). The share certificates shall take effect after being sealed with the Company's seal (including the securities seal of the Company). The share certificates shall only be sealed with the Company's seal or securities seal under the authorisation of the board. The signatures of the chairman of the board or other senior management officer(s) of the Company may be printed in mechanical form.

Rule 2(1) of Appendix 3 to the Listing Rules

(Article 33 of the Mandatory Provisions)

Article 45 The Company shall keep a register of its shareholders and enter in the register the following particulars:

- (1) The name and address (residence), the occupation or nature of each shareholder;
- (2) The class and quantity of shares held by each shareholder;

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

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

(Article 34 of the Mandatory Provisions)

Article 46	The Company may, in accordance with the mutual understanding and agreements between the securities governing authority under the State Council and overseas securities regulatory organisations, maintain the register of shareholders of overseas listed foreign shares overseas and appoint overseas agent(s) to manage such register. The original share register for the holders of overseas listed foreign shares listed in Hong Kong shall be maintained in Hong Kong.	Section 1(b) of Appendix 11c to the Listing Rules
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A duplicate of the register for holders of overseas listed foreign shares shall be maintained at the Company's residence. The appointed overseas agent(s) shall ensure the consistency between the original and the duplicate of such register.

If there is any inconsistency between the original and the duplicate of the register for holders of overseas listed foreign shares, the original version shall prevail.

(Article 35 of the Mandatory Provisions)

Article 47	The Company shall have a complete register of shareholders which shall comprise the following:
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- (1) the register of shareholders maintained at the Company's residence other than those places mentioned in clauses (2) and (3) of this Article;
- (2) the register of shareholders in respect of the holders of overseas listed foreign shares maintained in the place of stock exchange where the shares are listed; and
- (3) the register of shareholders maintained at such other places as the board may consider necessary for the purpose of listing the shares of the Company.

(Article 36 of the Mandatory Provisions)

Article 48 Each part of the register of shareholders shall not overlap. No transfer of any shares registered in any part of the register shall, during the continuance of such registration, be registered in any other part of the register.

The alteration or rectification of each part of the register of shareholders shall be conducted in accordance with the laws of the place(s) where that part of the register is maintained.

(Article 37 of the Mandatory Provisions)

Article 49 All the overseas listed foreign shares listed in Hong Kong with its fully paid-up share capital may be freely transferred in accordance with these Articles of Association and not be limited by the lien of the Company. However, the board shall have the right to refuse any instrument of transfer without giving any reason, unless:

Rule 1(2) of
Appendix 3 to
the Listing
Rules
Rule 1(1) of
Appendix 3 to
the Listing
Rules

- (1) A fee (for each instrument of transfer) of 2.5 Hong Kong dollars or any higher fee as amended lately by the Rules Governing the Listing of Securities of the Growth Enterprise Market of Hong Kong Stock Exchange (“Listing Rules”) has been paid to the Company for registration of any instrument of transfer or other document(s) which is related to or will affect title of title of the shares;
- (2) The instrument of transfer only involves overseas listed foreign shares listed in Hong Kong;
- (3) The stamp duty chargeable on the instrument of transfer has been paid;
- (4) The relevant share certificate and, upon the reasonable request of the board, any evidence in relation to the right of the transferor to transfer the shares have been submitted;
- (5) If it is intended to transfer the shares to joint holders, then the maximum number of joint holders shall not exceed 4;
- (6) The Company does not have any lien on the relevant shares.

Rule 1(3) of
Appendix 3 to
the Listing
Rules

Rule 1(4) of
Appendix 3 to
the Listing
Rules

The transfer of overseas listed foreign shares in the Company listed in Hong Kong shall be carried out in writing on an instrument of transfer of standard form or such other forms as are acceptable to the board; and such instrument of transfer can only be signed by hand or, if the transferor or transferee is a securities clearing institution or other representative, signed by hand or signed in printed mechanical form. All the instrument of transfer shall be maintained in the legal address of the Company or such other place as the board may designate from time to time.

Article 50 No changes in the register of shareholders due to the transfer of shares may be made within 30 days before the date of a general meeting or within 5 days before the record date for the Company's distribution of dividends.

(Article 38 of the Mandatory Provisions)

Article 51 Where the Company decides to convene a general meeting, distribute dividends, liquidate and carry out other activities which would require the determination of shareholdings, the board shall fix a record date for the purpose of determining shareholdings. A person who is registered in the register as shareholder(s) at the end of the record date shall be a shareholder of the Company.

(Article 39 of the Mandatory Provisions)

Article 52 Any person aggrieved and claiming to be entitled to have his name to be entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register.

(Article 40 of the Mandatory Provisions)

Article 53 Any person who is a registered shareholder or who claims to be entitled to have his name entered into the register of shareholders may, if his share certificate (the "Original Certificate") is lost, apply to the Company for an issue of replacement certificate(s) in respect of such shares (the "Relevant Shares").

If a shareholder of domestic shares loses his share certificate(s) and applies to the Company for a replacement certificate, it shall be dealt with in accordance with Article 150 of the Company Law.

If a shareholder of overseas listed foreign shares loses his share certificate(s) and applies to the Company for a replacement certificate, it may be dealt with in accordance with the laws of the place where the original register of holders of overseas listed foreign shares is maintained, rules of the stock exchanges or other relevant regulations.

If a shareholder of overseas listed foreign shares which are listed in Hong Kong loses his share certificate(s), the issue of a replacement certificate shall comply with the following requirements:

- (1) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarial certificate or a statutory declaration stating the grounds upon which the application is made and the circumstances and the evidence of the loss, and declaring that no other person is entitled to have his name entered in the register of shareholders in respect of the Relevant Shares.

- (2) Before the Company decides to issue the replacement certificates, no statement made by any person other than the applicant declaring that his name shall be entered in the register of shareholders in respect of such shares has been received.
- (3) The Company shall, if it intends to issue a replacement certificate, publish an announcement of its intention at least once every 30 days in a period of 90 consecutive days in such newspapers as may be prescribed by the board.
- (4) The Company shall have, prior to the announcement of its intention to issue a replacement certificate,
 1. deliver to Hong Kong Stock Exchange a copy of the announcement to be published, and may publish the announcement upon receiving confirmation from such stock exchanges that the announcement has been exhibited in the premises of the said stock exchanges. Such announcement shall be exhibited in the premises of the said stock exchanges for a period of 90 days.
 2. In the case of an application made without the consent of the registered holder of the Relevant Shares, the Company shall deliver by mail to such registered shareholder a copy of the announcement to be published.
- (5) If, by the expiration of the 90-day period referred to in clauses (3) and (4) of this Article, the Company has not received from any person notice of any disagreement to such application and the Company is satisfied that the original certificate has been destroyed, the Company may issue a replacement certificate to the applicant accordingly. Rule 2(2) of Appendix 3 to the Listing Rules
- (6) Where the Company issues a replacement certificate under this Article, it shall forthwith cancel the Original Certificate and enter the cancellation and issue in the register of shareholders accordingly.
- (7) All expenses relating to the cancellation of Original Certificate and the issue of a replacement new share certificate by the Company shall be borne by the applicant and the Company is entitled to refuse to take any action until reasonable guarantee for such expenses is provided by the applicant.

(Article 41 of the Mandatory Provisions)

Article 54

Where the Company issues a replacement certificate pursuant to these Articles of Association, the name of a bona fide purchaser gaining possession of such new share certificate or the person who is subsequently entered in the register of shareholders as holder of such shares (if he is a bona fide purchaser) shall not be removed from the register of shareholders.

(Article 42 of the Mandatory Provisions)

Article 55 The Company shall not be liable for any damages sustained by any person by reason of the cancellation of the Original Certificate or the issue of the new share certificate, unless the claimant proves that the Company has acted deceitfully.

(Article 43 of the Mandatory Provisions)

Chapter 7 The Rights and Obligations of Shareholders

Article 56 A shareholder of the Company is a person who lawfully holds shares in the Company and whose name is entered in the register of shareholders.

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

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

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Rules

Where there are joint shareholders, in the case of the death of one of the joint shareholders, the other surviving persons who are joint shareholders shall be deemed to be the person(s) as having the title of such shares, but the board has the right to require the provisions of his death certificate for the purpose of revising the register of shareholders. For the joint holders of any shares, the shareholder ranked first on the register of shareholders has the only right to receive the share certificates of relevant shares, notices from the Company, to attend the general meeting and to exercise the voting rights. Any notice delivered to such person shall be deemed as delivered to all joint shareholders of relevant shares.

(Article 44 of the Mandatory Provisions)

Article 57 The ordinary shareholders of the Company shall enjoy the following rights:

- (1) The right of dividends and other distributions in proportion to the number of shares held;
- (2) The right to attend or appoint a proxy to attend shareholders' meetings and to vote thereat;
- (3) The right of supervisory management over the Company's business operations, and the right to present proposals or enquiries;
- (4) The right to transfer his shares in accordance with laws, administrative regulations and these Articles of Association;
- (5) The right to obtain relevant information in accordance with the provisions of these Articles of Association, including:
 1. the right to obtain a copy of the Articles of Association, subject to payment of a fee;
 2. the right to inspect and copy, subject to payment of a reasonable fee:

- (1) all parts of the register of shareholders;
 - (2) personal particulars of each of the directors, supervisors, general manager and other senior management officer of the Company, including:
 - (a) present and former name and alias;
 - (b) principal address (residence);
 - (c) nationality;
 - (d) primary and all other part-time occupations and duties;
 - (e) identification documents and their relevant numbers;
 - (3) the state of the Company's share capital;
 - (4) in case of the company repurchased its own shares, a report for the total face value, quantities, the highest price and lowest price of shares repurchased of each category, and the full cost paid by the company since the previous fiscal year;
 - (5) minutes of the general meeting;
- (6) In the event of the termination or liquidation of the Company, the right to participate in the distribution of surplus property of the Company in accordance with the proportion of shares held;
- (7) Other rights conferred by laws, administrative regulations and these Articles of Association.

The exercise of the above power shall not be frozen or otherwise impaired by reason only that the person or persons who are interested directly or indirectly in the shares have failed to disclose their interests to the Company.

(Article 45 of the Mandatory Provisions)

Article 58 The ordinary shareholders of the Company shall undertake the following obligations:

- (1) To abide by these Articles of Association;
- (2) To pay subscription monies according to the number of shares subscribed and the method of subscription;

- (3) Other obligations imposed by laws, administrative regulations and these Articles of Association.

Shareholders are not liable to make any further contribution to the share capital other than as agreed by the subscriber of the relevant shares on subscription.

(Article 46 of the Mandatory Provisions)

Article 59 In addition to the obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchange on which shares of the Company are listed, a controlling shareholder shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of all or part of the shareholders of the Company:

- (1) to relieve a director, supervisor of his duty to act honestly in the best interests of the Company;
- (2) to approve the expropriation by a director, supervisor (for his own or others' benefit), in any guise, of the Company's assets, including but not limited to opportunities beneficial to the Company;
- (3) to approve the expropriation by a director, supervisor (for his own or others' benefit) of the individual rights of other shareholders, including but not limited to rights to distributions and voting rights save pursuant to a restructuring submitted to general meeting for approval in accordance with these Articles of Association.

(Article 47 of the Mandatory Provisions)

Article 60 For the purpose of the foregoing Article, a "controlling shareholder" refers to a person who satisfies any one of the following conditions:

- (1) he alone or acting in concert with others has the power to elect more than half of the board;
- (2) he alone or acting in concert with others has the power to exercise or to control the exercise of 30% (including 30%) or more of the voting rights in the Company;
- (3) he alone or acting in concert with others holds 30% (including 30%) or more of the issued and outstanding shares of the Company;
- (4) he alone or acting in concert with others in any other manner is in de facto control of the Company.

(Article 48 of the Mandatory Provisions)

Chapter 8 General Meeting

Article 61 The general meeting shall be the source of authority of the Company and shall exercise its powers according to the laws.

(Article 49 of the Mandatory Provisions)

Article 62 The general meeting shall exercise the following functions and powers:

- (1) To decide on the Company's operational policies and investment plans;
- (2) To elect and replace the directors and decide on matters relating to the remuneration of directors;
- (3) To elect and replace the supervisors who are representatives of shareholders, and to decide on matters relating to the remuneration of supervisors;
- (4) To examine and approve reports of the Board;
- (5) To examine and approve reports of the supervisory committee;
- (6) To examine and approve the Company's proposed annual financial budget and final accounts;
- (7) To examine and approve the Company's proposals for profit distribution and for recovery of losses;
- (8) To decide on increase or reduction in the Company's registered capital;
- (9) To decide on matters such as merger, demerger, dissolution and liquidation of the Company;
- (10) To decide on the issue of bonds by the Company;
- (11) To decide on the appointment, dismissal and non-reappointment of the accounting firm;
- (12) To amend the Articles of Association;
- (13) To consider motions raised by shareholders who represent 5% (including 5%) or more of the total shares of the Company carrying voting rights;

(14) To decide on other matters which require resolutions of the general meetings according to the relevant laws, administrative regulations and these Articles.

(Article 50 of the Mandatory Provisions)

Article 63 The Company shall not, without the prior approval of the general meeting, enter into any contract with any person other than a director, supervisor, general manager, deputy general manager or other senior management officer whereby the management of the whole or any substantial part of the business of the Company is to be handed over to such person.

(Article 51 of the Mandatory Provisions)

Article 64 General meetings are divided into annual general meetings and extraordinary general meetings. General meetings shall be convened by the board. Annual general meetings are held once every year and within six months from the end of the preceding financial year.

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

- (1) The number of directors is less than that is required by the Company Law or two-third of the number of directors specified in the Articles of Association;
- (2) The accrued losses of the Company amount to one-third of the total amount of its share capital;
- (3) Shareholder(s) holding 10% (including 10%) or more of the Company's issued and outstanding shares carrying voting rights request(s) in writing the convening of an extraordinary general meeting;
- (4) It is deemed necessary by the board or proposed by the supervisory committee to convene an extraordinary general meeting;
- (5) More than two independent non-executive directors propose to convene the meeting.

(Article 52 of the Mandatory Provisions)

Article 65 Written notices of a general meeting shall be given 45 days before the date of the meeting to notify all of the shareholders in the share register of the matters to be considered, the date and the place of the meeting. A shareholder who intends to attend the general meeting shall deliver his written reply concerning attendance at the general meeting to the Company 20 days before the date of the meeting.

(Article 53 of the Mandatory Provisions)

Article 66 When the Company convenes the annual general meeting, shareholders holding 5% (including 5%) or more of the total voting shares of the Company, are entitled to propose new motions in writing to the Company. The Company shall place such motions on the agenda for such meeting if they are matters falling within the scope of duties of the general meeting.

(Article 54 of the Mandatory Provisions)

Article 67 The Company shall, based on the written replies received 20 days before the date of the general meeting, calculate the number of voting shares represented by the shareholders who intend to attend the meeting. If the number of voting shares represented by the shareholders who intend to attend the meeting reaches more than one half of the Company's total voting shares, the Company may hold the general meeting; if not, then the Company shall within 5 days notify the shareholders again by public announcement of the matters to be considered, and the place and date for the meeting. The Company may then hold the general meeting after such publication of announcement. Such announcement shall be advertised in newspapers and periodicals.

Rule 7(1) of
Appendix 3 to
the Listing
Rules

An extraordinary general meeting shall not decide on any matter not specified in the notice of meeting.

(Article 55 of the Mandatory Provisions)

Article 68 A notice of meeting of shareholders shall:

- (1) be in writing;
- (2) specify the place, the date and time of the meeting;
- (3) state the matters to be considered at the meeting;
- (4) provide such information and explanation as are necessary for the shareholders to make an informed decision on the proposals put before them. Without limiting the generality of the foregoing, where a proposal is made to amalgamate the Company with another, to repurchase shares, to reorganise the share capital, or to restructure the Company in any other way, the terms of the proposed transaction must be provided in detail together with copies of the proposed agreement, if any, and the cause and effect of such proposal must be properly explained;
- (5) contain a disclosure of the nature and extent of any material interests of any director, supervisor, general manager and other senior management officer in the proposed transaction and the effect of the proposed transaction on them in their capacity as shareholders in so far as it is different from the effect on the interests of the shareholders of the same class;

- (6) contain the full text of any special resolution to be proposed at the meeting;
- (7) contain a conspicuous statement that a shareholder entitled to attend and vote is entitled to appoint one or more proxies to attend and vote at the meeting on his behalf and that a proxy need not be a shareholder;
- (8) specify the time and place for lodging proxy forms for the relevant meeting.

(Article 56 of the Mandatory Provisions)

Article 69 Notice of general meeting shall be served on the shareholders (whether or not entitled to vote at the meeting), by hand or by prepaid airmail to their addresses as shown in the register of shareholders. For holders of domestic shares, notice of general meeting may be issued by way of public announcement. Rule 7(3) of Appendix 3 to the Listing Rules

The public announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the securities governing authority under the State Council within the interval between 45 days and 50 days before the date of the meeting; after publication of such announcement, the holders of domestic shares shall be deemed to have received the notice of the relevant shareholders' meeting. Rule 7(1) of Appendix 3 to the Listing Rules

The Company shall give notice to allow sufficient time for the holders of foreign shares, whose registered addresses are in Hong Kong, to exercise their rights or act in accordance with the terms stated in the notice. Rule 7(2) of Appendix 3 to the Listing Rules

(Article 57 of the Mandatory Provisions)

Article 70 The accidental omission to give notice of a meeting to, or the failure to receive the notice of a meeting by, any person entitled to receive notice shall not invalidate the meeting or the resolutions adopted thereat.

(Article 58 of the Mandatory Provisions)

Article 71 Any shareholder entitled to attend and vote at a general meeting shall be entitled to appoint one or more other persons (whether a shareholder or not) as his proxies to attend and vote on his behalf. A proxy so appointed shall be entitled to exercise the following rights pursuant to the authorisation from such shareholder:

- (1) The shareholder's right to speak at the meeting;
- (2) The right to demand or join in demanding a poll;
- (3) The right to vote by hand or on a poll, but a proxy of a shareholder who has appointed more than one proxy may only vote on a poll.

(Article 59 of the Mandatory Provisions)

Article 72	The instrument appointing a proxy shall be in writing under the hand of the appointer or his attorney duly authorised in writing, or if the appointer is a legal person, either under seal or under the hand of a director or attorney duly authorised. The power of attorney shall denote the shares held by the proxy on behalf of the shareholder. In the event that the appointer appoints more than one proxy, the power of attorney shall denote the number of shares held by each proxy on behalf of the shareholder.	Rule 11(2) of Appendix 3 to the Listing Rules
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(Article 60 of the Mandatory Provisions)

Article 73 The instrument appointing a voting proxy shall be deposited at the residence of the Company or at such other place as is specified for that purpose in the notice convening the meeting, not less than twenty-four hours before the time for holding the meeting at which the proxy propose to vote or the time appointed for the passing of the resolution. If such instrument is signed by a person on behalf of the appointor, the authorisation letter or other authorisation instruments shall be notarized, and such notarized letter or other instruments shall be deposited at the residence of the Company or at such other place as is specified for that purpose in the notice convening the meeting.

If the appointer is a legal person, its legal representative or such person as is authorised by resolution of its board of directors or other governing bodies may attend at the meetings of shareholders of the Company as a representative of the appointer.

(Article 61 of the Mandatory Provisions)

Article 74	Any instrument issued to a shareholder by the board of the Company for use in appointing a proxy to attend and vote at meetings of the Company shall be in such format as to enable the shareholder to instruct the proxy to vote for or against the motions according to his free will, and instructions shall be given in respect of each individual matter to be voted at the meeting. The instrument of proxy shall contain a statement that in the absence of instructions by the shareholder the proxy may vote as he thinks fit.	Rule 11(1) of Appendix 3 to the Listing Rules
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(Article 62 of the Mandatory Provisions)

Article 75 A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the death or loss of capacity of the appointer or revocation of the proxy or of the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that the Company did not receive any written notice in respect of any such matters prior to the commencement of the relevant meeting.

(Article 63 of the Mandatory Provisions)

Article 76 An individual shareholder who attends the general meeting in person shall produce his identification proof and evidence of his shareholding. When a proxy is appointed to attend the general meeting, the proxy shall produce his identification proof. If a corporate shareholder appoints its legal representative to attend the meeting, such legal representative shall produce his identification (except such shareholder(s) are recognized clearing house (“recognized clearing house”) or its agent(s) defined in the relevant regulations stipulated by Hong Kong laws from time to time) and the shareholding evidence of such corporate shareholder and a notarially certified copy of resolutions by which its board or other authoritative organisation(s) appoint(s) such legal representative.

If such shareholder is recognized clearing house or its agent(s), such shareholder may authorize one or more person(s) to be its representative in any general meeting or meeting of any class of shareholders as its think appropriate. However, if more than one persons are being authorised, the power of attorney shall specify the number and class of shares that each such person so authorised represents. The person(s) so authorised may represent the recognized clearing house (or its agent(s)) to exercise the right as if such person were the individual shareholder of the Company.

Article 77 Resolutions of general meetings shall be divided into ordinary resolutions and special resolutions.

An ordinary resolution must be passed by votes representing more than one-half of the voting rights represented by the shareholders (including the proxies) present at the meeting.

A special resolution must be passed by votes representing more than two-third of the voting rights represented by the shareholders (including the proxies) present at the meeting.

Shareholders (including their proxies) present at the meeting when voting on any resolution shall clearly express whether they are voting for or against each of the matters to be voted. Any wavier of or abstention from voting shall not be counted in the voting result by the Company in relation to the relevant matters.

(Article 64 of the Mandatory Provisions)

Article 78 When voting at the general meeting, shareholders (including their proxies) may exercise their voting rights in accordance with the number of their voting shares and each share shall have one vote.

Where any shareholder is, under any applicable law and regulation, required to abstain from voting on any particular resolution or restricted to voting only for or

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Appendix 3 to

only against any particular resolution, any votes cast by or on behalf of such shareholders in contravention of such requirement or restriction shall not be counted. the Listing Rules

(Article 65 of the Mandatory Provisions)

Article 79 Unless a poll is demanded before or after any vote by show of hands, at any general meeting, a resolution shall be decided on a show of hands:
(1) by the chairman of the meeting;
(2) by at least two shareholders entitled to vote present in person or by proxy;
(3) by one or more shareholders present in person or by proxy and representing 10% or more of all shares carrying the rights to vote at the meeting.

Unless a poll be so demanded, a declaration by the chairman that a resolution has on a show of hands been carried unanimously, or carried by a particular majority, or lost, and an entry to that effect in the minutes of the meeting shall be conclusive evidence of the fact without proof of the number or proportion of the votes recorded in favour of or against such resolution.

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

(Article 66 of the Mandatory Provisions)

Article 80 A poll demanded on the election of the chairman of the meeting, or on a question of adjournment of the meeting, shall be taken forthwith. A poll demanded on any other question shall be taken at such time as the chairman of the meeting directs, and any business other than that upon which a poll has been demanded may be proceeded with, pending the taking of the poll. The result of the poll shall be deemed to be a resolution of the meeting at which the poll was demanded.

(Article 67 of the Mandatory Provisions)

Article 81 On a poll taken at a meeting, a shareholder (including his proxy) entitled to two or more votes need not cast all his votes in the same way.

(Article 68 of the Mandatory Provisions)

Article 82 In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting shall be entitled to a casting vote.

(Article 69 of the Mandatory Provisions)

- Article 83 The following matters shall be resolved by an ordinary resolution at the general meeting:
- (1) Work reports of the board and the supervisory committee;
 - (2) Plans formulated by the board for distribution of profits and for recovery of losses;
 - (3) Appointment and removal of the members of the board and of the supervisory committee, their remuneration and method of payment;
 - (4) Annual financial budget and final reports, balance sheets, profit and loss statements and other financial statements of the Company;
 - (5) Matters other than those specified by laws, administrative regulations or these Articles of Association to be resolved by special resolutions.

(Article 70 of the Mandatory Provisions)

- Article 84 The following matters shall be resolved by a special resolution at a general meeting:
- (1) The increase or reduction in share capital and the issue of shares of any class, warrants and other similar securities of the Company;
 - (2) The issue of bonds of the Company;
 - (3) The demerger, merger, dissolution and liquidation of the Company;
 - (4) Amendments to these Articles of Association;
 - (5) Any other matters considered by the general meeting by way of an ordinary resolution to be of a nature which may have a material impact on the Company and shall be adopted by a special resolution.

(Article 71 of the Mandatory Provisions)

- Article 85 Shareholders requisitioning the convening of an extraordinary general meeting or a class meeting shall abide by the following procedures:

- (1) Two or more shareholders holding in aggregate 10% (including 10%) or more of the shares carrying the voting right at the meeting sought to be held shall sign one or more counterpart requisitions in writing stating the objectives of the meeting and requiring the board to convene an extraordinary general meeting or a class meeting. The board shall as soon as possible proceed to convene the extraordinary general meeting or a class meeting after receiving the requisition.

The amount of shareholdings referred to above shall be calculated as at the date of the deposit of the requisition.

- (2) If the board does not serve the notice of the convening a meeting after 30 days of receiving the written requests aforesaid, such shareholders may convene such a meeting in a manner as similar as possible as that in which shareholders' meeting are to be convened by the board within four months from the date of receipt of the requisition by the board.

Any reasonable expenses incurred by the requisitions by reason of the failure of the board to duly convene a meeting shall be repaid to the shareholders by the Company and any sum so repaid shall be set off against sums owed by the Company to the directors in default.

(Article 72 of the Mandatory Provisions)

Article 86 A general meeting shall be convened and presided over by the chairman of the board. If the chairman is unable to attend the meeting with cause, the vice-chairman of the board shall convene and take the chair of the meeting. If neither the chairman nor vice-chairman of the board is able to attend the meeting, then the board may designate a director of the Company to convene and take the chair of the meeting. If no chairman of the meeting has been designated, shareholders present shall choose one person to be the chairman of the meeting. If for any reason the shareholders fail to elect a chairman, then the shareholder present in person or by proxy and holds the largest number of shares carrying the right to vote thereat shall be the chairman of the meeting.

(Article 73 of the Mandatory Provisions)

Article 87 The chairman of the meeting shall be responsible for determining whether a resolution thereat is passed. His decision, which is final and conclusive, shall be announced at the meeting and recorded in the minutes of meeting.

(Article 74 of the Mandatory Provisions)

Article 88 If the chairman of the meeting has any doubt as to the result of a resolution put to the vote at the meeting, he may have the votes counted. If the chairman of the meeting fails to have the votes counted, any shareholder present in person or by proxy and who objects to the result announced by the chairman of the meeting

may demand that the votes be counted immediately after the declaration of the result, and the chairman of the meeting shall have the votes counted promptly.

(Article 75 of the Mandatory Provisions)

Article 89 If votes are counted at a general meeting, the vote counting result shall be entered in the minutes of the meeting.

(Article 76 of the Mandatory Provisions)

Article 90 The secretary shall keep minutes of decisions reached on matters considered at a general meeting. Such minutes shall be signed by directors who are present. The minutes of meeting together with the attendance register of the attending shareholders and the power of attorney of their proxies shall be kept at the residence of the Company.

(Article 76 of the Mandatory Provisions)

Article 91 Copies of the minutes of general meeting shall be available for inspection free of charge by shareholders during business hours of the Company. If a shareholder requests the Company for a copy of such minutes, the Company shall send a copy of such minutes to him within 7 days after having received a reasonable fee.

(Article 77 of the Mandatory Provisions)

Chapter 9 Special Procedures for Voting by a Class of Shareholders

Article 92 Those shareholders holding different classes of shares are shareholders of different classes.

A class of shareholders shall, in accordance with laws, administrative regulations and these Articles of Association, enjoy rights and bear obligations.

(Article 78, Article 85 of the Mandatory Provisions)

Article 93 Rights conferred on any class of shareholders in the capacity of shareholders may not be varied or abrogated unless approved by a special resolution of general meeting and by holders of shares of that class at a separate meeting conducted in accordance with Articles 95 to 99.

(Article 79 of the Mandatory Provisions)

Article 94 The following circumstances shall be deemed to be variation or abrogation of the rights of a class of shareholders:

- (1) To increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class having voting or rights of distribution or privileges equal or superior to those of the shares of such class;
- (2) To effect an exchange of all or part of the shares of such class into shares of another class or to effect an exchange or create a right of exchange of all or part of the shares of another class into the shares of such class;
- (3) To remove or reduce rights to accrued dividends or rights to cumulative dividends attached to shares of such class;
- (4) To reduce or remove a dividend preference attached to shares of such class, to receive dividends or to the distribution of assets in the event of the Company is liquidated;
- (5) To add, remove or reduce conversion privileges, options, voting rights, transfer or pre-emptive rights, or rights to acquire securities of the Company attached to shares of such class;
- (6) To remove or reduce rights attached to shares of such class to receive payment payable by the Company in particular currencies;

- (7) To create a new class of shares having voting or equity rights or privileges equal or superior to those of the shares of such class;
- (8) To restrict the transfer or title of the shares of such class or add to such restriction;
- (9) To issue rights to subscribe for, or convert into, shares in the Company of such class or another class;
- (10) To increase the rights and privileges of shares of another class;
- (11) To restructure the Company in such way so as to result in the disproportionate distribution of obligations between the various classes of shareholders;
- (12) To vary or abrogate the provisions of this Chapter.

(Article 80 of the Mandatory Provisions)

Article 95 Shareholders of the affected class, whether or not otherwise having the voting right at general meetings, shall nevertheless have the right to vote at class meetings in respect of matters concerning Clauses (2) to (8) and (11) to (12) of Article 94, but interested shareholder(s) shall not be entitled to vote at class meetings.

The meaning of “interested shareholder(s)” as mentioned in the preceding paragraph refer to:

- (1) in the case of a repurchase of shares by offers to all shareholders on a pro rata basis or public dealing on a stock exchange under Article 35, a “controlling shareholder” within the meaning of Article 60;
- (2) in the case of a repurchase of share by an off-market agreement under Article 35, a holder of the shares to which the proposed agreement relates;
- (3) in the case of a restructuring of the Company, a shareholder within a class who bears a relatively lower proportion of obligation than the obligations imposed on the shareholders of that class under the proposed restructuring or who has an interest in the proposed restructuring different from the general interest of shareholders of that class.

(Article 81 of the Mandatory Provisions)

Article 96 Resolutions of a class of shareholders shall be passed by votes representing more than two-third of the voting rights of shareholders of that class represented at the relevant meeting who, according to Article 95, are entitled to vote at class meetings.

(Article 82 of the Mandatory Provisions)

Article 97 Written notice of a class meeting shall be given 45 days before the date of the class meeting to notify all of the shareholders in the share register of such class of the matters to be considered, the date and the place of the class meeting. A shareholder who intends to attend the class meeting shall deliver his written reply concerning attendance at the class meeting to the Company 20 days before the date of the class meeting.

If the number of shares carrying voting rights at the class meeting represented by the shareholders who intend to attend the meeting reaches more than one half of the voting shares at the class meeting, the Company may hold the class meeting; if not, the Company shall within 5 days notify the shareholders again by public announcement of the matters to be considered, the date and the place for the class meeting. The Company may then hold the class meeting after publication of such announcement. Such announcement shall be advertised in newspapers.

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The quorum for each separate class meeting (other than an adjourned meeting) to consider a variation of the rights of any class of shares shall be the holders of at least one-third of the issued shares of that class.

Rule 6(2) of
Appendix 3 to
the Listing
Rules

(Article 83 of the Mandatory Provisions)

Article 98 Notice of class meetings need only be served on shareholders entitled to vote thereat.

Any meeting of a class of shareholders shall be conducted in a manner as similar as possible to that of a general meeting. The terms of these Articles of Association relating to the manner to conduct any general meeting shall apply to any meeting of a class of shareholders.

(Article 84 of the Mandatory Provisions)

Article 99 In addition to holders of other classes of shares, holders of domestic shares and overseas listed foreign shares are deemed to be different classes of shareholders.

Section 1(f)(i)
and (ii) of
Appendix 11c
to the Listing
Rules

Provided however that the special procedures for approval by separate class shareholders shall not apply to the following circumstances:

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

Chapter 10 Board of Directors

Article 100 The Company shall have the board which is the Company's standing authority organ.

Article 101 The board shall comprise 9 directors, 2 of whom shall be executive directors, 7 of whom shall be non-executive directors (including 3 independent non-executive directors). The board shall have one chairman and two vice chairmen.

(Article 86 of the Mandatory Provisions)

The external directors (referring those directors not holding internal office in the Company, including independent non-executive directors) as the members of the board shall represent more than one-half of the board.

Article 102 The directors shall be elected at general meeting, with a term of office of three years. Upon expiry of his term, a director shall be eligible for re-election.

Rule 4(4)(5) of
Appendix 3 to
the Listing

The minimum length of the period, during which notice to the issuer of the intention to propose a person for participation in election as a director (during which notice to the issuer by such person of his willingness to be elected may be given) will be at least 7 days. The aforesaid period for lodgement of the notices will commence no earlier than the day after the dispatch of the notice of such meeting and end no later than 7 days prior to the date of the general meeting.

Rules

The chairman and vice chairman shall be elected and removed by more than one-half of all directors. The chairman and vice chairman shall have a term of office of three years and be eligible for re-election.

Any person appointed by the directors to fill a casual vacancy on or as an addition to the board shall hold office only until the next following annual general meeting of the issuer, and shall then be eligible for re-election.

Rule 4(2) of
Appendix 3 to
the Listing
Rules

Independent directors shall have sufficient time and requisite knowledge and capabilities to perform their duties. The Company shall be responsible to provide necessary information to the independent directors to perform their duties. Independent directors may direct report to the general meeting, the securities regulatory authorities under the State Council and other relevant authorities.

Where not otherwise provided by laws and administrative regulations, the general meeting shall have power by special resolution to remove any director before the expiration of his term of office (but without prejudice to any claim for damages under any contract).

Rule 4(3) of
Appendix 3 to
the Listing
Rules

A director is not required to hold any share in the Company.

(Article 87 of the Mandatory Provisions)

Article 103 The Board shall be responsible to the general meeting and shall exercise the following functions and powers:

- (1) To be responsible for the convening of the general meeting and to report on its work to the general meeting;
- (2) To implement the resolutions of the general meeting;
- (3) To decide on the Company's business plans and investment plans;
- (4) To formulate the Company's proposed annual financial budget and financial accounts;
- (5) To formulate the Company's proposals for profit distribution and for recovery of losses;
- (6) To formulate proposals for the increase or reduction of the Company's registered capital and the issue of bonds of the Company;
- (7) To prepare proposals for the material acquisition or disposal of the Company and plans for the merger, demerger or dissolution of the Company;
- (8) The scope of powers for the disposal of the Company's assets by the board shall be:
 1. to approve the sale or lease of the Company's assets in an amount not exceeding 30% of the latest audited book net asset value of the Company in each instance or not exceeding 50% of the latest audited book net asset value of the Company on a cumulative basis in each financial year;
 2. to approve the mortgage or pledge or the provision as security to third parties by the Company or the subsidiaries in which the Company owns more than 50% interests, of assets which amount shall not exceed 30% of the latest audited book net asset value of the Company in each instance or shall not exceed 50% of the latest audited book net asset value of the Company on a cumulative basis in each financial year; and
 3. to decide upon matters in relation to investments in the amount not exceeding 30% of the latest audited book net asset value or in each instance or not exceeding 50% of the latest audited book net asset value of the Company on a cumulative basis in each financial year. The board may engage in risk-bearing investments with the Company's assets within the follow scopes:
 - (1) financial investment permitted by laws and regulations;

- (2) real estate investment permitted by laws and regulations;
 - (3) other risk investment permitted by laws and regulations.
-
- (9) To decide upon the establishment of the internal management authorities and branch authorities of the Company;
 - (10) To appoint or dismiss the Company's general manager, and based on the recommendation of the general manager to appoint or dismiss the deputy general manager or financial controller of the Company; to appoint or dismiss the secretary to the board and determine his remunerations;
 - (11) To formulate the Company's basic management system;
 - (12) To formulate proposals for amendments to these Articles of Association;
 - (13) To the extent of complying with the relevant laws, regulations and these Articles of Association, to decide upon the financing and borrowing of the Company and the mortgage, lease, contracting and transfer of the major assets of the Company, and to authorize the general manager to exercise the rights in this paragraph within a certain scope and period;
 - (14) Other than the matters required by the Company Law and these Articles to be resolved at general meeting, to decide upon other material and administrative matters of the Company and to sign other material agreements;
 - (15) To exercise any other powers conferred by these Articles of Association or the general meeting.

Except for resolutions of the board of directors in respect of the matters specified in Clauses (6), (7) and (11) of this Article which shall be passed by more than two-third of all the directors, resolutions of the board in respect of all other matters may be passed by more than one half of all the directors.

The resolution in relation to the Company's connected transactions shall only take effect after the signing by the independent non-executive directors.

(Article 88 of the Mandatory Provisions)

Article 104 The board of directors shall not, without the prior approval of general meeting, dispose of or agree to dispose of any fixed assets of the Company where the aggregate of the expected value of the consideration for the proposed disposal and the value of the consideration for any disposal of fixed assets in the four months immediately preceding the proposed disposal, exceeds 33% of the value of the Company's fixed assets as stated in the latest balance sheet considered and approved by the general meeting.

A “disposal of fixed assets” as referred to in this Article includes an act involving the transfer of an interest in certain assets but does not include the provision of fixed assets by way of guarantee.

Any breach of the first paragraph of this Article shall not affect the validity of any transaction entered into by the Company in disposing of fixed assets.

(Article 89 of the Mandatory Provisions)

Article 105 The board of directors shall perform its duties in accordance with State laws, administrative regulations, the Articles of Association and resolutions of the general meeting.

Article 106 The chairman of the board shall exercise the following functions and powers:

- (1) To preside over the general meeting, and to convene and preside over the meetings of the board;
- (2) To organize performance of the duties of the board and to review the implementation of board resolutions;
- (3) To sign the securities issued by the Company;
- (4) To exercise other powers vested by the board.

If the chairman of the board is unable to exercise his power, he may designate the vice chairman of the board to exercise such powers on his behalf.

(Article 90 of the Mandatory Provisions)

Article 107 Board meetings shall be held at least twice every year and be convened by the chairman of the board. Notice of the meeting shall be given to all shareholders fifteen days before the convening of the meeting. For the urgent matters, a special board meeting may be held upon requisition by more than one-third of the directors, or general manager of the Company.

(Article 91 of the Mandatory Provisions)

Article 108 Notice of meetings of the board and special board meetings shall be delivered by the means as follows:

- (1) No notice is required if the timing and venue of the meetings have been decided by the board in advance.
- (2) If the board has not decided the timing and venue of the meetings in advance, the chairman of the board shall, at least 15 days prior to such meetings, deliver notices of the meetings to directors by email, telegraph, facsimile, express delivery service, registered mail or by hand at least fifteen days before the meetings.

- (3) In case where a special board meeting is required to be held on urgent matters, the chairman of the board or the Secretary to the Board may deliver notices of the meetings in relation to the timing and venue to the directors by telegraph, telex, facsimile, express delivery service, registered mail or by hand at least two days and at most 15 days before such meeting.
- (4) Such notices shall be in Chinese, with English version when necessary, and shall include the meeting agendas. Any director may waive his rights to receive the notice of board meeting.

(Article 92 of the Mandatory Provisions)

Article 109 Any significant matters which need to be decided by the board shall be informed to all directors within the time provided by Article 108. Sufficient information shall be provided and the stipulated procedures shall be strictly followed. Directors may demand supplementary materials. Where more than one-fourth of directors or more than two independent non-executive directors consider that such materials are not sufficient or the proof is not clear, they may propose jointly to postpone the discussion of certain issues of such meetings, and such proposal shall be adopted by the board.

If any director who attends the meeting but has not raised any objection before or upon attendance that he has not received the notice of the meeting, such director shall be deemed to have received the notice of the meeting.

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

(Article 92 of the Mandatory Provisions)

Article 110 Board meetings shall be held only if more than one-half of the directors (including the directors appointing other directors in writing to attend on his behalf the board meeting in accordance with Article 111 of these Articles) are present.

Each director shall have one vote. Unless these Articles otherwise require, a resolution of the board must be passed by more than one-half of all the directors. In the case of an equality of votes, the chairman of the board shall have a casting vote.

When more than one-fourth of directors or more than 2 independent non-executive directors are of the view that the materials are insufficient or are inadequately explained, they may jointly propose to the board for a postponement of the board meeting or for a postponement of determination of part of the matters concerned. The board shall adopt such proposal.

(Article 93 of the Mandatory Provisions)

Article 111 Directors shall attend any board meeting in person. Where a director is unable to attend with cause, he may in writing authorise another director to attend the board meeting on his behalf. The instrument of proxy shall specify the scope of authorisation.

The director attending the meeting for another director shall exercise the rights of the latter director within the scope of authorisation. Any director who is unable to attend a particular board meeting and has not authorised a proxy to attend on his behalf shall be deemed as waiving the right to vote at such meeting.

Expenses incurred by the directors in attending board meetings shall be borne by the Company. Such expenses shall include travel expenses for travelling between the departure location of the directors and the location where the meeting is held (if different), as well as expenses for meals and accommodation during the period of the meeting. The miscellaneous expenses including rental fee for the venue of the meeting and local transportation fee shall also be borne by the Company.

(Article 94 of the Mandatory Provisions)

Article 112 The board may accept written resolution in lieu of convening board meeting but the draft of such resolution shall be sent either by hand, mail, telegram or facsimile to each director. If the board has sent the resolution to all directors and the number of directors who sign in favour of the resolution has reached the necessary quorum for decision, such resolution upon delivery in the aforesaid manner to the Secretary to the Board shall become a resolution of the board without the need to convene a board meeting.

Article 113 The board shall keep minutes of its decisions on the matters considered. Opinions of independent directors shall be specified in the resolution of the board. Minutes of each board meeting shall be provided to all directors for review as soon as possible. Any director intending to amend or supplement the minutes shall submit the amendment opinions in writing to the chairman of the board within one week after receipt of the minutes. After finalization, the minutes of the board shall be signed by all directors who have attended the meeting and the minutes recording person. Minutes of the board meeting shall be properly kept at the residence of the Company and a complete copy shall be sent to each director as soon as possible. Directors shall be responsible for the resolutions of the board. Where a resolution of the board violates laws, administrative regulations or the Articles of Association and causes serious losses to the Company, the directors who took part in such a resolution shall be liable to compensate the Company. However, if a director can prove that he had expressed his opposition to such resolution when it was put to the vote, and such opposition is recorded in the minutes of the meeting, such director may be relieved of such liability.

(Article 95 of the Mandatory Provisions)

Chapter 11 Secretary to the Board of the Company

Article 114 The Company shall have one secretary to the board of the Company, who is a senior management officer of the Company.

(Article 96 of the Mandatory Provisions)

Article 115 The Secretary to the Board of the Company shall be a natural person who has the requisite professional knowledge and experience, and shall be appointed by the board. The primary responsibilities of the secretary to the board of the Company are:

- (1) to assist directors in performing the daily functions of the board, continuously provide, remind and ensure that directors understand the rules, policies and requirements of local and overseas regulatory bodies on the Company's operations, assist directors and general manager to exercise their powers in accordance with the local and overseas laws and regulations, the Articles of Association and other relevant regulations;
- (2) to be responsible for organizing and preparing documents for Board meetings and general meeting, preparing minutes, ensuring that resolutions are passed in accordance with procedures required by law and be informed about the implementation of the board resolutions;
- (3) to be responsible for organizing and coordinating the disclosure of information, maintaining investor relations and enhancing the Company's transparency;
- (4) to participate and coordinate fund raising in the capital markets;
- (5) to maintain relationships with market intermediaries, regulatory bodies, media and maintaining public relations.
- (6) to ensure that Company maintains complete constitution documents and records;
- (7) to ensure that the Company prepares and delivers in accordance with law those reports and documents required by competent authorities entitled thereto;
- (8) to ensure that the Company's registers of shareholders are properly maintained, and that persons entitled to the Company's records and documents are furnished with such records and documents without delay.

(Article 97 of the Mandatory Provisions)

Article 116 A director or other senior management officer of the Company may hold the office of board secretary concurrently. Any accountants from the accounting firm appointed by the Company shall not act as the secretary to the Board of the Company.

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

(Article 98 of the Mandatory Provisions)

Chapter 12 General Manager of the Company

Article 117 The Company shall have one general manager, who shall be nominated by the chairman of the board, appointed and dismissed by the board. “General manager” herein shall have the same meaning as “manager” as in the Mandatory Provisions.

The Company shall have deputy general manager and financial controller assisting with the work of the general manager. The deputy general manager and financial controller shall be nominated by the general manager, appointed or removed by the board.

(Article 99 of the Mandatory Provisions)

Article 118 The general manager shall be accountable to the board and exercise the following functions and powers:

- (1) To be in charge of the Company’s production, operation and management and to organise the implementation of the resolutions of the board;
- (2) To organise the implementation of the Company’s annual business plans and investment plans;
- (3) To draft plans for the establishment of the Company’s internal management structure;
- (4) To establish the Company’s basic management system;
- (5) To formulate basic rules and regulations for the Company;
- (6) To propose the appointment or dismissal of the Company’s deputy general manager(s) and financial controller;
- (7) To appoint or dismiss management personnel other than those required to be appointed or dismissed by the board;
- (8) To determine the awards and punishments, promotion and demotion, increase/reduction of salaries, appointment, employment, dismissal, and discharge of the staff and workers of the Company;
- (9) To act on behalf of the Company to deal with the material external affairs in accordance with the authorisation of the board;
- (10) Other powers conferred by these Articles of Association and the board.

(Article 100 of the Mandatory Provisions)

Article 119 General manager who is not a director may be observer at board meetings and shall have the right to receive notice of the meeting and relevant documents. General manager has no voting right at the board meeting unless he is also a director.

(Article 101 of the Mandatory Provisions)

Article 120 The general manager, deputy general managers and financial controller shall not, in exercising their functions and powers, vary the resolutions of general meetings and board meetings or exceed the scope of their authorities.

Article 121 The general manager, deputy general managers and financial controller shall, in exercising their functions and powers, act honestly and diligently in accordance with laws, administrative regulations and these Articles of Association.

(Article 102 of the Mandatory Provisions)

Article 122 The general manager, deputy general manager, financial controller and other senior management officers shall give three months prior notice of resignation to the board.

Chapter 13 Supervisory Committee

Article 123 The Company shall have a supervisory committee. Its responsibilities are to exercise supervision over the board and its members and senior management officers including general manager, deputy general manager and financial controller.

(Article 103 of the Mandatory Provisions)

Article 124 The supervisory committee shall comprise of 3 supervisors, with a term of office of 3 years and be eligible for re-election.

Section 1(d)(i)
of Appendix
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Listing Rules

The supervisory committee shall have one chairman. The appointment and removal of the chairman of the supervisory committee shall be approved by two-third (including two-third) or above of the members of supervisory committee. The chairman of the supervisory committee shall have a term of office of 3 years and be eligible for re-election.

(Article 104 of the Mandatory Provisions)

Article 125 The members of the supervisory committee shall consist of 1 shareholder representative supervisor, 1 independent supervisor and 1 representative of staff and workers of the Company. The shareholder representative supervisor and independent supervisor shall be elected and removed at the general meeting.

The supervisory committee shall have more than one-half of their members as external members (those members not holding office in the Company). The external members shall consist of 1 independent supervisor (that supervisor who is independent from the shareholders and not holding office in the Company). The external supervisors shall have the right to report to the general meeting of the honesty, diligence and performance of the management officers of the Company.

(Article 105 of the Mandatory Provisions)

Article 126 Directors, general manager, deputy general manager, financial controller and other senior management officers of the Company shall not act concurrently as supervisors.

(Article 106 of the Mandatory Provisions)

Article 127 The supervisory committee shall hold meetings at least twice every year and shall be convened by the chairman of the supervisory committee.

(Article 107 of the Mandatory Provisions)

Article 128 The supervisory committee is accountable to general meeting and shall exercise the following functions and powers in accordance with laws:

- (1) to examine the Company's financial affairs;
- (2) to supervise the directors, general manager and other senior management officers of the Company to see whether they violate any laws, administrative regulations or these Articles of Association in performing their duties;
- (3) when the directors, general manager and other senior management officers are performing acts which are harmful to the Company, to require the aforesaid persons to rectify their acts;
- (4) to verify financial information including financial reports, business reports, profit distribution plans proposed to be tabled at a general meeting by the board and appoint, in the name of the Company, a registered accountant or practicing auditor to assist in reviewing such information should any queries arise;
- (5) to propose to convene an extraordinary general meetings;
- (6) to represent the Company in negotiating with any directors or lodge a lawsuit against any director;
- (7) other functions and powers as stipulated in these Articles of Association.

The supervisory committee may opine on the appointment of the accounting firm appointed by the Company, and where necessary, may otherwise appoint accounting firm in the name of the Company to separately audit the accounts of the Company, and may directly report to the securities supervisory and regulatory body under the State Council and to other relevant departments.

External supervisors shall report independently to the general meeting in relation to the performance of diligence and honesty of the Company's senior management officers.

Supervisors are entitled to observe board meetings.

(Article 108 of the Mandatory Provisions)

Article 129 Resolutions of the supervisory committee shall be passed by two-third (including two-third) or more of all supervisors.

Section 1(d)(ii)
of Appendix
11c to the
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(Article 109 of the Mandatory Provisions)

Article 130 All reasonable fees incurred in respect of the employment of professionals such as lawyers, registered accountants or practicing auditors by the supervisory committee in exercising their functions and powers shall be borne by the Company.

(Article 110 of the Mandatory Provisions)

Article 131 Supervisors are required to faithfully perform their supervisory duties in accordance with laws, administrative regulations and these Articles of Association.

(Article 111 of the Mandatory Provisions)

**Chapter 14 Qualifications and Obligations of Directors, Supervisors, General
Manager and Other Senior Management Officers of the Company**

Article 132 A person shall not serve as a director, supervisor, general manager, deputy general manager or other senior management officers upon the occurrence of any of the following events;

- (1) The person is without civil capacity or with restricted civil capacity;
- (2) The person has committed the offence of corruption, bribery, taking of property, misappropriation of property or destruction of the social economic order, and has been sentenced to criminal punishment, where less than five years have elapsed since the date of completion of the sentence; or has been deprived of their political rights due to criminal offence, where less than five years have elapsed since the date of the completion of implementation of this deprivation;
- (3) The person is former director, factory director or managers of a company or corporate which has become bankrupt and been liquidated due to a mismanagement and be personally liable for the bankruptcy of such company or corporate, where less than three years have elapsed since the date of the completion of the bankruptcy and liquidation of such company or corporate;
- (4) The person is legal representatives of a company or corporate which had its business license revoked due to violation of the law and be personally liable, where less than three years have elapsed since the date of the revocation of the business license of such company or corporate;
- (5) The person has a large amount of debt due and outstanding;
- (6) The person has been involved in criminal offences subject to investigation by judicial authorities and the case has yet been settled;
- (7) The person is not eligible for acting in the leadership of a corporate according to laws or administrative regulations;
- (8) The person is not a natural person;
- (9) The person was adjudged by the relevant governing authority to be guilty of contravention of provisions of securities regulations involving fraud or dishonesty, where less than five years have elapsed since the date of judgment.

(Article 112 of the Mandatory Provisions)

Article 133 The validity of an act of a director, general manager and other senior management officers on behalf of the Company is not, vis-a-vis a bona fide third party, affected by any irregularity in his office, election or any defect in his qualification.

(Article 113 of the Mandatory Provisions)

Article 134 In addition to the obligations imposed by laws, administrative regulations or required by the listing rules of the stock exchanges on which shares of the Company are listed, each of the directors, supervisors, general manager and other senior management officers of the Company owes a duty to each shareholder, in the exercise of the functions and powers entrusted to him by the Company:

- (1) Not to cause the Company to exceed the scope of business stipulated in its business license;
- (2) To act honestly in the best interests of the Company;
- (3) Not to expropriate in any guise the Company's property, including but not limited to the opportunities beneficial to the Company;
- (4) Not to expropriate the individual rights of shareholders, including but not limited to rights of distribution and voting rights, save pursuant to a restructuring of the Company submitted to general meeting for approval in accordance with these Articles of Association.

(Article 114 of the Mandatory Provisions)

Article 135 Each of the directors, supervisors, general manager and other senior management officers of the Company owes a duty, in the exercise of his powers or discharge of his obligations, to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(Article 115 of the Mandatory Provisions)

Article 136 Director, supervisor, general manager and other senior management officer owes a duty, in the exercise of his powers, to observe his fiduciary obligations and not to place himself in a position where his duty and his interest may conflict. This principle includes, without limitation, the following obligations;

- (1) to act honesty in what he considers to be in the best interests of the Company;
- (2) to exercise the powers within his authority without abuse;
- (3) to exercise the discretion vested in him personally and not allow himself to act under the direction of another and, unless and to the extent permitted by law, administrative regulations or the informed consent of shareholders in general meeting, not to delegate the exercise of his discretion;

- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (5) except in accordance with these Articles of Association or otherwise permitted by informed shareholders in general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (6) unless otherwise permitted by informed shareholders in general meeting, not to use the Company's property for his own benefit in any manner;
- (7) not to obtain monies from bribery or other illegal income by using his authority or to expropriate in any manner the Company's property, including, without limitation, the opportunities beneficial to the Company;
- (8) unless otherwise permitted by informed shareholders in general meeting, not to accept commission in connection with the Company's transactions;
- (9) to abide by these Articles of Association, faithfully execute his official duties and protect the Company's interests, and not to exploit his position and power in the Company to advance his own private interests;
- (10) not to compete with the Company in any way unless with the informed consent of shareholders given in general meeting;
- (11) not to embezzle the Company's capitals or lend monies to others, and not to deposit the Company's assets in accounts opened in his own name or in the name of other persons and not to use the Company's assets to provide security for the debts of the Company's shareholders or other individuals;
- (12) unless otherwise permitted by informed shareholders in general meeting, not to disclose confidential information of the Company acquired by him in the course of and during his term of office and not to use such information other than in furtherance of the interests of the Company, save and except that disclosure of such information to the court or other governmental authorities is permitted, if:
 1. disclosure is made under compulsion of law;
 2. there is a duty to the public to disclose;
 3. such disclosure is necessary to protect the interests of such director, supervisor, general manager and other senior management officer.

(Article 116 of the Mandatory Provisions)

Article 137 A Director, supervisor, general manager and other senior management officer of the Company shall not cause the following person or organization connected with him (“Relevant Person”) to do what he is prohibited from doing:

- (1) the spouse or minor child of the director, supervisor, general manager and other senior management officer of the Company;
- (2) a person acting in the capacity of trustee of the director, supervisor, general manager and other senior management officer of the Company or any person referred to in (1) of this article above;
- (3) a person who is a partner of the director, supervisor, general manager and other senior management officer of the Company or any person referred to in (1) or (2) of this article above;
- (4) a company in which the director, supervisor, general manager and other senior management officer of the Company, alone or jointly with one or more persons referred to in (1), (2), (3) of this Article above or other companies in which the director, supervisor, general manager and other senior management officer of the Company, has de facto control;
- (5) a director, supervisor, general manager and other senior management officer of a company referred to in (4) of this Article above.

(Article 117 of the Mandatory Provisions)

Article 138 The fiduciary obligations of the director, supervisor, general manager and other senior management officer of the Company do not necessarily cease with the termination of his term of office. Their duties of confidence in relation to trade secrets of the Company survive the termination of their term of office. Other duties may continue for such period as fairness may require depending on the time lapse between such termination and the act concerned and the circumstances and the terms under which the relationship with the Company was terminated.

(Article 118 of the Mandatory Provisions)

Article 139 Subject to the provisions in Article 59 of these Articles of Association, the directors, supervisors, general manager and other senior management officers of the Company may be relieved of liability for specific breaches of his duty by the informed consent of shareholders in general meeting.

(Article 119 of the Mandatory Provisions)

Article 140 Where the director, supervisor, general manager and other senior management officer of the Company is in any way, directly or indirectly, materially interested in a contract, transaction or arrangement or proposed contract, transaction or arrangement with the Company, other than his contract of service, he shall declare the nature and extent of his interest to the board at the earliest opportunity, whether or not the aforesaid matters are under normal circumstances subject to the approval of the board.

Subject to such exceptions specified in the Articles of Association as the Stock Exchange may approve, a director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his associates (as defined in the Rules Governing Listing of Securities on the Growth Enterprise Market of Hong Kong Stock Exchange) has a material interest nor shall he be counted in the quorum present at the meeting, save and except for the following:

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- (1) 1. the giving of any security or indemnity either to the director or his associate(s) in respect of monies lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the issuer or any of its subsidiaries; or
2. the giving of any security or indemnity to a third part in respect of a debt or obligation of the issuer or any of its subsidiaries for which the director or his associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (2) any proposal concerning an offer of shares or debentures or other securities of or by the issuer or any other company which the issuer may promote or be interested in for subscription or purchase where the director or his associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (3) any proposal concerning any other company in which the director or his associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the director or his associate(s) is/are beneficially interested in shares of that company, provided that the director and any of his associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of any of his associates is derived) or of the voting rights;
- (4) any proposal or arrangement concerning the benefit of employees of the issuer or its subsidiaries including:

1. the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the director may benefit; or
 2. the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to directors, his associates and employees of the issuer or any of its subsidiaries and does not provide in respect of any director, or his associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (5) any contract or arrangement in which the director or his associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the issuer by virtue only of his/their interests in shares or debentures or other securities of the issuer.

Unless the interested director, supervisor, general manager and other senior management officer has disclosed his interest in accordance with the preceding paragraph of this Articles and the contract, transaction or arrangement has been approved by the board at a meeting in which he is not counted in the quorum and has refrained from voting, such contract, transaction or arrangement is voidable at the instance of the Company except as against a bona fide party thereto acting without notice of the breach of duty by the director, supervisor, general manager, deputy general manager and other management officer concerned.

The director, supervisor, general manager and other senior management officer of the Company shall be deemed to be interested in a contract, transaction or arrangement in which a person connected with him is interested.

(Article 120 of the Mandatory Provisions)

Article 141 Where the director, supervisor, general manager, deputy general manager and other senior management officer of the Company gives to the board a notice in writing stating that, by reason of the facts specified in the notice, he is interested in contracts, transactions or arrangements of any description which may subsequently be made by the Company, that notice shall be deemed for the purpose of the preceding Articles in this Chapter to be a sufficient declaration of his interest, so far as attributable to those facts, in relation to any contract, transaction or arrangement of that description which may subsequently be made by the Company, provided that such notice shall have been given before the date on which the question of entering into the relevant contract, transaction or arrangement is first taken into consideration on behalf of the Company.

(Article 121 of the Mandatory Provisions)

Article 142 The Company shall not in any manner pay taxes for a director, supervisor, general manager and other senior management officer.

(Article 122 of the Mandatory Provisions)

Article 143 The Company shall not directly nor indirectly make a loan to or provide any guarantee in connection with the making of a loan to the director, supervisor, general manager and other senior management officer of the Company or of the Company's holding company or a person connected with any of them.

The following circumstances are not subject to such prohibition:

- (1) the provision by the Company of a loan or a guarantee in connection with the making of a loan to its subsidiaries;
- (2) the provision by the Company of a loan or a guarantee in connection with the making of a loan or any other monies to any of its director, supervisor, general manager and other senior management officer to meet expenditure incurred by him for the purposes of the Company or for the purpose of enabling him to perform his duties properly, in accordance with the terms of a service contract approved by the shareholders in general meeting;

Article 144 If the ordinary course of business of the Company includes the lending of money or the giving of guarantees, the Company may make a loan to or provide a guarantee in connection with a loan to any of its Director, supervisor, general manager and other senior management officer or his associate(s) in the ordinary course of its business on normal commercial terms.

(Article 123 of the Mandatory Provisions)

Article 145 A loan made by the Company in breach of the prohibition described above shall be repayable forthwith by the recipient of the loan regardless of the terms of the loan.

(Article 124 of the Mandatory Provisions)

Article 146 A guarantee provided by the Company in breach of the prohibition described in the first clause in Article 143 of these Articles of Association shall be unenforceable against the Company, unless:

- (1) the guarantee was provided in connection with a loan to an associate of the director, supervisor, general manager, deputy general manager and other senior management officer of the Company or its holding company and at the time the lender was not aware of the relevant circumstances;
- (2) the security provided by the Company has been lawfully disposed of by the lender to a bona fide purchaser.

(Article 125 of the Mandatory Provisions)

Article 147 For the purpose of the foregoing provisions of this Chapter, a “guarantee” includes an undertaking or property provided to secure the performance of obligations by the obligor.

(Article 126 of the Mandatory Provisions)

Article 148 In addition to any rights and remedies provided by the laws and administrative regulations, where a director, supervisor, general manager and other senior management officer of the Company is in breach of his duties to the Company, the Company has a right to:

- (1) claim damages from such director, supervisor, general manager and other senior management officer in compensation for losses sustained by the Company as a result of such breach;
- (2) rescind any contract or transaction entered into by the Company with such director, supervisor, general manager and other senior management officer or with a third party (where such third party knows or should know that there is such a breach of obligations by such director, supervisor, general manager, deputy general manager and other senior management officer);
- (3) demand an account of the profits made by such director, supervisor, general manager and other senior management officer in breach of his obligations;
- (4) recover any monies received by such director, supervisor, general manager and other senior management officer which should otherwise have been received by the Company, including but not limited to commissions;
- (5) request such director, supervisor, general manager and other senior management officer to return the interests accrued or may be accrued on the monies which should have been paid to the Company.

(Article 127 of the Mandatory Provisions)

Article 149 The Company shall, with the prior approval of general meeting, enter into a contract in writing with a director or supervisor wherein his emoluments are stipulated, including:

- (1) emoluments in respect of his service as director, supervisor or senior management officer of the Company;

- (2) emoluments in respect of his service as director, supervisor or senior management officer of any subsidiary of the Company;
- (3) emoluments in respect of the provisions of other services in connection with the management of the affairs of the Company and any of its subsidiaries;
- (4) Payment by way of compensation for loss of office, or his retirement from office of such director or supervisor.

Except under a contract entered into in accordance with the foregoing, no proceedings may be brought by a director, supervisor against the Company for interests due to him in respect of the above matters.

(Article 128 of the Mandatory Provisions)

Article 150 The contract concerning the emoluments between the Company and its directors or supervisors should provide that in the event of a takeover of the Company, the Company's directors and supervisors shall, subject to the prior approval of the general meeting, have the right to receive compensation or other payment in respect of his loss of office or retirement. A "takeover of the Company" referred to in this paragraph means any of the following:

- (1) an offer made by any person to all shareholders;
- (2) an offer made by any person with a view to the offeror becoming a "controlling shareholder" within the meaning set out in Article [59] in these Articles.

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

(Article 129 of the Mandatory Provisions)

Chapter 15 Financial and Accounting System and Profit Distribution

Article 151 The Company shall formulate its own financial and accounting system and internal audit system in accordance with the relevant requirements of laws, administrative regulations and the PRC accounting standards formulated by the finance regulatory department of the State Council.

(Article 130 of the Mandatory Provisions)

Article 152 The Company shall adopt the Gregorian calendar as its financial year, which is the fiscal year from 1 January, to 31 December. The first fiscal year of the Company started on the date of its incorporation and ended on 31 December of the same year.

The Company shall adopt Renminbi as the denomination currency in its accounts. All accounts shall be written in Chinese.

Article 153 At the end of each fiscal year, the Company shall prepare a financial report, which shall be examined and verified as provided by law.

The financial report of the Company includes the following financial and accounting statements and associated breakdown:

- (1) Balance sheet;
- (2) Profit and loss statement;
- (3) Statement of financial changes (or cash flow statement);
- (4) Explanation of financial conditions;
- (5) Profit distribution statement.

(Article 131 of the Mandatory Provisions)

Article 154 The Board shall place before the shareholders at every annual general meeting such financial reports to be prepared by the Company as are required by relevant laws, administrative regulations or directives promulgated by competent local and central governmental authorities. Such reports shall be examined by the accounting firm appointed by the Company.

(Article 132 of the Mandatory Provisions)

Article 155 The financial reports of the Company shall be made available at the Company for inspection by its shareholders not later than 20 days before the annual general meeting. Each shareholder of the Company shall be entitled to receive the financial reports referred to in this Chapter.

The Company shall send by prepaid mail 21 days before the annual general meeting the above reports to each holder of overseas listed foreign shares. The service address shall be the address in the register of shareholders.

Rule 5 of
Appendix 3 to
the Listing
Rules

(Article 133 of the Mandatory Provisions)

Article 156 The financial statements of the Company shall, in addition to being prepared in accordance with PRC accounting standards and regulations, be prepared in accordance with either international accounting standards, or that of the place overseas where the Company's shares are listed. If there is any material difference between the financial statements prepared respectively in accordance with the two accounting standards, such difference shall be stated in the notes to the financial statements. When the Company is to distribute its after-tax profits of relevant fiscal year, the lower of the after-tax profits as shown in the two financial statements shall be adopted.

(Article 134 of the Mandatory Provisions)

Article 157 Any result or financial information published or disclosed by the Company prepared in accordance with either international accounting standards or that of the place overseas where the Company's shares are listed may also be prepared in accordance with PRC accounting standards and regulations.

(Article 135 of the Mandatory Provisions)

Article 158 The Company shall send to every shareholder the directors' report and its annual accounts and the auditors' report thereon not less than 21 days before the date of the annual general meeting of the Company and not more than three months after the date upon which the financial period ended.

Rule 18.03 of
the Listing
Rules

The Company shall prepare, in respect of each of the first six months of each financial year of the Company, a half-year report containing at least the information required by the Listing Rules of the Growth Enterprise Market and publish the same not later than 45 days after the end of such period.

Rule 18.53 of
the Listing
Rules

The Company shall prepare, in respect of each of the first 3 and 9 months periods of each financial year of the Company, a quarterly report containing at least the information required by the Listing Rules of the Growth Enterprise Market and publish the same not later than 45 days after the end of such period.

Rule 18.66 of
the Listing
Rules

(Article 136 of the Mandatory Provisions)

Article 159 The Company shall not keep financial accounts other than those required by law.

(Article 137 of the Mandatory Provisions)

Article 160 The Company shall implement an internal audit system, and shall establish an internal audit department or retain auditors to conduct internal audit of its income and expenditure and financial activities under the supervision of the board.

Article 161 The Company's after-tax profit shall be distributed in accordance with the following order:

- (1) Recovery of losses;
- (2) Allocation to the statutory surplus reserve fund;
- (3) Allocation to the statutory public welfare fund;
- (4) Allocation to the discretionary surplus reserve fund;
- (5) Payment of dividends in respect of ordinary shares.

Article 162 The common reserve of the Company comprises the surplus reserve and capital common reserve. The surplus reserve includes statutory surplus reserve and discretionary surplus reserve.

Article 163 When distributing each year's after-tax profits, the Company shall set aside 10% of its after-tax profits for the statutory surplus reserve fund (except where the fund has reached 50% of the Company's registered capital) and 5% to 10% of its after-tax profit for the statutory public welfare fund of the Company.

When the Company's statutory surplus reserve fund is not sufficient to make up for the Company's losses of the previous year, current year profits shall be used to make good the losses before allocations are set aside for the statutory surplus reserve fund and the statutory public welfare fund in accordance with the provisions of the preceding paragraph.

The shareholders in general meeting may resolve to transfer any amount from the after-tax profit of the Company to the discretionary surplus reserve fund after transferring the requisite amount to the statutory surplus reserve fund.

After the Company has made good its losses and made allocations to its surplus reserve fund and statutory public welfare fund, the remaining profits could be available for distribution to shareholder in proportion to the number of shares held by the shareholders.

Before the Company has made good its losses and made allocations to its statutory reserve fund and statutory public welfare fund, the Company shall not distribute dividends or make other distributions by way of bonuses.

In the event that the general meeting or the board violates the rule set out above, any profit distributed to the shareholders prior to offsetting loss of the Company and allocating to the statutory surplus reserve fund and statutory public welfare fund shall be returned to the Company.

Article 164 Capital common reserve fund includes the following:
(1) Premium on shares issued at a premium price;
(2) Any other income designated for the capital common reserve fund by the regulations of the finance regulatory department of the State Council.

(Article 138 of the Mandatory Provisions)

Article 165 The common reserve of the Company shall only be applied for the following purposes:
(1) to recover the Company's losses;
(2) to expand the production operation of the Company or to increase the Company's capital.

When the Company converts its common reserve fund into its capital upon a resolution adopted in general meeting, the Company shall distribute new shares in proportion to the number of shares held by the shareholders, provided. However, when the statutory surplus reserve fund is converted into capital, the balance of such common reserve fund may not fall below 25% of the registered capital.

Article 166 The Company's statutory public welfare fund is used for the collective welfare of the Company's staff and workers.

Article 167 Dividends shall be distributed in accordance with the proportion of shares held by shareholders and within 6 months after the end of each financial year.

Unless otherwise resolved by the general meeting, the general meeting may authorize the board to distribute interim dividends.

Article 168 The Company may distribute dividends in the following manners.
(1) cash;
(2) shares.

(Article 139 of the Mandatory Provisions)

Article 169 Dividends and other payments declared by the Company to be payable to holders of domestic shares shall be declared and calculated in RMB, and paid in RMB within three months after the date of dividend declaration; and those payable to holders of foreign shares shall be declared and calculated in RMB, and paid in Hong Kong Dollars within three months after the date of dividend declaration.

The Company shall have the right to forfeit any unclaimed dividend in the case that the dividend has been declared but remains unclaimed by the shareholders after the declaration of such dividend, provided that the power to forfeit the unclaimed dividends shall only be exercisable after the expiry of an applicable period.

Foreign currency payable by the Company to holders of overseas listed foreign shares shall be obtained pursuant to relevant state regulations on the administration of foreign exchange.

Article 170 Unless otherwise stipulated by the relevant laws or administrative regulations, and upon paying taxes in accordance to related regulations and producing the board resolution of profit distribution, cash dividend and other sums payable in Hong Kong Dollars shall be settled by drawing out of the foreign exchange accounts or settled through a designated bank of foreign exchange which provides foreign currency exchange. Based on the daily mid-point exchange rate of RMB and the required range of bid/ask spread as announced by People's Bank of China, a designated bank of foreign exchange will determine the bid and ask prices and process such sale of foreign exchange.

Article 171 Subject to compliance with Article 62 and Article 103 of these Articles, the board may resolve to distribute interim or special dividends.

Any amount paid up in advance of calls on any share may carry interest but shall not entitle the holder of such shares to participate in respect thereof in a dividend subsequently declared.

Rule 3(1) of
Appendix 3 to
the Listing
Rules

Article 172 The Company shall withhold tax payable in respect of dividend income to be received by individual shareholders and pay such tax on behalf of such shareholders in accordance with the tax laws of the PRC.

Article 173 The Company shall appoint receiving agents on behalf of the holders of the overseas listed foreign shares to receive on behalf of such shareholders dividends declared and all other monies owing by the Company in respect of their shares.

The receiving agents appointed by the Company shall comply with the relevant requirements of the law of the place and of the stock exchange where the Company's shares are listed.

The receiving agents appointed on behalf of holders of overseas listed foreign shares which are listed in Hong Kong shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.

Section 1(C) of
Appendix 11c
to the Listing
Rules

Where power is exercised to forfeit unclaimed dividends, such power shall not be exercisable until six years or more after the date of declaration of the dividends.

Rule 3(2) of Appendix 3 to the Listing Rules

Where power is taken to cease sending dividend warrants by post, if such warrants have been left uncashed, it will not be exercised until such warrants have been so left uncashed on two consecutive occasions. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered.

Rule 13(1) of Appendix 3 to the Listing Rules

Where power is taken to sell the shares of a shareholder who is untraceable it will not be exercised unless: (a) during a period of 12 years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and (b) on expiry of the 12 years the issuer gives notice of its intention to sell the shares by way of an advertisement published in the newspapers and notifies Hong Kong Stock Exchange of such intention.

Rule 13(2)(a) and (b) of Appendix 3 to the Listing Rules

(Article 140 of the Mandatory Provisions)

Chapter 16 Appointment of Accounting Firm

Article 174 The Company shall appoint an independent accounting firm which is qualified under the relevant regulations of the State to audit the Company's annual financial report and review the other financial reports of the Company.

The first accounting firm of the Company may be appointed by the inaugural meeting of the Company before the first annual general meeting. The accounting firm so appointed shall hold office until the conclusion of the first annual general meeting.

If the inaugural meeting fails to exercise its powers under the preceding paragraph, such powers shall be exercised by the board.

(Article 141 of the Mandatory Provisions)

Article 175 The accounting firm appointed by the Company shall hold office from the conclusion of the annual general meeting until the conclusion of the next annual general meeting.

(Article 142 of the Mandatory Provisions)

Article 176 The accounting firm appointed by the Company shall have the following rights:

- (1) to inspect the books, records or vouchers of the Company at any time, to require the directors, general manager and other senior management officers of the Company to supply relevant information and explanation;
- (2) to require the Company to take all reasonable steps to obtain such information and explanation as are necessary from its subsidiaries for the purpose of discharging its duties;
- (3) to attend general meetings and to receive all notices of, and other information relating to, any general meeting which any shareholder is entitled to receive, and to speak at any general meeting in relation to matters concerning its role as the accounting firm of the Company.

(Article 143 of the Mandatory Provisions)

Article 177 If there is a vacancy in the position of accounting firm of the Company, the Board may appoint an accounting firm to fill such vacancy before the convening of the general meeting. Any other accounting firm which has been engaged by the Company may continue to act during such period when such a vacancy exists.

(Article 144 of the Mandatory Provisions)

Article 178 Notwithstanding the stipulations in the contract between the accounting firm and the Company, the shareholders in general meeting may by ordinary resolution remove an accounting firm before the expiration of its term of office, but without prejudice to the accounting firm's right to claim, if any, for damages in respect of such removal.

(Article 145 of the Mandatory Provisions)

Article 179 The remuneration of an accounting firm or the manner in which such firm is to be remunerated shall be determined in general meeting. The remuneration of an accounting firm appointed by the board shall be determined by the board.

(Article 146 of the Mandatory Provisions)

Article 180 The appointment, removal and non-reappointment of an accounting firm by the Company shall be resolved upon by shareholders in general meeting. The resolution of the general meeting shall be filed with the securities governing authority under the State Council.

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

- (1) A copy of the proposal shall be sent before notice of meeting is given to the shareholders to the accounting firm proposed to be appointed or proposing to leave its post, or the accounting firm which has left its post in the relevant fiscal year (leaving includes leaving by removal, resignation and retirement). Section 1(e)(i)(A) of Appendix 11c to the Listing Rules
Clauses (x) and (y) of Section 1(e)(i)(A) and (B) of Appendix 11c to the Listing Rules
- (2) If the accounting firm leaving its post makes representations in writing and requests the Company to notify such representations to the shareholders, the Company shall (unless the representations are received too late):
 1. in any notice of the resolution given to shareholders, state the fact of the representations having been made;
 2. deliver a copy of the representations as an attachment to a notice to each shareholder in such manner specified in these Articles of Association.
- (3) If the accounting firm's representations are not sent in accordance with clause (2) above, the relevant accounting firm may (in addition to its right to be heard) require that the representations be read out at the meeting. Section 1(e)(i)(C) of Appendix 11c

- (4) An accounting firm which is leaving its post shall be entitled to attend:
1. the general meeting at which its term of office would otherwise have expired;
 2. any general meeting at which it is proposed to fill the vacancy caused by its removal;
 3. any general meeting convened on its resignation.

to the Listing
Rules

Section
1(e)(i)(D)(x)(y)
(z) of
Appendix 11c

An accounting firm which is leaving its post shall be entitled to receive all notices of, and other information relating to, any such meetings, and to speak at any such meetings in relation to matters concerning its role as the former accounting firm of the Company.

to the Listing
Rules

(Article 147 of the Mandatory Provisions)

Article 181 Prior to the removal or the non-reappointment of the accounting firm, notice of such removal or non-reappointment shall be given to the accounting firm and such firm shall be entitled to make representation at the general meeting. Where the accounting firm resigns its post, it shall make clear to the general meeting whether there has been any impropriety on the part of the Company.

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

Section
1(e)(ii)(A)(B)
of Appendix
11c to the
Listing Rules

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

Where a notice is deposited as mentioned in the preceding paragraph, the Company shall within 14 days send a copy of the notice to the relevant governing authority. If the notice contains a statement under the 2 clauses above, a copy of such statement shall be placed at the Company for the inspection by shareholders. The Company shall also send a copy of such statement by prepaid mail to every holder of overseas listed foreign shares which are listed in Hong Kong at the address registered in the register of shareholders.

Section
1(e)(iii) of
Appendix 11c
to the Listing
Rules

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

Section 1(e)(iv)
of Appendix
11c to the
Listing Rules

(Article 148 of the Mandatory Provisions)

Chapter 17 Insurance

Article 182 In accordance with the regulations of relevant governing authorities of the PRC, the Company shall take out various types of insurance in prescribed manner with particular organizations or the People's Insurance Company (Group) of China Limited or other insurance companies that are registered in the PRC and are permitted by the PRC laws to provide insurance to Chinese companies. The types of coverage, the insured amounts and periods of the insurance shall be decided at a board meeting based on the practices of similar industries in other countries and the practice and legal requirements in China.

Chapter 18 Labour and Personnel Management Systems

Article 183 The Company shall, in accordance with the relevant provisions of the Labour Law of the People's Republic of China, formulate its labour and personnel management systems, which shall be appropriate to its particular circumstances.

Chapter 19 Trade Union

Article 184 The Company shall establish trade union and carry out trade union activities in accordance with the Labour Contract Law of the People's Republic of China.

Article 185 The Company shall allocate 2% of the total amount of wages paid to the staff and workers to the trade union fund every month. Such funds shall be used by the trade union of the Company in accordance with the Measures for the Management of Trade Union Funds formulated by the All China Federation of Trade Unions.

Chapter 20 Merger and Demerger of the Company

Article 186 In the event of the merger or demerger of the Company, a plan shall be presented by the board of the Company and shall be approved in accordance with the procedures stipulated in these Articles of Association before processing the relevant examining and approving formalities as required by law. A shareholder who objects to the plan of merger or demerger shall have the right to demand the Company or the shareholders who consent to the plan of merger or demerger to acquire his shares at a fair price.

The contents of the resolution of merger or demerger of the Company shall be made into special documents for shareholders' inspection. The aforesaid documents shall also be sent by mail to holders of overseas listed foreign shares which are listed in Hong Kong.

(Article 149 of the Mandatory Provisions)

Article 187 The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company.

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

After the merger, rights in relation to debtors and indebtedness of each of the merged parties shall be assumed by the company which survives the merger or the newly established company.

(Article 150 of the Mandatory Provisions)

Article 188 When the Company is demerged, its assets shall be split up accordingly.

In the event of a demerger of the Company, the parties to such demerger shall execute a demerger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of the resolution to demerge was made and shall publish a public announcement in a

newspaper at least three times within 30 days from the date of the resolution to demerge was made. A creditor has the right within 30 days of receiving such notice from the Company or, for creditors who do not receive the notice, within 90 days from the date of the first public announcement, to demand that the Company repay its debts to that creditor or provide a corresponding guarantee for such debt. Where the Company fails to repay its debts or provide corresponding guarantee for such debts, it may not be demerged.

Debts of the Company prior to demerger shall be borne by the companies which exist after the demerger in accordance with the agreement reached.

(Article 151 of the Mandatory Provisions)

Article 189 Changes in registration particulars of the Company caused by merger or demerger must be registered with the companies registration authority in accordance with law. Cancellation of a company shall be registered in accordance with the law when a company is dissolved. Incorporation of a company shall be registered when a new company is incorporated in accordance with law.

(Article 152 of the Mandatory Provisions)

Chapter 21 Dissolution and Liquidation of the Company

- Article 190 The Company shall be dissolved and liquidated in accordance with laws upon the occurrence of any of the following events:
- (1) A resolution for dissolution is passed by shareholders at the general meeting;
 - (2) Dissolution is necessary due to a merger or demerger of the Company;
 - (3) The Company is legally declared insolvent due to its failure to repay debts due;
 - (4) The Company is ordered to close down in accordance with laws because of its violation of laws and administrative regulations.

(Article 153 of the Mandatory Provisions)

- Article 191 Where the Company is dissolved under clause (1) of the preceding Article, a liquidation committee shall be established within 15 days. Members of the liquidation committee shall be appointed by the general meeting by ordinary resolution. If a liquidation committee is not established within the stipulated period, the creditors can apply to the People's Court, requesting the court to appoint relevant personnel to form the liquidation committee.

Where the Company is dissolved under clause (3) of the preceding Article, the People's Court shall in accordance with provisions of the relevant laws organise the shareholders, the relevant organisations and professional personnel to establish a liquidation committee to carry out liquidation procedures.

Where the Company is dissolved under clause (4) of the preceding Article, the relevant governing authorities shall organise the shareholders, the relevant organisations and professional personnel to establish a liquidation committee to carry out liquidation procedures.

(Article 154 of the Mandatory Provisions)

- Article 192 Where the board proposes to liquidate the Company due to causes other than where the Company has declared that it is insolvent, it shall include a statement in its notice convening a general meeting to consider the proposal to the effect that, after making full inquiry into the affairs of the Company, the board is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of the liquidation.

The liquidation committee shall be appointed or removed by the ordinary resolution in the general meeting (other than those required in clauses 3 and 4 of Article 190 in these Articles of Association).

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

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

(Article 155 of the Mandatory Provisions)

Article 193 The liquidation committee shall within 10 days of its establishment send notice to creditors, and shall within 60 days of its establishment publish a public announcement in a newspaper at least three times. A creditor shall within 30 days of receiving the notice, or for any creditor who does not receive the notice, within 90 days of the date of the first public announcement, report his creditors' rights to the liquidation committee.

The creditors' rights due but unclaimed shall be deemed as waived. When reporting creditors' rights, the creditor shall provide an explanation of matters relevant to his creditor's rights and shall provide materials as evidence. The liquidation committee shall carry out registration of creditors' rights.

(Article 156 of the Mandatory Provisions)

Article 194 During the liquidation period, the liquidation committee shall exercise the following functions and powers:

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

(Article 157 of the Mandatory Provisions)

Article 195 After sorting out the Company's assets and the preparation of the balance sheet and an inventory of assets, the liquidation committee shall formulate a liquidation plan and present it to the general meeting or the People's Court for confirmation.

After payment of the liquidation costs, the assets of the Company shall be used to settle the following in order of priority: (i) accrued wages and labour insurance premiums; (ii) outstanding taxes; (iii) bank loans, corporate debentures and other debts and liabilities of the Company.

The Company's residual assets after repayment of its debts in accordance with the provisions of the preceding paragraph shall be distributed to its shareholders according to the class and proportion of their shares in the following priority:

- (1) where there are preference shares, the preference shareholders shall receive the face value of the preference shares; if there are insufficient funds for the preference shares amount, the assets will be distributed in accordance with the proportion of shareholdings held by such preferential shareholders.
- (2) payment shall be divided by the ordinary shareholders in accordance with the proportion of their shareholdings.

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

(Article 158 of the Mandatory Provisions)

Article 196 If after sorting out the Company's assets and preparing a balance sheet and an inventory of assets in connection with the liquidation of the Company resulting from dissolution, the liquidation committee discovers that the Company's assets are insufficient to repay the Company's debts in full, the liquidation committee shall immediately apply to the People's Court for a declaration of insolvency.

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

(Article 159 of the Mandatory Provisions)

Article 197 Following the completion of liquidation, the liquidation committee shall present a report on liquidation and prepare a statement of the receipts and payments during the period of liquidation and financial books and records which shall be audited by Chinese registered accountants and submitted to the general meeting or relevant governing authorities for confirmation.

The liquidation committee shall within 30 days after such confirmation, submit the aforesaid documents to the companies registration authority and apply for cancellation of the Company's registration and publish a public announcement of the termination of the Company.

(Article 160 of the Mandatory Provisions)

Chapter 22 Procedures for Amendments to the Articles of Association

Article 198 The Company may amend these Articles of Association in accordance with the requirement of laws, administrative regulations and these Articles of Association.

(Article 161 of the Mandatory Provisions)

Article 199 These Article of Association may be amended in accordance with the following procedures:

- (1) the board shall adopt a resolution in accordance with these Articles to propose amendments to these Articles of Association by shareholders in general meeting and to formulate the proposal for amendments;
- (2) the shareholders shall be notified of the proposals for amendments and a general meeting shall be convened to vote on the amendments;
- (3) the amendments put to the vote at a general meeting shall be passed by way of a special resolution.

Article 200 The amendment to these Articles of Association involving the contents of the Mandatory Provisions shall become effective upon approvals by the companies approving department and CSRC. If there are matters of registration of the Company relating to any change of the Company name, residence, legal representative, registered capital, type of corporate, scope of business, term of operation, name of promoters of the Company, application shall be made for registration of the changes in accordance with law to the companies approving department.

(Article 162 of the Mandatory Provisions)

Chapter 23 Settlement of Disputes

Article 201 The Company shall act according to following principles to settle disputes:

- (1) Whenever any disputes or claims arising between holders of overseas listed foreign shares and the Company, between holders of overseas listed foreign shares and the Company's directors, supervisors, general manager or other senior management officers, or between holders of overseas listed foreign shares and holders of domestic shares based on these Articles of Association or any rights or obligations conferred by the Company Law and other relevant laws and administrative regulations concerning the affairs of the Company, such disputes or claims shall be referred by the relevant parties to arbitration.

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

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

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

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

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

(Article 163 of the Mandatory Provisions)

Chapter 24 Notices

Article 202 Unless otherwise stated in these Articles, the notice, information or written statements issued by the Company to the holders of overseas listed foreign shares listed in Hong Kong shall be despatched to such shareholders by hand or by mail to the registered address (including addresses outside Hong Kong) of each holder of overseas listed foreign shares. The notice to the holders of overseas listed foreign shares listed in Hong Kong shall be posted within Hong Kong as possible.

Any notice of the Company to its holders of domestic shares may be served by way of announcement in one or more newspapers designated by the securities regulatory authorities of the State. Upon publication of such announcement, all holders of domestic shares shall be deemed to have received such notice.

Rule 7(1) of
Appendix 3 to
the Listing
Rules

Article 203 Where a notice is sent by post, the notice shall be deemed to be served by putting the notice into a properly addressed, prepaid postage envelope and depositing the same in a mail box. Such notice shall be deemed to have been served upon expiration of 48 hours after the envelope containing the notice has been posted.

Article 204 Any notices, documents, information or written statements issued by shareholders or directors to the Company shall be delivered by hand or sent by registered mail to the legal address of the Company.

Article 205 In order to prove that such notices, documents, information or written statements have been already sent, shareholders or directors shall provide evidence to prove that such notice, document, information or written statement have been sent within the prescribed time in the normal way of sending with postage prepaid to the correct address of the Company.

Chapter 25 Supplementary Articles

- Article 206 In these Articles of Association, the meaning of an accounting firm shall be the same as that of “auditors”.
- (Article 165 of the Mandatory Provisions)
- Article 207 The appendices referred in these Articles of Association shall mean the requirement of relevant appendices set out in the Listing Rules, for the convenience of each party and Hong Kong Stock Exchange to have inspection.
- Article 208 In these Articles of Association, unless otherwise required in the content, all numbers include the figure itself.
- Article 209 These Articles shall be prepared in Chinese.
- Article 210 The right of interpretation of these Articles shall belong to the board of the Company while the right of amendment shall belong to the general meeting.