

# **Shenzhen Mingwah Aohan High Technology Corporation Ltd.**

## **Articles of Association**

**2020/04/16**

**(Adopted by the General Meeting of Shareholders of the  
Company in a special resolution on Feb 03, 2020)**

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# Shenzhen Mingwah Aohan High Technology Corporation Ltd.

## Articles of Association

### Chapter 1 General Provisions

Article 1.01 This Company ("Company" for short) is a joint-stock company established in accordance with the Company Law of the People's Republic of China (hereafter referred to as the "Company Law"), the Special Provisions of the State Council Concerning the Floatation and Listing Abroad of Stocks by Limited Stock Companies (hereafter referred to as the "Special Provisions"), and other relevant laws and administrative regulations of the State.

The Company is a joint-stock company established through the overall reorganization of the former limited liability company upon the approval No. Shenzhen Government Stock [2001] No. 21 granted by the People's Government of Shenzhen Municipality of Guangdong Province on April 19, 2001. It is registered with, and has obtained the business license from, the Market Supervision Administration of Shenzhen Municipality of Guangdong Province. The business license number of the Company is 4403012008093.

The promoters of the Company are Li Qiming, Li Wenjun, Han Ruopin, Jiang Haizhou, Guo Bao'an, Guan Yanjun, Zhu Qingfeng, Shanghai NewMargin Ventures Co., Ltd. and Beijing Jianheng Holding Co., Ltd.

(Article 1 of Mandatory Provisions)

Article 1.02 Registered Name of Company: Chinese: 深圳市明华澳汉科技股份有限公司  
English: Shenzhen Mingwah Aohan High Technology Corporation Ltd.

(Article 2 of Mandatory Provisions)

Article 1.03 Company Domicile: Room 5D, JINRUN BUILDING (金润大厦) SHEN NAN Avenue 6019, Futian District, Shenzhen, Guangdong Province, the People's Republic of China  
Zip Code: 518000 Tel: (0755) 83361971/83361998 Fax: (0755) 83361990.

(Article 3 of Mandatory Provisions)

Article 1.04 The Chairman is the legal representative of the Company.

(Article 4 of Mandatory Provisions)

Article 1.05 The operating period of the Company is 50 years, starting from October 29, 1993 to October 29, 2043.

(Article 5 of Mandatory Provisions)

Article 1.06 The Company held a General Meeting of Shareholders to revise the original Articles of Association of the Company (hereafter referred to as the "original Articles of Association") on May 16, 2007, and further revised the Articles of Association of the Company on July 6, 2016, and formulated these Articles of Association (hereafter referred to as the "Articles of Association" or "these Articles of Association", according to the Company Law, the Special Provisions, the Mandatory Provisions, the Notice of the Opinions on Supplementary Revisions to the Articles of Association of Companies Listed in Hong Kong (hereafter referred to as the "Supplementary Opinions"), and other laws and administrative regulations of the State.

The Company has completed the registration of the original Articles of Association with relevant industry & commerce administration authority, and the original Articles of Association took effect as of the date of establishment of the Company. These Articles of Association have taken effect after adopted by the General Meeting of Shareholders of the Company through a special resolution. After taking effect, these Articles of Association have superseded the original Articles of Association. As of the date of validity, these Articles of Association shall constitute a document with the legal binding force governing the organization and conducts of the Company as well as the relations of rights and obligations between the Company and the shareholders, and between the shareholders.

(Article 6 of Mandatory Provisions)

Article 1.07 These Articles of Association shall be binding upon the Company as well as its shareholders, directors, supervisors, managers and other senior executives, and the aforesaid persons can claim any right in relation to the affairs of the Company in accordance with these Articles of Association. One shareholder can bring an action against the Company in accordance with these Articles of Association; the Company can file an action against one shareholder; one shareholder can prosecute another shareholder in accordance with these Articles of Association; and one shareholder can bring a suit against one director, supervisor, manager or other senior executive of the Company in accordance with these Articles of Association. The action or suit in the preceding sentence includes filing an action to the court or submitting an application to the arbitration institution for arbitration.

(Article 7 of Mandatory Provisions)

Article 1.08 The Company can make an investment in another limited liability company or joint stock company, and bear the liability to the invested company to the extent of the investment. As approved by the company review authority authorized by the State Council, the Company can operate as a holding company stated under Article 12.2 of the Company Law, according to the needs of operation management.

(Article 8 of Mandatory Provisions)

## **Chapter 2 Business Philosophy & Scope**

Article 2.01 The operating philosophy of the Company is to carry out relevant policies of the State, Guangdong Province and Shenzhen Municipality concerning the development of the hi-tech industry, make science and technology the precursor, and exert the enthusiasms of different parties. Relying on the professional capacity to research, develop and manufacture IC cards and relevant equipment as well as the leading technology to apply IC cards, the Company delivers sound IC card application systems, and actively develops the domestic and international markets. The Company maintains a sustainable corporate development, observes the operating practices of global peers, and finally grows into an internationally famous hi-tech enterprise with the business scope covering China and the Southeast Asia Region. The Company pursues to create rich returns for the shareholders.

(Article 9 of Mandatory Provisions)

Article 2.02 The business scope of the Company is subject to the items approved by the company registration authority. The business scope of the Company covers the development, production (subject to the acquisition of the separate business license for the production business) and sales

of magnetic card series, plastic cards, computer cards, computer software, software and components, mechanical equipment, intelligent cards and relevant equipment; domestic commerce (excluding monopoly, exclusive sales, commodities under special control and restricted items); and import and export business subject to Shenzhen Trade Import Approval No. [2001] 0367.

(Article 10 of Mandatory Provisions)

Article 2.03 Considering the trends of the domestic and international markets, the business requirements at home and abroad, and the internal development capacity, the Company can, upon the resolution of the General Meeting of Shareholders and the approval of relevant sponsoring authority, adjust the investment policy, business scope and business model in due course, establish branches at home and abroad and in Hong Kong, Macau and Taiwan Regions, or create cooperative or equity joint ventures (whether the Company owns such joint venture sexclusively).

### **Chapter 3 Shares & Registered Capital**

Article 3.01 The Company sets the common shares at any time, and can, where necessary, set other kinds of shares upon the approval from the examination & approval authority authorized by the State Council. If the share capital of the Company includes two or more classes of shares, the Company shall specify the priorities of privileges of different classes of shares to any distribution in the form of dividend or other forms.

(Article 11 of Mandatory Provisions, and Article 9 of Appendix 3 of the HKEX GEM Listing Rules)

Article 3.02 All the shares issued by the Company carry a face value. The face value of the shares issued by the Company at the time of establishment is RMB1 each. Upon the approval of the securities regulator of the State Council, the face value of each share of the Company is broken down to RMB0.1 each.

(Article 12 of Mandatory Provisions)

Article 3.03 The Company can, upon the approval of the securities regulator of the State Council, offer shares to domestic investors and overseas investors.

The term “overseas investors” under the preceding sentence refers to those investors in foreign countries, Hong Kong, Macao and Taiwan who buy the shares offered by the Company, and the term “domestic investors” under the preceding sentence means the shareholders residing in the territory of the People’s Republic of China, excluding the aforesaid regions, who purchase the shares issued by the Company.

(Article 13 of Mandatory Provisions)

Article 3.04 The shares issued by the Company to domestic investors and subscribed in Renminbi are called domestic shares. The shares issued by the Company to overseas investors and subscribed in foreign currencies are called foreign shares. The foreign shares listed at an overseas bourse are called overseas listed foreign shares.

(Article 14 of Mandatory Provisions)

The overseas shares issued by the Company listed on the GEM market of Hong Kong are called H shares in short. H shares mean the shares listed at the Hong Kong Exchanges and Clearing Limited (hereafter referred to as the “HKEX”), denominated in Renminbi, and subscribed and traded in the Hong Kong dollar.

Article 3.05

The Company has issued 33,800,000 common shares in total under the approval of the company approval authority authorized by the State Council. The Company issued 33,800,000 common shares to the sponsors at the time of establishment, representing 100% of the total common shares of the Company available for issuance. The sponsors and their shareholdings are listed below:

- (1) Li Qiming holds 22,984,000 shares, representing 68% of the total share capital of the Company;
- (2) Li Wenjun holds 338,000 shares, representing 1% of the total share capital of the Company;
- (3) Han Ruopin holds 338,000 shares, representing 1% of the total share capital of the Company;
- (4) Jiang Haizhou holds 338,000 shares, representing 1% of the total share capital of the Company;
- (5) Guo Bao'an holds 1,014,000 shares, representing 3% of the total share capital of the Company;
- (6) Guan Yanjun holds 338,000 shares, representing 1% of the total share capital of the Company;
- (7) Zhu Qingfeng holds 5,070,000 shares, representing 15% of the total share capital of the Company;
- (8) Shanghai New Margin Ventures Co., Ltd. holds 2,197,000 shares, representing 6.5% of the total share capital of the Company;
- (9) Beijing Jianheng Holding Co., Ltd. holds 1,183,000 shares, representing 3.5% of the total share capital of the Company.

(Article 15 of Mandatory Provisions)

Article 3.06

The Company plans to break down each share with a face value of RMB1.00 into 10 shares with a face value of RMB0.1 each, upon the adoption of the First Extraordinary General Meeting of Shareholders of the Company in 2002, and the approval from the company approval authority and the securities regulator of the State Council. The Company plans to offer no less than 200,200,000 overseas listed foreign shares ("H shares"), representing about 38.5% of the enlarged share capital of the Company after the listing, and offer at most 30,030,000 H shares, representing about 5% of the enlarged share capital of the Company after listing and issuance, based on the exercise of the over-allotment option (assume the over-allotment option is fully exerted). After completion of the aforesaid issuance, the equity structure will change to the following (assume the over-allotment option is not exercised):

- (1) Li Qiming holds 229,840,000 shares, representing about 44.2% of the total share capital of the Company available for issuance;
- (2) Zhu Qingfeng holds 50,700,000 shares, representing about 9.75% of the total share capital of the Company available for issuance;
- (3) Shanghai NewMargin Ventures Co., Ltd. holds 3,770,000 shares, representing about 0.73% of the total share capital of the Company available for issuance;
- (4) Beijing Jianheng Holding Co., Ltd. holds 11,830,000 shares, representing about 2.27% of the total share capital of the Company available for issuance;
- (5) Guo Bao'an holds 10,140,000 shares, representing about 1.95% of the total share capital of the Company available for issuance;
- (6) Han Ruopin holds 3,380,000 shares, representing about 0.65% of the total share capital of the Company available for issuance;
- (7) Li Wenjun holds 3,380,000 shares, representing about 0.65% of the total share capital of the Company available for issuance;
- (8) Jiang Haizhou holds 3,380,000 shares, representing about 0.65% of the total share capital of the Company available for issuance;
- (9) Guan Yanjun holds 3,380,000 shares, representing about 0.65% of the total share capital of the Company available for issuance;

- (10) The holders of the overseas listed foreign shares hold 200,200,000 shares, representing about 38.5% of the total share capital of the Company available for issuance.

After approval of resolution in General Meeting of the Company held on January 28, 2016, the Company issued totally 280,000,000 shares of additional domestic shares to He Wei, He Mingyang, Shanghai Kuailu Investment (Group) Co., Ltd. After completion of the issuance, the shareholding structure of the Company changed to: 599,800,000 shares of domestic shares representing 74.975% of total issued shares of the Company, 200,200,000 shares of H shares representing 25.025% of total issued shares of the Company.

(Article 16 of Mandatory Provisions)

Article 3.07 The Board of Directors of the Company may arrange the separate implementation to issue domestic shares and overseas listed foreign shares after obtaining the approval from the securities regulator of the State Council.

The Company may implement the plan to issue overseas listed foreign shares and the domestic shares within 15 months after the approval by China Securities Regulatory Commission (CSRC), according to the provision under the preceding sentence.

(Article 17 of Mandatory Provisions)

Article 3.08 When issuing overseas listed foreign shares and domestic shares separately to the extent of the total shares as determined under the issuance plan, the Company shall raise the proceeds in full amount at one time. When it is unable to raise the proceeds in full amount at one time, the Company may also issue such shares in batches after obtaining the approval from the CSRC.

(Article 18 of Mandatory Provisions)

Article 3.09 The registered capital of the Company is RMB33.80 million before the issuance of H shares. After completion of the first capital increase and share issuance of H shares, the registered capital of the Company was RMB52 million. After completion of the capital issuance in 2016, the registered capital of the Company is RMB80 million. The actual registered capital of the Company shall be subject to the amount indicated in the capital verification report. The Company has reported the registered capital to the company approval authority authorized by the State Council for filing.

(Article 19 of Mandatory Provisions)

Article 3.10 To meet the operation and development needs, the Company can approve the capital increase in accordance with relevant articles of these Articles of Association.

The Company may take the following forms to increase the capital:

- 1) Issue new shares to nonspecific investors;
- 2) Place new shares to the existing shareholders;
- 3) Distribute new shares to the existing shareholders;
- 4) Other forms permitted by laws and administrative regulations.

If the Company increases the share capital through a share placement, the Company shall execute the placement in accordance with relevant laws and administrative regulations after the placement is approved as per these Articles of Association.

(Article 20 of Mandatory Provisions)

- Article 3.11 The shares in the Company after the share prices are fully paid are freely transferable, and not subject to any restriction on the right to transfer (only excluding the situations allowed by the HKEX) or any right of lien, unless otherwise specified by the law and regulations.
- (Article 21 of Mandatory Provisions, and Paragraph (2) of Article 1 of Appendix 3 of the HKEX GEM Listing Rules)
- Article 3.12 According to the Articles of Association, once the Company shares are transferred, the transferee of the Company shares can ask to list his name (title) on the register of shareholders, and become the holder of such shares, according to the Articles of Association of the Company.
- Article 3.13 The issuance or transfer of all the overseas listed foreign shares listed on the HKEX will be registered in the register of holders of overseas listed foreign shares of the Company kept in Hong Kong subject to Article 6.04 of these Articles of Association.
- Article 3.14 Any holder of overseas listed foreign shares listed on the HKEX can transfer all or part of the shares he holds with any common written transfer document often used in Hong Kong, or any other written transfer document acceptable to the Board of Directors of the Company, or the standard transfer format specified by the HKEX from time to time. The transfer document shall be signed by the transferor and the transferee manually or by typewriting.
- All the transfer documents shall be kept in the legal address of the Company or any other place designated by the Board of Directors from time to time.
- Article 3.15 The Company shall ensure all overseas listed foreign shares carry the following articles, and instruct and cause its share registry to refuse the registration of any person as the holder of any Company share subscribed, purchased or transferred, unless and until such person presents the shares attached with the following articles or the articles containing the same meaning already approved by the Board of Directors as well as the duly signed forms:
- 1) The buyer makes the presentation to the Company and all the shareholders of the Company, and the Company also makes the presentation to all the shareholders, to observe and comply with the Company Law, other relevant laws, administrative regulations and these Articles of Association;
  - 2) The buyer makes the following presentation to the Company as well as its shareholders, directors, supervisors and executives of the Company, and the Company also makes the following presentation on behalf of itself as well as its directors, supervisors and executives to the shareholders of the Company, that any dispute and claim arising out of these Articles of Association, or any dispute and claim arising out of any right or obligation contained or specified by the Company Law, other relevant laws and administrative regulations shall be submitted for arbitration in line with these Articles of Association, and the execution of the arbitration shall be considered as authorizing the public hearing of the arbitration and publishing of its result; and such arbitration shall be the final ruling;
  - 3) The buyer, the Company and all shareholders of the Company all agree that the shares of the Company are freely transferable by the holders;
  - 4) The buyer authorizes the Company, on behalf of the buyer, to sign contracts with the directors and executives of the Company, who undertake to observe and comply with the due responsibilities to the shareholders specified by these Articles of Association.



Article 3.16 The Company shall have the right to terminate the delivery of the dividend coupon through the postal service to a holder of overseas listed foreign shares, but the Company can only exercise such right after the dividend coupon is not cashed for twice in succession. However, the Company can also exercise such right after the dividend coupon is not delivered to the recipient and thus returned for the first time.

(Paragraph (1) of Article 13 of Appendix 3 of the HKEX GEM Listing Rules)

The Company can sell the shares of a shareholder who is unavailable for contact, and reserve the money from the sale, if:

- 1) The dividend is distributed to relevant shares for at least three times within 12 years, and nobody claims any dividend in such period; and
- 2) After the 12-year period expires, the Company, upon the approval of the securities regulator of the State Council, announces the intent to sell the shares, and notifies the regulator and the HKEX, stating its intent to sell such shares.

(Paragraph (2)(a) and (2)(b) of Article 13 of Appendix 3 of the HKEX GEM Listing Rules)

#### **Chapter 4 Capital Reduction & Repurchase of Share**

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

(Article 22 of Mandatory Provisions)

Article 4.02 The Company shall compile the balance sheet and the property list when reducing the registered capital.

The Company shall inform the creditors within 10 days after it makes the resolution to reduce the registered capital, and announce such resolution on the newspaper at least three times within 30 days. The creditors shall have the right to require the Company liquidate the debts or offer the corresponding guarantee for debt service within 30 days after receipt of the notice or within 90 days if they do not receive the notice.

The registered capital of the Company after the capital reduction shall not be lower than the minimum legal capital requirement.

(Article 23 of Mandatory Provisions, and Paragraph (1) of Article 7 of Appendix 3 of the HKEX GEM Listing Rules)

Article 4.03 Upon the approval from relevant competent authority of the State, the Company can repurchase the circulating shares of the Company by adopting such resolution in accordance with these Articles of Association, when the following occur:

- 1) Write off shares in order to reduce the registered capital of the Company;
- 2) Merge with other companies holding the Company shares;
- 3) Other situations permitted by laws and administrative

regulations.(Article 24 of Mandatory Provisions)

Article 4.04 The Company can repurchase its shares in one of the following forms, according to the approval from relevant sponsoring authority of the State:

- 1) Send a repurchasing offer pro rata to all the shareholders;

- 2) Repurchasing the shares through public trading at the stock exchanges;
- 3) Launch an agreement repurchasing outside the stock exchanges. (Article 25 of Mandatory Provisions)

Article 4.05 For the redeemable shares the Company has the right to repurchase:

- (1) The acquisition price must be restricted to a certain maximum price if they are acquired not through the market or public tendering;
- (2) If they are acquired through tendering, the buyback offer shall be equally lodged to all the shareholders.

(Paragraphs (1) and (2) of Article 8 of Appendix 3 of the HKEX GEM Listing Rules)

Article 4.06 If the Company initiates an agreement buyback of the Company shares outside the stock exchanges, such repurchasing shall be approved by the General Meeting of Shareholders in advance according to these Articles of Association. Upon the prior approval granted by the General Shareholders Meeting in the same way, the Company can revoke or modify the contract already executed in the aforesaid manner, or waive any right under the contract.

The contract on share repurchasing under the preceding sentence includes (but is not limited to) the agreement that agrees to undertake the obligation and secure the right under the shares repurchased.

The Company shall not transfer the contract on the repurchasing of Company shares or any right under the contract.

(Article 26 of Mandatory Provisions)

Article 4.07 After repurchasing the shares according to the law, the Company shall write off such shares within the period specified under the laws and administrative regulations, apply to register the registered capital change with the original company registration authority.

The total face value of the shares written off shall be deducted out of the registered capital of the Company.

After completing the capital reduction and change registration, the Company shall announce the same in accordance with the overseas provisions and the listing rules of the HKEX (if applicable).

(Article 27 of Mandatory Provisions)

Article 4.08 The Company shall observe the following provisions when acquiring the issued shares in circulation, unless the Company enters the liquidation stage:

- 1) If the Company acquires the shares at a par with the face value, the acquisition price shall be deducted out of the book-entry balance of the distributable profit of the Company or the proceeds derived from the new shares issued to pay for the acquisition of old shares;
- 2) If the Company acquires the shares at a premium over the face value, the acquisition price equivalent to the face value shall be deducted out of the book-entry balance of the distributable profit of the Company or the proceeds derived from the new shares issued to pay for the acquisition of old shares; and

the acquisition price in excess of the face value shall be handled as follows:

- (1) If the acquired shares are offered at a premium, the acquisition price in excess of the face value shall be deducted out of the book-entry balance of the distributable profit of the Company;
  - (2) If the acquired shares are offered at a premium over the face value, the acquisition price in excess of the face value shall be deducted out of the book-entry balance of the distributable profit of the Company and the proceeds derived from the new shares issued to pay for the acquisition of old shares; nevertheless, the amount deducted out of the proceeds derived from the new shares issued shall not exceed the total premium generated from the issuance of the old shares acquired, and not exceed the amount in the premium account (or capital reserve fund account) of the Company (including the premium derived from the offering of new shares) at the time of acquisition;
- 3) The amounts paid by the Company for the following purposes shall be paid out of the distributable profit of the Company:
- (1) Obtain the right to repurchase its shares;
  - (2) Change the contract on share acquisition; and
  - (3) Release its obligation under the share acquisition contract.
- 4) After the total face value of the shares written off is deducted out of the registered capital of the Company in line with relevant provisions, the amount deducted out of the distributable profit to pay the face value of the acquired shares shall be recorded in the premium account (or capital reserve account) of the Company.

(Article 28 of Mandatory Provisions)

## **Chapter 5 Financial Assistance in Purchasing the Company's Shares**

Article 5.01 The Company or its subsidiaries shall not offer any financial assistance in whatever form to any person purchasing or planning to buy the Company shares at any time. The person buying Company shares as said above includes the person who directly or indirectly is obligated due to the purchase of Company shares.

The Company or its subsidiaries shall not provide the financial assistance in whatever form at any time in order to reduce or release the obligations of the aforesaid obligator.

This provision does not apply to the situations set forth under Article 5.03 herein.

(Article 29 of Mandatory Provisions)

Article 5.02 The term "financial assistance" under this chapter includes (but is not limited to) the following:

- 1) Endowment;
- 2) Guarantee (including the case that the guarantor undertakes the liability or provides the property in order to secure the obligation performance by the obligator), compensation (but excluding the compensation arising out of the fault of the Company), and release or waiver of rights;
- 3) Offer loans or sign the contract under which the Company performs the obligation ahead of other parties, and change such loans or parties to the contract and transfer the rights under the contract; and

- 4) The Company provides the financial assistance in any other form when the Company is insolvent, has no net assets or will suffer the considerable decrease in the net assets.

Undertaking obligation under this chapter includes the obligation undertaken by the obligator because the obligator enters into a contract or makes an arrangement (no matter whether such contract or arrangement is enforceable, or is undertaken by the obligator independently or together with others), or changes his financial status in any other way.

(Article 30 of Mandatory Provisions)

Article 5.03 The following conducts are not considered as the conducts for bidden under Article 5.01 herein:

- 1) Relevant financial assistance provided by the Company is intended for the interests of the Company in good faith, and the major purpose of such financial assistance is not to buy the Company shares, or it is an incidental part of a master plan of the Company;
- 2) The Company distributes its property as the dividend according to the law;
- 3) Distribute the dividend in the form of shares;
- 4) Reduce the registered capital, acquire shares and adjust the equity structure according to these Articles of Association;
- 5) The Company extends loans for the normal business activities within its business scope (but such loan extension shall not result into the decrease in the net assets of the Company, or even if it constitutes a registered capital decrease, but such financial assistance is paid out of the distributable profit of the Company):and
- 6) The Company provides money for the employee stock ownership plan (but such expenditure shall not result into the decrease in the net assets of the Company, or even if it constitutes a registered capital decrease, but such financial assistance is paid out of the distributable profit of the Company).

(Article 31 of Mandatory Provisions)

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

Article 6.01 The shares of the Company adopt the registered form.

The shares shall indicate the following major contents:

- (1) Name of the Company;
- (2) Date of registration and incorporation of the Company;
- (3) Share class, face value, and number of shares represented;
- (4) Share No.;
- (5) Other affairs required by the Company Law and the Special Provisions for indication; and
- (6) Other issues required by the stock exchanges where the Company shares are listed.

(Article 32 of Mandatory Provisions)

Article 6.02 The shares are signed by Chairman. The shares shall also be signed by other senior executives of the Company, if this is required by the stock exchanges where the shares are listed. The shares shall take effect after affixed with the securities seal of the Company or printed and affixed with the seal of the Company. The authorization shall be obtained from the Board of Directors before the securities seal of the Company is affixed on the shares. The signatures of Chairman or relevant senior executives of the Company on the shares may also take the printed form.

(Article 33 of Mandatory Provisions and Article 1 of the Supplementary Opinions)

All the certificates representing the share capital shall be affixed with the seal upon the authorization of the director.

(Paragraph (1) of Article 2 of Appendix 3 of the HKEX GEM Listing Rules)

Article 6.03 The Company shall keep a shareholder register, and record the following information:

- 1) Name (title), address (domicile), occupation or nature of each shareholder;
- 2) Category and quantity of the shares held by each shareholder;
- 3) Amount paid or payable by each shareholder for the shares he or she holds;
- 4) Serial numbers of the shares held by each shareholder;
- 5) Date on which each shareholder is registered as a shareholder; and
- 6) Date on which each shareholder ceases to be a shareholder.

The shareholder register is a complete evidence proving the shareholders hold the Company shares, unless there are opposite evidences.

(Article 34 of Mandatory Provisions)

Article 6.04 The Company may keep the original of the shareholder register overseas and entrust an overseas agent to manage it, according to the understanding and agreement reached by the securities regulator of the State Council and the overseas securities regulator. The original of the register of holders of overseas listed foreign shares listed on the HKEX shall be kept in Hong Kong, and managed by a Hong Kong agent entrusted by the Company.

The Company shall put the duplicate of the register of holders of overseas listed foreign shares in the domicile of the Company, and the entrusted overseas agent shall at any time guarantee the consistence between the original and the duplicate of the register of holders of overseas listed foreign shares.

When the duplicate and the original of the register of holders of overseas listed foreign shares are inconsistent, the original shall prevail.

[Article 35 of Mandatory Provisions, Article 2 of Supplementary Opinions, and Paragraph 1(b) of Appendix 11C of the HKEX GEM Listing Rules]

Article 6.05 The Company shall reserve an integral register of shareholders.

The register of shareholders includes the following:

- 1) The register of shareholders kept in the domicile of the Company, excluding the situation set forth under Items 2) and 3);
- 2) The register of holders of overseas listed foreign shares of the Company kept in the overseas stock exchange where the Company is listed, and the original of the register of holders of overseas listed foreign shares listed on the HKEX shall be kept in Hong Kong;
- 3) The register of shareholders reserved by the Board of Directors in other places for the purpose of listing the Company shares.

(Article 36 of Mandatory Provisions)

Article 6.06

Different parts of the register of shareholders shall not overlap with each other. If the shares registered in certain part of the list of shareholder are transferred, such shares shall not be registered in other parts of the register of shareholders within the duration of registration of such shares.

The transfer of all the overseas listed foreign shares listed in Hong Kong shall adopt the general or common format, or any other written transfer document acceptable to the Board of Directors of the Company, or the standard transfer form specified by the HKEX, and such document can be signed through handwriting or typewriting. All the transfer documents shall be kept in the legal address of the Company or the address designated by the Board of Directors from time to time.

All the overseas listed foreign shares that are fully paid and listed on the HKEX are freely transferable according to these Articles of Association. Nevertheless, the Board of Directors may refuse to acknowledge any transfer document without giving any cause, unless the following conditions are fulfilled:

- 1) Any transfer document and other documents related to, or possible to influence, the ownership of shares shall be registered, and relevant parties shall pay a fee of HKD2.50 or a lower fee as determined by the Board of Directors (for each transfer document) to the Company (but such fee shall not exceed the maximum fee specified by the HKEX in its listing rules from time to time);
- 2) The transfer document only involves the overseas listed foreign shares listed on the HKEX;
- 3) The duty tax payable on the transfer document has been paid in full amount;
- 4) Relevant shares and other evidences reasonably required by the Board of Directors to prove the transferor has the right to transfer the shares have been submitted;
- 5) If the shares are transferred to joint holders, the number of such joint holders shall not exceed 4 persons;
- 6) Relevant shares are not adhered with any lien of the Company.

The modification or correction of each part of the register of shareholders shall be conducted according to the law in the place where the part of the register of shareholders is kept.

If the Company refuses to register the share transfer, the Company shall furnish a written notice on the refusal to register the share transfer to the transferor and the transferee within two months after the application for transfer is formally submitted.

The aforesaid transfer can adopt the standard delivery form specified by the HKEX. [Article 37 of Mandatory Provisions, Article 12 of Supplementary Opinions, and Articles 1.3 and 1.4 of Appendix 3 of the HKEX GEM Listing Rules]

Article 6.07 The change registration for the register of shareholders arising out of the share transfer shall not be conducted within 30 days before the General Shareholders Meeting or within 5 days before the base day on which the Company decides to distribute the dividend.

(Article 38 of Mandatory Provisions)

Article 6.08 When the Company holds the General Shareholders Meeting, distributes the dividend, conducts the liquidation or has other conducts involving the identification of shareholder identity, the convener of the Board of Directors or the General Shareholders Meeting shall determine the date of record. When the date of record ends, the shareholders registered in the register of shareholders are the Company shareholders entitled to relevant rights and interests.

(Article 39 of Mandatory Provisions)

Article 6.09 Any person can apply to the competent court to correct the register of shareholders, if he disagrees with the register of shareholders and asks to register his name (title) on the register of shareholders or delete his name (title) from the register of shareholders.

(Article 40 of Mandatory Provisions)

Article 6.10 Any shareholder registered, or any person asking to register his name (title), on the register of shareholders can apply to the Company to reissue their shares (namely “relevant shares”) if such shares (namely “original shares”) are lost. As to the exercise of the right to issue warranties to holders, the Company shall not issue any new warranty to replace the lost warranty, unless the Company does believe the original warranty has been damaged.

(Paragraph (2) of Article 2 of Appendix 3 of the HKEX GEM Listing Rules)

If a holder of domestic shares loses his shares and apply for the compensatory issuance, such request shall be handled according to Article 144 of the Company Law.

If a holder of overseas listed foreign shares loses his shares and apply for compensatory issuance, such request can be handled in accordance with the laws and regulations in the region where the register of holders of overseas listed foreign shares is kept, the rules of the stock exchange and other relevant provisions.

Where a holder of overseas listed foreign shares listed on the HKEX and applies for compensatory issuance, such compensatory issuance shall meet the following requirements:

- 1) The applicant shall submit the application using the standard format designated by the Company and attach it with the notarial or legal announcement statement. The contents of the notarial deed or legal announcement document shall include the cause for the application of the application, the situation and evidence for the loss of shares and the statement that nobody else can claim to register as the shareholder of relevant shares.
- 2) The Company does not receive the statement from any person other than the applicant requiring to be registered as the shareholder of such shares before the Company decides to issue new shares again.

3) If the Company decides to reissue new shares to the applicant, the Company shall publish the announcement about such issue on the newspapers designated by the Board of Directors. The announcement shall last 90 days and be published again at least every 30 days.

(Paragraph (1) of Article 7 of Appendix 3 of the HKEX GEM Listing Rules)

4) Before publishing the announcement on the compensatory issuance of new shares, the Company shall submit a duplicate of the announcement to be published to the stock exchange where the Company shares are listed, confirm the announcement has been displayed in the stock exchange after receipt of the reply from the stock exchange and then publish the announcement. The announcement shall be displayed in the stock exchange for a period of 90 days.

If the application for the compensatory issuance of shareholders is not agreed upon by the registered shareholder of relevant shares, the Company shall post the copy of the announcement to be published to such shareholder.

5) If the Company does not receive the dissent about the compensatory share issuance from any person after the 90-day period of the announcement and display specified under Items 3) and 4) expires, the Company can issue new shares according to the application from the application.

6) When the Company reissues new shares as per this section, the Company shall forthwith write off such shares, and record such write-off and compensatory issuance on the register of shareholders.

7) All the expenses incurred by the Company to write off the original shares and reissue new shares shall be borne by the applicant. The Company shall have the right to refuse to take any action before the applicant provides reasonable guarantees for such expenses.

(Article 41 of Mandatory Provisions)

Article 6.11

After the Company reissues new shares according to these Articles of Association, the bona fide buyer of the said new shares or subsequent shareholders registered as the owner of such shares (if they are bona fide buyers), their names (titles) shall not be deleted from the register of shareholders.

(Article 42 of Mandatory Provisions)

Article 6.12

The Company shall have no obligation to compensate any person harmed on account of the write-off of original shares or compensatory issuance of new shares, unless such person can prove the Company commits a fraud.

(Article 43 of Mandatory Provisions)

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

Article 7.01

A Company shareholder is a person holding Company shares legally and registered in the register of shareholders.

A shareholder enjoys the rights and undertakes the obligations according to the type and proportion of the shares he holds. Shareholders holding the same type of shares enjoy the same rights and undertake the same obligations.

(Article 44 of Mandatory Provisions)

If there are joint shareholders, and one of the joint shareholders dies, only other persons still alive among the joint shareholders shall be deemed by the Company to



be the persons owning relevant shares. Nevertheless, the Board of Directors shall, for the purpose of revising the register of shareholders, have the right to require the persons still alive among the joint shareholders submit the certificate of death considered by the Company as appropriate. As to the joint shareholders of any share, only the shareholder ranking the first on the register of shareholders shall have the right to receive relevant shares, receive notices from the Company, attend the General Shareholders Meeting or exercise the voting right of relevant shares, while any notice furnished to the aforesaid person shall be considered as delivered to all the joint shareholders of relevant share.

(Article 9 of Appendix 3 of the HKEX GEM Listing Rules)

Article 7.02

Common shareholders of the Company enjoy the following rights:

- 1) Receive the dividend and interest distribution in other forms according to the shares they hold;
- 2) Participate in, or assign shareholders' representatives to participate in, the General Shareholders Meeting according to the law, and exercise the corresponding voting right;
- 3) Supervise and manage the business activities of the Company, put forward suggestions or ask questions;
- 4) Transfer the shares they hold according to the laws, regulations and these Articles of Association;
- 5) Obtain relevant information in line with these Articles of Association, including:
  1. Obtain these Articles of Association after paying the cost expense;
  2. Have the right to look up and copy the following after paying reasonable fees:
    - (1) All the parts of the register of shareholders;
    - (2) Personal information of the directors, supervisors, Manager and other senior executives of the Company, including:
      - (a) Current and prior names and aliases;
      - (b) Major addresses(domiciles):
      - (c) Nationality;
      - (d) Full-time and any other part-time occupations and titles;
      - (e) Identity certificates and numbers.
    - (3) Share capital of the Company;
    - (4) The report on the total face value, quantity, maximum price and minimum price of each class of shares bought back by the Company since the prior accounting year as well as all the expenses paid by the Company for such trade-in;
    - (5) Minutes of the General Meeting of Shareholders.
  - 6) Participate in the distribution of the residual properties of the Company according to the shares they hold when the Company is terminated or liquidated;

7) Other rights granted by the laws, regulations and these Articles of Association.(Article 45 of Mandatory Provisions)

The Company shall not exercise the right to freeze or otherwise prejudice any right of a person who is directly or indirectly interested in the Company attached to the share, just because the person does not disclose his right or interest.

(Article 12 of Appendix 3 of the HKEX GEM Listing Rules)

Article 7.03 Common shareholders of the Company undertake the following obligations:

- 1) Observe the Articles of Association of the Company;
- 2) Pay the capital contribution according to the shares subscribed and the subscription method; and
- 3) Other obligations due on the shareholders according to the laws, regulations and these Articles of Association.

A shareholder shall not bear the liability for any additional share capital, except for the conditions agreed upon by the shareholder when subscribing the shares as the subscriber.

(Article 46 of Mandatory Provisions)

Article 7.04 While performing the obligations required by the laws, regulations or the listing rules in the region where the Company shares are listed, the controlling shareholders shall not decide on the following issues with prejudice to the interests of all or part of the shareholders because of the exercise of their voting rights when exerting their shareholder's rights:

- 1) Exempt the directors and supervisors from the liability to act to maximize the interests of the Company in good faith;
- 2) Approve directors and supervisors (for the interests of themselves or others) to deprive the Company property in whatever form, including (without limitation to) any opportunity in favor of the Company;
- 3) Approve directors and supervisors (for the interests of themselves or others) to deprive the personal rights and interests of other shareholders, including (without limitation to) any right to distribution and voting right, but excluding the company reorganization submitted to and adopted by the General Shareholders Meeting according to these Articles of Association.

(Article 47 of Mandatory Provisions)

Article 7.05 The controlling shareholder under this article means the person fulfilling one of the following conditions:

- 1) The person can elect more than half of the directors when acting independently or together with others;
- 2) The person can exercise, or control the exercise of, 30% or above of the voting rights of the Company when the person acts independently or in one accord with others;
- 3) The person holds more than 30% of the outstanding shares of the Company when

the person acts independently or in one accord with others; and

- 4) The person controls the company de facto when the person acts independently or in one accord with others.

(Article 48 of Mandatory Provisions)

## **Chapter 8 General Meeting of Shareholders**

Article 8.01 The General Meeting of Shareholders is the organ of authority of the Company, and exercises the authority according to the law.

(Article 49 of Mandatory Provisions)

Article 8.02 The General Meeting of Shareholders exercises the following authorities:

- 1) Decide the operating guideline and investment plan of the Company;
- 2) Select and change directors, and decide the remunerations of relevant directors;
- 3) Select and change the supervisors who are shareholders' representatives, and determine the remunerations of relevant supervisors;
- 4) Examine and approve the report of the Board of Directors;
- 5) Examine and approve the report of the Board of Supervisors;
- 6) Examine and approve the annual financial budget plan and the final account plan of the Company;
- 7) Examine and approve the profit distribution plan and the loss recovery plan;
- 8) Make the resolution on the registered capital change by the Company;
- 9) Make the resolution for the merger, division, dissolution and liquidation of the Company; and
- 10) Make the resolution on bonds issuance;
- 11) Make the resolution to engage, dismiss and no longer the accounting firm;
- 12) Revise these Articles of Association; and
- 13) Examine and approve the proposal submitted by the shareholder representing at least 3% of the Company's shares with voting rights;
- 14) Examine the Company's purchase or sale of material assets exceeding 30% of the audited total assets of the Company in the most recent period within one year;
- 15) Other affairs that shall be resolved by the General Meeting of Shareholders according to the laws, administrative regulations and these Articles of Association;

(Article 50 of Mandatory Provisions)

Article 8.03 The Company shall, without the prior approval from the General Meeting of Shareholders, not enter into a contract with any person other than the directors, supervisors and senior executives to entrust all or important businesses of the

Company to such person to take charge of.

(Article 51 of Mandatory Provisions)

Article 8.04

The General Meeting of Shareholders includes both the Annual Meeting of Shareholders and the Extraordinary Meeting of Shareholders. The Board of Directors convenes, and determines the time and venue of, the General Meeting of Shareholders. The Annual Meeting of Shareholders is held once each year, and held within six months after the prior accounting yearends.

The Board of Directors shall hold an Extraordinary Meeting of Shareholders within two months, when any of the following cases occurs:

- 1) When the number of directors is less than the number specified by the Company Law or two thirds of the number required by these Articles of Association;
- 2) The uncovered loss of the Company reaches one third of the total share capital of the Company;
- 3) One shareholder holding at least 10% of the shares with the voting rights issued by the Company requires the holding of an Extraordinary Meeting of Shareholders in writing;
- 4) When the Board of Directors thinks necessary or the Board of Supervisors proposes;
- 5) Two or more independent directors

propose. (Article 52 of Mandatory Provisions)

Article 8.05

When holding a General Meeting of Shareholders, the Company shall furnish a written notice 45 days before the meeting, notifying all the holders registered in the register of shareholders of the issues to be reviewed at, and the date and venue, of the meeting. The shareholders planning to attend the meeting shall deliver the written reply on participating in the meeting to the Company 20 days before the meeting is held.

(Article 53 of Mandatory Provisions)

Article 8.06

If the Company holds the General Meeting of Shareholders, the Board of Directors, the Board of Supervisors and the shareholders holding more than 3% of the Company shares either independently or collectively shall have the right to submit proposals to the Company. The contents of the proposal shall fall into the authority of the General Meeting of Shareholders, have clear topics and concrete issues for resolution and comply with relevant provisions of the laws, regulations and these Articles of Association.

Such proposals shall be delivered to the Company within 30 days after the sending of the aforesaid notice. The convener shall distribute a supplementary notice on the General Meeting of Shareholders within 2 working days after receipt of such proposals, announce the contents of such temporary proposals, and moderately postpone the meeting.

The convener shall not revise the proposals already listed in the notice on the General Meeting of Shareholders or add new proposals after sending the notice on the General Meeting of Shareholders, except when the situation specified in the prior sentence occurs.

The General Meeting of Shareholders shall not vote or make a resolution on the

proposals not listed in the notice on the General Meeting of Shareholders or not in compliance with this article of these Articles of Association.

(Article 54 of Mandatory Provisions)

Article 8.07

The Company will calculate the shares with the voting right represented by the shareholders planning to attend the meeting according to the written reply received 20 days before the General Meeting of Shareholders is held. The Company can hold the General Meeting of Shareholders when the shares with the voting right represented by the shareholders planning to attend the meeting exceed more than half of the total shares of the Company with the voting right; and otherwise, the Company shall notify the shareholders again of the issues to be reviewed, the date and the venue of the meeting in the form of announcement within 5 days, and then the Company can hold the General Meeting of Shareholders. The Extraordinary Meeting of Shareholders shall not resolve the issues not indicated in the notice.

(Article 55 of Mandatory Provisions, and Paragraph 1 of Article 7 of Appendix 3 of the HKEX GEM Listing Rules)

Article 8.08

The notice on the General Meeting of Shareholders shall meet the following requirements:

- 1) Take the written form;
- 2) Specify the place, date and time of the meeting;
- 3) Specify the affairs to be discussed by the meeting;
- 4) Materials and explanations provided for the shareholders to make an advisable decision on the issues to be discussed; this principle includes (but is not limited to) providing concrete conditions and contracts (if any) on the proposed deal when the Company proposes a merger, acquisition of shares, share capital restructuring or other reorganizations, and explaining the cause and outcome of the same in earnest;
- 5) If any director, supervisor, manager or other senior executive has a material interest in the issue to be discussed, he shall disclose the nature and extent of such interest relation; if the influence of the issue to be discussed on such director, supervisor, manager and senior executive differs from the influence on other class shareholders, the difference shall be stated;
- 6) Full text of the ad hoc resolution containing the issue to be adopted at the meeting;
- 7) Specify in the obvious language that one shareholder entitled to participate and cast the vote can entrust one or more shareholder agents to participate and cast the vote on his behalf, and such shareholder(s) may not be one shareholder;
- 8) Indicate the time and place of delivering the letter of authorization for the voting agency at the meeting.

(Article 56 of Mandatory Provisions)

Article 8.09

The notice on the General Meeting of Shareholders shall be sent to the shareholders (no matter whether they have the voting rights at the General Meeting of Shareholders) through special person or the mail with paid postage to the addresses registered in the register of shareholders. The notice on the General Meeting of Shareholders may also be announced in the case of domestic shareholders.

The announcement said in the prior sentence shall be published on one or more newspapers designated by the securities regulator of the State Council 50-45 days before the meeting is held. Once such announcement is published, all the domestic shareholders shall be deemed to have received the notice on the General Meeting of Shareholders.

(Article 57 of Mandatory Provisions)

The Company shall distribute a notice so that foreign shareholders registered in Hong Kong will have enough time to exercise their rights or act according to the articles of the notice.

(Paragraphs (1), (2) and (4) of Article 7 of Appendix 3 of the HKEX GEM Listing Rules)

Article 8.10 If the notice on the General Meeting of Shareholders fails to be delivered by accident to a person entitled to receive the notice or such person fails to receive the notice, the meeting and the resolution it makes shall not become invalid on account of this reason.

(Article 58 of Mandatory Provisions)

Article 8.11 Any shareholder entitled to participate in the GEM and having the voting right shall have the right to appoint one or more persons (who may not be shareholders) to participate in the meeting and vote as the shareholder's agent(s). Such shareholder's agent(s) can, as assigned by the shareholder, exercise the following rights:

- 1) The right of the shareholder to speak at the General Meeting of Shareholders;
- 2) Ask to vote by casting votes independently or together with other persons;
- 3) The show of hands or voting shall be used to exercise the voting right. Nevertheless, when more than one shareholder is appointed, such shareholder's agents can only exercise the voting right through voting.

(Article 59 of Mandatory Provisions)

If the shareholder is a settlement institution defined under the Hong Kong Securities and Futures Ordinance (Chapter 571 of the Hong Kong Laws) (hereafter referred to as the "Recognized Settlement Institution) or its agent, the shareholder can authorize one or more persons he thinks appropriate to act as his representative at any General Meeting of Shareholders or any meeting of class shareholders. Nevertheless, if more than one person is authorized, the letter of authorization shall specify the quantity and class of the shares of each such person involved under the authorization. The persons so authorized can exercise rights on behalf of the settlement institution (or its agent), as if such person was a personal shareholder of the Company.

Article 8.12 A shareholder shall entrust an agent in writing, and the power of attorney shall be signed by the principal or the agent entrusted by the principal in writing. If the principal is an institution, the power of attorney shall be affixed with the common seal of the institution or signed by the director of the institution or the agent formally appointed by the institution. The power of attorney shall specify the quantity of shares represented by the shareholder's agent. If several persons are consigned to be shareholder's agents, the power of attorney shall specify the number of shares represented by each shareholder's agent.

(Article 60 of Mandatory Provisions, and Paragraph (2) of Article 11 of Appendix 3 of the HKEX GEM Listing Rules)

Article 8.13 The power of attorney for voting shall be put in the domicile of the Company or other places designated in the notice on holding the meeting 24 hours before relevant meeting for which the power of attorney is drawn for voting is held or 24 hours before the designated voting time. If the power of attorney is signed by a person authorized by the principal, the letter of authorization for the authorized signature or other documents of authorization shall be notarized. The letter of authorization or other documents of authorization after notarization shall be put together with the power of attorney in the domicile of the Company or other places specified in the notice on holding the meeting. If the principal is a legal person, the legal representative or the person authorized by the Board of Directors or other decision-making organ of the institution shall be present at the General Meeting of Shareholders of the Company on behalf of the institution.

(Article 61 of Mandatory Provisions)

Article 8.14 A shareholder shall, at his own discretion, have the right to instruct his shareholder's agent to cast affirmative or negative votes according to the format of any power of attorney sent by the Board of Directors of the Company to the shareholder to appoint shareholder's agents, and give instructions on each issue to be resolved at the meeting under each topic. The power of attorney shall specify whether the shareholder's agent can vote at his own discretion if the shareholder does not give instructions.

(Article 62 of Mandatory Provisions, and Paragraph (1) of Article 11 of Appendix 3 of the HKEX GEM Listing Rules)

Article 8.15 If the principal dies, loses the capacity for act, withdraws the appointment, withdraws the authorization for signing the appointment or transfer relevant shares before the voting, the vote cast by the shareholder's agent subject to the power of attorney shall still be valid as long as the Company fails to receive the written notice on such issues before relevant meeting starts.

(Article 63 of Mandatory Provisions)

Article 8.16 If an individual shareholder assigns an agent to attend the meeting, the agent shall submit his effective identity certificate and the power of attorney issued by the shareholder. If a corporate shareholder assigns its representative to attend the General Meeting of Shareholders, the representative shall submit his personal identity certificate, the certificate issued by the legal representative of the corporate shareholder, or the duplicate of the notarized resolution made by the board of directors or other decision-making body of such corporate shareholder.

Article 8.17 A resolution of the General Meeting of Shareholders is either a common resolution or an ad hoc resolution.

If the General Meeting of Shareholders makes a common resolution, the resolution shall be adopted by more than half of the voting rights held by the shareholders (including shareholder agents) present at the General Meeting of Shareholders.

If the General Meeting of Shareholders makes an ad hoc resolution, the resolution shall be adopted by more than two thirds of the voting rights held by the shareholders (including shareholder agents) present at the General Meeting of Shareholders.

A shareholder present at the meeting (including the shareholder's agent) shall clearly agree or disagree with every affair for voting. When calculating the voting result on the affair, the Company will consider any abstention vote or waiver of voting as the votes with the voting right.

(As the Company is informed) If the GEM Listing Rules specifies any shareholder must waive the voting right on certain issue discussed and resolved, or restricts any shareholder can only vote for (or against) certain issue discussed and resolved, and if there is any situation in violation of relevant articles, the vote cast by such shareholder or his representative shall not be calculated.

(Article 64 of Mandatory Provisions)

Article 8.18 When voting at the General Meeting of Shareholders, the shareholders (including shareholder agents) shall exercise the voting right according to the quantity of shares with the voting right they represent, and each share represents the voting right of one vote.

The Company shares held by the Company shall have no voting right, and not included in the total shares with the voting right present at the General Meeting of Shareholders.

(Article 65 of Mandatory Provisions)

Article 8.19 The General Meeting of Shareholders shall cast votes by the show of hands, unless the rules of the stock exchange in relevant region specify the voting through ballot or the following persons ask to vote before or after the voting by the show of hands:

- 1) Chairman of the meeting;
- 2) At least two shareholders with the voting rights or the agents of the shareholders with the voting rights;
- 3) One or more shareholders (including their agents) representing 10% or above of the shares with the voting rights at the meeting, either independently or altogether.

Unless one person proposes to cast votes, the chairman of the meeting announce the voting result of the resolution according to the result of the voting by the show of hands, and record the result in the meetings as the final basis, and have no necessity to prove the number of votes supporting or opposing the resolution adopted by the meeting or their proportions.

The person proposing the show of hands can withdraw the request.

(Article 66 of Mandatory Provisions)

Article 8.20 If the affair required for voting is to elect the chairman or terminate the meeting, the voting shall be conducted immediately. For other affairs required for voting, the chairman can decide when to cast votes, the meeting can continue to discuss other affairs, and the voting right shall be considered as the resolution made by the meeting.

(Article 67 of Mandatory Provisions)

Article 8.21 During the voting, any shareholder with the voting right of two or more votes (including shareholder agent) will not have to use all of his voting right to cast an affirmative vote or negative vote.

(Article 68 of Mandatory Provisions)

Article 8.22 When the negative votes and the affirmative votes are equal, the chairman shall have the right to cast one more vote, either by the show of hands or voting.



(Article 69 of Mandatory Provisions)

Article 8.23 The following affairs shall be adopted by the General Meeting of Shareholders in the common resolution:

- 1) The working reports of the Board of Directors and the Board of Supervisors;
- 2) Profit distribution plan and the loss recovery plan made by the Board of Directors;
- 3) Dismissal, remunerations and payment methods with respect to the members of the Board of Directors and the board of Supervisors;
- 4) Annual budget report, final account report, balance sheet, profit statement and other financial statements of the Company;
- 5) Other affairs other than affairs that shall be adopted in the ad hoc resolution, as specified by the laws, administrative regulations or these Articles of Association.

(Article 70 of Mandatory Provisions)

Article 8.24 The following affairs shall be adopted by the General Meeting of Shareholders in the ad hoc resolution:

- 1) The Company increases or decreases the share capital, and issues any class of shares, warrants and other similar securities;
- 2) Issue company bonds;
- 3) Division, merger, dissolution and liquidation of the Company;
- 4) Revision of these Articles of Association;
- 5) Examine the Company's purchase or sale of material assets or guarantee amount exceeding 30% of the audited total assets of the Company in the most recent period within one year;
- 6) Issues that shall be adopted through an ad hoc resolution according to the laws, regulations or these Articles of Association or that the General Meeting of Shareholders thinks will have a material influence on the Company through a common resolution shall be adopted by the General Meeting of Shareholders through an ad hoc resolution.

(Article 71 of Mandatory Provisions)

Article 8.25 If shareholders ask to convene an Extraordinary Meeting of Shareholders or class shareholders' meeting, the following procedures shall apply:

- 1) Two or more shareholders holding more than 10% or more of the shares with the voting rights at the proposed meeting can sign one or more written requests with the same format and contents, requesting the Board of Directors convene an Extraordinary Meeting of Shareholders or class shareholders' meeting, and stating the topics of the meeting. After receipt of the aforesaid written request, the Board of Directors shall hold the Extraordinary Meeting of Shareholders or the meeting of class shareholders as soon as possible. The number of shares held are calculated as of the date on which the shareholders come up with the written request.
- 2) If the Board of Directors does not distribute the notice on holding the meeting within 30 days after receipts of the aforesaid written request, the shareholder

putting forward such requirement can convene the meeting on his own within four months after the Board of Directors receives such request, and the convening procedure should strive to be the same as the procedure with which the Board of Directors convenes the General Meeting of Shareholders;

If the shareholders convene and hold the meeting on their own because the Board of Directors fails to hold the meeting upon requirement, the reasonable expenses incurred by such meeting shall be borne by the Company, and deducted out of the amounts payable by the Company to the directors committing the breach of duty.

(Article 72 of Mandatory Provisions)

Article 8.26 Meetings of the Board of Directors shall be convened and presided over by Chairman. When Chairman is unable or fails to perform the duty, Vice Chairman shall act as the meeting chairman; and when Vice Chairman is unable or fails to perform the duty, a director jointly elected by more than half of the directors shall serve as the meeting chairman.

When the Board of Directors fails or is unable to perform the responsibility to convene meetings of the General Meeting of Shareholders, the Board of Supervisors shall convene and preside over such meetings in time. When the Board of Supervisors fails to convene and preside over such meetings, the shareholders holding more than 10% of the shares independently or collectively for more than 90 days can convene and preside over the meetings on their own.

If the chairman of the meeting is not designated, the shareholders attending the meeting can elect one person to act as the chairman; if the shareholders are unable to elect the meeting chairman for whatever reason, the shareholder holding the most shares with the voting right present at the meeting (including shareholder's agent) shall act as the meeting chairman.

(Article 73 of Mandatory Provisions)

Article 8.27 The chairman of the meeting is responsible to decide whether to adopt a resolution of the General Meeting of Shareholders, and his decision shall be the final decision, and be announced at the meeting, and recorded in the minutes.

(Article 74 of Mandatory Provisions)

Article 8.28 If the chairman of the meeting has any doubt about the resolution result submitted for voting, he can count the votes cast by the shareholders; if the chairman of the meeting does not count the votes, and one shareholder or shareholder's representative disagrees with the result announced by the chairman, he shall have the right to require an immediate count after the announcement, and the chairman of the meeting shall count the votes immediately.

(Article 75 of Mandatory Provisions)

Article 8.29 If the General Meeting of Shareholders counts the votes, the voting result shall be recorded in the minutes.

The General Meetings of Shareholders shall make the meeting minutes for the issues discussed, and the shareholders present at the meeting shall sign the meeting minutes. The meeting record shall be saved in the domicile of the Company together with the book of signatures of the shareholders present at the meeting and the power of attorney for shareholder agents.

(Article 76 of Mandatory Provisions)

Article 8.30 One shareholder can retrieve the duplicate of the minutes free of charge within the working hours of the Company. When any shareholder requests the duplicate of relevant minutes, the Company shall send the duplicate within seven days after receipt of the reasonable fee.

(Article 77 of Mandatory Provisions)

## **Chapter 9 Special Procedures for Class Shareholders' Votes**

Article 9.01 Shareholders holding different classes of shareholders are called class shareholders. Class shareholders enjoy rights and undertake obligations in accordance with the laws, administrative regulations and these Articles of Association.

(Article 78 of Mandatory Provisions)

Article 9.02 If the Company decides to change or revoke the rights of class shareholders, such decision shall be adopted by the General Meeting of Shareholders through an ad hoc resolution and the shareholders meetings convened by the affected class shareholders subject to Articles 9.04-9.08 before the Company does the same.

(Article 79 of Mandatory Provisions)

Article 9.03 The following cases shall be deemed to change or revoke the rights of certain class shareholders:

- 1) Increase or decrease the number of such class shares, or the number of other class shares entitled to the same or more voting right, right to distribution and other privileges compared to such class shares;
- 2) Convert all or part of such class shares into other class, or convert all or part of other class shares into such class shares, or grant other class shares such right of conversion;
- 3) Cancel or reduce the right of such class shares to obtain the dividend or accumulative dividend that has been generated;
- 4) Reduce or cancel the preemptive right of such class shares to the dividend or property distribution during the liquidation of the Company;
- 5) Increase, cancel or reduce the following rights of such class shares: right to convert shares, options, voting rights, right of transfer, preemptive right to placement and right to obtain the securities of the Company;
- 6) Revoke or reduce the right of such class shares to receive the payables of the Company in specific currency;
- 7) Set new classes that enjoy the same or more voting rights, right of distribution and other privileges compared to such class shares;
- 8) Restrict the transfer or ownership of such class shares, or increase such restriction;
- 9) Issue the warrant to subscribe such class shares or other class shares or the right to convert shares;
- 10) Increase the rights and privileges of other class shares;

- 11) The reorganization plan of the Company will cause different class shareholders to undertake the liabilities not pro rata, and
- 12) Revise or abolish the articles under this

Chapter.(Article 80 of Mandatory Provisions)

Article 9.04

The affected class shareholders shall have the voting right at the class shareholders' meeting on the issues involving 9.02)-8) and 11)-12), no matter whether they originally have the voting right at the General Meeting of Shareholders or not. Nevertheless, the interested shareholders shall have no voting right at the class shareholders' meeting.

The interested shareholders as said in the previous sentence mean:

"Interested shareholders" mean the controlling shareholders defined by Article 4.04 under these Articles of Association, when the Company acquires its shares through a takeover offer in the same proportion furnished to all the shareholders according to Article 7.05 under these Articles of Association or through the public trading at the stock exchange;

"Interest shareholders" mean the shareholders related to the agreement whereby the Company acquires its shares outside the stock exchange subject to Article 4.04 under these Articles of Association;

Under the restructuring plan of the Company, an "interested shareholder" means one shareholder who undertakes the liabilities at a lower proportion than other shareholders of the same class or owns different interests from other shareholders of the class.

(Article 81 of Mandatory Provisions)

Article 9.05

A resolution of the class shareholders' meeting shall be made when the resolution is adopted by more than two thirds of the shares with the voting right present at the class shareholders' meeting, according to Article 9.04.

(Article 82 of Mandatory Provisions, and Paragraph (2) of Article 6 of Appendix 3 of the HKEX GEM Listing Rules)

Article 9.06

When holding a class shareholders' meeting, the Company shall furnish a written notice 45 days before the meeting, notifying all the holders of the class shares registered in the register of shareholders of the issues to be reviewed at, and the date and venue, of the meeting. The shareholders planning to attend the meeting shall deliver the written reply on participating in the meeting to the Company 20 days before the meeting is held.

The Company can hold the class shareholders' meeting when the shares with the voting right represented by the shareholders planning to attend the meeting exceed half of the total shares with the voting right at the meeting; and otherwise, the Company shall notify the shareholders again of the issues to be reviewed, the date and the venue of the meeting in the form of announcement within 5 days, and then the Company can hold the class shareholders' meeting.

(Article 83 of Mandatory Provisions)

Article 9.07

The notice on the meeting of class shareholders can be sent only to the shareholders who have the voting right at the meeting.

The meeting of class shareholders shall preferably be held in the same procedure as that for the general meeting, and the articles concerning the holding procedure of the General Meeting of Shareholders under these Articles of Association apply to the meeting of class shareholders.

(Article 84 of Mandatory Provisions)

Article 9.08 Holders of domestic shares and holders of overseas listed foreign shares are viewed as different class shareholders, besides other classes of shareholders. The special procedure for class shareholder's vote is not applicable to the following cases:

1) Upon the approval of the General Meeting of Shareholders through an ad hoc resolution, the Company issues domestic shares and overseas listed foreign shares either separately or simultaneously every other 12 months, and the quantities of such shares planned for issuance don't exceed 20% of the total shares already issued under respective class;

2) The Company's plan to issue domestic shares and overseas listed foreign shares upon establishment has been fulfilled within 15 months after the date on which the CSRC approves the plan.

[Article 85 of Mandatory Provisions, Article 3 of Supplementary Opinions, and Paragraph 1(f)(i)-(ii) of Appendix 11C of the HKEX GEM Listing Rules]

## **Chapter 10 The Board of Directors**

Article 10.01 The Board of Directors of the Company shall consist of at least 5 directors, including at least 3 independent non-executive directors (who are independent pursuant to the HKEX GEM Listing Rules). The independent non-executive directors (who are independent pursuant to the HKEX GEM Listing Rules) shall represent at least one-third of the Board of Directors. The Board of Directors shall have 1 Chairman and 1 Vice Chairman. The directors of the Company shall be responsible for the affairs authorized by the Board of Directors.

(Article 86 of Mandatory Provisions)

Article 10.02 The Board of Directors is independent of, and is not influenced by, the holding institution. No more than two senior executives (chairman and executive directors) of the holding institution shall concurrently act as the Chairman and executive directors of the Company. The directors are elected by the General Meeting of Shareholders, and their term is three years. A director can be reelected after the expiration of one term. Nevertheless, the consecutive term of an independent director shall not exceed six years at most. If no reelection is conducted timely after the term of one director expires, or the members of the Board of Directors are lower than the quorum due to the resignation of one director within his term, the original directors shall still perform their duties as the directors in accordance with the laws, administrative regulations and these Articles of Association, before the new director holds office. At each Annual Meeting of Shareholders, one third of the current directors (if the number of directors is not three or multiples of three, the number shall be the closest to, but no less than, one third) shall depart in rotation. Every director (including a director appointed to a designated term) shall depart at least once every three years. A departing director can be reelected, if he is qualified. At the General Meeting of Shareholders of the Company, the departing director can fill a temporary vacancy.

The written notice on the intent to nominate a candidate for director and the intent of the candidate to accept the nomination shall be delivered to the Company after the date when the notice on the General Meeting of Shareholders is sent and seven

days before the holding of the General Meeting of Shareholders. Chairman and Vice Chairman are elected and unseated by more than half of the directors, and may be reelected and reappointed. The term of Chairman and Vice Chairman is three years, and can be extended upon reelection.

Any director appointed by the Board of Directors to fill a temporary vacancy shall hold office until next General Meeting of Shareholders, and such person is qualified for reelection.

While observing relevant laws and administrative regulations, the General Meeting of Shareholders can remove any director (including the Managing Director or other executive director) whose term does not expire from his position by passing a common resolution (nevertheless, any claim due under any contract shall not be affected by such removal).

Directors don't have to hold the Company shares.

The non-executive directors shall have enough time and necessary knowledge to perform their responsibilities. When the non-executive directors perform their responsibilities, the Company shall provide necessary information. In particular, the independent (non-executive) directors can directly report to the General Meeting of Shareholders, the securities regulator of the State Council and other relevant authorities.

The directors other than the non-executive directors can concurrently hold other senior management positions of the Company, excluding supervisors.

(Article 87 of Mandatory Provisions, Article 4 of Supplementary Opinions, and Articles 1.2-5 of Appendix 3 of the HKEX GEM Listing Rules)

Article 10.03

The Board of Directors is responsible to the General Meeting of Shareholders, and exercises the following authorities:

- 1) Hold the General Meeting of Shareholders, and report work to the meeting;
- 2) Execute the resolution made by the General Meeting of Shareholders;
- 3) Decide the business plan and investment plan of the Company;
- 4) Examine and approve the annual financial budget and final account plan of the Company;
- 5) Formulate the profit distribution plan and the loss recovery plan of the Company;
- 6) Make the plan to increase or reduce the registered capital of the Company, and issue company bonds;
- 7) Make the plan for the merger, division and dissolution of the Company;
- 8) Decide the setup of the internal management institutions of the company;
- 9) Decide the appointment, removal and remuneration of the Manager of the Company, and decide the appointment, removal and remuneration of the Vice Manager and the Chief Financial Officer of the Company upon the nomination of the Manager;
- 10) Design the basic management systems of the Company;
- 11) Make the plan to revise these Articles of Association;

- 12) Decide other affairs and administrative affairs, and sign other agreements, besides the affairs that shall be resolved by the General Meeting of Shareholders according to the Company Law and these Articles of Association; and
- 13) Other authorities granted by the General Meeting of Shareholders and these Articles of Association.

When the Board of Directors resolves the affairs said in the preceding sentence, items (6), (7) and (11) shall be voted and approved by more than two thirds of the directors, and other affairs can be voted and approved by more than half of the directors.

Any resolution made by the Board of Directors on a related transaction of the Company shall be signed by the independent (non-executive) directors before it takes effect.

(Article 88 of Mandatory Provisions)

Article 10.04

When the Board of Directors disposes of a fixed asset, and the sum of the expected value of the fixed asset to be disposed of and the value derived from the fixed assets that have been disposed of within four months before the proposal on disposal exceeds 33% of the fixed assets value shown in the balance sheet last reviewed by the General Meeting of Shareholders, the Board of Directors shall obtain the approval from the General Meeting of Shareholders before disposing of or agreeing to dispose of the fixed asset.

The disposal of fixed assets under this article includes the transfer of some asset rights, but excludes the provision of guarantee with the fixed assets.

The validity of the transaction conducted by the Company to dispose of the fixed asset shall not be influenced by the violation of the first sentence under this section.

(Article 89 of Mandatory Provisions)

Article 10.05

Chairman exercises the following authorities:

- 1) Preside over the general meeting of shareholders, and convene and preside over the meetings of the Board of Directors;
- 2) Check the implementation of the resolution made by the Board of Directors;
- 3) Sign securities issued by the Company;
- 4) Other authorities granted by the Board of Directors.

When Chairman is unable to perform the duty, he can designate Vice Chairman to perform his duty on behalf.

(Article 90 of Mandatory Provisions)

Article 10.06

The Board of Directors shall hold at least two meetings each year. Chairman is responsible to hold the meetings, and a notice shall be furnished to all directors ten days before the meeting is held. An extraordinary meeting of the Board of Directors may be held when it is proposed by the shareholders representing more than one tenth of the voting rights, more than one third of the directors, or more than on third of supervisors, without being restricted by the meeting notice as stated under Article 10.07. The Chairman shall convene and preside over the meeting of the

Board of Directors within 10 days after receipt of the proposal.

(Article 91 of Mandatory Provisions)

The Board of Directors shall hold its meetings at the domicile of the Company in principle. Nevertheless, the Board of Directors can resolve to hold meetings in other places within the Chinese territory.

Chinese is the working language at the meetings of the Board of Directors. When necessary, an interpreter can be present to provide the Chinese-English spontaneous interpretation.

Article 10.07

The Board of Directors shall distribute a notice on its meetings in the following manner and within the following period:

- 1) If the time and address of the regular meeting of the Board of Directors have been specified by the Board of Directors in advance, no notice on the meeting will be distributed;
- 2) If the Board of Directors has not decided the time and place of the meeting of the Board of Directors in advance, Chairman shall notify the directors and the supervisors of the time and place of the meeting via telex, telegraph, fax, express delivery, registered mail or special person at least 15 days and at most 30 days before the meeting, unless otherwise specified by Article 10.06.
- 3) The notice shall be written in Chinese, and attached with the English version, when necessary, and include the agenda. Any director can waive the right to require the acquisition of the notice on the meeting of the Board of Directors.

The Board of Directors shall notify all the directors of any significant affair that shall be decided by the Board of Directors according to the time specified under this article, provide enough materials, and strictly observe the specified procedure. The directors can require supplementary materials. When more than one quarter of the directors think the materials on the discussed affairs are inadequate or the demonstration is unclear, they can jointly propose to delay the meeting or some affairs discussed by the Board of Directors, and the Board of Directors shall adopt such proposal.

If a director has attended the meeting, and has not put forward the dissidence about the failure to receive the notice before he attends the meeting or the meeting starts, the director shall be deemed to have received the notice on the meeting.

The meeting or extraordinary meeting of the Board of Directors can be held by means of the phone conferencing equipment or other similar communication equipment. As long as a director present at the meeting can clearly hear and communicate with other directors, the director shall be considered as attending the meeting in person.

(Article 92 of Mandatory Provisions)

Article 10.08

The meeting of the Board of Directors shall be held, when more than half of all directors (including the directors entrusted to attend the meeting in accordance with Article 10.09 under these Articles of Association).

Each director has the voting right of one vote. A resolution of the Board of Directors shall be approved by more than half of all the directors.

Every director shall have one voting right at a meeting of the Board of Directors. Where the number of votes for and against a resolution is the same, the Chairman of the Board shall be entitled to cast an extra vote. (Article 93 of Mandatory Provisions)



When a director is interested in an affair resolved by the Board of Directors, the director shall withdraw from the affair, and enjoy no voting right, unless these Articles of association specify otherwise. When the quorum of the directors present at the meeting is calculated, such director shall not be included. Under this article, “related party” shall have the same meaning as defined by the HKEX Securities Listing Rules.

A director shall not vote on any contract, deal or arrangement in which the director has a material interest or any suggestion, and not be included in the quorum of the meeting, unless these Articles of Association specify otherwise. “Material interest” under this article means the director owns [5%] interest in the contract, deal or arrangement.

If a director is related to an enterprise involved in the issue resolved at the meeting of the Board of Directors, the director shall not exercise the voting right on relevant resolution, or represent other directors to exercise the voting right. Such meeting of the Board of Directors can be held when it is attended by more than half of the directors not related to the resolution, and the resolution made at the meeting of the Board of Directors shall be adopted by more than half of the directors not related to the resolution. When less than three directors not related to the resolution attend the meeting, the corresponding affair shall be submitted to the General Meeting of Shareholders for review.

(Paragraph (1) of Article 4 of Appendix 3 of the HKEX GEM Listing Rules, and Note 5 of the Appendix)

Article 10.09

The directors shall attend the meeting of the Board of Directors in person. When one director is unable to attend for some reason, he can entrust another director in writing to attend the meeting, and the power of attorney shall specify the scope of authorization.

The director present at the meeting on behalf shall exercise the director’s rights to the extent of authorization. If a director fails to attend one meeting of the Board of Directors and fails to consign a representative to do the same, the director shall be deemed to waive the voting right at the meeting.

(Article 94 of Mandatory Provisions)

The expenses incurred by the directors to attend the meetings of the Board of Directors shall be paid by the Company. Such expenses include the travel expenses between the places where the directors live and the meeting place, and the accommodation expense during the meeting. The Company shall also pay the rent of the meeting venue and the local travel expenses in the meeting place.

Article 10.10

The Board of Directors can accept written proposals to replace holding of meetings of the Board of Directors. Nevertheless, the drafts of such proposals shall be delivered to every director through courier, postal service, telegraph or fax. If the Board of Directors distributes such proposals to all the directors, and the directors signing the proposals reach the quorum required to make decisions, and send the signed proposals to the Secretary of the Board of Directors, such proposals shall become the resolutions of the Board of Directors without holding meetings of the Board of Directors.

Article 10.11

The Board of Directors shall record the decision made on the issued is cussed at the meeting in the minutes, and the opinions expressed by the independent non-executive directors shall be indicated on the resolution made by the Board of Directors. The minutes of every meeting of the Board of Directors shall be distributed as soon as possible to all the directors attending the meeting for review. A director hoping to make a revision or supplement to the minutes shall report his revision opinion to the Chairman within one week after receipt of the minutes. After

the minutes are finalized, the directors, the Secretary to the Board of Directors and the recorder shall sign the minutes. The minutes shall be saved in the domicile of the Company in China, and complete duplicates shall be sent to every director as soon as possible.

The directors shall undertake the liability for the resolution made by the Board of Directors. If the Company suffers serious losses because the resolution made by the Board of Directors violates the laws, regulations or these Articles of Association, the directors participating in the resolution shall be obligated to compensate such loss. Nevertheless, if there is an evidence proving a director disagrees with the resolution at voting and such dissidence is recorded in the meeting record, the director can be exempted from the liability.

(Article 95 of Mandatory Provisions)

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

Article 11.01 The Company sets one or two Secretaries to the Board of Directors. The Secretary is a senior executive of the Company. The Secretary undertakes the obligations of a senior executive of the Company required by the laws, regulations and these Articles of Association, enjoys corresponding authorities, and obtains corresponding remuneration.

(Article 96 of Mandatory Provisions)

Article 11.02 The major tasks of the Secretary are to assist the directors to deal with the daily work of the Board of Directors, continuously provide the directors with, remind the directors of, and ensure the directors understand, the laws, policies and requirements concerning the company operation formulated by the domestic and overseas supervisory authorities, and assist the directors and the Manager to effectively comply with the laws and regulations at home and abroad, these Articles of Association and other relevant provisions when they exercise their authorities; prepares and organizes documents of the Board of Directors and the General Meeting of Shareholders, keeps meeting records, guarantees the decision-making of the meetings observes the legal procedure, and tracks the execution of the resolutions of the Board of Directors; organizes and coordinates the information disclosure, coordinates the investor relations, and enhances the corporate transparency; participates in organizing the financing from the capital market; and handles relations with intermediaries, supervisory authorities and media, and maintains good public relations.

If the Company sets two Secretaries to the Board of Directors, both Secretaries shall be responsible for the affairs of the Company in China Mainland and Hong Kong respectively. Nevertheless, either Secretary shall have the right to exercise all the rights of the Secretary to the Board of Directors independently. The Secretary shall be a natural person who has necessary professional knowledge and experience. The major responsibilities of the Secretary are to guarantee the Company has complete organizational documents and records, ensure the Company prepares and delivers reports and documents required by Chinese competent authorities, guarantee the proper preservation of the register of shareholders of the Company, and guarantee persons entitled to obtain relevant records and documents of the Company can timely obtain relevant records and documents.

The Secretary responsible for the Hong Kong affairs performs the major responsibilities to declare and submit relevant materials and documents to the HKEX according to the instructions of the Board of Directors and the HKEX Listing Rules, prepare documents for meetings of the General Meeting of Shareholders and the Board of Directors, and submit documents relating to the Company to the Companies Registry of Hong Kong.

If the Company has only one Secretary to the Board of Directors, such Secretary shall satisfy the requirements of the overseas supervisory authorities and relevant listing rules, and undertake all the responsibilities of the aforesaid Secretaries dealing with the affairs in China Mainland and Hong Kong.

(Article 97 of Mandatory Provisions)

Article 11.03 The Secretary to the Board of Directors of the Company shall be a natural person who shall in principle master foreign languages, possess professional knowledge, relevant laws, relevant regulations and relevant working experience relating to the overseas listing, familiarize with the operating status of the Company and industry knowledge, master relevant knowledge required to perform relevant responsibilities, have good personal character and occupational ethics, and have strong public relation capacity and coordinating capacity. If the Company has two Secretaries, one Secretary shall meet the requirements of the overseas supervisory authorities and relevant listing rules. The Secretary shall be appointed by the Board of Directors.

Article 11.04 A natural person shall not act as the Secretary to the Board of Directors, if such person incurs one of the events specified under Article 14.01 of these Articles of Association.

Article 11.05 The Secretary to the Board of Directors shall in principle be a person working on a full-time basis. Nevertheless, a director or senior executive of the Company other than the Manager (excluding Vice Manager) and the Chief Financial Officer can concurrently act as the Secretary to the Board of Directors. If a director or other senior executive of the Company is concurrently the Secretary, such director or senior executive shall guarantee enough time and energy to perform the responsibilities of the Secretary. An accountant of the accounting firm employed by the Company shall not concurrently serve as the Board Secretary.

When a director concurrently acts as the Board Secretary and one conduct shall be performed by the director and the Board Secretary respectively, the person acting as the director and the Board Secretary simultaneously shall not perform such conduct in both names.

(Article 98 of Mandatory Provisions)

Article 11.06 The Secretary to the Board of Directors shall have the following authorities:

- 1) Organize and prepare for meetings of the Board of Directors and the General Meeting of Shareholders, prepare meeting documents, arrange relevant meeting affairs, keep meeting records, guarantee the accuracy of such records, preserve meeting documents and records, and actively track the execution of relevant resolutions. The Secretary shall report important issues during the execution to the Board of Directors, and give relevant suggestions.
- 2) Ensure material affairs decided by the Board of Directors strictly observe the specified procedure in order to reinforce the Board of Directors' function of strategic decision-making and orientation. Participate in and organize the consulting and analysis regarding the affairs decided by the Board of Directors, and put forward corresponding opinions and suggestions, as required by the

Board of Directors. Handle the daily work of the Board of Directors and its relevant committees upon consignment.

- 3) Act as the liaison between the Company and the securities regulator, organize, prepare and timely submit documents required by the regulator, accept relevant tasks assigned by the regulator, and organize the completion thereof.
- 4) Coordinate and organize the information disclosure of the Company, establish and refine relevant information disclosure mechanism, attend all meetings of the Company involving information disclosure, and timely know material business decisions and relevant information of the Company.
- 5) Keep confidential the information of the Company sensitive to the share price, and work out effective confidentiality policy and measures. Take necessary remedial actions against the divulgement of the Company information sensitive to the share price arising out of different factors, provide timely explanation and clarification, and report such event to the supervisory authority in the overseas listing region and the CSRC.
- 6) Coordinate and organizes market promotion, coordinate the reception of visitors, handle investor relations, keep contacts with investors, intermediaries and news media, answer questions raised by the social public and ensure investors can obtain the information disclosed by the Company timely. Organize and prepare domestic and overseas roadshow of the Company, prepare summary reports on market promotion, important visits and other activities, and organize the reporting of the same to the CSRC.
- 7) Manage and save the register of shareholders, the register of directors, the records on the shareholdings of the majority shareholders and directors, and the register of holders of outstanding bonds issued by the Company. The Secretary can preserve the seals of the Company, and establish and refine the seal management procedure of the Company.
- 8) Assist the directors and the Manager to effectively perform the laws and regulations at home and abroad, these Articles of Association and other relevant provisions. When knowing the Company has made or will possibly make any resolution in violation of relevant provisions, the Secretary shall have the obligation to give a timely reminder, and have the right to report such situation truly to the CSRC and other supervisory authorities.
- 9) Coordinate the provision of necessary information and data for the Board of Supervisors of the Company and other review institutions to exercise their supervisory functions, and assist the investigation on whether the Chief Financial Officer, directors and Manager of the Company perform their responsibility to be honest.
- 10) Exercise other authorities granted by the Board of Directors and required by the overseas listing region.

Article 11.07

The Secretary to the Board of Directors shall bear the obligation of honesty and diligence to the Company, observe these Articles of Association, perform his responsibilities loyally, safeguard the rights and interests of the Company, and not take advantage of his position or authorities in the Company to seek private gains. When having the necessity to consign other persons to exercise part of his authorities, the Secretary shall obtain the consent from the Board of Directors, and ensure the consigned responsibilities are performed according to the law. Once any illegal conduct happens, the Secretary shall undertake corresponding liabilities.

- Article 11.08 When the Secretary incurs any of the following events during his term, the Board of Directors shall terminate the engagement of the Secretary:
- 1) Fail to perform relevant responsibilities and obligations, and cause a serious loss to the Company;
  - 2) Violate laws, regulations, these Articles of Association and other relevant provisions during the performance of his duty, and cause serious consequences or bad influences;
  - 3) Divulge secrets of the Company, and cause serious consequences or bad influences;
  - 4) The supervisory authority thinks the Secretary loses the qualification to continue acting as the Secretary;
  - 5) Other events appraised by the Board of Directors.
- Article 11.09 Before departure, the dismissed Secretary to the Board of Directors shall receive the departure audit performed by the Board of Supervisors, and hand over all of relevant files, materials, pending affairs and remaining problems to the successor, as supervised by the Board of Supervisors. At the time of departure, the Secretary shall sign a necessary confidentiality agreement, and perform the obligation of continuous confidentiality.
- Article 11.10 The directors, Manager and relevant internal departments of the Company shall support Secretary to the Board of Directors in performing the responsibility according to the law, and give necessary security in institutional setup, staffing, expenditure and other aspects. Relevant departments of the Company shall actively cooperate with the work of the secretariat of the Board of Directors.
- Article 11.11 The Company shall not discharge the Secretary to the Board of Directors without due cause, and report the change in the Secretary in advance to the CSRC and notify relevant supervisory authority in the overseas listing region. When terminating the engagement of the current Secretary, the Board of Directors shall reengage a new Secretary according to the specified process and procedure.
- Article 11.12 The Secretary shall performance his responsibilities with due diligence in accordance with relevant articles of these Articles of Association.
- The Secretary shall assist the Company to observe relevant Chinese laws and the HKEX GEM Listing Rules.

## **Chapter 12 Manager of the Company**

- Article 12.01 The Company shall set one Manager, who shall be employed or dismissed by the Board of Directors.
- (Article 99 of Mandatory Provisions)
- Article 12.02 The Manager is responsible to the Board of Directors, and exercises the following authorities:
- 1) Be responsible for the operation and management of the Company, and organize the implementation of resolutions made by the Board of Directors;
  - 2) Organize the implementation of the annual operating plan and investment plan of the Company;

- 3) Formulate the setup plan for the internal management institutions of the Company;
- 4) Develop the basic management systems of the Company;
- 5) Formulate basic rules and systems of the Company;
- 6) Nominate the employment or dismissal of the vice manager and financial controller of the Company;
- 7) Engage or remove other executives other than those who shall be engaged or dismissed by the Board of Directors;
- 8) Other authorities granted by these Articles of Association and the Board of Directors.

(Article 100 of Mandatory Provisions)

Article 12.03 The Manager shall sit in meetings of the Board of Directors, and a non-managing director shall have no voting right at these meetings, but have the right to receive the meeting notice and relevant documents.

(Article 101 of Mandatory Provisions)

Article 12.04 When exercising the authorities, the Manager shall perform the obligation to be honest and diligent in accordance with the laws, regulations and these Articles of Association.

(Article 102 of Mandatory Provisions)

Article 12.05 When exercising the authorities, the Manager shall not change resolutions made by the General Meeting of Shareholders and the Board of Directors, or exceed the scope of authorization.

Article 12.06 The Manager, the Vice Manager, the Chief Financial Officer and other senior executives shall notify the Board of Directors in writing three months in advance when they decide to resign, and a department manager shall inform the Manager in writing two months in advance before he decides to resign.

### **Chapter 13 The Board of Supervisors**

Article 13.01 The Company shall set the Board of Supervisors. As a standing supervision organization of the Company, the Board of Supervisors is responsible for supervising the Board of Directors, its members, the Manager, the Vice Manager, the Chief Financial Officer and other senior executives, and preventing them from abusing their authorities, and infringing on the legitimate rights and interests of the shareholders, the Company and the employees.

(Article 103 of Mandatory Provisions)

Article 13.02 The Board of Supervisors shall have three members, one of whom shall act as the Chairman of the Board of Supervisors. The proportion of the supervisors who are staff representatives shall be no less than one third.

The supervisor may be reelected after the expiration of his term. If no reelection is conducted timely after the term of one supervisor expires, or the members of the Board of Directors are lower than the quorum due to the resignation of one

supervisor within his term, the original supervisors shall still perform their duties as the supervisors in accordance with the laws, administrative regulations and these Articles of Association, before the new supervisor holds office.

The Board of Supervisors shall have one Chairman and one Vice Chairman. The Chairman and the Vice Chairman of the Board of Supervisors shall be elected and removed by two-thirds or more of the supervisors.

When the Chairman of the Board of Supervisors is unable or fails to perform his duty, the Vice Chairman shall convene and preside over meetings of the Board of Supervisors ; and when the Vice Chairman is unable or fails to perform the duty, a supervisor jointly recommended by more than half of the supervisors shall convene and preside over the meeting.

(Article 104 of Mandatory Provisions, Article 5 of Supplementary Opinions, and Paragraph 1(d)(i)-(ii) of Appendix 11C of the HKEX GEM Listing Rules)

Article 13.03 The members of the Board of Supervisors include the external supervisors (namely shareholder representative supervisor and independent supervisor) and staff representative supervisors who are staff representatives. The shareholder representative supervisors and independent supervisors shall be elected and dismissed by the General Meeting of Shareholders, and the staff representative supervisors shall be democratically elected through the staff's congress of the Company or other democratic forms.

(Article 105 of Mandatory Provisions)

Article 13.04 The directors, the Manager, the Vice Manager and the Chief Financial Officer of the Company shall not concurrently act as the supervisors.

(Article 106 of Mandatory Provisions)

Article 13.05 The Board of Supervisors shall hold at least one meeting, which shall be convened by the Chairman of the Board of Supervisors, each year. The Board of Supervisors shall notify all supervisors 10 days before the holding of one meeting. An extraordinary meeting of the Board of Supervisors can be held in the case of an urgent affair, without being restricted by the meeting notice of the Board of Supervisors stated below, if one third or more of the supervisors propose.

The Board of Supervisors shall hold its meetings at the domicile of the Company in principle. Nevertheless, the Board of Supervisors can resolve to hold meetings in other places within the Chinese territory.

A meeting of the Board of Supervisors shall be notified in the following manner:

- 1) If the time and address of the regular meeting of the Board of Supervisors have been specified by the Board of Supervisors in advance, no notice on the meeting will be distributed;
- 2) If the Board of Supervisors has not decided the time and place of the meeting of the Board of Supervisors in advance, the Chairman shall notify the supervisors of the time and place of the meeting via telex, telegraph, fax, express delivery, registered mail or courier at least 15 days and at most 30 days before the meeting, unless otherwise specified by the first paragraph of this article.
- 3) The notice shall be written in Chinese, and attached with the English version, when necessary, and include the agenda. Any supervisor can waive the right to require the acquisition of the notice on the meeting of the Board of Supervisors.

If a supervisor has attended the meeting, and has not put forward the dissidence about the failure to receive the notice before he attends the meeting or the meeting starts, the supervisor shall be deemed to have received the notice on the meeting.

The meeting or extraordinary meeting of the Board of Supervisors can be held by means of the phone conferencing equipment or other similar communication equipment. As long as a supervisor present at the meeting can clearly hear and communicate with other supervisors, the supervisor shall be considered as attending the meeting in person.

The Board of Supervisors can accept written proposals to replace holding of meetings of the Board of Supervisors. Nevertheless, the drafts of such proposals shall be delivered to every supervisor through courier, postal service, telegraph or fax. If the Board of Supervisors distributes such proposals to all the supervisors, and the supervisors signing the proposals reach the quorum required to make decisions, such proposals shall become the resolutions of the Board of Supervisors without holding meetings of the Board of Supervisors.

(Article 107 of Mandatory Provisions)

Article 13.06

The Board of Supervisors is responsible to the General Meeting of Shareholders, and exercises the following authorities according to the law:

- 1) Check the financial affairs of the Company;
- 2) Supervise the conduct of the directors and senior executives when they perform the duties in the Company, and suggest removing from position the directors and senior executives violating the laws, regulations, these Articles of Association or resolutions of the General Meeting of Shareholders;
- 3) Require the directors, the Manager and other senior executives to correct their conducts harming the interests of the Company;
- 4) Check financial reports, operating reports, profit distribution plans and other financial documents to be submitted by the Board of Directors to the General Meeting of Shareholders, and entrust certified accountants and practicing auditors to help the check in the name of the Company, when any doubt is found;
- 5) Propose to hold an extraordinary General Meeting of Shareholders, and convene and preside over the meeting of the General Meeting of Shareholders when the Board of Directors fails to perform the responsibility specified by these Articles of Association to convene and preside over the General Meeting of Shareholders; and submit proposals to the meetings of the General Meeting of Shareholders;
- 6) Communicate with, or bring legal actions against, the directors and senior executives on behalf of the Company;
- 7) Other authorities specified by these Articles of Association.

The Board of Supervisors can suggest the engagement of the accounting firm of the Company, separately consign another accounting firm to review the financial affairs of the Company in the name of the Company, when necessary, and directly report to the securities regulator of the State council and other relevant authorities.

The independent supervisors shall independently report the performance of the senior executives of the Company in duty performance with honesty and diligence to the General Meeting of Shareholders.

The supervisors can sit in meetings of the Board of Directors.



(Article 108 of Mandatory Provisions)

Article 13.07 A meeting of the Board of Supervisors shall be held only when at least two thirds of the supervisors are present, and each supervisor has one voting right.

Decision of the Board of Supervisors shall be made by the affirmative vote of two-thirds or more of the supervisors.

The Board of Supervisors shall make the meeting minutes for the issues discussed at its meetings, and the supervisors attending meetings shall sign the meeting minutes.

(Article 109 of Mandatory Provisions and Article 6 of the Supplementary Opinions)

Article 13.08 The Company shall undertake the reasonable expenses incurred by the Board of Supervisors to employ lawyers, certified public accountants, practicing auditors and other professionals when the Board of Supervisors exercises its authorities.

(Article 110 of Mandatory Provisions)

Article 13.09 The supervisors shall their supervisory authorities loyally in accordance with the laws, administrative regulations and these Articles of Association.

(Article 111 of Mandatory Provisions)

**Chapter 14 Qualifications and Obligations of the Directors, Supervisors, Manager and Other Senior Executives of the Company**

Article 14.01 A person shall not act as the director, supervisor, Manager or other senior executive of the Company when any of the following becomes true:

- 1) Have no or limited capacity for civil conduct;
- 2) It is less than 5 years after the expiration of the execution period if the person is imposed a criminal penalty because of corruption, bribery, conversion of property, embezzlement of property or damage of the social economy order, or if the person is deprived of the political rights because of offense;
- 3) It is less than 3 years after the completion of the bankruptcy liquidation of a company or an enterprise due to poor management in which the person acts as the director, factory director or manager, and bears the personal liability for the bankruptcy of such company or enterprise;
- 4) It is less than 3 years after a company or an enterprise in which the person acts as the legal representative is withdrawn the business license because of violation of the law, and the person bears the personal liability for such withdrawal of the business license or closedown of the company or enterprise;
- 5) The person fails to repay a personal debt with a large amount after its expiration;
- 6) The person is investigated by the judicial organ because of violation of the criminal law, and the case remain spending;
- 7) The laws and administrative regulations specify the person can't act as an enterprise leader;
- 8) Not a natural person; and

9) It is less than 5 years after the person is declared by relevant competent authority to violate the securities laws, and is involved in frauds or dishonest conducts;

(Article 112 of Mandatory Provisions)

Article 14.02 The validity of the conducts of the directors, the Manager and senior managers representing the Company with a third party in good faith shall not be affected by any noncompliant conduct of such directors and senior managers in appointment, election or qualification.

(Article 113 of Mandatory Provisions)

Article 14.03 Apart from the obligations required by the laws, administrative regulations or listing rules in the region where the Company shares are listed, the directors, the supervisors, the Manager and other senior executives of the Company shall also undertake the following obligations to each shareholder when performing the authorities granted by the Company:

- 1) Shall not cause the Company to exceed the business scope specified in the business licenses;
- 2) Shall act in good faith to maximize the interests of the Company;
- 3) Shall not deprive the property of the Company in whatever form, including (without limitation to) the opportunity in favor of the Company;
- 4) Shall not deprive the personal rights and interests of the shareholders, including (without limitation to) the right of distribution and voting right, but excluding the Company reorganization submitted to and adopted by the General Meeting of Shareholders in line with these Articles of Association.

(Article 114 of Mandatory Provisions)

Article 14.04 Any director, supervisor, the Manager and other senior executives of the Company shall do what they should with the prudence, diligence and skill that should be displayed by a rational and prudent person under a similar situation, when exercising their rights or performing their obligations.

(Article 115 of Mandatory Provisions)

Article 14.05 When performing the responsibilities, the directors, supervisors, the Manager and other senior executives of the Company shall observe the principle of honesty and trustworthiness, and shall not put themselves in a situation where their personal interests may conflict with their obligations. This principle includes (but is not limited to) the performance of the following obligations:

- 1) Act in good faith to maximize the interests of the Company;
- 2) Exercise their authorities to the extent of the scope of authorities and not exceed their authorities;
- 3) Exercise the discretion granted on them in person, and refuse to be manipulate by others; and not transfer their discretion to others for exercise, unless permitted by the laws and regulations or agreed upon by the General Meeting of Shareholders, which is informed;
- 4) Treat shareholders of one class equally, and shareholders of different classes fairly;

- 5) Be sure not to sign any contract, deal or arrangement with the Company, unless otherwise specified by these Articles of Association, or approved by the General Meeting of Shareholders, which is informed of the issue;
- 6) Not use the Company property in whatever form to seek personal interests for themselves, unless otherwise allowed by the General Meeting of Shareholders, which is informed;
- 7) Not use the authority to take bribes or other illegal incomes, and not encroach the Company property in whatever form, including (without limitation to) the chance in favor of the Company;
- 8) Not accept the commissions related to the deals of the Company, unless otherwise agreed upon by the General Meeting of Shareholders, which is informed;
- 9) Observe these Articles of Association, perform the responsibilities loyally, safeguard the interests of the Company, and not use their position and authority in the Company to seek private gains;
- 10) Not complete with the Company in whatever form, unless otherwise allowed by the General Meeting of Shareholders;
- 11) Not embezzle the Company's funds or lend the funds to other persons, or deposit the assets of the Company in an account opened in their personal names or other names, or guarantee the personal debts of the shareholders of the Company or other persons with the assets of the Company;
- 12) Unless otherwise agreed upon by the General Meeting of Shareholders, which is informed, not disclose any confidential information of the Company obtained during their term; and not use such information even when such information is used for the interests of the Company. Nevertheless, such information can be disclosed to the court or other sponsoring authorities of the government in the following cases:
  1. Specified by the law;
  2. Required by the public interests;
  3. Required by the personal interests of such director, supervisor, Manager or other senior executive.

(Article 116 of Mandatory Provisions)

Article 14.06

Any director, supervisor, Manager and other senior executive of the Company shall not instruct the following persons or institutions (hereafter referred to as "related parties") to do what the directors, supervisors, the Manager and other senior executives are prohibited:

- 1) Spouse or minor children of the director, supervisors, Manager and other senior executives of the Company;
- 2) Trustee of the director, supervisor, Manager or other senior executive or the persons stated in item (1) under this article;
- 3) Trustee of the director, supervisor, Manager or other senior executive or the persons stated in items (1) and (2) under this article;
- 4) A company controlled defacto by the director, supervisor, Manager and other

senior executive of the Company, or a company jointly controlled de facto by the persons mentioned in 1), 2) and 3) under this article together with other directors, supervisors and senior executives of the Company;

5) Directors, supervisors, managers and other senior executives of the controlled company said under item (4) in this article.

(Article 117 of Mandatory Provisions)

Article 14.07 The obligation of honesty and trustworthiness borne by the directors, supervisors, Manager and other senior executives of the Company shall not necessarily be terminated as their term ends, and their obligation to keep confidential the trade secrets of the Company shall still remain in force after their term expires. The duration of other obligations shall be determined according to the principle of fairness, and depend on the time period between the occurrence of an event and the time of their departure and under what situation and condition their relations with the Company are terminated.

(Article 118 of Mandatory Provisions)

Article 14.08 The liability undertaken by the directors, supervisors, the Manager and other senior executives due to the failure to perform specific obligation may be released by the General Meeting of Shareholders, which is informed, except the situation stipulated under Article 7.04 of these Articles of Association.

(Article 119 of Mandatory Provisions)

Article 14.09 If the directors, supervisors, the Manager and other senior executives of the Company have an important interest, direct or indirect, in the contract, deal or arrangement already signed or being planned by the Company (except the employment contract between the Company and the directors, supervisors, the Manager and other senior executives), they shall disclose the nature and extent of such interest relation to the Board of Directors as soon as possible, no matter whether relevant issue will be approved by the Board of Directors under the normal situation.

The Company shall have the right to withdraw such contract, deal or arrangement, unless the interested directors, supervisors, Manager and other senior executives of the Company conduct the disclosure as required by the first sentence under this article, and the Board of Directors approves such issue at the meeting at which the interested directors, supervisors, Manager and other senior executives are excluded out of the quorum and don't participate in the voting. However, this principle does not apply to a third party in good faith who has no idea about the fact that relevant directors, supervisors, Manager and other senior executives violate their obligation.

Related persons of the directors, supervisors, the Manager and other senior managers of the Company are interested in a contract, deal or arrangement, relevant directors, supervisors, Manager and other senior executives shall also be considered as interested.

The "related party" under this article and Article 14.06 shall include the "related party" as defined under the HKEX GEM Listing Rules, and an interested director shall not be included in the quorum of the meeting, or exercise his voting right at a meeting of the Board of Directors approving relevant affair and proposal.

(Article 120 of Mandatory Provisions)

Article 14.10 If a director, supervisor, Manager or other senior executive of the Company notifies the Board of Directors in writing, stating that because of the contents contained in

the notice, the contract, deal or arrangement concluded by the Company in future will be interested with the person when the Company initially considers signing relevant contract, deal or arrangement, the person shall be deemed to conduct the disclosure specified in the previous article of this chapter to the extent of the scope stated in the notice.

(Article 121 of Mandatory Provisions)

Article 14.11 The Company shall not pay taxes for its directors, supervisors, Manager and other senior executives in whatever form.

(Article 122 of Mandatory Provisions)

Article 14.12 The Company shall not provide loans or loan guarantees directly or indirectly for the directors, supervisors, the Manager and other senior executives of the Company, or related persons of the aforesaid persons.

This does not apply to the following cases:

- 1) The Company provides loans or loan guarantees for subsidiaries;
- 2) The Company provides loans, loan guarantees or other funds for the directors, supervisors, the Manager and other senior executives according to the employment contract approved by the General Meeting of Shareholders so that they can pay the expenses incurred for the purpose of the Company or the performance of their duties; and
- 3) If the normal business scope of the Company includes offering loans and loan guarantees, the Company can provide loans or loan guarantees for relevant directors, supervisors, the Manager and other senior executives as well as their related persons, but the provision of such loans or loan guarantees shall be based on the normal commercial conditions.

(Article 123 of Mandatory Provisions)

Article 14.13 If the Company offers loans in violation of the previous section, the person receiving the loans shall immediately repay the loans, regardless of the loan conditions.

(Article 124 of Mandatory Provisions)

Article 14.14 The Company shall not be enforced to execute the loan guarantees provided in violation of the provision under the first sentence of Article 14.12.1, except for the following situations:

- 1) The lender is not informed when offering loans to related persons of the directors, supervisors, Managers and other senior executives of the Company or its parent company;
- 2) The collateral provided by the Company has been sold by the borrower legally to a buyer in the good faith.

(Article 125 of Mandatory Provisions)

Article 14.15 The term “guarantee” as said in the previous section under this chapter includes the conduct that the guarantor undertakes the liability or provides property to guarantee the obligator performs the obligation.

(Article 126 of Mandatory Provisions)

Article 14.16

When the directors, supervisors, Manager and other senior executives of the Company violate the obligation to the Company, the Company shall have the right to take the following measures, besides various rights and remedies stipulated by the laws and regulations:

- 1) Require relevant director, supervisor, Manager and other senior executive compensate the loss caused on the Company on account of their delinquency;
- 2) Revoke any contract or deal signed by the Company with relevant directors, supervisors, the Manager and other senior executives as well as any contract or deal concluded by the Company with a third person (when such third person clearly knows or should know the directors, supervisors, the Manager and other senior executives representing the Company violate their obligation to the Company);
- 3) Require relevant director, supervisor, Manager and other senior executive to give up the income obtained from the violation of their obligation;
- 4) Recover the money received by relevant director, supervisor, Manager and other senior executive that should have been received by the Company, including (without limitation to) commissions;
- 5) Require relevant directors, supervisors and senior managers return the interest earned or possible to be earned on the money that should have been paid to the Company; and

(Article 127 of Mandatory Provisions)

Article 14.17

The Company shall establish written contracts on remunerations with the directors and supervisors of the Company, and such contracts shall be approved by the General Meeting of Shareholders in advance. Remunerations said above include:

- 1) Remunerations for the directors, supervisors or senior managers of the Company;
- 2) Remunerations for the directors, supervisors or senior managers of subsidiaries;
- 3) Remuneration for other services rendered for the management of the Company and its subsidiaries; and
- 4) Compensation paid to relevant directors or supervisors for the loss of positions or retirement.

Except for the aforesaid contract, the directors and supervisors shall not take a legal action against the Company over the interests they should obtain because of the aforesaid issues.

(Article 128 of Mandatory Provisions)

Article 14.18

The contract on remunerations signed by the Company with the directors and supervisors shall provide that when the Company is to be acquired, the directors and supervisors of the Company shall, upon the prior approval from the General Meeting of Shareholders, have the right to obtain the compensation and other amounts for the loss of positions or retirement. The acquisition of the Company as said in the previous section means one of the following:

- 1) Any person launches a takeover offer to all the shareholders; and
- 2) Any person initiates a takeover offer so as to become the controlling shareholder.

A controlling shareholder is as defined under Article 7.05 of these Articles of Association.

If relevant director or supervisor fails to observe this section, then any amount he receives shall be owned by those persons who accept the takeover offer and sell their shares, and such director or supervisor shall undertake the expense arising out of the distribution of such amount in proportion, and such expense shall not be deducted out of such amount.

(Article 129 of Mandatory Provisions)

## **Chapter 15                      Financial and Accounting Systems and Profit Distribution**

Article 15.01            The Company shall develop the financial and accounting systems in accordance with the laws, administrative regulations and Chinese accounting standards formulated by the fiscal authority of the State Council.

(Article 130 of Mandatory Provisions)

Article 15.02            The accounting year of the Company coincides with a calendar year, namely from January 1 to December 31 of each year.

The Company uses Renminbi as the recording currency, and keeps the accounting book in Chinese.

The Company shall prepare the financial report at the end of each accounting year, and such financial statement shall be reviewed and verified according to the law.

(Article 131 of Mandatory Provisions)

Article 15.03            The Board of Directors of the Company shall, at each annual General Meeting of Shareholders, submit the financial report that shall be prepared by the Company subject to relevant laws, regulations and normative documents published by local governments and sponsoring authorities to the shareholders.

(Article 132 of Mandatory Provisions)

Article 15.04            The financial report of the Company shall be kept in the Company to be inquired about by the shareholders at least 20 days before the annual General Meeting of Shareholders is held. Each shareholder of the Company shall have the right to obtain the financial report mentioned in this chapter.

The Company shall deliver the aforesaid report together with the report of the Board of Directors, the balance sheet (including various documents that must be attached according to the law), and the profit and loss statement, or the income statement or the financial summary report in mails with the postage paid to each holder of the overseas listed foreign shares at least 21 days before the annual General Meeting of Shareholders is held, and the addresses of the recipients shall be subject to the registration in the register of shareholders.

(Article 133 of Mandatory Provisions, Article 7 of Supplementary Opinions, and Articles 3, 7.2 and 7.3 of Appendix 3 of the HKEX GEM Listing Rules)

Article 15.05            The financial statements of the Company shall be prepared in line with the accounting standards, laws and regulations of China, and also prepared in accordance with the international accounting standards or the general accounting standards in the region where the Company shares are listed. If there is any significant discrepancy between the financial statements prepared in accordance

with two accounting standards, such discrepancy shall be specified in the notes on the financial statements. When the Company distributes the post-tax profit in relevant accounting year, the smaller post-tax profit in the aforesaid two financial statements shall prevail.

(Article 134 of Mandatory Provisions)

Article 15.06 The interim result or financial materials published or disclosed by the Company shall be compiled according to the Chinese accounting standards, laws and regulations, and also compiled in line with the international accounting standards or the accounting standards in the overseas listing region.

(Article 135 of Mandatory Provisions)

Article 15.07 The Company publishes the financial report twice each accounting year, that is, publish the interim financial report within 60 days after the first 6 months of the accounting year ends, and publish the annual financial report within 120 days after the accounting yearends.

(Article 136 of Mandatory Provisions)

Article 15.08 The Company shall not separately keep an account book, except for the legal account book.

(Article 137 of Mandatory Provisions)

Article 15.09 The Company shall distribute the post-tax profit in the following sequence:

- 1) Recover the loss;
- 2) Accrue the legal reserve;
- 3) Accrue the other reserve;
- 4) Pay dividends on common shares.

When distribute the post-tax profit in one year, the Company shall accrue 10% of the profit and list it in the legal reserve. The Company may not further accrue the legal reserve when its accumulative amount exceeds 50% of the registered capital of the Company.

When the legal reserve of the Company falls short to offset the loss in the prior years, the Company shall use the profit in the year to offset the loss before accruing the legal reserve according to the previous section.

The Board of Directors shall determine the accrual and proportion of the legal reserve and the dividend distribution depending on the operating status and development needs in the year, and submit the same to the General Meeting of Shareholders for examination and approval.

Article 15.10 Before the losses are recovered and the legal reserve is accrued, the Company shall not distribute the dividends, or conduct other distributions in the form of bonuses.

Article 15.11 The capital reserve includes the following amounts:

- 1) Premium obtained from the share issuance at a price higher than the face value;
- 2) Other incomes that shall be listed in the capital reserves according to the provisions of the finance administration authority of the State Council.



(Article 138 of Mandatory Provisions)

Article 15.12 The reserves of the Company can only be used to offset the loss of the Company, expand the business scale or bolster the registered capital.

When converting the reserve into the capital based on the resolution of the General Meeting of Shareholders, the Company shall distribute new shares in accordance with the original share proportions of the shareholders, or increase the face value of each share. Nevertheless, when the legal reserve is converted into capital, the remaining reserve shall not be less than 25% of the registered capital.

Article 15.13 The Company shall distribute the dividend in accordance with the shareholdings of the shareholders, but shall not distribute a profit to the shares held by the Company.

Article 15.14 The dividend shall be distributed in accordance with the share proportions of the shareholders within six months after the end of each accounting year.

The General Meeting of Shareholders can authorize the Board of Directors to distribute the interim profit, unless it makes another resolution. Unless otherwise specified by the laws or regulations, the amount of the interim dividend shall not exceed 50% of the distributable profit in the interim profit statement of the Company.

An investor can enjoy the interest on any share price paid before the share price is urged, but the shareholder shall have no right to collect the dividend declared for distribution after the payment of the prepaid share price.

The power to confiscate the uncollected dividend shall be exercised only after the applicable period ends.

(Paragraphs (1) and (2) of Article 3 of Appendix 3 of the HKEX GEM Listing Rules)

Article 15.15 The Company can distribute the dividend in the following forms:

1) Cash;

2) Shares.

(Article 139 of Mandatory Provisions)

Article 15.16 The Company shall distribute the cash dividend and other amounts in cash to domestic shareholders. The Company shall evaluate and declare cash dividends and other amounts paid to holders of overseas listed foreign shares in Renminbi, and pay the same in the Hong Kong dollar (the Company shall obtain the foreign currencies used to pay cash dividends and other amounts to the holders of the overseas listed foreign shares in accordance with the foreign exchange policy of the state).

Article 15.17 If foreign currencies are used to pay the cash dividend and other amounts, the exchange rate shall be the average middle price within one Gregorian week before the declaration of the dividend and other amounts published by the People's Bank of China, unless otherwise specified by relevant laws and regulations.

Article 15.18 The General Meeting of Shareholders can authorize the Board of Directors to distribute the interim dividend or special dividend, unless it makes another resolution.

Article 15.19 The Company shall appoint collection agents for holders of foreign shares listed overseas. The agents shall receive the dividends and other amounts payable

distributed by the Company to the foreign shares listed overseas on behalf of relevant shareholders.

The collection agents appointed by the Company shall meet the requirements under the laws in the listing region or relevant provisions of the stock exchange.

The collection agent appointed by the Company for the holders of the overseas listed foreign shares listed at the HKEX shall be a trust company registered in accordance with the Trustee Ordinance of Hong Kong.

(Article 140 of Mandatory Provisions, Article 8 of Supplementary Opinions, and Paragraph 1(c) of Appendix 11C of the HKEX GEM Listing Rules)

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

Article 16.01 The Company shall engage an independent accounting firm that conforms to relevant provisions of the state to audit the annual financial reports and other financial reports of the Company.

The first accounting firm of the Company may be engaged at the initial annual General Meeting of Shareholders at the launch conference, and the term of such accounting firm shall be terminated when the initial annual General Meeting of Shareholders concludes.

When the launch conference does not exercise the authority specified in the previous sentence, such authority shall be exercised by the Board of Directors.

(Article 141 of Mandatory Provisions)

Article 16.02 The term of the accounting firm engaged by the Company shall commence when the current annual General Meeting of Shareholders finishes and end when next General Meeting of Shareholders finishes.

(Article 142 of Mandatory Provisions)

Article 16.03 The accounting firm engaged by the Company shall enjoy the following right:

- 1) Inquire the account book, records or vouchers of the Company at any time, and have the right to require the directors, Merger or other senior managers of the Company to provide relevant materials and statements;
- 2) Require the Company take every reasonable measure to obtain the materials and statements required by the accounting firm for duty performance from the subsidiaries;
- 3) Participate in the shareholders' meeting, obtain the meeting notice any shareholder is entitled to and other information related to the meeting, and address any shareholders' meeting over the issues concerning the accounting firm.

(Article 143 of Mandatory Provisions)

Article 16.04 If the position of the accounting firm is vacant, the Board of Directors can appoint an accounting firm to fill the vacancy before the General Meeting of Shareholders opens. Nevertheless, if the Company has another accounting firm during the vacancy, such accounting firm can still act.

(Article 144 of Mandatory Provisions)

Article 16.05 The General Meeting of Shareholders can dismiss any accounting firm through a common resolution before the term of such accounting firm expires, no matter how the articles of the contract made by the Company with such accounting firm specify. If relevant accounting firm enjoys the right to claim compensations from the Company because of the dismissal, relevant rights shall not be influenced by this provision.

(Article 145 of Mandatory Provisions)

Article 16.06 The remuneration, or the method to determine the remuneration, of the accounting firm shall be determined by the General Meeting of Shareholders. The remuneration engaged by the Board of Directors shall be determined by the Board of Directors.

(Article 146 of Mandatory Provisions)

Article 16.07 It is the authority of the General Meeting of Shareholders to decide the engagement, dismissal or no further engagement of the accounting firm, and report its decision to the securities regulator of the State Council.

The General Meeting of Shareholders shall observe the following provisions when engaging a candidate accounting firm not in position now to fill any vacancy of the position of the accounting firm, or continue engaging an accounting firm engaged by the Board of Directors to fill the vacancy, or dismiss an accounting firm whose term does not expire yet:

1) The proposal on engagement or dismissal shall be sent to the accounting firm proposed for engagement or proposed for departure, or the accounting firm that has departed in relevant accounting year.

Departure includes dismissal, resignation and termination of the term.

2) If the accounting firm about to depart from the position makes a written statement and requires the Company to furnish such statement to the shareholders, the Company shall take the following measures, unless the Company receives such written statement too late:

1. Specify the accounting firm about to depart from the position has made the statement on the notice distributed to make a resolution; and

2. Distribute the duplicate of the statement as an appendix to the notice in the way specified by these Articles of Association.

3) If the Company fails to distribute the statement of relevant accounting firm as specified in item (2) under this article, relevant accounting firm may require the statement to be read out at the General Meeting of Shareholders and further appeal.

4) The accounting firm that has departed from the position shall have the right to participate in the following meetings:

1. The General Meeting of Shareholders at which its term shall expire;

2. The General Meeting of Shareholders that incurs a vacancy because of the dismissal of the accounting firm; and

3. The General Meeting of Shareholders convened because of the active resignation of the accounting firm.

The departed accounting firm shall have the right to receive all the notices or

other information related to the aforesaid meetings, and address such meetings over the issues concerning the accounting firm as the former accounting firm of the Company.

(Article 147 of Mandatory Provisions, Article 9 of Supplementary Opinions, and Paragraph 1(e) and (i) of Appendix 11C of the HKEX GEM Listing Rules)

Article 16.08

When the Company dismisses or no longer engages the accounting firm, the Company shall notify the accounting firm in advance, and the accounting firm shall have the right to state opinions to the General Meeting of Shareholders. When the accounting firm asks to resign from the position, the accounting firm shall state to the General Meeting of Shareholders whether the Company has had any improper causes or events.

The accounting firm may resign from the position by putting the written notice of resignation in the legal address of the Company. The notice shall take effect on the date on which it is put at the legal address of the Company or the later date specified in the notice. Such notice shall include the following statements:

1. The statement that its resignation does not involve any situation that should be stated to the shareholders or creditors of the Company; or
2. Statement on any such situation that should be stated.

The Company shall deliver the copy of the written notice stated in the previous paragraph to relevant sponsoring authority within 14 days after receipt of such notice. If the notice contains the statement mentioned in item (2) under the previous paragraph, the Company shall keep the duplicate of such statement in the Company for the inquiry by the shareholders. The Company shall also post the duplicate of such statement to each holder of the overseas listed foreign shares through the mail with prepaid postage to the addresses registered in the register of shareholders.

If the notice of resignation of the accounting firm contains any statement that shall be elaborated, the accounting firm can require the Board of Directors hold an extraordinary General Meeting of Shareholders to hear the explanation about relevant situations concerning its resignation.

(Article 148 of Mandatory Provisions and Article 10 of the Supplementary Opinions)

Article 16.09

The auditor can put the written notice in the registered address of the Company to resign from the post. Such notice shall include one of the following statements:

- 1) The statement that its resignation does not involve any situation that should be stated to the shareholders or creditors of the Company; or
- 2) Statement on any such situation that should be stated.

The notice shall take effect on the date on which it is put at the legal address of the Company or the later date specified in the notice.

(Paragraph 1(e) and Paragraph (ii) of Appendix 11C of the HKEX GEM Listing Rules)

Article 16.10

The Company shall deliver the copy of the written notice stated in the previous paragraph to relevant sponsoring authority within 14 days after receipt of such notice mentioned in Article 16.10. If the notice contains the statement mentioned in Article 16.10.2, the Company shall send the notice to every shareholder who has the right to obtain the financial standing report of the Company.

(Paragraph 1(e) and Paragraph (ii) of Appendix 11C of the HKEX GEM Listing Rules)

Article 16.11 If the notice of resignation of the accounting firm contains any statement mentioned under Article 16.10.2, the accounting firm can require the Board of Directors hold an extraordinary General Meeting of Shareholders to hear the explanation about relevant situations concerning its resignation.

(Paragraph 1(e) and Paragraph (iv) of Appendix 11C of the HKEX GEM Listing Rules)

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

Article 17.01 The merger or division of the Company shall be proposed by the Board of Directors of the Company and adopted in line with the procedure specified by these Articles of Association, and then relevant examination & approval procedures shall be handled according to the law. The shareholders opposing the merger or division plan of the Company shall have the right to require the Company or the shareholders agreeing with the merger or division plan to buy their shares at the fair price. The content of the merger or division solution of the Company shall be made in a special document to be checked by the shareholders, and sent to the overseas holders of the overseas listed foreign shares.

(Article 149 of Mandatory Provisions)

Article 17.02 The merger of the Company can take the form of either absorption merger or establishment merger.

In the case of merger, relevant parties to the merger shall sign a merger agreement, and prepare the balance sheet and the property list. The Company shall inform the creditors within 10 days after it makes the resolution on the merger, and announce such resolution on the newspaper at least three times within 30 days.

When the Company consolidates, the credits and debts of all the parties to the merger shall be succeeded by the surviving company or the newly established company.

(Article 150 of Mandatory Provisions, and Paragraph 1 of Article 7 of Appendix 3 of the HKEX GEM Listing Rules)

Article 17.03 When the Company is divided, its property shall be correspondingly separated.

In the case of division, relevant parties to the division shall sign a division agreement, and prepare the balance sheet and the property list. The Company shall inform the creditors within 10 days after it makes the resolution on the division, and announce such resolution on the newspaper at least three times within 30 days.

The company established after the separation shall undertake the debts of the Company before the separation.

(Article 151 of Mandatory Provisions, and Paragraph (1) of Article 7 of Appendix 3 of the HKEX GEM Listing Rules)

Article 17.04 If the merger or division of the Company involves the change in registration affairs, the Company shall handle the change registration with the company registration authority according to the law; if the Company is dissolved, it shall handle the write-off registration; and if a new company is established, the Company shall handle the establishment registration according to the law.

(Article 152 of Mandatory Provisions)

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

Article 18.01

The Company shall be dissolved in any of the following cases:

- 1) The operating period expires;
- 2) The General Meeting of Shareholders resolves to dissolve the Company;
- 3) Dissolution of the Company becomes necessary due to the merger or dissolution of the Company;
- 4) Declared bankrupt according to the law because of the failure to repay the debts upon their maturity;
- 5) The Company is ordered to close down due to violation of the laws and administrative regulations.

(Article 153 of Mandatory Provisions)

Article 18.02

When the Company is dissolved in accordance with items (1) and (2) under the previous article, the Company shall established the liquidation team within 15 days, and the General Meeting of Shareholders shall determine the members of the team in a common resolution.

If the Company is dissolved on account of the provision under item (4) in the previous article, the people's court shall, according to relevant laws, organize the shareholders, relevant authorities and relevant professionals to establish the liquidation team to carry out the liquidation.

If the Company is dissolved on account of the provision under item (5) in the previous article, relevant sponsoring authority shall, organize the shareholders, relevant authorities and relevant professionals to establish the liquidation team to carry out the liquidation.

(Article 154 of Mandatory Provisions)

Article 18.03

If the Board of Directors decides to liquidate the Company (except when the Company declares bankruptcy and is accordingly liquidated), the Board of Directors shall state that it has thoroughly investigated the status of the Company, and believes the Company can liquidate all the liabilities within 12 months after the liquidation starts in the notice of the General Meeting of Shareholders convened for the liquidation.

Once the General Meeting of Shareholders adopts the liquidation resolution, the authorities of the Board of Directors of the Company shall be immediately stopped.

The liquidation team shall observe the instructions of the General Meeting of Shareholders, report the income and expenditure of the liquidation team as well as the progress of the business and liquidation of the Company to the General Meeting of Shareholders at least once each year, and deliver the final report to the General Meeting of Shareholders when the liquidation finishes.

(Article 155 of Mandatory Provisions)

Article 18.04

The liquidation team shall inform the creditors within 10 days after establishment, and make an announcement on the newspaper at least three times within 60 days.

The liquidation team shall register the credits declared.

(Article 156 of Mandatory Provisions, and Paragraph (1) of Article 7 of Appendix 3 of the HKEX GEM Listing Rules)

Article 18.05

The liquidation team shall exercise the following authorities in the liquidation period:

- 1) Clear the properties of the Company, and prepare the balance sheet and the property list respectively;
- 2) Notify or publish an announcement to the creditors (such announcement shall be published on newspapers);
- 3) Handle and liquidate pending businesses with the Company;
- 4) Pay the tax in arrear;
- 5) Clear credits and debts;
- 6) Dispose of the remaining properties after the Company liquidates the debts;
- 7) Participate in civil proceedings on behalf of the Company.

(Article 157 of Mandatory Provisions, and Paragraph (1) of Article 7 of Appendix 3 of the HKEX GEM Listing Rules)

Article 18.06

After disposing of the properties of the Company and preparing the balance sheet and the property list, the liquidation team shall formulate the liquidation plan, and submit it to the General Meeting of Shareholders or relevant sponsoring authorities for confirmation.

The properties of the Company shall be liquidated in the following sequence:

- 1) Liquidation expense;
- 2) Pay the salaries and labor insurance premiums to the staff;
- 3) Pay the tax in arrear;
- 4) Liquidate the debts of the Company.

The remaining properties after the liquidation specified in the previous paragraph shall be distributed in accordance with the classes and proportions of the shares held by the shareholders of the Company.

The Company shall not conduct new operating activities in the liquidation period.

(Article 158 of Mandatory Provisions)

Article 18.07

When the Company is liquidated due to dissolution, if the liquidation team finds the properties of the Company are insufficient to liquidate the debts after clearing the properties of the Company and preparing the balance sheet and the property list, the liquidation team shall immediately declare bankruptcy to the people's court. After the Company is declared by the people's court to go bankrupt, the liquidation team shall hand over the liquidation affair to the people's court.

(Article 159 of Mandatory Provisions)

Article 18.08 After the liquidation of the Company finishes, the liquidation team shall prepare the liquidation report as well as the income & expenditure statement and the accounting book in the liquidation period, and submit the same to the General Meeting of Shareholders or relevant sponsoring authority for confirmation after the verification by the Chinese certified public accountant.

The liquidation team shall, within 30 days after the date of the confirmation by the General Meeting of Shareholders or relevant sponsoring authority, submit the aforesaid documents to the company registration authority to apply to write off the registration of the Company, and announce the termination of the Company.

(Article 160 of Mandatory Provisions, and Paragraph (1) of Article 7 of Appendix 3 of the HKEX GEM Listing Rules)

## **Chapter 19 Procedure for Amendment of the Articles of Association**

Article 19.01 The Company can amend these Articles of Association in accordance with the laws, administrative regulations and these Articles of Association.

(Article 161 of Mandatory Provisions)

Article 19.02 These Articles of Association shall be amended according to the following procedure:

- (1) The Board of Directors makes a resolution according to these Articles of Association, and drafts the revision plan;
- (2) Send the amendment plan to the shareholders, and convene the General Meeting of Shareholders for voting;
- (3) The amendments submitted to the General Meeting of Shareholders for voting shall be adopted through a special resolution.

Article 19.03 If the amendment of these Articles of Association involves the contents in the Mandatory Provisions, the amendment shall take effect after it is approved by the company approval authority authorized by the State Council, and the CSRC. If the amendment involves company registration affairs, the Company shall handle the change registration according to the law.

(Article 162 of Mandatory Provisions)

## **Chapter 20 Settlement of Dispute**

Article 20.01 The Company shall observe the following rules to settle disputes:

- 1) Relevant parties shall submit any dispute or claim for arbitration, if such dispute or claim arises in conjunction with the affairs of the Company based on the rights and obligations specified by these Articles of Association, the Company Law and other relevant laws and administrative regulations between the holders of the foreign shares listed abroad and the directors, supervisors, the Manager or other senior executives of the Company, or between the holders of the foreign shares listed abroad and the holders of the domestic shares.

When the aforesaid dispute or claim is submitted for arbitration, it shall be the claim or dispute in whole. Any person having the cause of action for one affair or required to solve the aforesaid dispute or claim shall observe the arbitration, if the identity of such person is the Company or any shareholder, director, supervisor, Manager or other senior executive of the Company.



The dispute on the identification of shareholders and the register of shareholders can be resolved not through arbitration.

- 2) Any person requesting arbitration can choose China International Economic and Trade Arbitration Commission for arbitration in accordance with its arbitration rules, or choose Hong Kong International Arbitration Center for arbitration in accordance with its securities arbitration rules. After any person applying for arbitration submits the dispute or claim for arbitration, the other party shall accept the arbitration at the arbitration institution selected by the applicant.

If the applicant for arbitration chooses Hong Kong International Arbitration Center for arbitration, any party may request the Hong Kong International Arbitration Center conduct the arbitration according to its securities arbitration rules in Shenzhen.

- 3) Settlement of the dispute or claim under 1) through arbitration shall be governed by the laws of the People's Republic of China, unless otherwise specified by the laws and regulations.
- 4) The decision made by the arbitration institution shall be final and binding upon both parties.

(Article 163 of Mandatory Provisions and Article 11 of the Supplementary Opinions)

## **Chapter 21 Insurance**

- Article 21.01 The Company purchases various insurances from the People's Insurance Company of China or other insurance companies registered in China and permitted by the Chinese laws to offer the insurance business to Chinese companies.
- The Board of Directors will deliberate and decide the insurance types, insurance amounts and insurance period in line with the general practices in the same industry in other countries as well as the general practices and legal requirements in China.

## **Chapter 22 Labor Management**

- Article 22.01 The Company shall formulate the policies concerning the labor management, personnel management, salaries, fringe benefits and social insurances of the Company in accordance with the laws and regulations of China.
- Article 22.02 The Company implements the engagement system for managers at different levels and the contract system for common employees. The Company can decide staffing at its own discretion, has the right to recruit employees independently, and discharges managers and common employees in accordance with the administrative regulations and the contract.
- Article 22.03 The Company shall have the right to decide the salary incomes and fringe benefits of the managers at all levels and employees of different kinds according to its own economic benefit and to the extent specified by relevant administrative regulations.
- Article 22.04 Subject to relevant administrative regulations of the Chinese Government and the local government, the Company shall arrange the social insurances for managers and common employees, and carry out the laws, administrative regulations and relevant provisions concerning retirement and unemployed staff.

## **Chapter 23 Trade Union Organization**

Article 23.01 The staff of the Company shall have the right to organize the trade union and carry out relevant activities, according to the Trade Union Law of the People’s Republic of China. The trade union shall organize activities beyond the normal working hours, unless otherwise specified by the Board of Directors.

The Company shall allocate two percent (2%) of the total staff salaries of the Company as the fund for the trade union, and such fund shall be used by the trade union of the Company in accordance with the Trade Union Fund Management Procedure formulated by the All-China Federation of Trade Unions.

## **Chapter 24 Notice**

Article 24.01 Unless these Articles of Association specify otherwise, the Company shall deliver notices, documents or written statements for holders of overseas listed foreign shares through couriers or prepaid mails to the registered address of every holder of overseas listed foreign shares.

Article 24.02 When a notice is delivered through posting, the Company shall write the address clearly, prepay the postage, and put the notice in the envelope. Such envelope shall be considered as sent once it is put in the post box, and received 48 hours after sending.

## **Chapter 25 Supplementary Provisions**

Article 25.01 The Board of Directors shall submit any unresolved matter under these Articles of Association to the General Meeting of Shareholders for resolution and adoption.

Article 25.02 The Company shall announce recruitment and other material affairs on the newspaper.

Article 25.03 These Articles of Association shall take effect after they are resolved and adopted by the General Meeting of Shareholders, the overseas listed foreign shares (H shares) of the Company are successfully listed on the HKEX GEM, and the Company handles the change registration with the industry & commerce administration authority.

Article 25.04 Under these Articles of Association, the terms “above” and “below” include respective figures, and “less than” and “more than” don’t exclude respective figures.

Article 25.05 These Articles of Association are made in China. Where other articles of association in any other language or edition conflict with these Articles of Association, the Chinese edition of the Articles of Association last registered with the industry & commerce administration authority shall prevail.

Article 25.06 These Articles of Association shall be construed by the Board of Directors, and modified by the General Meeting of Shareholders.

Article 25.07 The meaning of the accounting firm used under these Articles of Association is the same as the “Auditor”. The “Manager” and “Vice Manager” under these Articles of Association refer to the “President” and “Vice President” of the Company respectively. (Article 165 of Mandatory Provisions)

Article 25.08 The “Mandatory Provisions”, “Supplementary Opinions” and “HKEX GEM Listing Rules” at the end of relevant articles under these Articles of Association mean such articles are drafted in accordance with relevant requirements specified under the Mandatory Provisions of the Articles of Association of Companies Listed Abroad published by the

Securities Commission of the State Council and the State Commission for Economic Restructuring on August 27, 1994, the Notice of the Opinions on Supplementary Amendments to the Articles of Association of Companies Listed in Hong Kong distributed by the Overseas Listing Department of the CSRC and the Production System Department of the State Commission for Economic Restructuring on April 3, 1995, and the HKEX GEM Listing Rules.

(Signing page without text)

Shareholders' Signatures:

Shanghai Beiyan Enterprises Limited (Seal)

Googut Wine&spirits Co.,Ltd. ( Seal )

Zhang Nan Signature:

Zhuoyu Hengtai (Beijing) Safety Equipment Company Limited (Seal)

Shenzhen Gangao Huijin Investment Company Limited (Seal)

Guo Fan Signature:

Guo Bao'an Signature:

Jiang Haizhou Signature:

Guan Yanjun Signature:

Han Ruopin Signature:

Li Wenjun Signature: