



深圳市海王英特龍生物技術股份有限公司  
**SHENZHEN NEPTUNUS INTERLONG BIO-TECHNIQUE COMPANY LIMITED\***  
*(a joint stock limited company incorporated in the People's Republic of China)*  
**(Stock code: 8329)**

### **Articles of Association**

(Amended by Special Resolution at the Annual General Meeting  
held on 31 January 2023, and approved by Shenzhen Administration For Market Regulation  
on 13 February 2023)

**(The Articles of Association is written in Chinese, and the English version is the translation for  
reference only. In case of inconsistency, the Chinese version shall prevail)**

# Shenzhen Neptunus Interlong Bio-technique Company Limited

## Articles of Association

Index	page
Chapter 1	General Provisions . . . . . 3
Chapter 2	Objectives and Scope of Business. . . . . 6
Chapter 3	Shares and Registered Capital. . . . . 7
Chapter 4	Deduction of Capital and Repurchase of Shares . . . . . 12
Chapter 5	Financial Assistance for the Purchase of Company Shares . . . . . 16
Chapter 6	Share Certificates and Register of Shareholders . . . . . 18
Chapter 7	Rights and Obligations of Shareholders . . . . . 24
Chapter 8	General Meeting of Shareholders . . . . . 29
Chapter 9	Special Procedure for Voting of Class Shareholders . . . . . 40
Chapter 10	Board of Directors . . . . . 43
Chapter 11	Independent Non-executive Directors . . . . . 52
Chapter 12	Board Secretary. . . . . 55
Chapter 13	Company Manager . . . . . 56
Chapter 14	Board of Supervisors. . . . . 58
Chapter 15	Qualifications and Duties of the Company's Directors, Supervisors, Manager and Other Senior Executives. . . . . 61
Chapter 16	Financial Accounting System, Profit Distribution and Audit. . . . . 69
Chapter 17	Appointment of An Accounting Firm . . . . . 74
Chapter 18	Insurance. . . . . 77
Chapter 19	Labor Management . . . . . 78
Chapter 20	Labour Union . . . . . 79
Chapter 21	Merger and Division of the Company . . . . . 80
Chapter 22	Dissolution and Liquidation of the Company . . . . . 82
Chapter 23	Procedure for Amending the Articles of Association . . . . . 86
Chapter 24	Settlement of Dispute . . . . . 87
Chapter 25	Notices . . . . . 88
Chapter 26	Supplementary Provisions. . . . . 89

## Chapter 1 General Provisions

Article 1 Shenzhen Neptunus Interlong Bio-technique Company Limited (hereafter referred to as the “Company”) is a joint stock limited company incorporated in accordance with the Company Law of the PRC (hereafter referred to as the “Company Law”), Companies Limited by *Shares Issuing Shares and Seeking a Listing outside the PRC Special Provisions of the State Council* (hereafter referred to as the “Special Provisions”), and other relevant State laws and administrative regulations.

Following the approval by the Shenzhen Municipal Government with approval of Shenfugu [2002]12, the Company was established by means of overall reorganization, was registered with the Shenzhen Administration for Industry and Commerce on 12 July 2002 and obtained a business license for Corporate Legal Person. The Company now holds a business license numbered 440301102787847.

Article 2 The Articles of Association are formulated in accordance with the Company Law, the Special Provisions, the *Mandatory Provisions of the Articles of Association of Companies Seeking a Listing Outside the PRC* (hereafter referred to as the Mandatory Provisions) and the *Opinions on Further Promoting the Regular Operation of Companies Listed Abroad and Deepening the Reform* (hereafter referred to as the Opinions), the *Letter of Opinions on Supplementary Amendments to Articles of Association of Companies Listed in Hong Kong*, the *Reply of the State Council on the Adjustment of the Notice Period for the General Meeting and Other Matters Applicable to the Overseas Listed Companies* as well as other laws and administrative regulations of the State, for the purposes of regularizing the operation management of the Company, and safeguarding the legitimate rights and interests of the Company, the shareholders and the creditors.

Article 3 Registered name of the Company: 深圳市海王英特龍生物技術股份有限公司

English name of the Company: **Shenzhen Neptunus Interlong Bio-technique Company Limited**

Suite 1702, Neptunus Yinhe Technology Mansion, 1 Keji Middle 3rd Road, Maling Community, Yuehai Sub-district, Nanshan District, Shenzhen, Postal Code: 518057, Tel: 86-755-26411869, Fax: 86-755-86391610.

- Article 4           The initiators of the Company:  
Shenzhen Neptunus Bio-engineering Co., Ltd.  
Chai Xiangdong  
Wang Yan  
Ye Jun  
Sun Tao  
Chen Xi  
Yu Jun  
He Lingbing  
Chen Weiyu
- Article 5           The legal representative of the Company shall be the Chairman of the Board of Directors.
- Article 6           The Company is a joint stock limited company which has perpetual existence.
- Article 7           Validity of the Articles of Association of the Company.
- The Articles of Association shall take effect on the date of the establishment of the Company, and the revision thereof shall come into force after it is adopted by the special resolution of the general meeting of shareholders.
- The Articles of Association of the Company shall be legally binding document that regulates the organization and acts of the Company as well as the rights and obligations between the Company and the shareholders and among shareholders from the date on which they become effective.
- Article 8           The Articles of Association of the Company shall be binding upon the Company and its shareholders, Directors, supervisors, Manager and Other Senior Executives. All the above persons may make claims related to Company matters in accordance with the Articles of Association.
- The term “Other Senior Executives” used in the Articles of Association refers to the Board Secretary and the personnel in charge of financial affairs of the Company.
- A shareholder can bring an action against the Company in accordance with the Articles of Association; the Company can bring an action against a shareholder; a shareholder can prosecute another shareholder in accordance with the Articles of Association; and a shareholder can bring a suit against a Director, a supervisor, the Manager or Other Senior Executives of the Company in accordance with the Articles of Association.
- The action or suit mentioned in the preceding paragraph includes filing an action to a court or submitting an application to an arbitration institution for arbitration.

Article 9                   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. Nevertheless, the Company can't become an unlimited liability shareholder of any other economic organization.

As approved by the company review authority authorized by the State Council, the Company can, according to the needs of operation management, operate as a holding company as stated in article 15 of the Company Law.

Article 10                   The Company is an independent corporate legal person. All the conducts of the Company shall not only comply with the laws and regulations in China and the region where Foreign Shares listed overseas are listed, but also protect the legitimate rights and interests of the shareholders.

The entire capital of the Company is divided into shares of equal value. A shareholder shall be liable to the Company to the extent of the shares he holds, and the Company shall be responsible for its debts with all of its assets.

While observing the Chinese laws and administrative regulations, the Company owns the financing right or borrowing right.

The financing right of the Company includes (but is not limited to) issuing corporate bonds, mortgaging or pledging in whole or in part the title to or the right to use the assets of the Company as well as other rights allowed by the Chinese laws or administrative regulations, and providing guarantee in different forms for the debts of any third party (including without limitation the affiliated or associated company of the Company). Nevertheless, the Company shall not prejudice or abolish the rights of any category of shareholders when exercising the aforesaid rights.

## Chapter 2 Objectives and Scope of Business

Article 11 The business objective of the Company is committed to the development of the Chinese biopharmaceutical industry with application of modern biological technology.

Article 12 The business scope of the Company is subject to the items approved by the company registration authority.

The business scope of the Company comprises the biotechnology consulting service; purchase and sales of biochemical instruments; biotechnology services as well as the development, production (operated by the branches) and sales of biotechnology products (excluding items restricted by the special policy of the State); sales management services; operation of import & export business (subject to the certificate of qualification); wholesales of pre-packaged food (excluding reheated pre-packaged food) and dairy products (including infant formula milk); wholesales of healthcare food products (gold bottle oyster bean meat oral liquid); investment holding (actual projects are to be separately submitted); and manufacture and sales of mixed feed additive products.

The Company has applied for registration of the business scope described in this Article to the company registration authority.

Subject to the business scope described in this Article, the Company can, according to the legal procedure (including the resolution by the general meeting of shareholders and approval by relevant authorities (if necessary), set up branches, subsidiaries, joint ventures and representative offices at home and abroad.

### Chapter 3 Shares and Registered Capital

Article 13 The Company shall have Ordinary Shares at any time. It may have other kinds of shares according to the need, upon approval by the authorities that are authorized by the State Council to examine and approve companies.

Article 14 All the shares issued by the Company carry a par value of RMB0.1 per share.

Article 15 The Company may issue shares to investors inside the PRC and to investors outside the PRC following approval by the State Council authorities in charge of securities.

For the purposes of the preceding paragraph, the term “investors outside the PRC” shall refer to investors from foreign countries or from Hong Kong, Macao or Taiwan that subscribe for shares issued by the Company and the term “investors inside the PRC” shall refer to investors inside the PRC, excluding the above-mentioned regions, that subscribe for shares issued by the Company.

Article 16 Shares issued by the Company to investors inside the PRC and to be subscribed for in RMB shall be referred to as “Domestic Shares”. Shares issued by the Company to investors outside the PRC and to be subscribed in a foreign currency shall be referred to as “Foreign Shares”. Foreign Shares listed outside the PRC shall be referred to as “Overseas-Listed Foreign Shares”.

The term “foreign currency” as said in the preceding paragraph shall refer to the legal currency of other countries or regions, other than RMB, which are recognized by the Foreign Exchange Administration of the State and can be used to pay the share proceeds to the Company.

The shares issued by the Company to investors inside the PRC and subscribed in RMB shall be referred to as “Domestic Shares”. The Overseas-Listed Foreign Shares issued by the Company listed in Hong Kong shall be referred to as “H Shares”. H Shares shall refer to the shares listed at the Stock Exchange of Hong Kong Ltd. (hereafter referred to as the “HKEX”) carry a par value in RMB, and subscribed and traded in Hong Kong dollar.

H Shares can also be listed at the exchanges within the United States in the form of American Depositary Receipts (ADRs). Holders of the Domestic Shares and the H Shares are also the holders of Ordinary Shares, who enjoy the same rights and undertake the same obligations.

Article 17

Upon approval by the authorities that are authorized by the State Council to examine and approve companies, the Company has issued 710,000,000 Ordinary Shares, in which:

Shenzhen Neptunus Bio-engineering Co., Ltd. has subscribed 639,000,000 shares, representing 90% of the issuable common shares of the Company at the time of establishment.

Chai Xiangdong has subscribed 47,671,000 shares, representing 6.71% of the issuable Ordinary Shares at the time of establishment.

Wang Yan has subscribed 14,200,000 shares, representing 2% of the issuable Ordinary Shares at the time of establishment.

Ye Jun has subscribed 2,029,000 shares, representing 0.29% of the issuable Ordinary Shares at the time of establishment.

Sun Tao has subscribed 2,029,000 shares, representing 0.29% of the issuable Ordinary Shares at the time of establishment.

Chen Xi has subscribed 2,029,000 shares, representing 0.29% of the issuable Ordinary Shares at the time of establishment.

Yu Jun has subscribed 1,014,000 shares, representing 0.14% of the issuable Ordinary Shares at the time of establishment.

He Lingbing has subscribed 1,014,000 shares, representing 0.14% of the issuable Ordinary Shares at the time of establishment.

Chen Weiyu has subscribed 1,014,000 shares, representing 0.14% of the issuable Ordinary Shares at the time of establishment.

Article 18

After establishment, the Company first increased its share capital by issuing 236,670,000 H Shares, representing 25% of the total issued Ordinary Shares of the Company. Subsequently, an additional 189,330,000 H Shares were issued by the Company to increase its share capital. Upon completion, the total number of H Shares represented 37.5% of the total issued Ordinary Shares of the Company.

Thereafter, 542,000,000 Domestic Shares were issued by the Company to increase its share capital. Upon completion, the total number of Domestic Shares represented 74.61% of the total issued Ordinary Shares of the Company.



The share capital structure of the Company is as follows: 1,678,000,000 Ordinary Shares, of which 1,252,000,000 Domestic Shares are held by domestic shareholders, representing 74.61% of the total issued Ordinary Shares of the Company, and 426,000,000 H Shares are held by the holders of H Shares, representing 25.39% of the total issued Ordinary Shares of the Company.

Article 19 After the plan for issuing Domestic Shares and Overseas-Listed Foreign Shares has been approved by the Securities Commission of the State Council, the Board of Directors of the Company may arrange for implementation of such plan by means of separate issues.

The Company's plan for separate issues of Overseas-Listed Foreign Shares and the Domestic Shares in accordance with the provisions of the preceding paragraph, may be implemented separately within 15 months after the approval by the Securities Commission of the State Council.

Article 20 When the Company issues Overseas-Listed Foreign Shares and Domestic Shares separately and within the total number of shares specified in the issue plan, every such share shall be fully subscribed for at one time. Where special circumstances make it impossible for every such issue to be fully subscribed for at one time, the shares may be issued in several stages, subject to the approval from the Securities Commission of the State Council.

Article 21 The registered capital of the Company is RMB167,800,000.

Article 22 The Company may approve capital increases depending on its business and development requirements in accordance with the relevant provisions of the Articles of Association of the Company.

The Company may increase its capital by following methods:

- (1) issue new shares to non-specific investors;
- (2) place new shares to the existing shareholders;
- (3) distribute new shares to the existing shareholders; and
- (4) other methods permitted by laws and administrative regulations.

If the Company increases its capital through issuing new shares, the Company shall execute in accordance with relevant State laws and administrative regulations after getting approval as per the Articles of Association.

- Article 23 Except otherwise provided for by PRC laws and administrative regulations and relevant requirements of the securities regulatory authorities in the place where the Company's shares are listed, the fully-paid shares in the Company shall be freely transferable (only excluding the situations allowed by the HKEX) and shall not be subject to any lien, unless otherwise specified by the law and regulations.
- The Domestic Shares and the H Shares of the Company shall be traded, presented, inherited and mortgaged in line with the Chinese laws and the Articles of Association.
- The Company shall not accept any pledge with the shares of the Company as the subject.
- The transfer and delivery of the Company's shares shall be registered with the share registrar and transfer office entrusted by the Company, and relevant share transfer procedure shall be conducted as stipulated.
- Article 24 Once the Company's shares are transferred, the name (title) of the transferee of the shares, which is the holder of such shares, will be listed in the register of shareholders.
- Article 25 The issuance or transfer of all the H Shares will be registered in the register of holders of H Shares kept in Hong Kong, subject to Article 41 of the Articles of Association.
- Article 26 Any holders of H Shares shall use the standard transfer forms and documents specified by the HKEX to transfer his shares in whole or in part. The transfer shall be signed by the transferor and the transferee manually or by typewriting.
- Article 27 The Company shall ensure all the H Shares carry the following statement, and instruct and cause its share registrar to refuse registering any person as the holder of any Company's shares which were obtained through subscribe, purchase or transfer, unless and until such person presents the shares attached with the following statement and the duly signed forms:
- (1) the buyer makes the consent to the Company and all the shareholders of the Company, and the Company also makes the consent to all the shareholders, to observe and comply with the Company Law, other relevant laws, administrative regulations and the Articles of Association;

- (2) the buyer makes the consent to the Company as well as its shareholders, Directors, supervisors and executives of the Company, and the Company also makes the consent 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 the 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 the Articles of Association, and the execution of the arbitration shall be considered as authorizing the public hearing of the arbitration and publishing of the results;
- (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 the Articles of Association.

Article 28

Under following circumstances, the Company may stop sending the dividend warrant by post:

- (1) no cash is withdrawn on such dividend warranty twice successively; or
- (2) such dividend warranty is returned after it fails to arrive at the receipt at the first time.

The Company may sell the shares of a shareholder who loses contact, and reserve the money from such 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 periods; and
- (2) after the 12-year period expires, the Company, upon the approval of the Securities Commission of the State Council, announces the intent to sell the shares, and notify the regulator and relevant overseas securities regulators.

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

Article 29 The Company may reduce its registered capital, according to the provisions of the Articles of Association.

Article 30 The Company shall compile a balance sheet and the property list when reducing the registered capital.

The Company shall notify its creditors within 10 days of adopting the resolution to reduce its registered capital and shall publish a public announcement of the resolution in a newspaper within 30 days of the date of such resolution. Creditors shall, within 30 days of receiving the written notice or within 90 days of the date of the public announcement for those who have not received a written notice, be entitled to require the Company to pay its debts in full or to provide a corresponding guarantee for such debts.

The registered capital of the Company shall not, after the deduction in capital, be less than the minimum amount prescribed by law.

Article 31 Save for those subject to the permission by relevant competent authorities the Company may, under the following circumstances, repurchase its own shares in accordance with the requirements of the laws, administrative regulations, the Listing Rules of the HKEX, departmental rules and this Article of Association:

- (1) reduce the registered capital of the Company;
- (2) merger with another company that holds shares in the Company;
- (3) use the shares for employee share ownership schemes or for share incentives;
- (4) acquire shares held by shareholders (upon their request) who vote against any resolution proposed in any shareholders' general meeting on the merger or division of the Company;
- (5) use the shares for converting the convertible corporate bonds issued by the Company into stocks; or
- (6) necessary acts by the Company to protect its value while safeguarding the interests of shareholders.

Article 32

For the reasons set out in Article 31(1), (2) or (4) herein, save for those subject to the permission by relevant competent authorities, the Company may repurchase its shares in one of the following ways:

- (1) making of a repurchase offer in the same proportion to all shareholders;
- (2) repurchase through open transactions on a securities exchange;
- (3) repurchase by an agreement outside a securities exchange; or
- (4) other circumstances permitted by the laws, administrative regulations and approved by regulatory authorities.

Where the Company repurchases its shares for the reasons set out in Article 31(3), (5) or (6) herein, a public centralized trading method shall be adopted.

Article 33

Where the Company repurchases its shares for the reasons set out in Article 31 (1) or (2) herein, it shall be resolved at the general meeting of the shareholders. Where the Company repurchases its shares for the reasons set out in Article 31 (3), (5) or (6), it shall be resolved at a board meeting attended by more than two-thirds of the Directors in accordance with the requirements of the Articles of Association or authorisation by the general meeting of shareholders.

When the Company is to repurchase its own shares by an agreement outside a securities exchange, prior approval shall be obtained from the general meeting of shareholders in accordance with the procedures provided for in the Articles of Association of the Company. Upon prior approval by the general meeting of shareholders obtained in the same manner, the Company may rescind or change contracts concluded in the manner set forth above or waive any of its rights under such contracts.

For the purposes of the above paragraph, contracts for the repurchase of shares shall include (but not be limited to) agreements whereby repurchase obligations are undertaken and repurchase rights are acquired.

The Company may not assign any contracts for the repurchase of its own shares or any of its rights thereunder.

Article 34

After the Company has repurchased its own shares according to law, it shall cancel the portion of shares concerned within the period prescribed by laws and administrative regulations and shall apply to the original company registry for registration of the change in registered capital and publish relevant announcement.

Where the Company lawfully repurchases its shares under to the circumstance as stated in (1) of Article 31 of the Articles of Association, such shares shall be cancelled within 10 days from the date of repurchase; should the circumstance fall within the scope of (2) and (4) of Article 31, such shares shall be transferred or cancelled within 6 months thereafter; should the circumstance fall within (3), (5) and (6) of Article 31, the total number of shares held by the Company shall not exceed 10% of the total issued shares of the Company, and shall be transferred or cancelled within three years.

As to the redeemable shares the Company is entitled to repurchase, (1) the repurchase price must be restricted to a certain maximum price if they are repurchased not through the market or public tendering; and (2) if they are acquired through tendering, the repurchase offer shall be equally sent to all the shareholders.

The amount of the Company's registered capital shall be reduced by the total par value of the shares cancelled.

Article 35

Unless the Company is in the course of liquidation, it must comply with the following provisions in the repurchase of its own shares.

- (1) where the Company repurchases its own shares at their par value, the amount thereof shall be deducted from the book balance of distributable profit and/or from the proceeds of a fresh share issue made to repurchase the old shares:
- (2) where the Company repurchases its own shares at a price higher than their par value, the portion corresponding to their par value shall be deducted from the book balance of distributable profit and/or from the proceeds of a fresh share issue made to repurchase the old shares; and the portion in excess of the par value shall be handled according to the following methods:
  - (a) where the shares repurchased were issued at their par value, the amount shall be deducted from the book balance of distributable profit;

- (b) where the shares repurchased were issued at a price higher than their par value, the amount shall be deducted from the book balance of distributable profit and/or the proceeds of a fresh share issue made to repurchase the old shares; however, the amount deducted from the proceeds of the fresh share issue may not exceed the total premium obtained at the time of issuance of the old shares nor may it exceed the amount in the Company's premium account or capital common reserve account (including the premiums from the fresh share issue) at the time of repurchase;
- (3) the amounts paid by the Company for the following purposes shall be paid out of the distributable profit of the Company:
  - (a) acquisition of the right to repurchase its shares;
  - (b) modification of any contract for repurchase its own shares;
  - (c) release of any its obligation under any repurchase contract.
- (4) after the par value of the annulled shares has been deducted from the registered capital the Company in accordance with relevant regulations, that portion of the amount deducted from the distributable profit and used to repurchase its own shares at the par value of the repurchased shares shall be included in the Company's premium account or capital common reserve account

## Chapter 5 Financial Assistance for the Purchase of Company Shares

Article 36 The Company or its subsidiaries shall not at any time provide any financial assistance in any form to purchasers or prospective purchasers of the shares in the Company. Purchasers of shares in the Company as referred to above shall include persons that directly or indirectly undertake obligations for the purpose of purchasing shares in the Company.

The Company or its subsidiaries shall not at any time provide any financial assistance in any form to the above obligors in order to reduce or discharge their obligations.

This provision does not apply to the situations set forth in Article 38 of this Chapter.

Article 37 The term “financial assistance” used in this Chapter includes (but is not limited to) the following:

- (1) gift;
- (2) guarantee (including the undertaking of liability or provision of property by the guarantor in order to secure the performance of the obligation by the obligor), indemnity (not including, however, indemnity arising from the Company’s own fault) and release or waiver of rights;
- (3) provision of a loan or conclusion of a contract under which the obligations of the Company are to be fulfilled prior to the obligations of the other party to the contract, or a change in the party to such loan or contract as well as the assignment of rights under such loan or contract; and
- (4) financial assistance in any other form when the Company is insolvent or has no net assets or when such assistance would lead to a major reduction in the Company’s net assets.

For the purposes of this Chapter, the term “undertake obligations” shall include the undertaking of an obligation by the obligor by concluding a contract or making an arrangement (whether or not such contract or arrangement is enforceable and whether or not such obligation is undertaken by the obligor individually or jointly with any other person) or by changing its financial position in any other way.



Article 38

The acts listed below shall not be regarded as acts prohibited under Article 36 of this Chapter:

- (1) where the Company provides the relevant financial assistance truthfully for the benefit of the Company and the main purpose of the financial assistance is not to purchase shares in the Company, or the financial assistance is an incidental part of an overall plan of the Company;
- (2) lawful distribution of the Company's property in the form of dividends;
- (3) distribution of dividends in the form of shares;
- (4) reduction of registered capital, repurchase of its own shares, shareholding structuring, etc. in accordance with the Articles of Association of the Company;
- (5) provision of a loan by the Company within its scope of business and in the ordinary course of its business (provided that the same does not lead to a reduction in the net assets of the Company or that if the same constitutes a reduction, the financial assistance was paid out of the Company's distributable profits); and
- (6) the provision of money by the Company for an employee shareholding scheme (provided that the same does not lead to a reduction in the net assets of the Company or that if the same constitutes a reduction, the financial assistance was paid out of the Company's distributable profits).

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

Article 39 The Company's share certificates shall be in registered form.

The Company's share certificates shall indicate the following major contents:

- (1) name of the Company;
- (2) date of registration and incorporation of the Company;
- (3) share class, par value and number of shares represented;
- (4) share No.; and
- (5) other issues required by the stock exchanges where the Company shares are listed.

In addition to the particulars provided for in the Company Law, the share certificates of the Company shall clearly state such other particulars as required to be specified by the securities exchange(s) on which the Company's shares are listed.

Article 40 The share certificates shall be signed by the Chairman of the Board of Directors. Where the signatures of Other Senior Executives of the Company are required by the securities exchange(s) on which the Company's shares are listed, the share certificate shall also be signed by such Other Senior Executives. The share certificates shall become effective after the company seal is affixed thereto or printed thereon. The signature of the Chairman of the Board of Directors or of Other Senior Executives of the Company on the share certificates may be also be in printed form.

Article 41 The Company shall keep a register of shareholders, in which the following particulars should be recorded:

- (1) name (title), address (residence), occupation or nature of each shareholder;
- (2) the class and number of shares held by each shareholder;
- (3) the amount paid or payable for the shares held by each shareholder;
- (4) the share certificate number(s) of the shares held by each shareholder;
- (5) the date on which each shareholder was registered as a shareholder; and

(6) the date on which each shareholder ceased to be a shareholder.

The register of shareholders shall be sufficient evidence of holding of the shares of the Company, unless there is evidence to the contrary.

Article 42

The Company may, pursuant to an understanding or agreement reached between the State Council authorities in charge of securities and a securities regulatory organization outside the PRC, keep outside the PRC its register of holders of Overseas-Listed Foreign Shares, and entrust the administration thereof to an agent outside the PRC.

The original register of holders of H Shares listed in Hong Kong shall be kept in Hong Kong.

The Company shall keep at its residence a duplicate of the register of holders of Overseas-Listed Foreign Shares. The appointed agent outside the PRC shall ensure that the register of holders of Overseas-Listed Foreign Shares and its duplicate are consistent at all times.

When the original and duplicate of the register of holders of Overseas-Listed Foreign Shares are inconsistent, the original register shall prevail.

Article 43

The Company shall keep a complete register of shareholders.

The register of shareholders shall include the following:

- (1) a register kept at the Company Domicile other than those provided for under items (2) and (3) of this paragraph;
- (2) the register(s) of holders of Overseas-Listed Foreign Shares kept in the place(s) of the stock exchange(s) outside the PRC on which the shares are listed; and
- (3) registers of shareholders kept in such other places as the Board of Directors may decide necessary for listing purposes.

Article 44

The various parts of the register of shareholders shall not overlap one another. The transfer of shares registered in a certain part of the register of shareholders shall not, during the continuance of the registration of such shares, be registered in any other part of the register.

Changes and corrections to each part of the register of shareholders shall be carried out in accordance with the laws of the places where each part is kept.

All H Shares must adopt common or normal forms or other form of instrument of transfer specified by the HKEX for the purpose of share transfer; and such instrument of transfer documents can be signed without seal. If a shareholder is a settlement institution or its nominal person defined under the Securities and Futures Ordinance (Cap. 571 of Hong Kong Laws), the signature of transfer documents can be either signed or machine printed.

All H Shares which have been fully paid-up, shall be freely transferred pursuant to the Articles of Association of Company. Unless such transfer complies with the following requirements, the Board of Directors may refuse to recognize any instrument of transfer and would not need to provide any reason thereof:.

- (1) a fee of HK\$2.50 per instrument of transfer or such higher amount as may be agreed by the Hong Kong Stock Exchange has been paid to the Company for registration of the instrument of transfer and other documents relating to or which will affect the right of ownership of the shares;
- (2) the instrument of transfer only relates to H Shares;
- (3) the stamp duty which is chargeable on the instrument of transfer has already been paid;
- (4) the relevant share certificate(s) and any other evidence which the Board of Directors may reasonably require to show that the transferor has the right to transfer the shares have been provided;
- (5) if it is intended that the shares be transferred to joint owners, the maximum number of joint owners shall not be more than 4;
- (6) the Company does not have any lien on the relevant shares.

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

The shares of the Company held by the initiators shall not be transferred within three years after the establishment of the Company.

The Directors, supervisors and senior executives of the Company shall declare the shares they hold in the Company and relevant changes to the Company, and during their tenure, the annual share transfer shall not exceed more than 25% of the total Company shares held by them. The Company shares held by these people shall not be transferred within one year after the listing of the Company shares. The aforesaid people shall not transfer the Company shares they hold within six months after demission.

Article 46            Provided that laws, administrative regulations, departmental rules, normative documents and relevant stock exchanges or regulatory authorities at the location where the Company's shares are listed have provisions in relation to the period of suspension of register of shares before the general meeting of shareholders or the reference date set by the Company for the purpose of distribution of dividends, such provisions shall prevail. The register of members of the Company may be closed in accordance with the equivalent provisions of section 632 of the Companies Ordinance (Chapter 622 of the Hong Kong Laws).

Article 47            When the Company is to convene a general meeting of shareholders, distribute dividends, be liquidated or to carry out other acts requiring confirmation of equity interest, the Board of Directors shall decide a date for determination of equity interest. Shareholders whose names appear on the register at the end of that day shall be the shareholders of the Company.

Article 48            Any person that challenges the register of shareholders and requires his name to be entered into or removed from the register of shareholders may apply to a court of competent jurisdiction for correction of the register.

Article 49            Any shareholder who is registered in the register of shareholders or requires his name to be entered into the register of shareholders may apply to the Company for issuance of a replacement certificate in respect of such shares ("Relevant Shares") if his share certificate ("original share certificate") is lost.

Applications for the replacement of share certificates from holders of Domestic Shares who have lost their certificates shall be dealt with in accordance with Article 150 of the Company Law.

Applications for the replacement of share certificates from holders of Overseas-Listed Foreign Shares who have lost their certificates may be dealt with in accordance with the laws, securities exchange regulations and other relevant regulations of the place where the original register of holders of Overseas-Listed Foreign Shares is kept.

Where holders of H Shares apply for replacement of their certificates after losing their certificates, such replacement shall comply with the following requirements:

- (1) the applicant shall submit the application in the form prescribed by the Company accompanied by a notary's certificate or statutory declaration. The notary's certificate or statutory declaration shall include the applicant's reason for the application, the circumstances and proof of the loss of the share certificate and a declaration that no other person may require registration as a shareholder in respect of the Relevant Shares;
- (2) the Company shall not have received any declaration requiring registration as a shareholder in respect of the shares from any person other than the applicant before it decides to issue a replacement share certificate;
- (3) if the Company decides to issue a replacement share certificate to the applicant, it shall publish a public announcement of its intention to do so in the newspapers or periodicals designated by the Board of Directors; the period of the public announcement shall be 90 days, during which such announcement shall be published repeatedly at least once every 30 days;
- (4) before publishing the public announcement of its intention to issue a replacement share certificate, the Company shall submit a copy of the announcement to be published to the securities exchange where it is listed and may proceed with publication after having received a reply from the securities exchange confirming that the announcement has been displayed in the securities exchange. The Company shall display the public announcement in the securities exchange for a period of 90 days.

If the application for issuance of a replacement share certificate was made without the consent of the registered holder of the Relevant Shares, the Company shall mail to such shareholder a photocopy of the public announcement that it intends to publish;

- (5) at the expiration of the 90-day period provided for in items (3) and (4) hereof, if the Company has not received any objection to the issuance of a replacement share certificate from any person, it may issue a replacement share certificate according to the application of the applicant;
- (6) when the Company issues a replacement share certificate under this Article, it shall immediately cancel the original share certificate and record such cancellation and the issuance of the replacement share certificate in the register of shareholders; and
- (7) all expenses of the Company for the cancellation of the original share certificate and the issuance of a replacement share certificate shall be borne by the applicant. The Company shall be entitled to refuse to take any action until the applicant has provided reasonable security.

Article 50

After the Company has issued a replacement share certificate in accordance with its Article of Association, it shall not delete from the register of shareholders the name of a bona fide purchaser of the replacement share certificate mentioned above or of a shareholder that is subsequently registered as the owner of the shares (provided that he is the bona fide purchaser).

Article 51

The Company shall not be liable for any damages suffered by any person from the cancellation of the original share certificate or the issuance of the replacement share certificate, unless the claimant can prove fraud on the part of the Company.

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

### **Article 52**

The Company's shareholders are persons that lawfully hold shares of the Company and whose names (titles) are entered in the register of shareholders.

Shareholder shall enjoy rights and have obligations according to the category and number of shares held by them. Holders of shares of the same category shall enjoy equal rights and have equal obligations.

If there are joint shareholders, and one of the joint shareholders dies, only other persons still alive among the joint shareholders shall be considered by the Company as 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 certificate of death considered by the Company as appropriate. As to the joint shareholders of any share, only one of the joint shareholders whose name stands first in the register of shareholders shall have the right to receive the share certificate of relevant shares, receive notices from the Company, attend the general meeting of shareholders, speak at the general meeting of shareholders or exercise the voting right of relevant shares; any notice sent to such person shall be considered as delivered to all joint shareholders of relevant shares.

### **Article 53**

Holders of Ordinary Shares of the Company shall enjoy the following rights:

- (1) receive dividends and other profit distributions on the basis of the number of shares held by them;
- (2) participate or to appoint proxies to participate in general meetings of shareholders, speak at the general meeting of shareholders and exercise voting rights;
- (3) supervise and control the Company's business activities, and raise suggestions or inquiries;
- (4) transfer shares in accordance with laws, administrative regulations and the Articles of Association of Company;



- (5) obtain relevant information in accordance with the Articles of Association of the Company, which shall include:
  - (a) obtaining the Articles of Association of the Company after payment of a charge to cover costs;
  - (b) being entitled to browse and make a copy, after payment of reasonable charges, of:
    - (i) all parts of the register of shareholders;
    - (ii) personal information on the Directors, supervisors, Manager and Other Senior Executives of the Company, including:
      - (A) current and previous names and aliases;
      - (B) main address (residence);
      - (C) nationality;
      - (D) full-time and all other part-time occupations and duties; and
      - (E) identification documents and their numbers.
    - (iii) the status of the Company's share capital;
    - (iv) reports of the aggregate par value, number of shares, and highest and lowest prices of each category of shares repurchased by the Company since the last fiscal year as well as all the expenses paid by the Company therefor; and
    - (v) the minutes of shareholders' general meetings;
- (6) enjoy the right to know and participate in material issues of the Company stipulated by laws, administrative regulations and the Articles of Association;

- (7) shareholders shall have the right to protect their legitimate rights and interests through civil procedure or other legal means according to the law and administrative regulations. In the event the resolutions of the general meeting of shareholders and the Board of Directors are in breach of laws and administrative regulations or infringe on legitimate rights and interests of the shareholders, the shareholders shall have the right to initiate litigation to stop such breach or infringement. The Directors, supervisors and Manager of the Company shall bear the liability of compensation in cases where they violate laws, administrative regulations or the Articles of Association and cause damages to the Company during the performance of their duties. Shareholders shall have the right to request the company to sue for such compensation in accordance with law;
- (8) participate in the distribution of the remaining property of the Company according to their shareholding when the Company is terminated or liquidated; and
- (9) other rights conferred by laws, administrative regulations and the Articles of Association of the Company.

No powers shall be taken to freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the company.

Article 54

When shareholders require to browsing relevant information mentioned in the preceding Article or ask for materials, they shall submit written documents to the Company proving the class and number of the Company's shares held by them. After verifying the identities of the shareholders, the Company can provide the desired information to them.

Article 55

Holders of Ordinary Shares of the Company shall have the following obligations:

- (1) abide the Articles of Association of the Company;
- (2) pay subscription fees on the basis of the shares subscribed by them and the method of capital injection; and
- (3) Other obligations imposed by law, administrative regulations and the Articles of Association of the Company.

Shareholders shall not bear any liability for further contribution to share capital other than the conditions agreed to by the subscriber of the relevant shares on subscription.

- Article 56 A shareholder, holding more than 5% of voting shares of the Company, pledges the shares held by him, he shall notify the Company in writing with regard to such pledge within three working days since the date of occurrence.
- Article 57 In addition to obligations imposed by laws, administrative regulations or the listing rules in the region where the Company shares are listed, the controlling shareholders (as defined in the following Article) may not, in the exercise of their shareholders' powers, make decisions prejudicial to the interest of all or part of the shareholders as a result of the exercise of their voting rights on the issues set forth below:
- (1) relieving a Director or supervisor of the responsibility to act honestly in the best interest of the Company;
  - (2) approving a Director or supervisor (for his own or another person's benefit) of depriving the Company of its property in any way, including (but not limited to) any opportunities that are favorable to the Company; or
  - (3) approving a Director or supervisor (for his own or another person's benefit) in depriving other shareholders of their personal rights or interests, including (but not limited to) rights to distributions and voting rights, but not including the restructuring of the Company submitted to and adopted by the shareholders in general meeting in accordance with the Articles of Association of the Company.
- Article 58 For the purposes of the preceding Article, the term "controlling shareholder" shall refer to a person who satisfies any of the following conditions:
- (1) a person who, acting alone or in concert with others, has the power to elect more than half number of the Directors of the Company;
  - (2) a person who, acting alone or in concert with others, has the power to exercise or control the exercise of 30 percent or more of the company's voting rights;
  - (3) a person who, acting alone or in concert with others, holds 30 percent or more of the issued and outstanding shares of the Company; or
  - (4) a person who, acting alone or in concert with others, actually controls the Company in any other manners.
- Article 59 The controlling shareholders are obligated to be honest to the Company and other shareholders. The controlling shareholders shall exercise their rights as capital contributors in strict compliance with the laws. They shall not infringe upon the legitimate rights and interests of the Company and other shareholders by means of asset restructuring etc., and shall not take advantage of their special positions to seek extra interests.

- Article 60           The controlling shareholders shall strictly comply with the conditions and procedures imposed by the laws, regulations and the Articles of Association of the Company when nominating candidates for the Directors and supervisors of the Company. The candidates for the Directors and supervisors nominated by the controlling shareholders shall possess relevant professional knowledge, decision-making and supervision capability. The controlling shareholders shall not perform any approval procedure in relation to the resolution of the general meeting of shareholders on personnel election or the resolution of the Board of Directors on personnel employment; cannot appoint or dismiss senior executives of the Company by bypassing the general meeting of shareholders and the Board of Directors.
- Article 61           Significant decisions of the Company shall be made by the general meeting of shareholders and the Board of Directors in accordance with the laws. Moreover, the production and operation activities of the Company shall be free from the direct or indirect intervention by the controlling shareholders, thereby protecting the rights and interests of the Company and other shareholders from infringement.
- Article 62           The staff of the Company shall be independent from the controlling shareholders. Manager, deputy manager(s), personnel in charge of financial affairs, marketing executives and Board Secretary of the Company shall not take occupation other than as a director in controlling shareholders' entities. If the directors and senior executives of the controlling shareholders concurrently act as the directors of the listed company, they shall guarantee that they have enough time and energy to undertake the work of the Company.
- Article 63           The Company shall set up sound financial and accounting management systems, and conduct the independent accounting in accordance with relevant laws and regulations. The independence of the financial and accounting activities of the Company shall be free from the intervention of the controlling shareholders.
- Article 64           The Board of Directors, board of supervisors and other internal institutions of the Company shall run independently. The Company and its functional departments are neither superior nor subordinate to the controlling shareholders and their functional departments. The plan and instruction made by the Company and its subsidiaries in relation to operation as well as the independence of their operation management shall not be influenced by the controlling shareholders and their subsidiaries in any form.
- Article 65           The businesses of the Company shall be completely independent from those of the controlling shareholders and their subsidiaries, and the Company and its subsidiaries shall not engage in the same or similar businesses of the controlling shareholders and their subsidiaries. The Company shall take effective measures to avoid the horizontal competition.

## Chapter 8 General Meeting of Shareholders

Article 66 The general meeting of shareholders shall be the organ of authority of the Company, and shall exercise its functions and powers according to the law.

Article 67 The general meeting of shareholders shall exercise the following functions and powers:

- (1) to decide on the business policies and investment plans of the Company;
- (2) to elect and replace Directors, the procedures of which are to be published on the Company's website, and to decide on matters concerning the remuneration of Directors;
- (3) to elect and replace the supervisors who are to be appointed from among the shareholders' representatives and decide on matters concerning the remuneration of supervisors;
- (4) to examine and approve reports of the Board of Directors;
- (5) to examine and approve reports of the board of supervisors;
- (6) to examine and approve the Company's annual financial budget and final account proposals;
- (7) to examine and approve the Company's plans for profit distribution and reparation for losses;
- (8) to pass resolutions concerning the increase or reduction of the Company's registered capital;
- (9) to pass resolutions on matters such as the merger, division, dissolution or liquidation of the Company;
- (10) to pass resolutions on the issuance of bonds by the Company;
- (11) to pass resolutions on the appointment, removal or non-reappointment of accounting firms by the Company;
- (12) to amend the Articles of Association of the Company;
- (13) to examine motions raised by shareholders representing 5 percent or more of the Company's voting shares;

- (14) other matters that laws, administrative regulations and the Articles of Association of the Company require to be resolved by the general meeting of shareholders; and
- (15) other matters that can be authorized or entrusted to the Board of Directors for their handling by the shareholders in general meeting.

Article 68

Without the prior approval of the general meeting of shareholders, the Company shall not conclude any contract with any person other than a Director, a supervisor, the Manager or Other Senior Executives of the Company for the delegation of the whole business management or part of the important business management of the Company management of the Company to that person.

Article 69

General meetings of shareholders shall include annual general meetings and extraordinary general meetings. Annual general meeting shall be convened once every fiscal year and shall be held within six months following the preceding fiscal year.

The Board of Directors shall convene an extraordinary general meeting within two months of the occurrence of any of the following circumstances:

- (1) the number of Directors is less than the number provided for in the Company Law or less than two-thirds prescribed in the Articles of Association of the Company;
- (2) the losses of the Company that have not been made up reach one-third of the total share capital of the Company;
- (3) at the written request of the shareholders separately or aggregately holding 10% or more of the Company's shares; or
- (4) the Board of Directors considers that there is a need;
- (5) the board of supervisors proposes a meeting; or
- (6) more than half of the independent Directors propose a meeting.

Article 70

The Company shall issue a written notice of the general meeting of shareholders 20 days prior to the convening of the annual general meeting and 15 days prior to the convening of the extraordinary general meeting informing all the registered shareholders of the matters to be examined at the meeting as well as the date and place of the meeting.

- Article 71 Shareholder(s) individually or jointly holding more than 3% of the Company's shares may submit a written provisional motion to be added to the meeting agenda to the Board 10 days before the convening of the general meeting of shareholders by the Company. The Board shall notify other shareholders within two days after the receipt of the motion and submit the provisional proposal to the general meeting of shareholders for consideration. The contents of the provisional motion shall fall within the functions and powers of general meeting of shareholders with clear discussion topic and specific matters to be resolved.
- No resolution shall be passed at a general meeting of shareholders on any matter which is not set out in the notice referred to in Articles 70 and Articles 71 herein.
- Article 72 The motions proposed to the general meeting of shareholders shall satisfy the following conditions:
- (1) the contents constitute no conflict with the laws, regulations and the Articles of Association, and fall within the scope of duties of the general meeting of shareholders;
  - (2) have a clear topic and a specific focus for resolution; and
  - (3) submitted or delivered in writing to the Board of Directors.
- Article 73 When the Board of Directors decides not to include a motion in the agenda of the general meeting of shareholders, it shall explain and state the reason at such general meeting of shareholders, and after that general meeting of shareholders, the Board of Directors shall publish an announce in relation to the contents of that motion, the statement of the Board of Directors together with the resolution of the general meeting of shareholders.
- Article 74 Shareholder who has proposed a motion pursuant to Article 71 of the Articles of Association disagrees with the decision of the Board of Directors that not to include his motion in the agenda of the general meeting of shareholders, he can propose an extraordinary general meeting in accordance with the procedure specified in the Articles of Association.
- Article 75 (This Article has been deleted in accordance with the special resolution of the 2020 Extraordinary General Meeting and the Class Meetings.)

The notice of a general meeting of shareholders shall meet the following requirements:

- (1) it shall be made in writing;
- (2) it shall specify the place, date and time of the meeting;
- (3) it shall state the shareholding registration date of the shareholders who are entitled to attend the general meeting of shareholders;
- (4) it shall specify name and phone number of the appointed contact person for the meeting;
- (5) it shall describe the matters to be discussed at the meeting;
- (6) it shall provide to the shareholders the information and explanations necessary for them to make a wise decision on the matters to be discussed. This principle shall apply (but not limit) when the Company proposes a merger, repurchase of shares, reorganization of share capital or other restructuring, it shall provide the specific conditions and contract (if any) of the transaction under discussion and earnestly explain the cause and result of the transaction;
- (7) it shall disclose the nature and extent of conflict of interest, if any, of any Director, supervisor, Manager or Other Senior Executives of the Company in any matter to be discussed; and provide an explanation of the difference, if any, between the way in which the matter to be discussed would affect such Director, supervisor, Manager or Other Senior Executives in his capacity as shareholder and the way in which such matter would affect other shareholders of the same category;
- (8) it shall contain the full text of any special resolution proposed to be adopted at the meeting;
- (9) it shall contain a conspicuous statement that shareholders entitled to attend and vote have the right to entrust one or more proxies to attend and vote on their behalf and that such proxy need not be a shareholder; and
- (10) it shall state the time and place for delivery of the meeting's proxy forms.



Article 77 The notice of a general meeting of shareholders shall be served on each shareholder (whether or not such shareholder is entitled to vote at the meeting) by personal delivery or pre-paid mail to the recipient's address shown in the register of shareholder. For the holders of Domestic Shares, notice of a general meeting of shareholders may also be given by public announcement.

The public announcement referred to in the preceding paragraph shall be published in one or more newspapers designated by the State Council authorities in charge of securities. Once the announcement is made, all holders of Domestic Shares shall be deemed to have received the notice of the relevant general meeting of shareholders. Such public announcement shall be published in Chinese or English pursuant to Article 239 of the Articles of Association.

Article 78 A meeting and the resolutions adopted thereat shall not be invalidated as a result of the accidental omission to give notice of the meeting to, or the failure of receiving such notice by, a person entitled to receive such notice.

Article 79 Any shareholder entitled to attend and vote at a general meeting of shareholders shall have the right to appoint one or more persons (whether such person is a shareholder or not) as his proxies to attend and vote on his behalf. Such proxy may exercise the following rights according to the authorization from that shareholder:

- (1) the shareholder's right to speak at the general meeting of shareholders;
- (2) the right to exercise the voting power by way of poll independently or together with others;
- (3) the right to exercise the voting power by way of show of hands or poll. Nevertheless, when more than one proxy is appointed, such shareholder's proxies can only exercise the voting power by way of poll.

Any shareholder who is a settlement institution or its proxy defined under the Securities and Futures Ordinance (Chapter 571 of the Hong Kong Laws) can authorize one or more persons deemed to be appropriate or corporate Representative to act as his representative at any general meeting of shareholders or any meeting of class shareholders or any meeting of creditors, and these proxies or representatives shall have the same statutory rights as other shareholders, including the right to speak and to vote. However, when more than one person is authorized, the instrument appointing a proxy shall specify the number and class of shares represented by each of such persons. The persons with such authorization can exercise the rights on behalf of the settlement institution (or its proxy), as if they were a personal shareholder of the Company, including the right to speak and to vote.

Article 80 Shareholders shall entrust their proxies by written instruments that shall be signed by the entrusting parties or such proxies. Where the entrusting party is a legal person, the instrument shall be sealed by the legal person or signed by its director (s) or duly authorized proxies.

Article 81 Personal shareholder who attends the meeting in person shall present his identity certificate and shareholding certificate, and the proxy entrusted by the shareholder shall present his identity certificate, the instrument of proxy and shareholding certificate.

Where the shareholder is a legal person, its legal representative or the proxy entrusted by its legal representative shall be entitled to attend the meetings and, where a corporation is so represented, it shall be treated as being present at any meeting in person. When the legal representative attends the meeting, he shall provide his identity certificate, effective evidence of his qualification as the legal representative and the shareholding certificate; and when the legal representative entrusts a proxy to attend the meeting, the proxy shall show his identity certificate, the instrument of proxy issued by the legal representative of that legal person according to law and the shareholding certificate.

Article 82 The instrument of proxy issued by the shareholders to appoint others to attend the general meeting of shareholders shall indicate the following:

- (1) name of the proxy;
- (2) whether the proxy has the right to vote;
- (3) instruction to cast affirmative, negative or abstention vote on each matter listed in the agenda of the general meeting of shareholders;
- (4) whether the proxy has the voting power on a temporary motion possible to be included in the agenda of the general meeting of shareholders, and if so, give specific instruction on what voting right to be exercised;
- (5) date of issuance and effective period of the instrument;
- (6) signature (or seal) of the shareholder. Where the shareholder is a legal person, the instrument shall also be affixed with the official seal of such legal person;
- (7) the number of shares represented by the shareholder's proxy.

The instrument of proxy shall specify whether the shareholder's proxy can vote at his own discretion in the absence of instructions from the shareholder. If several persons are appointed as the shareholder's proxies, the instrument of proxy shall specify the number of shares represented by each shareholder's proxy.

- Article 83            The instrument appointing a voting proxy shall be placed at the Company Domicile or at such other place as specified in the notice of the meeting within 24 hours prior to the meeting at which the proxy is authorized to vote or within 24 hours prior to the specified time of the vote. Where the instrument is signed by another person authorized by the entrusting party, the power of attorney or other document authorizing the signature shall be notarized. The notarized power of attorney or other authorizing documents shall be placed together with the instrument appointing a voting proxy in the Company Domicile or other places specified in the meeting notice.
- Where the entrusting party is a legal person, its legal representative or the person authorized by resolution of its board of directors or other decision-making body shall be entitled to attend the general meeting of shareholders as the representative of such legal person.
- Article 84            The meeting register of the attendees in the meeting shall be made by the Company. The meeting register records the name (or institution title), ID card number and address of the participants in the meeting; number of shares with the voting right held or represented by these participants; name (or institution title) of the principals; and other information.
- Article 85            Any form issued by the Board of Directors of the Company to the shareholders for the appointment of proxies shall give the shareholders free choice to instruct their proxies the cast an affirmative or negative vote and enable the shareholders to give separate instructions on each matter to be voted during discussions at the meeting. The instrument of proxy shall specify that in the absence of instructions from the shareholder, the proxy may vote as he thinks fit.
- Article 86            Where the entrusting party has died, lost capacity for acts, revoked the proxy or the signed instrument of appointment prior to the voting, or the relevant shares have been transferred prior to the voting, a vote given in accordance with the terms of an instrument of proxy shall remain valid as long as the Company have received a written notice in relation thereto before the commencement of the relevant meeting.
- Article 87            After the notice on holding the meeting was sent, the Board of Directors shall not change the time to hold the general meeting of shareholders, unless the meeting is made impossible by force majeure or other accidents. When it is truly necessary to change the time of the general meeting of shareholders on account of force majeure or other accidents, the shareholding registration date shall not be accordingly changed.

Article 88 Resolutions of the general meeting shareholders shall be ordinary resolutions or special resolutions.

Ordinary resolutions of the general meeting of shareholders shall be passed by votes representing more than one-half of the voting rights held by the shareholders (including proxies) present at the meeting.

Special resolutions of the general meeting of shareholders shall be passed by votes representing more than two-thirds of the voting rights held by the shareholders (including proxies) present at the meeting.

Article 89 When shareholders (including proxies) vote at the general meeting of shareholders, they shall exercise their voting rights as are attached to the number of voting shares that they represent. Each share shall carry one vote.

If any shareholder has to forfeit his voting rights or be limited to just to vote for or against specific resolutions in accordance with the GEM Listing Rules, his (including proxies) vote which offences the relevant regulations or limitations shall not be counted.

Article 90 Unless the following persons request to cast votes by poll before or after the voting, the general meeting of shareholders shall cast votes by a show of hands:

- (1) chairman of the meeting;
- (2) at least two shareholders with voting rights or two proxies of the shareholders with voting rights; or
- (3) one or more shareholders (including their proxies) separately or aggregately holding 10% or more of the shares with the voting rights at the meeting.

Unless it is proposed to cast a poll votes, the chairman of the meeting announces the results of proposed resolutions according to the voting results by a show of hands, and records such results in the meeting minutes as the final basis, and shall have no necessity to prove the number of votes or their proportions supporting or opposing the resolutions adopted by the meeting.

The request to cast a poll votes can be revoked by the proposer.

Article 91 A poll on the election of the chairman or the adjournment of the meeting shall be taken immediately. A poll for any other matter shall be taken at the time decided upon by the chairman and the meeting may then proceed with the discussion of other matters. The result of the poll shall be deemed a resolution passed at that meeting.

- Article 92            When a poll is taken, shareholders (including proxies) having the right to two or more votes need not cast all votes in the same way.
- Article 93            When the number of votes for and against a resolution is equal, the chairman of the meeting shall have an additional vote, either by a show of hands or by poll.
- Article 94            The following matters shall be resolved by way of an ordinary resolution of the general meeting of shareholders:
- (1) work reports of the Board of Directors and the board of supervisors;
  - (2) plans for the distribution of profits and making up of losses drafted by the Board of Directors;
  - (3) removal of members of the Board of Directors and the board of supervisors, their remuneration and method of payment of their remuneration;
  - (4) the Company's annual budget, final accounts, balance sheet, profit statement and other financial statements; and
  - (5) matters other than those required by laws, administrative regulations or the Articles of Association of the Company to be passed by way of a special resolution.
- Article 95            The following matters shall be resolved by way of a special resolution of the general meeting of shareholders;
- (1) increase or reduction of the Company's share capital and issuance of any class of shares, warrants or other similar securities;
  - (2) issuance of Company's bonds;
  - (3) division, merger, dissolution, voluntary winding up and liquidation of the Company;
  - (4) amendment to the Articles of Association of the Company; and
  - (5) other matters that, as resolved by way of an ordinary resolution of the general meeting of shareholders, may have a significant impact on the Company and required to be resolved by way of a special resolution.

Article 96

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

- (1) Two or more shareholders aggregately holding a total of 10% or more of the voting shares at the proposed meeting may sign one or more written counterpart requests requesting the Board of Directors to convene an extraordinary general meeting or a class meeting of shareholders and stating the subject of the meeting. The Board of Directors shall convene the extraordinary general meeting or a class meeting of shareholders as soon as possible after having received the above-mentioned written request. The shareholding referred to above shall be calculated as at the date on which the written request is made;
- (2) if the Board of Directors fails to issue a notice of such a meeting within 30 days after having received the above-mentioned written request, the shareholders who made such request may themselves convene the meeting within four months after the Board of Directors received the request. The procedures according to which they convene such meeting shall be, as similar as possible, to the procedures according to which the meetings of shareholders are to be convened by the Board of Directors; and
- (3) where shareholders convene and hold a meeting because the Board of Directors failed to hold such meeting pursuant to a request as mentioned above, the reasonable expenses incurred by such shareholders shall be borne by the Company and shall be set-off against the sums owed by the Company to the defaulting Directors.

Article 97

The general meetings of shareholders shall be convened and presided over by the Chairman of the Board of Directors. Where the Chairman of the Board of Directors cannot attend such a meeting for any reason, the meeting shall be convened and presided over by the vice-chairman of the Board of Directors. Where both the Chairman and the vice-chairman of the Board of Directors are unable to attend the meeting, the Board of Directors may designate a Director of the Company to convene and preside over the meeting on its behalf. Where no chairman of the meeting is designated, the shareholders attending the meeting may elect one person to preside over the meeting. If for any reason the shareholders are unable to elect a chairman, the shareholder holding the largest number of voting shares and attending the meeting (whether in person or by proxy) shall preside over the meeting.

Article 98

The Board of Directors and the board of supervisors shall make a response or explanation to the inquiries and suggestions raised by the shareholders, unless such inquiries and suggestions involve trade secrets of the Company that can't be made public at the meeting.

- Article 99            The general meeting of shareholders shall keep the minutes, which shall be signed by the Directors and recorder attending the meeting. The minutes shall record the following:
- (1) The number of voting shares present at the general meeting of shareholders, and their proportion in the total shares of the Company;
  - (2) date and place of the meeting;
  - (3) name of the chairman and the agenda of the meeting;
  - (4) key points of each speaker on every matter discussed;
  - (5) voting results of each voted matter;
  - (6) inquiries, opinions and suggestions of the shareholders, and related answers or statements of the Board of Directors and the board of supervisors;
  - (7) other contents that shall be recorded in the minutes considered by the general meeting of shareholders and specified by the Articles of Association.
- Article 100            The chairman of the meeting shall be responsible for deciding whether or not a resolution of the general meeting of shareholders has been passed. His decision shall be final and conclusive and shall be announced at the meeting and recorded in the minutes of the meeting.
- Article 101            If the chairman of the meeting has any doubt about the result of a resolution put to the vote, he may count the number of votes. If the chairman of the meeting fails to count the votes, a shareholder or proxy attending the meeting who challenges the result announced by the chairman of the meeting shall have the right to request counting of votes immediately after such announcement, the chairman of the meeting shall immediately count the votes.
- Article 102            If votes are counted at a general meeting of shareholders, the result of the counting shall be recorded in the minutes of the meeting.
- Article 103            The minutes of meetings and the attendance records signed by the attending shareholders and proxies shall be kept at the Company Domicile for a period of 10 years.
- Article 104            Shareholders may examine photocopies of the minutes of meetings during the Company's office hours without charge. If any shareholder requests for a photocopy of relevant minutes of meetings from the Company, the Company shall send such photocopy within seven days after receiving payment of reasonable charges.

## **Chapter 9 Special Procedure for Voting of Class Shareholders**

Article 105

Shareholders who hold different classes of shares shall be class shareholders.

Class shareholders shall enjoy rights and assume duties in accordance with laws, administrative regulations and the Articles of Association of Company.

Article 106

If the Company intends to change or abrogate the rights of class shareholders, it may do so only after such change or abrogation has been approved by a special resolution of the general meeting of shareholders and by a separate general meeting of shareholders convened by the shareholders of that class in accordance with Articles 108 to 112.

Article 107

The rights attaching to a particular class of shares shall be deemed to have been changed or abrogated in the following conditions:

- (1) increase or decrease in the number of shares of such class, or an increase or decrease in the number of shares of a class having voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (2) change of all or part of the shares of such class into shares of another class, conversion of all or part of the shares of another class into share of such class or the grant of the right to such change;
- (3) removal or reduction of rights to accrued dividends or cumulative dividends attached to shares of such class;
- (4) reduction or removal of preferential rights attached to shares of that class to receive a dividends or to asset distribution during liquidation of the Company;
- (5) addition, removal or reduction of share conversion rights, options, voting rights, transfer rights, preemptive rights or rights to acquire securities of the Company attached to shares of such class;
- (6) removal or reduction of rights to receive amounts payable by the Company in a particular currency attached to shares of such class;
- (7) a creation of a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of that class;
- (8) imposition of restrictions or additional restrictions on the transfer or ownership of shares of such class;



- (9) issuance of rights to subscribe for, or convert into, shares of such class or another class;
- (10) increase in the rights and privileges of shares of another class;
- (11) restructuring of the Company causes disproportion distribution of obligations between shareholders of various classes during the restructuring; or
- (12) amendment to or cancellation of the provisions of this Chapter.

Article 108

In relation to classes of shareholders who are affected, irrespective of whether they have the right to vote at general meetings of shareholders, they shall have the right to vote at class meetings of shareholders in respect of matters referred to in items (2) to (8) and (11) to (12) under Article 107, except that interested shareholders shall not have the right to vote at such class meetings.

For the purposes of the preceding paragraph, the term “interested shareholders” shall have the following meanings:

- (1) in case of a repurchase of shares by way of public dealing on a securities exchange in accordance with Article 32 hereof, the controlling shareholders as defined in Article 58 hereof shall be “interested shareholders”;
- (2) in case of a repurchase of shares by way of an off-market agreement in accordance with Article 32 hereof, holders of shares in relation to such agreement shall be “interested shareholders”;
- (3) under a restructuring proposal of the Company, shareholders who will bear liability in a smaller proportion than that of the liability borne by other shareholders of the same class, or shareholders who have a different interest to that of the shareholder in the same class in relation to such restructuring proposal shall be “interested shareholders”.

Article 109

Resolutions of a class of shareholders may only be passed by more than two-thirds of the voting rights of that class represented at the meeting in accordance with Article 108 hereof.

Article 110 When the Company is to hold a class meeting, it shall issue a written notice 20 days prior to the meeting informing all the registered shareholders of that class of the matters to be examined at the meeting as well as the date and place of the meeting.

If the number of shares carrying the right to vote at the meeting represented by the shareholders intending to attend the meeting is more than half of the total number of shares of that class carrying the right to vote at the meeting, the Company may hold the class meeting. If not, the Company shall within five days give the shareholders further notice of the matters to be examined at the meeting and the date and place of the meeting by way of public announcement. Upon making such public announcement, the Company may hold the class meeting.

Article 111 Notice of a class meeting need only be delivered to the shareholders entitled to vote thereat.

The procedures according to which a class meeting is held, shall be as similar as possible, follow the procedures according to which a general meeting of shareholders is held. Provisions of the Articles of Association of the Company relating to procedures for the holding of a general meeting of shareholders shall be applicable to class meetings.

Article 112 Apart from the holders of other classes of shares, holders of Domestic Shares and Overseas-Listed Foreign Shares shall be deemed to be holders of different classes of shares.

The special procedures for approval by a class of shareholders shall not apply in the following circumstances:

- (1) where, upon the approval by a special resolution of the general meeting of shareholders, the Company issues, either separately or concurrently, Domestic Shares and Overseas-Listed Foreign Shares once every 12 months, not more than 20 percent of the existing issued of the respective classes; or
- (2) where the plan for issuance of Domestic Shares and Overseas-Listed Foreign Shares upon the establishment of the Company is completed within 15 months from the date of approval by the State Council Securities Commission.

## Chapter 10 Board of Directors

Article 113 The Company shall have a Board of Directors. The Board of Directors shall be composed of nine Directors, of which three are independent non-executive Directors. The Board of Directors shall have one Chairman.

The Board of Directors shall be independent from the holding institutions (refer to a company, enterprise or nonprofit organization that controls the Company, the same hereinafter).

The Board of Directors shall have more than half of the external Directors (refer to Directors not taking posts in the Company, the same hereinafter) and more than three independent Directors (refer to Directors being independent from the shareholders of the Company, and not taking posts in the Company, the same hereinafter).

Article 114 The Directors shall be elected by the general meeting of shareholders each for a term of 3 years and may serve consecutive terms if re-elected upon the expiration of their terms.

The minimum length of the period, during which notice to the Company of the intention to propose a person for election as a Director and during which notice to the Company by such person of his willingness to be elected may be given, will be at least 7 days. The period for lodgment of aforesaid notices will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting.

The Chairman of the Board of Directors and the vice-chairman of the Board of Directors shall be elected and removed by more than half of all the Directors. The Chairman of the Board of Directors and the vice-chairman of the Board of Directors shall serve a term of 3 years and may serve consecutive terms if re-elected upon the expiration of their terms.

Subject to compliance with the relevant laws and regulations, the shareholders in general meeting may by ordinary resolution remove any Director (including managing Director and other executive Directors) whose term has not expired (But the right to claim for damages pursuant to any agreements shall be not affected thereby.). However, the general meeting of shareholders shall not recall a Director without due cause prior to the expiration of his tenure.

If no re-election is conducted in a timely manner upon the expiration of the terms of Director(s), or the members of the Board of Directors are lower than the quorum due to the resignation of Director(s) whose terms have not expired, the original Director(s) shall still perform their duties as the Directors in accordance with the laws, administrative regulations and the Articles of Association of the Company, before the new Director(s) hold office.

When there is a vacancy on the Board of Directors, the general meeting of shareholders shall elect a new Director. The term of the new Director shall be the remaining term of the Director who is out-of-office, and the new Director shall be eligible for re-election upon the expiration of his term.

When there is a vacancy on the Board of Directors before the general meeting of shareholders convened, the Board of Directors shall appoint one new Director to fill the vacancy. Provided that it does not contravene the relevant laws, regulations and regulatory rules at the location where the Company's shares are listed, any Director appointed by the Board of Directors to fill a casual vacancy or as an addition to the existing Board of Directors shall hold office only until the first annual general meeting after his appointment and shall then be eligible for re-election. Any Director appointed by the Board of Directors to fill a casual vacancy shall hold office until the first general meeting of the shareholders after his appointment and be subject to re-election at such meeting.

Directors need not to hold any shares of the Company.

Article 115           The Board of Directors may engage honorary advisors, if necessary.

Article 116           The Board of Directors shall be accountable to the general meeting of shareholders and shall exercise the following functions and powers:

- (1) to be responsible for convening the general meeting of shareholders and to report on its work to the general meeting of shareholders;
- (2) to implement the resolutions of the general meeting of shareholders;
- (3) to decide on the business plans and investment plans of the Company;
- (4) to formulate the proposed annual financial budgets and final accounts of the Company;
- (5) to formulate the plans for profit distribution and making up losses of the Company;

- (6) to formulate plans for the increase or reduction in the registered capital of the Company and for the issue of Company bonds;
- (7) to formulate plans for the merger, division and dissolution of the Company;
- (8) to propose plan for the establishment of the Company's internal management organization;
- (9) to appoint or renew the Company Manager; appoint or renew the Company's deputy manager(s), personnel in charge of financial affairs, Other Senior Executives as proposed by the Manager, and to decide on the their remuneration; appoint or replace subsidiaries' directors and the members of board of supervisors; appoint, replace or recommend subsidiaries' the shareholder representatives, the directors and the supervisors
- (10)to review the working report of Company Manager;
- (11)the formulate the basic management systems of the Company;
- (12)subject to the compliance with relevant laws, regulations and the Articles of Association, to exercise the financing and borrowing rights, decide the mortgage, lease, contracting or transfer of important assets of the Company, and to certain extent, authorize the Company Manager to exercise the rights said in this clause;
- (13)to suggest the general meeting of shareholders engage or change the accounting firm that audits the Company;
- (14)to formulate proposals to amendments to the Articles of Association of the Company;
- (15)to decide the interim dividend distribution plan of the Company;
- (16)to decide other significant matters not specified in the Articles of Association but should be determined by the general meeting of shareholders;
- (17)other functions or powers stipulated conferred by Articles of Association or the general meeting of shareholders.

Resolutions by the Board of Directors on matters referred to in the preceding paragraph shall be passed by the affirmative vote of more than one-half of the Directors other than the resolutions on matters referred to in items (6), (7) and (14), which shall require the affirmative vote of more than two-thirds of the Directors

Article 117           When the Board of Directors disposes of fixed assets and the aggregate amount of the expected value of the consideration for the proposed disposal and the value of the consideration for disposal of fixed assets made in the four months immediately preceding the proposed disposal exceeds 33 percent of the value of the fixed assets shown in the latest balance sheet placed before the general meeting of shareholders, the Board of Directors shall not dispose of the fixed assets without the prior approval of the general meeting of shareholders.

For the purposes of this Article, the term “disposal of fixed assets” shall include the transfer of an interest in assets, but does not include usage of fixed assets for the provision of security.

The validity of transactions whereby the Company disposes of fixed assets shall not be affected by the first paragraph hereof.

Article 118           The Chairman of the Board of Directors shall exercise the following functions and powers:

- (1) to preside over the general meetings of shareholders and to convene and preside over meetings of the Board of Directors;
- (2) to examine the implementation of resolutions of the Board of Directors, and monitor the daily operation and management of managers;
- (3) to sign certificates of securities issued by the Company;
- (4) to sign important documents of the Board of Directors and other documents that shall be signed by the legal representative of the Company;
- (5) to exercise the powers of the legal representative;
- (6) other functions and powers granted by the Board of Directors.

If the Chairman of the Board of Directors is unable to perform his functions, he may designate a vice-chairman of the Board of Directors to perform such functions on his behalf.

Article 119

The Board of Directors shall set up special committees to help it fulfil the duties as authorized by the Board of Directors.

The special committees under the Board of Directors are audit committee, remuneration committee and nomination committee. The special committees shall be accountable to the Board of Directors, and shall consist of Directors. In the audit committee, the remuneration committee and the nomination committee, the independent non-executive Directors shall be the majority in number, and the audit committee shall comprise at least one independent non-executive Director who must have appropriate professional qualifications or appropriate accounting or related financial management expertise in accordance with relevant provisions of the securities trading rules in the region where the shares of the Company are listed. Where necessary, the Board of Directors may also set up other committees and adjust the existing committees.

The responsibilities of the special committees under the Board of Directors shall be determined in accordance with relevant provisions of the State and the securities trading rules in the region where the shares of the Company are listed. The rules of procedure for the special committees shall be made by the Board of Directors.

Article 120

Meetings of the Board of Directors shall be held at least twice a year. Meetings of the Board of Directors shall be convened by the Chairman of the Board of Directors by giving a notice to all Directors 7 days before the meetings are held.

Any of the following cases occur, Chairman of the Board of Directors shall convene an extraordinary meeting of the Board of Directors within three working days:

- (1) Chairman of the Board of Directors considers it necessary;
- (2) more than one-third of the Directors propose together;
- (3) board of supervisors proposes;
- (4) the Manager proposes.

The reasonable 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 venue (if different), the accommodation expense during the meeting, the rent of the meeting venue, and the travel expenses in the meeting place.

- Article 121 Notice of convening the meetings and the extraordinary meetings of the Board of Directors shall be given to the Directors in accordance with following manner:
- (1) if the time and address of the regular meetings of the Board of Directors have been speechified by the Board of Directors in advance, there is no need to distribute a notice;
  - (2) if the Board of Directors has not decided the time and place of the meeting of the Board of Directors in advance, Chairman of the Board of Directors shall notify the Directors and the supervisors for the time and place of the meeting of the Board of Directors via email, telex, telegraph, fax, express delivery, registered mail, or special person at least 10 days before the meeting;
  - (3) when there is an urgent matter needing to convene a meeting of the Board of Directors, Chairman of the Board of Directors shall cause the Board Secretary to notify the Directors and the supervisors for the time and place of the extraordinary meeting via email, telex, telegraph, fax, express delivery, registered mail or special person at least three days before the meeting;
  - (4) the notice shall be written in Chinese, attached with the English version when necessary, and include the agenda of the meeting. Any Director can waive the right to receive the notice of the meeting of the Board of Directors.
- Article 122 If a Director has attended the meeting and has not put forward his dissidence about the failure to receive the notice before attending the meeting or when the meeting starts, such Director shall be considered as having received the notice of the meeting.
- Article 123 The meetings or extraordinary meetings of the Board of Directors can be held by means of phone conference or other similar communication methods. As long as Directors attending the meeting can clearly hear and communicate with other Directors, all Directors shall be considered as attending the meeting in person.
- Article 124 Meetings of the Board of Directors shall be held only if more than one-half of the Directors (including the Directors entrusted to attend the meeting in accordance with Article 126 under the Articles of Association) are present.
- Each Director shall be entitled to one vote. Resolutions of the Board of Directors must be passed by the affirmative vote of more than half of all the Directors.
- When the number of votes for and against are equal, the Chairman has the right to have one more vote.



When more than one-quarter of the Directors consider the materials on the discussed matters are inadequate or the demonstration is unclear, they can jointly propose to delay the meeting or some matters to be discussed by the Board of Directors, and the Board of Directors shall adopt such proposal.

Article125

When a proposal for the meeting of the Board of Directors is distributed to all Directors, if the Directors signing the proposal reaches the quorum required to make a decision as stipulated in Article124 under the Articles of Association, the proposal sent back to Board Secretary in one of the aforesaid manners shall become a resolution made by the Board of Directors and it will be no longer necessary to convene a meeting of the Board of Directors.

Article 126

Meetings of the Board of Directors shall be attended by the Directors in person. If a Director cannot attend a meeting for any reason, he may entrust in writing another Director with attending the meeting on his behalf. The instrument of entrustment shall specify the scope of authority. A Director who attends a meeting on behalf of another Director shall exercise the rights of a Director within the scope of authority granted.

If a Director fails to attend a meeting of the Board of Directors and has not appointed a representative to attend on his behalf, he shall be deemed to have waived his voting rights in that meeting.

Article 127

A Director shall abstain from voting at the meeting of the Board of Directors on the issues in which he has interest nor shall he be counted in the quorum present at the meeting. In addition, a Director shall not vote at the meeting of the Board of Directors on any resolution approving any contract or arrangement or any other proposal in which he or any of his associates has a material interest, nor shall he be counted in the quorum present at the meeting.

The aforesaid restrictions don't apply in any of the following:

- (1) (a) giving a Director or any of his associates a guarantee, security, indemnity in respect of money lent to, or an obligation incurred by him for benefit or at the request of, the Company or any of its subsidiaries;
- (b) the Company or any of its subsidiaries provides any mortgage or compensation guarantee for its debtor obligation to a third party, and a Director or any of his associates has undertaken such debtor obligation in whole or in part (either separately or jointly) according to one guarantee or compensation guarantee or providing one mortgage;

- (2) Any offer proposed by other person or company to subscribe or purchase the shares, bonds or other securities of the Company or other companies (sponsored or owned in whole or in part by the Company), and the Director or its related party owns or will own an interest by participating in the distribution or under writing of the offer;
- (3) Any suggestion made by other relevant company, and the Director or any of his associates owns an interest directly or indirectly in the suggestion (either in the capacity of senior executive, administrative staff or shareholder); or any suggestion made by other relevant company, and the Director and any of his associates actually owns shares in such other company, but such Director and any of his associates does not actually own 5% or more of any class of shares issued or the voting rights together (or the Director or any of his associates owns an interest in any third company);
- (4) an arrangement for the benefit of employees of the Company or any of its subsidiaries, including:
  - (a) the adoption, modification or operation of any employee's share scheme or share incentive scheme or share option scheme under which the Director may benefit; or
  - (b) the adoption, modification or operation of a pension fund, or retirement, death or disability benefits scheme, which relates both to Directors, associates of such Directors, and employees of the Company or any director, associate of such director, and employees of its subsidiaries and does not provide in respect of any Director as such privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates.
- (5) any contract or arrangement in which the Director(s) is interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company.

Article 128           The Board of Directors shall keep minutes of resolution passed at Board of Directors meetings. The Directors present at a meeting and the person taking minutes shall sign the minutes of that meeting. The minutes of the Board of Directors shall be preserved as the files of the Company by the Board Secretary for a period of 10 years. The Directors shall be liable for the resolution of the Board of Directors. Where a resolution of the Board of Directors is in violation of laws, administrative regulations or the Articles of Association of Company, thereby causing serious losses to the Company, the Directors who took part in the passing of such resolution shall be liable to the Company for damages. However, where a Director can prove that he expresses his objection to such resolution when it is voted, and that such objection is recorded in the minutes of the meeting, the Director shall be released from such liability.

Article 129           The minutes of the Board of Directors shall contain the following contents:

- (1) date and venue of the meeting and the name of the convener;
- (2) name of Directors present at the meeting and name of the Directors (proxies) present at the meeting upon the consignment of other Directors;
- (3) agenda of the meeting;
- (4) key points of each Director's expression;
- (5) voting method and result for each matter resolved (the voting result shall specify the number of affirmative, negative or abstention vote).

Article 130           The Board of Directors shall set up a special fund for the Board of Directors, which is used for the remunerations and subsidies to the independent non-executive Directors engaged, business communication and training expenses for relevant persons, and other matters approved by Chairman of the Board of Directors.

## Chapter 11 Independent Non-executive Directors

- Article 131 The Company shall establish the system of independent non-executive Directors.
- An independent non-executive Director is a Director who takes no other positions in the Company except as a Director, and has no relation with the Company and its major shareholders that may hinder the independent objective judgment.
- Article 132 The Board of Directors, the board of supervisors or the shareholder holding 1% or more of the issued shares of the Company independently or on a consolidated basis can recommend candidates for independent non-executive Directors, who shall be elected and determined by the general meeting of shareholders.
- Article 133 Each term of an independent non-executive Director is the same as that of other Directors, and may be reelected after the expiration of his term.
- Article 134 An independent non-executive Director undertakes the obligation with integrity and diligence to the Company and all the shareholders.
- If an independent non-executive Director fails to attend three consecutive meetings of the Board of Directors in person, the Board of Directors shall suggest the general meeting of shareholders replace the Director.
- Article 135 The following persons shall not act as the independent non-executive Directors:
- (1) any person holding a position in the Company or subsidiaries and his direct relatives and major social relations (direct relatives include the spouse, parents and off spring, while the major social relations include brothers, sisters, parents-in-law, daughters-in-law, sons-in-law, spouses of brothers and sisters, and brothers and sisters of the spouse);
  - (2) any person holding 1% or more of the issued shares of the Company directly or indirectly, natural person shareholders among the top10 shareholders of the Company, or any person obtaining any issued shares of the Company from related parties of the Company (as defined by the *GEM Listing Rules of the HKEX*) in the form of present or other forms of financial assistance;
  - (3) any person interested in the Company or its subsidiaries financially or in any other way (either in the past or at present), but excluding the equity as indicated in item (2) above or the interest collected as an independent non-executive director or professional advisor;
  - (4) any person related in any way to a related party of the Company (either in the past or at present), but excluding any person who acts as a professional advisor;

- (5) any person undertaking any management responsibility in the Company or its subsidiaries;
- (6) any person who has incurred the situations listed under items (1), (2) and (5) in the past year;
- (7) any person providing financial, legal, consulting, and other services to the Company or its subsidiaries;
- (8) other persons specified by the Articles of Association;
- (9) Other persons identified by China Securities Regulatory Commission or other supervisory authorities (including the HKEX).

Article 136

Besides enjoying general authorities stipulated under the Articles of Association, the independent non-executive Directors shall also enjoy the following special authorities:

- (1) related transactions (as defined by the GEM Listing Rules of the HKEX) shall be recognized by independent non-executive Director and submitted to the Board of Directors for deliberation;
- (2) propose to engage or dismiss an accounting firm to the Board of Directors;
- (3) propose to hold the general meeting of shareholders to the Board of Directors;
- (4) propose to hold meetings of the Board of Directors;
- (5) engage the external auditor and consultancies independently;
- (6) solicit voting rights from the shareholders in public before the general meeting of shareholders is held.

To exercise the aforesaid authorities, an independent non-executive Director shall obtain the consent from more than half of all the independent non-executive Directors.

Article 137

Besides performing the authorities stated in the preceding Article, an independent non-executive Director shall also express independent opinions on the following affairs to the Board of Directors or the general meeting of shareholders:

- (1) nomination, appointment or dismissal of Directors;
- (2) engagement or dismissal of senior executives;

- (3) remunerations of Directors and senior executives of the Company;
- (4) a loan or other monetary transaction between the Company and a related party of the Company, either existing or newly occurring, with a total amount in excess of HKD1million or 0.03% of the most recent audited net asset value of the Company, and whether the Company shall take effective measures to recover the loan;
- (5) issues the independent non-executive Directors think may infringe the rights and interests of the minority shareholders;
- (6) Other issues specified by the Articles of Association or the *GEM Listing Rules of the HKEX*.

The independent non-executive Directors shall express one of the following opinions on the matters stated above: agree; reservation of opinion and reason; object and reason; unable to express opinion and the barriers.

If the relevant issue is not disclosed, the Company shall announce the opinions of the non-executive Directors. When the independent non-executive Directors have different opinions and reach no consensus, the Board of Directors shall disclose the opinions of the independent non-executive Directors respectively.

#### Article 138

An independent non-executive Director can propose to resign before the expiration of his term. The independent non-executive Director shall submit a written resignation report to the Board of Directors before resignation.

When the resignation of the independent non-executive Director makes the proportion of the independent non-executive Directors in the Board of Directors of the Company lower than the minimum requirement specified by the Articles of Association or the *GEM Listing Rules of the HKEX*, the resignation report of the independent non-executive Director shall take effect after next independent non-executive Director makes up for the shortage.

## Chapter 12 Board Secretary

Article 139 The Company shall have a Board Secretary. The Board Secretary is a member of the senior executives of the Company.

Article 140 The Board Secretary shall be a natural person with the necessary professional knowledge and experience, and shall be appointed and dismissed by the Board of Directors. His main duties shall be as set forth bellow:

- (1) to guarantee that the Company has complete organizational documents and records;
- (2) to ensure that the Company prepares and submits according to law the documents and reports required by relevant authorities;
- (3) to guarantee that the Company's register of shareholders is properly maintained and that persons entitled to relevant records and documents of the Company may obtain such relevant records and documents in a timely manner;
- (4) to handle the information disclosure of the Company, and guarantee the timeliness, accuracy, legality, authenticity, and integrity of the information disclosed; and
- (5) to urge the Company to observe relevant laws and regulations of the PRC as well as the rules of the stock exchange where the shares of the Company are listed.

Article 141 Directors or Other Senior Executives of the Company may concurrently hold the office of Board Secretary. No accountant of the accounting firm hired by the Company may concurrently hold the office of Board Secretary.

If the office of Board Secretary is held by a Director of the Company and a certain act is to be done by the Board of Directors and the Board Secretary separately, the person who concurrently holds the offices of Director and Board Secretary may not perform such act in dual capacity.

## Chapter 13 Company Manager

Article 142 The Company shall have one Manager who shall be appointed or dismissed by the Board of Directors.

The Board of Directors can appoint a Director to act as Manager concurrently. Nevertheless, an executive of the holding institution shall not concurrently act as Manager, deputy manager(s), personnel in charge of financial affairs, and chief marketing officer of the Company. The Manager shall serve each term of three years, and can be reappointed.

Article 143 The Company Manager shall be accountable to the Board of Directors and shall exercise the following functions and powers:

- (1) to be in charge of the production, operation and management of the Company and to organize the implementation of the resolutions of the Board of Directors;
- (2) to organize the implementation of the Company's annual business plans and investment plans;
- (3) to draft plan for establishment of the Company's internal management organization;
- (4) to draft the Company's basic management system;
- (5) to formulate the basic rules and regulations of the Company;
- (6) to propose the employment or dismissal of deputy manager(s), personnel in charge of financial affairs and Other Senior Executives of the Company;
- (7) to hire or dismiss other executives other than those to be hired or dismissed by the Board of Directors;
- (8) to decide the award, penalty, promotion, demotion, salary adjustment, engagement, employment, dismissal and discharge of employees of the Company;
- (9) to handle important businesses with external parties on behalf of the Company with the authorization of the Board of Directors;
- (10) other functions and powers conferred by the Articles of Association of Company and the Board of Directors.



- Article 144      The Company Manager shall attend meetings of the Board of Directors, but if he is not a Director, he shall not have the right to vote at such meetings.
- Article 145      In exercise of his functions and powers, the Company Manager shall not change the resolution made by the general meeting of shareholders and the Board of Directors, or exceed the scope of his duties.
- Article 146      In exercise of his functions and powers, the Company Manager shall perform his duties honestly and diligently in accordance with the laws, administrative regulations and the Articles of Association of the Company.

## Chapter 14 Board of Supervisors

Article 147 The Company shall have a 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 and Other Senior Executives, and preventing them from abusing their functions and powers, and infringing on the legitimate rights of shareholders, the Company and its employees. The board of supervisors shall be composed of three supervisors, one of them shall be the chairman of the board of supervisors. The term of office of a supervisor shall be 3 years and may serve consecutive terms upon his expiration.

The appointment and dismissal of the chairman of the board of supervisors shall be voted by at least two-thirds of the supervisors.

Article 148 The members of the board of supervisors shall be composed of two independent supervisors and one representative of the Company's staff. The independent supervisors shall be elected and removed by the general meeting of shareholders and the representative of the Company's staff shall be democratically election and removed by the Company's staff and workers.

The Company's Directors, Manager and personnel in charge of financial affairs shall not concurrently act as the supervisors.

Article 149 Meetings of the board of supervisors shall be held at least once every six months. The chairman of the board of supervisors shall be responsible for convening such meetings. Where the Chairman of the Supervisory Committee is incapable of performing or fails to perform his/her duties, a supervisor jointly elected by not less than half of the supervisors shall convene and preside over the meeting.

Supervisors may propose to convene an extraordinary meeting of the board of supervisors.

Article 150 The board of supervisors shall be accountable to the general meeting of shareholders, and exercises the following functions and powers according to the law:

- (1) to examine the Company's financial affairs;
- (2) to supervise the Company's Directors, Manager and Other Senior Executives to see whether they violate the laws, administrative regulations or the Articles of Association of the Company during their performance of Company duties;

- (3) to require Directors, Manager and Other Senior Executives of the Company to ratify an act if such act is harmful to the Company's interests;
- (4) to verify financial information such as financial reports, business reports, profit distribution plans etc. that the Board of Directors intends to submit to the general meeting of shareholders, and if in doubt, to authorize, in name of the Company, a registered accountant or practicing auditors to assist in reviewing such information;
- (5) to propose to the holding of extraordinary general meetings;
- (6) to represent the Company in negotiating with, or instituting legal proceeding against a Director; and
- (7) other functions and powers provided for in the Articles of Association of the Company.

The supervisors shall attend the meetings of the Board of Directors as attendants.

#### Article 151

The rules of procedure of the board of supervisors are as follows: notice of board of supervisors' meetings shall be delivered to all supervisors in writing at least 10 days before but no more than 30 days before the meetings are held.

Meetings of the board of supervisors shall be held only if two-thirds or more of the supervisors are present, and each supervisor shall be entitled one vote.

Resolutions of the board of supervisors shall be passed by two-thirds or more of affirmative votes of all the supervisors.

The board of supervisors may set its working organ to satisfy the needs of the supervisory function.

#### Article 152

The board of supervisors holds meetings to discuss issues, and shall take records of the discussed issues. In special cases, the board of supervisors can take the fax form, but shall keep records of the discussion process, and the records shall be signed by all the supervisors present at the meeting.

- Article 153           The board of supervisors adopts a show of hands as its voting procedure.
- Article 154           The board of supervisors shall keep a special register and a special recorder. The meeting record shall be signed by the supervisors and the recorder attending the meeting. The supervisor shall have the right to make a certain explanatory statement in his speech at the meeting in the meeting record. Meeting records of the board of supervisors shall be saved by the Board Secretary as company documents. These records shall exist in, and be saved by, the Company for a period of at least 10 years.
- Article 155           The Company shall undertake the reasonable expenses incurred by the board of supervisors to employ lawyers, certified public accountants, independent auditors and other professionals when the board of supervisors exercises its duties.
- Article 156           The supervisors shall exercise their supervisory functions and powers loyally in accordance with the laws, administrative regulations and the Articles of Association.

## **Chapter 15 Qualifications and Duties of the Company's Directors, Supervisors, Manager and Other Senior Executives**

Article 157

None of the following persons may serve as a Director, a supervisor, the Manager or Other Senior Executives of the Company:

- (1) persons without capacity or with limited capacity for civil acts
- (2) persons who were sentenced for crimes of corruption, bribery, encroachment, embezzlement of property, or disruption the social and economic order where five years have not lapsed following the serving of the sentence, or persons who were deprived of their political rights for committing a crime where five years have not lapsed following the serving of the sentence
- (3) directors, or factory directors or managers who bear personal liability for the bankruptcy or liquidation of their companies or enterprises where three years have not lapsed following the date of completion of such bankruptcy or liquidation;
- (4) the legal representatives of companies or enterprises that had their business licenses revoked shutdown for breaking the law, where such representatives bear individual liability therefor and three years have not lapsed following the date of revocation of such business licenses;
- (5) persons with relatively heavy individual debts that have not been settled upon maturity;
- (6) persons whose cases have been established for investigation by the judicial authorities as a result of violation of the criminal law, and have not been closed;
- (7) persons who may not act as leaders of enterprises by virtue of laws and administrative regulations;
- (8) Non-natural persons;
- (9) persons ruled by a relevant organization in charge to have violated securities-related regulations, where such violation involved fraudulent or dishonest acts and five years have not lapsed following the date of the ruling.

Article 158

The validity of an act of a Director, the Manager and Other Senior Executives of the Company on behalf of the Company towards a bona fide third party shall not be affected by any irregularity in his current position, election or qualifications.

Article 159

In addition to duties imposed by laws, administrative regulations or listing rules of the stock exchange(s) on which shares of the Company are listed, the Company's Directors, supervisors, Manager and Other Senior Executives shall own a duty to each shareholder in the exercise of the functions and powers extracted to them by the Company:

- (1) not to cause the Company to act beyond the scope of business stipulated in its business license;
- (2) to act honestly in the best interests of the Company;
- (3) not to deprive the Company's property in any way, including (but not limited to) any opportunities that are favorable to the Company; and
- (4) not to deprive shareholders of their individual rights or interests, including (but not limited to) rights to distributions and voting rights, unless pursuant to a restructuring of the Company submitted to and adopted by the general meeting of shareholders in accordance with the Articles of Association of the Company.

Article 160

A Director, neither attending the meeting of the Board of Directors in person or consigning other Directors to attend such meeting twice in succession, shall be considered as unable to perform his duty, and the Board of Directors shall propose the general meeting of shareholders to remove such Director from his position. The provisions concerning the independent non-executive Directors in the Articles of Association of the Company shall apply to all the independent non-executive Directors.

A supervisor who, fails to attend the meeting of the board of supervisors in person twice in succession, shall be considered as unable to perform his duty, and the general meeting of shareholders or the Company's congress of workers and staffs shall replace such supervisor.

Article 161

A Director or supervisor can propose to resign before the expiration of his term. The Director or supervisor shall submit a written resignation report respectively to the Board of Directors or the board of supervisors before his resignation. If the number of members of the Board of Directors or the board of supervisors of the Company is not lower than the legal minimum requirement resulted from his resignation, the resignation report of such Director or supervisor shall take effect on the date of submission.

Article 162 If the number of members of the Board of Directors or the board of supervisors of the Company is lower than the legal minimum requirement due to the resignation of a Director and supervisor, the resignation report of such Director or supervisor shall take effect until the succeeding Director or supervisor available to fill the vacancy resulted from the resignation of such Director or supervisor.

The remaining Directors shall convene an extraordinary general meeting as soon as possible for election of the succeeding Director or supervisor to fill the vacancy resulted from the resignation of such Director or supervisor. Before the extraordinary general meeting resolve the resolutions for the election of the succeeding Director or supervisor, the functions and powers of such Director or supervisor proposing to resign, the remaining Directors or remaining supervisors shall be reasonably restricted.

Article 163 Upon proposing resignation by or termination of office of the Company's Directors and supervisors, their duties to the Company and its shareholders do not necessarily cease before the resignation takes effective, a reasonable period after the resignation takes effective or the termination of their office. Their confidentiality obligation in relation to the Company's trade secrets shall remain upon such information becomes public. The term for which other duties shall continue shall be decided upon in accordance with the principle of fairness, depending on the time lapse between the termination and the occurrence of the matter as well as the circumstances and conditions under which the relationship with the Company terminates.

Article 164 The Company's Directors, supervisors, Manager and Other Senior Executives shall have an obligation, in the exercise of their rights or discharge of their duties, to exercise such due care, diligence and skill that a reasonably and prudent person would exercise under similar circumstances.

Article 165 The Company's Directors, supervisors, Manager and Other Senior Executives must, in the exercise of their duties, abide by the principles of honesty and creditability and shall not place themselves in a position where there is a conflict between their personal interests and their duties. This principle shall include (but not limited to) the fulfillment of the following duties:

- (1) to act honestly in the best interests of the Company;
- (2) to exercise powers within the scope of their functions and powers and not to act beyond such powers;
- (3) to personally exercise the discretion vested in him, not to allow himself to be manipulated by another person and, not to delegate the exercise of his discretion to another party unless permitted by laws and administrative regulations or with the consent of the general meeting of shareholders that has been informed;

- (4) to be impartial to shareholders of the same class and of different classes;
- (5) not to conclude a contract or enter into a transaction or arrangement with the Company except as otherwise provided for in the Articles of Association of the Company;
- (6) not to use Company property for his own benefit in any way without the consent of the general meeting of shareholders that has been informed;
- (7) not to use his functions and powers as a means to accept bribes or other forms of illegal income, and not to illegally expropriate Company property in any way, including but not limited to, any opportunities that are favorable to the Company;
- (8) not to accept commissions in connection with Company transactions without the consent of the general meeting of shareholders that has been informed;
- (9) to abide by the Articles of Association of the Company, perform his duties faithfully, protect the interests of the Company and not to seek personal gain with his position, functions and powers in the Company;
- (10) not to compete with the Company in any way without the consent of the general meeting of shareholders that has been informed;
- (11) not to embezzle Company funds or lend them to others, not to deposit Company assets in accounts opened in his own or in another's name, and not to use Company assets as security for the debts of Company shareholders or other individuals; and
- (12) not to disclose confidential information relating to the Company that has been acquired by him during his office without the consent of the general meeting of shareholders that has been informed, and not to use such information except in the interests of the Company; however, such information may be disclosed to the court or other government authorities if:
  - (a) provided for by law;
  - (b) required for the public interest; or
  - (c) required for the own interest of such Director, supervisor, Manager or Other Senior Executives of the Company.



- Article 166 A Director, a supervisor, the Manager or Other Senior Executives of the Company shall not direct the following persons or organizations (“connected persons”) to do what such Director, supervisor, Manager or Other Senior Executives shouldn’t do:
- (1) The spouse or minor child of such Director, a supervisor, the Manager or Other Senior Executives of the Company;
  - (2) The trustee of a Director, a supervisor, the Manager or Other Senior Executives of the Company or of any person referred in item (1) hereof;
  - (3) The partner of a Director, a supervisor, the Manager or Other Senior Executives of the Company or of any person referred in items (1) and (2) hereof;
  - (4) The company over which a Director, a supervisor, the Manager or Other Senior Executives of the Company, alone or jointly with any person referred to in items (1), (2) and (3) hereof or any other Director, a supervisor, the Manager or Other Senior Executives of the Company, has actual control; and
  - (5) A director, a supervisor, the manager or other senior executives of a company being controlled as referred to in item (4) hereof.
- Article 167 The fiduciary duties of the Company’s Directors, supervisors, Manager and Other Senior Executives do not necessarily cease with the termination of their office. Their confidentiality obligation in relation to the Company’s trade secrets shall remain upon termination of their office. The term for which other duties shall continue shall be decided upon in accordance with the principle of fairness, depending on the time lapse between the termination and the occurrence of the matter as well as the circumstances and conditions under which the relationship with the Company terminates.
- Article 168 A Director, a supervisor, the Manager or Other Senior Executives of the Company may be relieved from liability for a specific breach of duties with the informed consent given at the general meeting of shareholders, except in circumstances as specified in Article 57 of the Articles of Association.
- Article 169 If a Director, a supervisor, the Manager or Other Senior Executives of the Company has direct or indirect vested material interest in a contract, transaction or arrangement concluded or planned by the Company (except for his employment contract with the Company), he shall disclose the nature and extent of his interest to the Board of Directors at the earliest opportunity, whether or not the matter is normally subject to the approval of the Board of Directors.

Unless the interested Director, supervisor, Manager or Other Senior Executives of the Company has disclosed such interest to the Board of Directors as required under the preceding paragraph hereof and the matter has been approved by the Board of Directors at a meeting in which the interested Director, supervisor, Manager or Other Senior Executives of the Company were not counted as part of the quorum and had refrained from voting, the contract, transaction or management is violable by the Company, except the other party is a bona fide party acting without knowledge of the breach of obligation by the interested Director, supervisor, Manager or Other Senior Executives.

A Director, a supervisor, the Manager or Other Senior Executives of the Company shall be deemed to have an interest in any contact, transaction or arrangement in which a connected person of that Director, supervisor, Manager or Other Senior Executives has an interest.

Article 170 If a Director, a supervisor, the Manager or Other Senior Executives of the Company gives a written notice to the Board of Directors before the conclusion of the contract, transaction or arrangement is first considered by the Company, stating that due to the contents of the notice, he has an interest in the contract, transaction or arrangement that may subsequently be made by the Company, such Director, supervisor, Manager or Other Senior Executives of the Company shall be deemed for the purposes of the preceding Articles of this Article of Association to have declared his interest, insofar as attributable to the scope stated in the notice.

Article 171 The Company shall not in any manner pay tax on behalf of its Directors, supervisors, Manager and Other Senior Executives.

Article 172 The Company shall not directly or indirectly provide a loan or loan security for its Directors, supervisors, Manager, Other Senior Executives, and any directors, supervisors, manager, other senior executives of its parent company, or connected persons of the above-mentioned persons.

The provisions of the preceding paragraph shall not apply to the following circumstances:

- (1) The provision of a loan or loan security by the Company for a subsidiary of the Company;
- (2) The provision of a loan or loan security or other funds by the Company to a Director, a supervisor, Manager or Other Senior Executives of the Company under an employment contract approved by the general meeting of shareholders, so as to enable him to pay the expenses incurred for the sake of the Company or for the performance of his duties for the Company; and

- (3) The provision of a loan or loan security by the Company to a relevant Director, a supervisor, Manager or Other Senior Executives of the Company or to a connected person thereof on normal commercial terms, if the ordinary business scope of the Company includes the lending of money or the provision of loan security.

Article 173 A loan provided by the Company in violation of the previous Article shall be immediately repayable by the recipient of the loan, regardless the terms of the loan.

Article 174 A loan guarantee provided by the Company in violation of Article 172(1) may not be forced to exercise, except:

- (1) when the loan is provided to a connected person of a Director, a supervisor, the Manager or Other Senior Executives of the Company, or a connected person of a director, a supervisor, the manager or other senior executives of the Company's parent company, the loan provider is not aware of the violation condition; and
- (2) the collateral provided by the Company has been lawfully sold by the loan provider to a bona fide purchaser.

Article 175 For the purposes of the preceding Articles of this Chapter, a "guarantee" shall include an act whereby a guarantor assumes liability or provides property to guarantee or secure the performance of duties by an obligor.

Article 176 If a Director, a supervisor, the Manager or Other Senior Executives of the Company breaches his duties to the Company, the Company shall, in addition to any rights and remedies provided for by laws and administrative regulations, have a right to:

- (1) require the relevant Director, supervisor, Manager or Other Senior Executives to compensate for the losses sustained by the Company as a consequence of his breach of duty;
- (2) rescind any contract or transaction concluded by the Company with the relevant Director, supervisor, Manager or Other Senior Executives and contracts or with a third party (where such third party is aware or should be aware that the Director, supervisor, Manager or Other Senior Executives representing the Company was in breach of his duties to the Company);
- (3) require the relevant Director, supervisor, Manager or Other Senior Executives to surrender the gains derived from the breach of his duties;
- (4) recover any funds received by the relevant Director, supervisor, Manager or Other Senior Executives that should have been received by the Company, including (but not limited to) commissions; and

- (5) require the relevant Director, supervisor, Manager or Other Senior Executives to return the interest earned or may have been earned on the funds that should have been given to the Company.

Article 177

The Company shall conclude a written contract with each Director and supervisor of the Company concerning his emoluments. Such contract shall be approved by the general meeting of shareholders before it is entered into. The above-mentioned emoluments shall include:

- (1) Emoluments in respect of his service as a Director, supervisor or senior executives of the Company;
- (2) Emoluments in respect of his service as a Director, supervisor or senior executives of a subsidiary of the Company;
- (3) Emoluments otherwise in connection with the management of the Company or any subsidiary thereof; and
- (4) Funds as compensation for his loss of office or retirement to the aforementioned Directors and supervisors.

A Director or supervisor must not sue the Company for benefits due to him on the basis of the above-mentioned matters, except under a contract as mentioned above.

Article 178

The Company shall specify in the contract concluded with a Director or supervisor of the Company concerning his emoluments that in the event of a takeover of the Company, a Director or supervisors of the Company shall, subject to prior approval of the general meeting of shareholders, have the right to receive the compensation or other funds obtainable for loss of office or retirement, For the purposes of the preceding paragraph, the term “a takeover of the Company” shall refer to any of the following circumstances:

- (1) Anyone makes a general offer to all the shareholders; or
- (2) Anyone makes a general offer so that the offer becomes a controlling shareholder as defined in Article 58 hereof.

If the relevant Director or supervisor has failed to comply with this Article, any fund received by him shall belong to those persons that have sold their shares as a result of their acceptance of the above-mentioned offer, and the expenses incurred in distribution of such fund on a pro rata basis shall be borne by the relevant Director or supervisor and may not be paid out of such fund.

## Chapter 16 Financial Accounting System, Profit Distribution and Audit

Article 179 The Company shall formulate its own financial and accounting systems in accordance with laws, administrative regulations and the PRC's accounting standards formulated by the State Council's department in charge of finance.

Article 180 The Company shall prepare financial report at the end of each fiscal year. Such report shall be examined and certified according to law.

The financial report of the Company shall include the following financial accounting statements and the affiliate detailed statements:

- (1) Balance Sheet;
- (2) Income Statement;
- (3) Cash Flow Statement;
- (4) Statement on Financial Standing;
- (5) Profit Distribution Statement.

Article 181 The Board of Directors of the Company shall, at each annual general meeting, present shareholders such financial report that is prepared by the Company subject to relevant laws, administrative regulations and directions promulgated by the local government and the authorities-in-charge.

Article 182 The financial report of the Company shall be made available for inspection by shareholders 20 days prior to an annual general meeting. Each shareholder of the Company shall have the right to obtain a copy of the financial report referred to in this Chapter.

The Company shall send copies of the said report to each holder of Overseas-Listed Foreign Shares by prepaid mail at least 21 days prior to an annual general meeting. The recipient's address shall be consistent with that showed on the register of shareholders.

- Article 183 The financial statements of the Company shall be prepared not only in accordance with the PRC's accounting standards, laws and regulations but also in accordance with international accounting standards or the accounting standards of the place(s) outside the PRC where shares of the Company are listed. If there are major differences in the financial statements prepared in accordance with these two sets of accounting standards, such differences shall be stated in notes appended to such financial statements. For purposes of the Company's distribution of after-tax profits in a given fiscal year, the smaller amount of after-tax profits shown in the above-mentioned two kinds of financial statements shall be adopted.
- Article 184 Interim results or financial information published or disclosed by the Company shall be prepared in accordance with the PRC's accounting standards, laws and regulations as well as international standards or the accounting standards of the place(s) outside the PRC where shares of the Company are listed
- Article 185 The Company shall prepare and publish the annual report, the interim report and the quarterly reports in line with of the then effective provisions of the Listing Rules of the HKEX for each fiscal year. The Company shall publish the annual report no more than 3 months after the end of each fiscal year ends; prepare the interim report for the first six months of each fiscal year, and publish it within 45 days after such period ends; and prepare the quarterly reports for the first three months and the first nine months of each fiscal year respectively, and publish such reports within 45 days after such period ends respectively.
- Article 186 The Company shall not keep any account books other than statutory account books.
- Article 187 The Company shall distribute relevant profit after tax in the following order:
- (1) loss from confiscated properties as well as overdue fine and penalty due to the violation of the tax law;
  - (2) compensation for loss;
  - (3) allocating to the statutory reserve;
  - (4) payment of dividends in respect of preferred shares (if any);
  - (5) allocating to the discretionary reserve as approved by the resolution of the general meeting of shareholders

(6) extracting no more than 10% of the profit distributable to the shareholders as award fund;

(7) payment of dividends in respect of Ordinary Shares.

The Company shall not make any distribution by way of dividends, bonus shares, or other methods before compensation for loss. The Board of Directors shall determine the concrete proportions of the distribution for items (5) and (6), based on the operating status and development needs of the Company in that year, and submit to the general meeting of shareholders for examination and approval.

Article 188           The Company need not allocate further amount if the accumulated amount of the statutory reserve reaches 50% of the registered capital of the Company.

Article 189           The reserve of the Company includes the surplus reserve and the capital reserve. The surplus reserve is divided into the statutory surplus reserve and the discretionary surplus reserve.

Article 190           When distributing after-tax profit for the current year, the Company shall allocate 10% of such profit to the statutory surplus reserve.

After the after-tax profit allocated to the statutory surplus reserve, the Company, subject to the approval of the general meeting of shareholders, may make allocation to the discretionary surplus reserve.

The balance of the after-tax profit after compensating for loss and making allocation to surplus reserve may be distributed to the shareholders in pro rata to their shareholding, according to the amount as resolved by the general meeting of shareholders.

Where the general meeting of shareholders or the Board of Directors in contravention of the requirements provided in the preceding paragraphs by distributing the after-tax profit to the shareholders before compensation for loss and allocation to statutory surplus reserve, shareholders should refund all profit distributed in contravention of such requirements to the Company.

Article 191           The capital reserve shall include the following amounts:

- (1) the premiums obtained from the issue of shares in excess of the par value; and
- (2) other revenue required by the State Council's department in charge of finance to be included in the capital reserve.

- Article 192            The reserve of the Company shall be used as follows:
- (1) compensating loss;
  - (2) expanding the capacity of operation and production; and
  - (3) increasing capital by converting reserve into capital upon approval by a shareholders' resolution. When such conversion takes place, the Company shall either distribute new shares in proportion to the existing shareholders' number of shares, or increase the par value of each share provided that the balance of the statutory reserve may not be less than 25% of the registered capital.
- Article 193            (This Article has been deleted in accordance with the special resolution of the 2007 Annual General Meeting.)
- Article 194            The award fund extracted by the Company in the year shall be used to award employees who demonstrate outstanding performance or make an outstanding contribution in that year.
- Article 195            The dividends shall be distributed in pro rata to the shareholding of the shareholders within six months after the end of each fiscal year.
- Unless other resolution as approved by the general meeting of shareholders, the general meeting of shareholders can authorize the Board of Directors to distribute the interim dividend. 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 income statement of the Company.
- Shareholders shall be entitled to dividend of any shares before making call in arrears but shall not be entitled to dividends of any advance on subscription announced and distributed before the subscription payment day.
- The Company can exercise the right of confiscation for unclaimed share dividend but this right shall only be exercised only after the expiry of the relevant applicable period.
- Article 196            The Company may distribute the dividends in the following forms:
- (1) cash;
  - (2) shares.



- Article 197 After the resolution on the profit distribution plan are resolved by the general meeting of shareholders, the Board of Directors shall complete the distribution of the dividend (or shares) within two months after the holding of the general meeting of shareholders.
- Article 198 The dividends and other payments to holders of the Domestic Shares shall be calculated and declared in RMB and paid in RMB within four months after the declaration of the dividend.
- The dividends and other payments to holders of H Shares shall be calculated and declared in RMB and paid in the Hong Kong dollar within four months after the declaration of the dividend.
- Article 199 The dividends and other payments in foreign currencies paid by the Company to the holders of H Shares shall be made in accordance with the foreign exchange administration system of the State. If there is no applicable regulation, the applicable exchange rate shall be the average closing rate for the relevant foreign currency published by the PRC 7 days before the date of the announcement of payments of dividends and other payments.
- Article 200 The Company shall withhold and pay the taxes payable on the dividend incomes of the personal shareholders, according to the Chinese tax law.
- Article 201 The Company shall appoint receiving agents for holders of Overseas-Listed Foreign Shares to collect on behalf of the relevant shareholders the dividends declared and other payments in respect of Overseas-Listed Foreign Shares.
- The receiving agents appointed by the Company shall meet the requirements of the laws of the place(s), or the relevant regulations of the securities exchange(s), where the shares are listed. The receiving agents for holders of H Shares listed in Hong Kong appointed by the Company shall be a company registered as a trust company under the Trustee Ordinance of Hong Kong.
- Article 202 The Company implements the internal audit system, sets the internal audit organization or arranges staffs for internal audit, and conducts the internal audit supervision of the financial incomes and expenditures as well as the economic activities of the Company.
- Article 203 The internal audit system of the Company and the responsibilities of the staffs in charge of internal audit shall be implemented as approved by the Board of Directors. The chief officer in charge of internal audit shall be accountable to and report to the Board of Directors.

## **Chapter 17 Appointment of An Accounting Firm**

- Article 204 The Company shall appoint an independent accounting firm which complies with the relevant State regulations to audit the annual financial reports and review other financial reports of the Company.
- The first accounting firm of the Company may be appointed at the inaugural meeting prior to the first annual general meeting. Such accounting firm shall hold office until the conclusion of the first annual general meeting.
- If the inaugural meeting does not exercise its power under the preceding paragraph, the Board of Directors shall exercise such power.
- Article 205 The term of appointment of an accounting firm appointed by the Company shall start from the conclusion of the current general meeting of the Company and end at the conclusion of the next annual general meeting.
- Article 206 An accounting firm appointed by the Company shall have the following rights:
- (1) the right of access at all times to the account books, records or vouchers of the Company and the right to require Directors, the Manager and Other Senior Executives of the Company to provide relevant information and explanations;
  - (2) the right to require the Company to take all reasonable measures to obtain from its subsidiaries the information and explanations necessary for the accounting firm to perform its duties; and
  - (3) the right to attend general meetings of shareholders, receive a notice or other information concerning any meetings of or concerning which shareholders have a right to receive a notice or other information, and to be heard at any general meetings of shareholders on any matter which relates to it as the accounting firm of the Company.
- Article 207 If the position of accounting firm becomes vacant, the Board of Directors may appoint an accounting firm to fill such vacancy before a general meeting of shareholders is held. However, if there are other accounting firms holding the position of accounting firm of the Company while such vacancy still exists, such accounting firms may continue to act.
- Article 208 The general meeting of shareholders may, by means of an ordinary resolution, remove any accounting firm prior to the expiration of the term of their appointment, notwithstanding provisions in the contract between the Company and the accounting firm, but without prejudice to such accounting firm's right, if any claim damages from the Company in respect of such removal.

Article 209 The remuneration, or method of remuneration of an accounting firm shall be decided upon by the general meeting of shareholders.

Article 210 The appointment, removal or non-reappointment of an auditor shall be decided upon by the general meeting of shareholders and be filed with the State Council authorities in charge of securities. The Board of Directors shall not appoint an accounting firm before the decision by the general meeting of shareholders.

Where a resolution at a general meeting of shareholders is passed to appoint as auditor a person other than an incumbent auditor, to fill a casual vacancy in the office of auditor, to reappoint as auditor a retiring auditor who was appointed by the Board of Directors to fill a casual vacancy, or to remove an auditor before the expiration of his term of office, the following provisions shall apply:

- (1) A copy of the proposal shall be sent before notice of meeting is given to the shareholders to the person proposed to be appointed or the auditor proposing to leave from his post or the auditor who has left from his post. Leaving from his post includes dismissal, resignation and retirement;
- (2) If the auditor leaving his post makes representations in writing and requests their notification to the shareholders, the Company shall (unless the representations are received too late):
  - (a) in any notice of the resolution given to shareholders, state the fact of the representations having been made; and
  - (b) send a copy of the representations as an appendix to the notice of general meetings to every shareholder entitled to notice of general meetings.
- (3) If the auditor's representations are not sent under paragraph (2) above the auditor may (in addition to his right to be heard) require that the representations be read out at the meeting and may make further submissions.
- (4) An auditor who is leaving his post shall be entitled to attend:
  - (a) the general meeting at which his term of office would otherwise have expired;
  - (b) any general meeting at which it is proposed to fill the vacancy caused by his dismissal; and
  - (c) any general meeting convened as a result of his resignation;

An auditor who is leaving his post shall also be entitled and to receive all notices of, and other communications relating to, any such meeting, and to be heard at any such meeting which he attends on any part of the business of the meeting which concerns him as former auditor of the Company.

Article 211

When the Company dismisses or does not re-appoint an accounting firm, it shall notify the accounting firm by 30 days in advance, and the accounting firm shall have the right to present its views at the general meeting of shareholders. Where an accounting firm tenders its resignation, it shall inform the general meeting of shareholders of whether there is any irregularity in the Company.

An auditor may resign his office by depositing at the Company Domicile a notice in writing which will take effect on the date of despatch of the notice or on the date specified in the notice whichever is later. The notice shall contain:

- (1) a statement that there are no circumstances in connection with his resignation which he considers should be brought to the notice of the shareholders or creditors of the issuer; or
- (2) a statement of any such circumstances which are required to be accounted for.

The Company shall within 14 days of receipt of the above mentioned notice send a copy of the notice to the competent authority. If the notice contained a statement referred to in (2) above, a copy of the notice shall be kept at the Company Domicile for inspection by the shareholders. The Company shall also send a copy of abovementioned notice to each holder of the Overseas-Listed Foreign Shares by prepaid at the recipient's addresses show in the register of shareholders.

When the auditor's notice of resignation contains a statement of circumstances which required to be accounted for, it may require the Board of Directors to convene an extraordinary general meeting for the purpose of receiving an explanation of the circumstances in connection with his resignation.

## **Chapter 18 Insurance**

### **Article 212**

The Company purchases various insurances in the given method from the designated institution in accordance with the provisions of competent Chinese authorities, or shall buy the same from the People's Insurance Company of China or other insurance companies registered in China and lawfully permitted to offer insurance to Chinese companies. The Board of Directors will deliberate and determine the types, amounts and period of insurance in line with the general industry practices home and abroad as well as the general practices and legal requirements in China.

## **Chapter 19 Labor Management**

- Article 213 The Company shall formulate and implement the policies concerning the labor management, personnel management, compensation and benefits, and social security of the Company in accordance with the Labor Law of the PRC as well as other relevant laws, regulations and administrative rules.
- Article 214 The Company shall, out of the needs of its business development, recruit and dismiss employees through the labor contract system at its own discretion to the extent specified by relevant laws and regulations.
- Article 215 The Company shall determine the compensation system and payment pattern in accordance with relevant provisions of the State and the profits of the Company.
- Article 216 The Company shall strive to increase the benefits of the employees, and continuously improve the working conditions and living conditions of the employees.
- Article 217 The Company shall accrue the medical, retirement and unemployment insurance fund, and establish the labor insurance system in line with relevant laws and regulations of the State.

## **Chapter 20 Labour Union**

Article 218 Employees of the Company shall have the right to lawfully organize and participate in the labour union and carry out activities independently.

The Company shall provide necessary conditions to the labour union for carrying out activities.

Article 219 If needed by the labour union, the Company shall appropriate a labour union fund in accordance with relevant provisions of the State. The fund shall be used by the labour union in accordance with relevant provisions formulated by the All-China Federation of Labour Unions.

## **Chapter 21 Merger and Division of the Company**

Article 220 The merger or division of the Company shall require the preparation of a proposal by the Board of Directors. After such proposal has been approved in accordance with the procedures specified in the Articles of Association of the Company, relevant examination and approval procedures shall be carried out according to law. Shareholders who object to such proposal on the merger or division of the Company shall have the right to require the Company or shareholders who are in favor of such proposal to purchase their shares at a fair price. The contents of resolutions approving the merger or division of the Company shall be compiled in a special document for inspection by shareholders.

Holders of Overseas-Listed Foreign Shares that are listed in Hong Kong shall be served with copies of the abovementioned document by mail.

Article 221 Merger of the Company may take the form of merger by absorption and merger by establishment of a new company.

In the event of a merger, the parties to the merger shall enter into a merger agreement and prepare a balance sheet and a property list. The Company shall notify its creditors within a period of 10 days from the date on which the merger resolution is passed and publish on the China Securities Journal at least 3 times within 30 days from that date.

Upon completion of the merger, the company that survives or the newly established company shall assume the rights in relation to debtors and indebtedness of the parties to the merger.

Article 222 If the Company is to be divided, its property shall be divided accordingly.

In the event of a division of the company, the parties to the division shall enter into a division agreement and prepare a balance sheet and a property list. The Company shall notify its creditors within a period of 10 days from the date on which the division resolution is passed and publish on the China Securities Journal at least 3 times within 30 days from that date.

Debts owed by the Company prior to the division shall be assumed by the companies in existence after the division in accordance with the agreement reached.



Article 223 Creditors have the right, within 30 days from the date of receiving abovementioned notices or within 90 days from the date of the first published announcement where abovementioned notices not received, to demand the Company to repay their debts or provide a corresponding guarantee for such debts. If the Company is unable to repay its debts or provide corresponding guarantees for such debts, the Company cannot be merged or separated.

Article 224 Where a change arises as a result of the merger or division of the Company the company shall apply for change in its registration with the company registry according to law. Where the Company is dissolved, it shall apply for cancellation of its registration according to law. Where a new company is established, it shall apply for registration thereof according to law.

## **Chapter 22 Dissolution and Liquidation of the Company**

### **Article 225**

The Company shall be dissolved and liquidated according to law:

- (1) if the shareholders general meeting resolves to dissolve the Company;
- (2) if the general meeting of shareholders resolves to dissolve the Company;
- (3) if dissolution is necessary a result of the merger or dissolution of the Company;
- (4) if the Company is declared insolvent according to law because it is unable to pay its debts upon maturity; or
- (5) if the Company is lawfully ordered to close down as a result of violation of laws or administrative regulations.

### **Article 226**

Where the Company is to be dissolved pursuant to reasons specified in (1) or (2) above, it shall establish a liquidation committee within 15 days. The members of such liquidation committee shall be determined by the general meeting of shareholders. If the liquidation team is not established within the aforesaid 15-day period, creditors can apply to the People's Court, requesting the Court to designate relevant personnel to establish the liquidation committee to conduct the liquidation.

Where the Company is dissolved pursuant to reason specified in (4) above, the People's Court shall, in accordance with relevant laws, arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.

Where the Company is dissolved pursuant to reason specified in (5) above, the relevant authorities in charge shall arrange for the shareholders, relevant authorities and relevant professionals to establish a liquidation committee to carry out liquidation.

### **Article 227**

If the Board of Directors decides that the Company should be liquidated (except for liquidation as a result of the Company's declaration of bankruptcy), the notice of the general meeting of shareholders convened for such purpose shall include a statement to the effect that the Board of Directors has made full inquiry into the position of the Company and that the Board of Directors holds opinion that the Company can pay its debts in full within 12 months after the commencement of the liquidation.

The functions and powers of the Board of Directors and Manager shall terminate immediately after the general meeting of shareholders has adopted a resolution to carry out the liquidation. The Company shall not conduct new operational activities in the liquidation period.

The liquidation committee shall take instructions from the general meeting of shareholders, and not less than once a year make a report to the general meeting of shareholders on the committee's income and expenditure, the business of the Company and the progress of the liquidation. It shall make a final report to the general meeting of shareholders when the liquidation is completed.

Article 228

The liquidation committee shall notify its creditors within 10 days from the date of its establishment and publish newspaper announcement on the liquidation at least 3 times within 60 days from that date. Claims shall be registered by the liquidation committee.

The creditors shall report their credits to the liquidation committee within 30 days of receiving the notice or within 90 days of the date of the first published announcement if the notice not received. If any creditor fails to declare his credit in the aforesaid period, he/she shall be deemed as a waiver.

In reporting their credits, the creditors shall give explanations on issues related to the credits and provide documents as evidence.

The liquidation committee shall register these credits.

Article 229

The liquidation committee shall exercise the following functions and powers during liquidation:

- (1) thoroughly examine the property of the Company and prepare a balance sheet and property list respectively;
- (2) notify creditors by a notice or public announcement;
- (3) dispose of and liquidate relevant unfinished business of the Company;
- (4) pay all outstanding taxes in full and taxes existence during the liquidation progress;

- (5) clear up claims and debts;
- (6) dispose of the property left after full payment of the Company's debts; and
- (7) participate in civil litigation on behalf of the Company.

Article 230

After the liquidation committee has thoroughly examined the Company's property and prepared a balance sheet and property list, it shall formulate a liquidation plan and submit such plan to the general meeting of shareholders or relevant authorities in charge for confirmation

Payments of debts out of Company property shall be made in the following order:

- (1) liquidation costs;
- (2) employee's wages and social insurance owed by the Company within three years prior to the date of liquidation;
- (3) taxes due;
- (4) debts of the Company.

The Company's residual property after full payment in accordance with the provisions of the preceding paragraph shall be distributed to its shareholders according to the class and proportion of their shareholdings.

The Company shall not conduct new operational activities during the liquidation.

Article 231

If the Company is liquidated due to dissolution and the liquidation committee, having thoroughly examined the Company's property and prepared a balance sheet and property list, discovers that the Company's property is insufficient to pay its debts in full, it shall immediately apply to the People's Court for a declaration of insolvency.

After the People's Court has ruled to declare the Company insolvent, the Company's liquidation committee shall refer the liquidation matters to the people's Court.

Article 232 Following the completion of liquidation, the liquidation committee shall formulate a liquidation report, a revenue and expenditure statement and financial account books in respect of the liquidation period and, after verification thereof by an accountant registered in the PRC, submit the same to the general meeting of shareholders or the relevant authorities in charge for confirmation.

Within 30 days from the date of confirmation of the above-mentioned documents by the general meeting of shareholders or the relevant authorities in charge, the liquidation committee shall deliver the same to the company registry, apply for cancellation of the Company's registration and publicly announce the Company's termination.

Article 233 The members of the liquidation committee shall be fiduciary to their duties and shall perform their liquidation obligations according to the laws. The members of the liquidation committee shall not abuse their authorities to accept bribes or other illegal incomes, nor shall they usurp upon the Company's properties.

In the case of intentional misconducts or gross negligence causing losses to the Company or its creditors, the members of the liquidation committee shall assume the responsibility of indemnification.

## **Chapter 23 Procedure for Amending the Articles of Association**

Article 234 The Company may amend its Articles of Association in accordance with the laws, administrative regulations and the Articles of Association of the Company.

The Company shall amend the Articles of Association in any of the following cases:

- (1) if any term contained in the Articles of Association becomes inconsistent with the provisions of the amended laws and administrative regulations after the Company Law, or other relevant laws and regulations are amended;
- (2) if certain changes of the Company occur resulting in the inconsistency with certain terms specified in the Articles of Association; or
- (3) if the shareholders general meetings adopts a resolution to amend the Articles of Association.

Article 235 When an amendment to the Articles of Association involves matters provided for in the Mandatory Provisions, it shall become effective after being examined and approved by authorities that are authorized by the State Council to examine and approve companies and the State Council Securities Commission. Where an amendment to the Articles of Association of the Company involves matters of company registration, application for a change in the registration shall be made according to law.

Article 236 The Articles of Association shall be amended in line with the following procedure:

- (1) a resolution for the amending the Articles of Association and related draft amendment is adopted by the Board of Directors in accordance with the Articles of Association;
- (2) the aforesaid draft amendment is provide to the shareholders in writing and convene the general meeting of shareholders is convened; and
- (3) approved by the general meeting of shareholders as a special resolution.

The general meeting of shareholders may authorize the Board of Directors following by the ordinary resolution: (1) when the Company increases its registered capital, the Board of Directors shall have the right to amend the content concerning the registered capital of the Company in the Articles of Association;(2) If the Articles of Association approved by the general meeting of shareholders need to be changed in terms of the wording or order of Articles when being submitted to the company approval authority authorized by the State Council and China Securities Regulatory Commission, the Board of Directors shall have the right to make the corresponding amendment as required by the aforesaid company approval authority and China Securities Regulatory Commission.

## Chapter 24 Settlement of Dispute

Article 237

The Company shall abide by the following dispute resolution procedures:

- (1) If any disputes or claims related to the Company's business based on the rights or obligations provided in the Articles of Association, the Company Law and other relevant laws or administrative regulations arise between the holders of Overseas-Listed Foreign Shares and the Company, between the holders of Overseas-Listed Foreign Shares and the Directors, supervisors, Manager, or Other Senior Executives of the Company or between the holders of Overseas-Listed Foreign Shares and holders of Domestic Shares, the parties concerned shall submit the dispute or claim for arbitration. When a dispute or claim as described above is submitted for arbitration, such dispute or claim shall be in its entirety, and all persons (being the Company or shareholders, Directors, supervisors, the Manager or Other Senior Executives of the Company) that have a cause of action due to the same facts or whose participation is necessary for the settlement of such dispute or claim shall abide by arbitration.

Disputes concerning the definition of shareholders and the register of shareholders shall not be required to be settled by means of arbitration.

- (2) a dispute or claim submitted for arbitration may be arbitrated, at the option of the arbitration applicant, by either the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or the Hong Kong International Arbitration Center in accordance with its securities arbitration rules. After the arbitration applicant has submitted the dispute or claim for arbitration, the other party must carry out arbitration in the arbitration institution selected by the applicant. If the arbitration applicant opts for arbitration by the Hong Kong International Arbitration Center, either party may request arbitration to be conducted in Shenzhen in accordance with the securities arbitration rules of the Hong Kong International Arbitration Center;
- (3) unless otherwise provided by laws or administrative regulations, the laws of the PRC shall apply to the settlement by means of arbitration of disputes or claims referred to in item (1); and
- (4) the award of the arbitration institution shall be final and binding upon each party.

Article 238

The amendment of the Articles of Association is considered as information to be disclosed in accordance with the laws and regulations, and shall be announced as stipulated.

## Chapter 25 Notices

- Article 239 Unless otherwise specified by the Articles of Association, any notice, document or written statement sent by the Company to a shareholder of H Shares shall be personally delivered to the address of every H shareholder indicated in the register of shareholders, or posted to every H shareholder by mail. A notice bound for the holders of H Shares shall be posted in Hong Kong, whenever possible.
- The newspaper or magazine where announcements are publishing under the Articles of Association shall be a newspaper or magazine designated or required by relevant laws and administrative regulations of the State. If the Articles of Association specify the publication of notices to holders of Foreign Shares listed overseas, relevant announcements shall be simultaneously published on the newspaper or magazine as defined by the Listing Rules of the HKEX.
- An announcement in a notice sent to holders of the Domestic Shares shall be published in one or more newspapers or magazines designated by the securities regulator of the State Council. Once such announcement is published, all the domestic shareholders shall be deemed to have received the notice.
- Article 240 Where a notice is sent by post, the notice shall be served by putting the notice into a properly addressed, prepaid postage envelope and depositing the same in a mail box. Such notice shall be deemed to have been served upon expiration of five days after the envelope containing the notice has been posted.
- Article 241 Any notice, document, material or written statement sent by a shareholder or Director to the Company can be personally delivered or sent by registered mail to the Legal Address of the Company.
- Article 242 To prove the service of any notice, document, material or written statement to the Company, a shareholder or Director shall provide the evidence proving that such relevant notice, document, material or written material has been delivered in the normal way within the designated delivery time, or sent by postpaid mail to the correct address.



## Chapter 26 Supplementary Provisions

Article 243 The Articles of Association is written in Chinese and then translated into English. If there is any conflict between the English and Chinese versions, the Chinese version shall prevail.

Meetings of the general meeting of shareholders, the Board of Directors and the board of supervisors of the Company mentioned in the Articles of Association are held in Chinese.

Article 244 The following words and terms shall have the following meaning under the Articles of Association unless otherwise specified in the context:

“Articles of Association” or “Articles of Association of the Company”	the articles of association of the Company;
“Board of Directors”	the board of directors of the Company;
“Chairman of the Board of Directors” or “Company Chairman”	the chairman of the board of directors of the Company;
“Director(s)”	the Director(s) of the Company;
“Ordinary Share(s)”	any Domestic Share(s) or Overseas -Listed Foreign Share(s) listed in Hong Kong;
“Company Domicile” or “Legal Address of the Company”	Suite 1702, Neptunus Yinhe Technology Mansion, 1 Keji Middle 3rd Road, Maling Community, Yuehai Sub-district, Nanshan District, Shenzhen;
“RMB”	Renminbi, the lawful currency of the PRC;
“Board Secretary”	the Company’s secretary appointed by the Board of Directors;
“PRC” or “State”	the people’s republic of China.

The term “accounting firm” used in the Articles of Association shall have the same meaning as “auditor”.

Article 245 A sum in the Articles of Association includes such sum.

Article 246 The Articles of Association shall be construed by the Board of the Company. Any matters not contained herein shall be proposed by the Board to general meeting of shareholders for consideration and approval.