

**OVERVIEW**

The following is a summary of the major terms of the Articles of Association as adopted and amended at the shareholders' general meeting of the Company held on February 8, 2022. As stated in the section headed "Documents Delivered to the Registrar of Companies and Available on Display" in Appendix VII to this prospectus, the Chinese text of the summary of the Articles of Association is available for reference.

**Shareholders**

*Rights of Holders of Ordinary Shares*

A holder of ordinary Shares of the Company shall have the following rights:

- (I) to receive dividend and distributions in other forms in accordance with the Shares held;
- (II) to request, convene, hold, participate or appoint a proxy to attend shareholders' general meetings and to exercise the voting rights in accordance with the shareholding;
- (III) to supervise and manage business operations of the Company and to raise proposals or address advice or inquiries accordingly;
- (IV) to transfer, donate or pledge the shares held by him/her pursuant to the provisions of laws, administrative regulations and the Articles of Association;
- (V) to obtain information pursuant to the provisions of the Articles of Association, including:
  - 1. obtaining a copy of the Articles of Association after paying reasonable fees;
  - 2. having the right to inspect or copy the following documents after paying reasonable fees:
    - (1) copies of register of all parts of the shareholders;
    - (2) personal information of directors, supervisors and senior management of the Company;
    - (3) report on the status of the issued share capital of the Company;
    - (4) the Company's latest audited financial statements and the reports of the directors, auditors and supervisors;

- (5) special resolutions of the Company;
- (6) reports regarding the number, par value, the highest price and the lowest price with respect to each type of the shares of the Company repurchased by the Company since the last fiscal year as well as the total amount paid by the Company for such repurchase (with a breakdown between domestic shares and foreign shares);
- (7) minutes of general meeting (for shareholders' review only);
- (8) counterfoils of corporate bonds.

The Company shall keep the documents as referred to in (1) to (7) above (excluding (2)) and other applicable documents pursuant to the requirements of the Listing Rules on the main board at its Hong Kong address for free inspection of the public and holders of foreign listed shares.

In the event that the contents of documents to be referred or copied involve business secrets and inside information of the Company as well as personal privacy of relevant personnel, the Company may reject such provision.

- (VI) to participate in the distribution of the remaining assets of the Company as per their shares in the event of termination or liquidation of the Company;
- (VII) to exercise other rights specified by laws, administrative regulations, departmental rules or the Articles of Association.

***Obligations of Holders of Ordinary Shares***

A holder of ordinary shares of the Company shall assume the following obligations:

- (I) to abide by the laws, administrative regulations and the Articles of Association;
- (II) to pay for the shares pursuant to the quantity and the method of subscription;
- (III) to assume liability for the Company within the limitation of their Shares;
- (IV) not to withdraw capital contribution after approval for registration from the Company except for circumstances specified in laws and regulations;
- (V) to assume other obligations as required in laws, administrative regulations and the Articles of Association.

A Shareholder is subject to terms as agreed by the subscriber at the time of share subscription and, unless otherwise required, assumes no obligation for any subsequent additional share capital.

**General Meeting of Shareholders**

General meeting of Shareholders shall be the Company's authority and shall exercise its powers of office in accordance with the laws.

*Function of duties*

General meeting of shareholders shall exercise the following function of duties:

- (I) to determine the Company's business policies and investment plans;
- (II) to elect and replace directors and supervisors who are not employee representatives and determine matters of the remuneration of relevant directors and supervisors;
- (III) to review and approve the report on the board of directors;
- (IV) to review and approve the report on the supervisory committee;
- (V) to review and approve the Company's annual financial budget and final accounting plans;
- (VI) to review and approve the Company's profit distribution and loss recovery plans;
- (VII) to approve resolutions on increase or reduction of the registered capital;
- (VIII) to approve resolutions on issue of corporate bond, any class of shares, warrants and other similar securities;
- (IX) to approve resolutions on matters such as merger, demerger, dissolution, liquidation or changing the form of the Company;
- (X) to amend the Articles of Association;
- (XI) to consider and approve proposals raised by the shareholders who solely or jointly represent more than 3% of the Company's shareholders with voting rights;
- (XII) to determine the engagement, dismissal or non-renewal of the accounting firm;
- (XIII) to consider and approve the matters relating to external guarantees which shall be approved at the general meeting of shareholders;

- (XIV) to consider and approve any acquisition or disposal of material assets or the amount of guarantee in within one year exceeding 30% of the latest audited total assets of the Company;
- (XV) to consider and approve share incentive plans;
- (XVI) to approve the resolutions on repurchase of the Company's shares under circumstances of (1) and (2) in Rule 27 to the Articles of Association of the Company;
- (XVII) to review other matters requiring approval at the general meeting of shareholders as stipulated in laws, administrative regulations and the Articles of Association;
- (XVIII) to review other matters as required by the listing rules of the stock exchange where the shares of the Company are listed.

***Rules of Convening***

Shareholders' general meeting comprises the annual general meeting and the extraordinary general meeting. The annual general meeting shall be convened once every year within six months after the end of previous accounting year.

The extraordinary general meeting shall be convened on demand. The board of directors shall convene an extraordinary general meeting within 2 months upon occurrence of any of the following events:

- (I) the number of directors is less than the quorum required by the Company Law or less than two-thirds of the number required by the Articles of Association;
- (II) the uncovered losses are in excess of one third of the Company's total number of paid-up shares;
- (III) shareholders separately or collectively holding more than 10% of the Company's shares request in writing;
- (IV) the board of directors considers it necessary or the supervisory committee proposes to convene;
- (V) such other circumstances as provided for by laws, administrative regulations, departmental rules, listing rules of the stock exchange where the Company's shares are listed or the Articles of Association.

***Extraordinary General Meeting and Shareholders' Class Meeting***

Shareholders who require the convening of extraordinary general meeting or a class meeting shall comply with the following procedures:

- (I) Shareholders holding separately or in aggregate 10% or more of the shares carrying the right to vote at the meeting proposed to be held may sign the written requisitions in one (1) or more counterparts requiring the board of directors to convene an extraordinary general meeting or a class meeting thereof and stating the subjects of the meeting. The board of directors shall proceed as soon as possible to convene the extraordinary general meeting or class meeting thereof after the receipt of such written requisition. The number of shares held referred to above shall be calculated as of the date of the written requisitions.
- (II) If the board of directors fails to issue a notice of such a meeting within thirty (30) days after the receipt of the written requisitions, shareholders who made such requirements may require the supervisory committee to convene an extraordinary general meeting or a class meeting thereof.
- (III) If the supervisory committee fails to issue a notice of shareholders' general meeting or class meeting within thirty (30) days after the receipt of the written requisitions, shareholders individually or jointly holding more than 10% of the shares of the Company carrying the right to vote at the meeting proposed to be held for ninety (90) consecutive days may convene and chair the meeting on their own in a manner as similar as possible to the manner in which the shareholders' general meetings are convened by the board of directors, within four (4) months after the receipt of such requisitions by the board of directors.

Reasonable expenses incurred by the requisitionists by reason of the board of directors' failure to convene a meeting as requisitioned and the calling and convening of a meeting by themselves shall be borne by the Company, and such sum shall be set-off against sums owed by the Company to the defaulting directors.

***Notice of General Meeting***

Before convening an annual general meeting, the Company shall inform each shareholder of the matters to be considered at such meeting as well as the date and venue of the meeting 20 days before the convening of such meeting, while that of an extraordinary general meeting shall be 15 days before the convening of such meeting. Calculation of the above starting term by the Company shall not include the date on which such meeting is convened.

Except as stipulated in the Articles of Association, the notice of the shareholders' general meeting shall be served on the shareholders (whether or not such shareholder is entitled to vote at the general meeting) by hand or postage prepaid mail. The address of the recipient shall be the registered address as shown in the register of shareholders. For holders of domestic shares, the notice of the shareholders' general meeting may also be given by way of announcement.

The announcement referred above shall be published in one or more newspapers designated by the Securities Regulatory Authorities of the State Council. Once such an announcement is made, all holders of the domestic shares shall be deemed to have received the relevant notice of the shareholders' general meeting.

The notice of the shareholders' general meeting to holders of overseas listed Shares shall be published at the website of the Hong Kong Stock Exchange and the website of the Company. Once such an announcement is made, all holders of the overseas listed shares shall be deemed to have received the relevant notice of the shareholders' general meeting.

Notice of a shareholders' general meeting shall satisfy the following requirements:

- (I) be in writing;
- (II) specify the time, date and venue of the meeting;
- (III) specify the matters to be considered at the meeting;
- (IV) provide any information and explanations necessary to be made available to the shareholders for such shareholders to make informed decisions about the matters to be discussed. This principle includes, but not limited to, the provision of the specific terms and contract(s), if any, of the proposed transaction(s) and serious explanations about the reasons and effects when the Company proposes mergers, repurchase of shares, equity restructuring or other restructuring;
- (V) in the event that any of the directors, supervisors, and senior management have material interests in the matters to be discussed, disclose the nature and extent of such interests. If the matters to be discussed affect any director, supervisor and other senior management as a shareholder in a manner different from the manner they affect other shareholders of the same class, the difference shall be explained;
- (VI) provide the full text of any special resolution to be proposed for approval at the meeting;
- (VII) provide a prominent statement that all shareholders eligible for attending and voting at the general meeting are entitled to appoint one or more proxies to attend and vote at such meeting on his/her behalf, and that such proxy does not need to be a shareholder of the Company;
- (VIII) specify the time and venue for lodging a proxy form for the meeting.

***Resolutions of General Meeting***

Resolutions of general meetings shall take the form of ordinary resolutions or special resolutions.

Ordinary resolutions adopted by the general meeting shall be passed by more than one half of the voting rights held by shareholders (including their proxies) attending the general meeting.

Special resolutions adopted by the general meeting shall be passed by more than two-thirds of the voting rights held by shareholders (including their proxies) attending the general meeting.

A shareholder (including his/her proxy) attending the meeting shall vote clearly for or against each of the matters requiring voting. Calculation of voting results of such a matter by the Company shall not include the abstained votes.

The following matters shall be passed by way of an ordinary resolution at a general meeting:

- (I) work reports of the board of directors and the supervisory committee;
- (II) profit distribution plan and loss recovery plan formulated by the board of directors;
- (III) appointment and dismissal of members of the board of directors and the supervisory committee (excluding employee representative supervisor), and their remuneration and method of payment thereof;
- (IV) proposed annual preliminary financial budgets, final account report, balance sheets, income statement and other financial statements of the Company;
- (V) matters other than those requiring the approval by way of special resolutions in accordance with the laws, administrative regulations and the Articles of Association.

The following matters shall be passed by way of a special resolution at a general meeting:

- (I) the increase or reduction of the registered capital and the issuance of any class of shares, share warrants and other similar securities by the Company;
- (II) the issuance of corporate bonds of the Company;
- (III) the division, merger, dissolution and liquidation of the Company;
- (IV) change of corporate form of the Company;

- (V) the Company's purchase or disposal of material assets within one year or the amount of guarantee exceeding 30% of the latest audited total assets of the Company;
- (VI) the amendment to the Articles of Association;
- (VII) other matters required by laws, administrative regulations, the Articles of Association and those that the general meeting by way of an ordinary resolution concluded that may have material impact on the Company and require adoption by way of a special resolution;
- (VIII) other matters required by the Listing Rules of the Hong Kong Stock Exchange to be passed by way of a special resolution.

***Special Procedures for Voting at Class meetings***

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

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

Except holders of other classes of shares, holders of domestic shares and overseas listed shares are deemed as different class shareholders.

Where the share capital of the Company includes shares that do not carry voting rights, the word "non-voting" shall appear on the name of such shares.

Where the share capital includes shares with different voting rights, the name of each class of shares, other than those with the most favourable voting rights, shall include the words "restricted voting" or "limited voting".

The Company shall not proceed to vary or abrogate the rights of class shareholders unless such proposed variation or abrogation has been approved by way of a special resolution at a shareholders' general meeting and by a separate shareholder meeting convened by the class shareholders so affected in accordance with Article 93 to Article 97 hereof.

No approval by a shareholders' general meeting or a class meeting is required for variation or abrogation of the rights of class Shareholders resulting from any change in domestic or overseas laws and administrative regulations and listing rules of the stock exchange in the place where the Company's shares are listed as well as the decisions made by domestic or overseas regulatory authorities in accordance with the laws.

The transfer of shares held by the holders of domestic shares of the Company to overseas investors for overseas listing and trading or the conversion of all or part of the domestic shares into overseas listed shares for listing on any overseas stock exchange shall not be considered as the Company's intention to vary or abrogate the rights of class shareholders.

Except as stipulated by laws, administrative regulations or these Articles of Association, the following circumstances shall be deemed as variation or abrogation of the rights of a certain class of shareholders:

- (I) to increase or decrease the number of shares of such class, or to increase or decrease the number of shares of a class' voting rights, distribution rights or other privileges equal or superior to those of the shares of such class;
- (II) to change all or part of the shares of such class into shares of another class or to change all or part of the shares of another class into shares of that class or to grant relevant conversion rights;
- (III) to cancel or reduce rights to accrued dividends or cumulative dividends attached to shares of the said class;
- (IV) to reduce or cancel rights attached to the shares of the said class to preferentially receive dividends or to preferentially receive distributions of assets in a liquidation of the Company;
- (V) to add, cancel or reduce share conversion rights, options, voting rights, transfer rights, pre-emptive placing rights, or rights to acquire securities of the Company attached to the shares of the said class;
- (VI) to cancel or reduce rights to receive Company payables in a particular currency attached to the shares of the said class;
- (VII) to create a new class of shares with voting rights, distribution rights or other privileges equal or superior to those of the shares of the said class;
- (VIII) to restrict the transfer or ownership of the shares of the said class or to impose additional restrictions;
- (IX) to issue rights to subscribe for, or to convert into, shares of the said class or another class;
- (X) to increase the rights and privileges of the shares of another class;
- (XI) to restructure the Company in such a way to cause Shareholders of different classes to undertake liabilities disproportionately during the restructuring;
- (XII) to amend or cancel provisions in this chapter.

Resolution of a shareholders' class meeting shall be passed only by two-thirds or more of the total voting rights being held by the Shareholders of that class who are entitled to do so, present and vote at the shareholders' class meeting in accordance with Article 93 hereof.

In the following circumstances, the special procedures for voting by class Shareholders shall not apply:

- (I) with the approval by a special resolution at the shareholders' general meeting, the Company issues domestic shares or overseas listed shares alone or at the same time at each interval of 12 months and the number of the proposed domestic shares and overseas listed shares does not exceed 20 percent of the respective outstanding shares of such class;
- (II) the Company has made the plans to issue domestic shares or overseas listed shares at the time of incorporation and the implementation of such plan has been completed within 15 months from the date of approval by the securities regulatory authorities of the State Council;
- (III) Other situations specified in relevant laws, regulations and the Articles of Association.

### **Director**

A director is a natural person and is not required to hold shares in the company. The directors of the company include executive director, non-executive director and independent non-executive director. Executive director refers to the director who holds the position of operation and management in the company. Non-executive director refers to the director who does not hold the position of operation and management in the company and does not have independence in accordance with the laws. Independent non-executive director refers to the director in compliance with the requirements of section two of Article 10 of the Articles of Association.

### ***Appointment and Removal***

Directors shall be elected or replaced at the shareholders' general meeting for a term of three years. A director may serve consecutive terms if re-elected upon the expiry of his/her term.

The term of office of the directors shall be counted from the date of appointment until the expiration of the term of the current board of directors. When the directors' term expires and re-election is not held in time, the original directors shall still perform their duties as Directors in accordance with the laws, administrative regulations, departmental rules and these Articles of Association before the newly-elected directors take office.

The written notice on the intention of nominating the director candidate and the nominee's statement of willingness to accept the nomination, as well as the written materials on the nominees, shall be sent to the Company not less than seven days before the date of convening the meeting (The 7-day notice period shall commence no earlier than the second day after the issue of the notice of meeting designated for such election and the date of conclusion shall not be later than 7 days before the convening of the shareholders' general meeting). The board of directors shall provide shareholders with biographical details and basic conditions of the director candidate.

Under the premise of complying with the relevant laws and administrative regulations, the shareholders' general meeting may, by an ordinary resolution, remove any director whose term of office has not expired (but the damage claims of the director based on any contract is not affected by this rule).

A director may resign before expiration of his/her term of office. The resigning director shall submit a written resignation to the board of directors.

In the event that the resignation of any director results in the number of members of the board of directors to be less than the statutory minimum requirement, the resigning director shall still perform his/her duties as a director in accordance with laws, administrative regulations, departmental rules and these Articles of Association before the newly-elected director takes office.

Save for the circumstances as referred to in the preceding paragraph, the resignation of a director shall become effective upon submission of his resignation to the board of directors. Subject to the relevant laws and regulations and the regulatory rules in the place where the Company's shares are listed, if the board of directors appoints a new director to fill a casual vacancy, the appointed director shall only serve until the forthcoming session of shareholders' general meeting of the issuer and shall be entitled to re-election.

If a director violates the provisions of laws, administrative regulations, departmental rules or the Articles of Association during the performance of his/her duties and causes losses to the company, he/she shall be liable for compensation.

When a director's resignation takes effect or his/her term of service expires, the director shall complete all handover procedures with the board of directors. The director's fiduciary duties towards the Company and the shareholders do not necessarily cease after the end of his/her term of service and shall remain effective within reasonable term stipulated in the Articles of Association. The duty of confidentiality in respect of trade secrets of the Company shall still be in effect after the end of his/her term of office, until such trade secrets become publicly available information. Other duties may continue for such period as the principle of fairness may require, depending on the length of time which has elapsed between the occurrence of the event concerned and the termination of tenure, and the circumstances and terms under which the relationship between the director and the Company has been terminated.

**Independent Non-executive Director**

The Company establishes an independent non-executive director system. The independent non-executive director refers to the director who does not hold other position in the Company except for the director, and has no relationship with the Company and its major shareholders which may hinder its independent and objective judgment.

***Qualifications***

An independent non-executive director shall meet the following basic conditions:

In accordance with the relevant provisions of laws, administrative regulations, departmental rules, normative documents, relevant regulatory authorities or the Articles of Association, the Company has the qualification of being a director and an independent non-executive director of the Company;

- (I) independent performance of duties, not affected by the Company's major shareholders, de facto controllers or other units or individuals with interests in the Company;
- (II) bachelor degree or above or senior technical title of relevant major;
- (III) relevant knowledge of corporate governance, familiar with relevant laws, administrative regulations, departmental rules and normative documents;
- (IV) more than 5 years of legal, economic, financial, fiscal or other work experience that is conducive to the performance of the duties of an independent non-executive director;
- (V) familiar with the Company's operating management and relevant laws, administrative regulations, departmental rules and normative documents;
- (VI) be able to read, understand and analyze the Company's financial statements;
- (VII) ensure that there is sufficient time and energy for the effective performance of duties and commitment to abide by the obligation of good faith and diligence.

***Appointment and Removal***

The term of office of an independent non-executive director shall be three years, and he/she shall be entitled to re-election, but no more than nine years, unless otherwise provided by relevant laws and regulations and the Listing Rules of the stock exchange where the Company's shares are listed.

Independent non-executive directors shall not be less than three, which shall account for more than one-third of the total number of board members, and at least one independent non-executive director of the Company shall be a finance professional or an accounting professional.

Before the expiry of the term of office of an independent non-executive director, he/she shall not be removed without proper reasons.

If an independent non-executive director fails to attend the meeting of the board of directors in person for three consecutive times, the board of directors may propose to the shareholders' general meeting for replacement.

**Board of Directors**

*Functions and Powers*

The board of directors exercise the following functions and powers:

- (I) to convene a shareholders' general meeting, propose the approval of relevant matters submitted to the shareholders' general meeting and report their work to such meeting;
- (II) to implement the resolutions of a shareholders' general meeting;
- (III) to determine the medium- and long-term development strategy of the Company;
- (IV) to decide on the operation plan and investment scheme of the Company;
- (V) to prepare the annual budget and final accounts of the Company;
- (VI) to prepare the profit distribution plan and loss recovery plan of the Company;
- (VII) to prepare plans on increase or reduction of the registered capital, plans on issuance of shares, and plans on issuance of bonds or other securities and listing of the Company;
- (VIII) to prepare plans for major assets acquisition and disposal, repurchase of the shares of the Company or the merger, divisions, dissolution and changes of the form of the Company;
- (IX) to formulate the plan for the Company's share repurchase due to the circumstances stipulated in items (I) and (II) to Article 27 of the Articles of Association;

- (X) to make a resolution on the repurchase of the Company's shares due to the circumstances stipulated in items (III), (V) or (VI) to Article 27 of the Articles of Association;
- (XI) to decide on the structure of the internal management organizations of the Company;
- (XII) to appoint or remove the General Managers and Secretary of the Board; to appoint or remove senior management, such as the Vice General Managers and Chief Financial Officer of the Company pursuant to the nominations of the General Managers; to appoint or remove key management personnel as the board of directors deems appropriate;
- (XIII) to decide on the remuneration of the aforesaid senior management;
- (XIV) to establish a basic management system of the Company;
- (XV) to prepare plans to amend the Articles of Association;
- (XVI) to decide on investment, acquisition or disposal of assets, financing, connected transactions and other matters by the board of directors in accordance with the Listing Rules of the Hong Kong Stock Exchange;
- (XVII) to manage the information disclosure of the Company in accordance with laws and regulations, the Listing Rules of the Hong Kong Stock Exchange and internal rules and regulations of the Company;
- (XVIII) to decide on other major affairs of the Company except for the matters to be resolved by the shareholders' general meeting as stipulated in the Company Law and the Articles of Association;
- (XIX) to participate in the consideration of the Company's important business management affairs and corresponding decision-making within the scope permitted by relevant laws and regulations and the Listing Rules of the Hong Kong Stock Exchange, authorise the chairman of the board of directors;
- (XX) to exercise other powers and duties conferred by relevant laws, regulations, the Listing Rules of the Hong Kong Stock Exchange, the Articles of Association or the shareholders' general meetings.

Resolutions relating to the above, with the exception of items (7), (8) and (15) which shall be approved by not less than two-thirds of the directors, shall be approved by not less than half of the directors.

***Right of Disposal of Fixed Assets***

The board of directors shall not, without the approval of Shareholders in a shareholders' general meeting, dispose of or agree to dispose of any fixed assets of the Company where the aggregate of the expected value of fixed assets proposed for disposal and the value of fixed assets disposed of within 4 months before the proposed disposal exceeds 33% of the value of the Company's fixed assets as shown in the last balance sheet reviewed by the shareholders' general meeting.

***Powers and functions of the chairman***

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

- (I) to preside over the shareholders' general meetings and to convene and preside over the meetings of the board of directors;
- (II) to supervise and inspect the implementation of resolutions of the board of directors;
- (III) to sign share certificates, debentures and other marketable securities issued by the Company;
- (IV) to sign important documents of the board of directors and other documents to be signed by the legal representative of the Company, and exercise the powers and functions of the legal representative;
- (V) in the event of any urgent situation due to force majeure or material emergencies, leading to failure to convene the meeting of the board of directors in a timely manner, to exercise special powers in relation to the Company's affairs in compliance with legal requirements and in the interests of the Company and subsequently reports such activities to the board of directors;
- (VI) to organise and formulate various systems for the operation of the board of directors and coordinate with the operation of the board of directors;
- (VII) to listen to the regular or irregular work reports of the Company's senior management and provide guiding opinions on the implementation of the resolutions of the board of directors;
- (VIII) to nominate candidates for the general manager and secretary to the board of directors of the Company;
- (IX) to participate in the consideration of the Company's important business and management affairs and corresponding decision-making in accordance with the authorization of the board of directors;
- (X) to exercise any other powers and functions required by the laws, regulations or the Articles of Association or conferred by the board of directors.

The vice-chairman shall assist the chairman with his/her work. In the event that the chairman of the board of directors is unable to perform his/her duties, the vice-chairman shall perform them; if the vice-chairman of the government fails or is unable to perform his duties, a director elected by more than half of the directors shall perform such duties.

The board of directors may, if necessary, authorize the chairman of the board of directors to exercise part of the powers of the board of directors during the adjournment period.

***Notice and Minutes of Board Meeting***

A notice shall be given to all directors and supervisors 14 days prior to a regular meeting of the board of directors or reasonable time prior to an extraordinary meeting of the board of directors. The responsible body of the Company shall serve a written notice of the meeting to all directors and supervisors by hand, fax, express mail service or other means of electronic communication. Notices that are not served by hand shall be confirmed by phone call and record should be made accordingly.

In case of emergency where an extraordinary meeting of the board of directors is required to be convened as soon as possible, the notice of meeting may be given by phone call or by other verbal means at any time, but the convener shall provide an explanation at the meeting.

The notice of meeting shall be deemed to have been served to a director if he/she is present at the meeting and does not raise any objection to non-receipt of such notice prior to or at the time of his/her arrival at the meeting.

Regular or extraordinary meetings of the board of directors may be held by way of teleconference or by virtue of other communication devices. In such meetings, so long as the participating directors can hear and communicate with each other, all participating directors are deemed to have had participated in the meeting in person.

The board of directors may accept a written proposal instead of convening a meeting of the board of directors, but the draft of the proposal shall be sent to each director by direct service, post, fax or e-mail. If the board of directors has distributed the proposal to all directors, and the directors who have signed and agreed to the proposal have reached the quorum required to make a decision, and the signed documents that have agreed to the proposal have been sent to the secretary to the board of directors in the above way, the proposal will become a resolution of the board of directors, which is deemed to have the same legal effect as the resolution passed by the meeting of the board of directors convened in accordance with the relevant provisions of the Articles of Association.

The board of directors shall keep minutes of resolutions on matters discussed at the meeting. The attending directors and the recorder of meeting minutes shall sign the minutes of such meeting. The directors shall be liable for the resolutions of the board of directors. If the resolutions of the board of directors violate the laws, administrative regulations or the Articles of Association, which causes the Company to suffer a material loss, the directors involved in the resolutions are liable to the Company for indemnity. However, directors may be exempted from such liability if it is verified and recorded in the minutes of the meeting that such director has expressed his/her objection during voting.

*Convening and Voting of the Board of Directors*

The board meeting can be held only when there are more than one half of the directors attending the meeting.

Each director enjoys only one voting right. The resolution of the board of directors shall be passed by more than a half of all directors, except as otherwise stipulated by the laws, administrative regulations and the Articles of Association.

When the number of votes against and in favour are equal, the chairman of the board of directors shall be entitled to an additional vote.

Except as otherwise provided, a director shall not vote on a resolution approving any contract, arrangement or any other proposal in which such director or any of his/her related parties has a material interest, nor shall such director be counted in the quorum present at the meeting.

A director shall attend the board meetings in person. If a director is not able to attend the meeting for any reason, he/she may appoint in writing other directors to attend the meeting on his/her behalf. The scope of authorization shall be specified in the proxy form.

The director attending the meeting on other's behalf shall only exercise the rights of director within the scope of authorization. If a director neither attends a board meeting nor appoint a representative to attend on his/her behalf, such director shall be deemed to have waived his/her right to vote at such meeting.

**Secretary to the Board**

The Company has one secretary to the board, which is considered as the senior management personnel of the Company.

The secretary to the board shall be a natural person with necessary professional knowledge and experience, nominated by the chairman of the board of directors, appointed or dismissed by the board of directors. The duties thereof include:

- (I) to ensure that the Company has a complete set of organizational documents and records;
- (II) to ensure that the Company prepares and submits the reports and documents in accordance with the laws as required by the regulatory authorities,
- (III) to ensure the proper maintenance of the Company's register of shareholders, so as to ensure the persons who are entitled to obtain the relevant records and documents of the Company are able to obtain the same on a timely basis;

A director or other senior management of the Company may concurrently serve as the secretary of the board of the company. The accountants of the accounting firm which has been engaged by the Company and the management officers of controlling shareholders shall not concurrently serve as the secretary to the board of the Company.

If a director of the Company concurrently serves as a secretary to the board of the Company, an action that shall be separately carried out by a director and a secretary to the board of the Company shall not be acted by such person who holds the offices of director and secretary to the board of the Company in dual capacity.

**General Managers and Other Senior Management Personnel**

The Company has one general manager. The Company has a number of standing deputy general managers, who are nominated by the general manager. Directors may concurrently serve as senior management personnel.

Senior management personnel are appointed or removed by the Board of Directors. The general manager is accountable to the board of directors and shall exercise the following powers and functions:

- (I) to be in charge of managing the Company's production and operation, organise the implementation of resolutions of the board of directors, and report work to the board of directors;
- (II) to organise annual operating plans and investment programmes of the Company;
- (III) to make internal management organization establishment plan;
- (IV) to make basic management system;
- (V) to formulate basic and detailed rules of the Company;
- (VI) to recommend to the board of directors for appointment or removal of the deputy general manager and Chief Financial Officer and other senior management personnel;
- (VII) to decide to appoint or remove officers of the Company other than those to be appointed or removed by the board of directors;
- (VIII) other duties and powers prescribed by laws, administrative regulations, departmental rules, relevant regulatory authorities and the Articles of Association.

The Company shall have one Chief Financial Officer, who shall be appointed or removed by the board of directors. Chief Financial Officer shall be responsible to the board of directors and the general manager.

**Supervisory Committee**

The Company shall establish a supervisory committee, which shall exercise its supervisory powers in accordance with the laws, administrative regulations and the Articles of Association.

The supervisory committee consists of 3 members and one of them shall be the chairman. The term of office of a supervisor is three years and the supervisors can be re-elected and re-appointed.

The appointment and dismissal of the chairman of the supervisory committee shall be subject to the approval of two-thirds or more of its members by voting.

The supervisory committee shall be composed of the shareholders' representative(s) and representative(s) of the workers of the Company in an appropriate ratio. In particular, the ratio of the employee representative supervisor(s) shall be no less than one-third. The employee representative supervisor(s) shall be elected by the staff and workers congress, the representative staff and workers congress or other forms of democratic election.

***Functions and Powers***

The supervisory committee shall be accountable to the shareholders' general meeting, and exercise the following functions and powers:

- (I) to review the financial position of the Company;
- (II) to supervise the performance of directors, manager and senior management personnel if they violate laws, administrative regulations or the Articles of Association in fulfilling their duties to the Company;
- (III) to correct the acts of the directors, managers and other senior managers if their actions damage the interests of the company;
- (IV) to review financial information such as financial reports, business reports, and profit distribution plans as proposed by the board of directors to the shareholders' general meetings, and to engage certified public accountants and practicing auditors to assist with further examination in the name of the Company if there are any queries;
- (V) to propose the convening of extraordinary general meetings of the board of directors;
- (VI) to negotiate with directors on behalf of the Company or initiate litigations against directors;
- (VII) other duties and powers conferred by the Articles of Association.

Supervisors attend the board meetings without voting rights.

***Convening rules***

The supervisory committee shall convene at least one meeting every six months, which shall be convened by the chairman of the supervisory committee.

If the chairman of the supervisory committee is unable or fails to perform his/her duties, a supervisor who has been elected by more than half of the supervisors shall convene and preside over the meeting of the supervisory committee.

The supervisors may propose to convene extraordinary meetings of the supervisory committee.

If the supervisory committee convenes regular or interim meetings, the staff of the supervisory committee shall, within a reasonable period in advance, provide a written notice of the meeting to all supervisors by direct delivery, fax, email or other means. If the service is not delivered directly, it shall also be confirmed by telephone and recorded accordingly.

In case of emergency where an extraordinary meeting of the board of directors is required to be convened as soon as possible, the notice of meeting may be given by phone call or by other verbal means at any time, but the convener shall provide an explanation at the meeting.

***Resolution of the supervisory committee***

The method for resolving matters by the supervisory committee: resolutions of the supervisory committee shall be made by way of voting with one vote for each supervisor in the manner of open and written ballot.

The voting procedure is as follows: the voting intentions of supervisors are consent, objection and abstention. The supervisors present at the meeting shall choose one of the above intentions. If no choice is made or two or more intentions are selected at the same time, the chairman of the meeting shall require the supervisor to choose again. If he/she refuses to choose, it shall be deemed as abstention; if he/she fails to return to the meeting venue during the meeting and makes no choice, it shall be deemed as abstention.

The resolutions of the supervisory committee shall be passed by two-thirds or more of its members by voting.

The discussed matters shall be recorded in the minutes of the meeting of the supervisory committee. Supervisors shall sign on the minutes of meetings. Supervisors are entitled to request that an explanatory notes of their comments made at the meetings be recorded in the minutes. Minutes of meeting of the supervisory committee shall be kept at the domicile of the Company.

In case of communication voting, the supervisor shall fax his/her written opinions and voting intention to the office of the supervisory committee after signing for confirmation. The supervisors who participate in the communication voting shall submit the signed original votes to the supervisory committee within the term of the notice of the meeting.

**Qualifications, Obligations And Remuneration of the Company's Directors, Supervisors and Senior Management Personnel**

*Qualifications*

The following persons shall not serve as directors, supervisors, or other senior management personnel of the Company:

- (I) persons without civil capacity or with limited civil capacity;
- (II) persons who have committed offenses relating to corruption, bribery, embezzlement of property, misappropriation of property or disruption of socialist economic order and have been sentenced to criminal punishment, where less than five years has elapsed since the date of enforcement, or who have been deprived of their political rights due to the commission of a criminal offense, where less than five years has elapsed since the date of enforcement;
- (III) persons who were former directors, factory managers or managers of a company or enterprise which was declared bankrupt and was liquidated and who were personally liable for the bankruptcy of such company or enterprise, where less than three years has elapsed since the date of completion of the bankruptcy and liquidation of the company or enterprise;
- (IV) persons who were legal representatives of a company or enterprise which had its business license revoked and was ordered to close down due to violation of the law and who were personally liable, where less than three years has elapsed since the date of the revocation;
- (V) persons who have a substantial amount of debts due and outstanding;
- (VI) persons who are under investigation of the judicial authority due to breach of criminal laws and the case is not closed;
- (VII) persons who are prohibited from acting as a leader of an enterprise by laws or administrative regulations;
- (VIII) persons other than a natural person;

- (IX) persons who has been convicted by the competent authority for violation of securities regulations by acting fraudulently or dishonestly, where less than five years has elapsed since the date of the conviction;
- (X) other circumstances specified by the laws and securities regulatory organizations rules of the place where the shares of the Company are listed.

***Obligations***

The directors, supervisors and senior management personnel of the Company shall perform their duties in accordance with the principle of fiduciary and shall not put themselves in a position where their duties and their interests may conflict. These principles include (but not limited to) the following:

- (I) to act honestly in the best interests of the Company;
- (II) to exercise powers within the scope of his/her powers;
- (III) to exercise the discretion vested in him personally and not to allow himself/herself to act under the control of another and, unless and to the extent permitted by the laws, administrative regulations or with the informed consent of shareholders at general meetings, not to delegate others to exercise his/her discretion;
- (IV) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;
- (V) unless otherwise provided by the Articles of Association or with the informed consent of Shareholders at general meeting, not to enter into any contract, transaction or arrangement with the Company;
- (VI) without the informed consent of shareholders at general meeting, not to use the Company's property for his/her own benefit in any form;
- (VII) not to exploit his/her position to accept bribes or other illegal income or expropriate the Company's property by any means, including but not limited to opportunities advantageous to the Company;
- (VIII) without the informed consent of shareholders at shareholders' general meeting, not to accept commissions in connection with the Company's transactions;
- (IX) to abide by the Articles of Association, perform his/her official duties faithfully and protect the Company's interests, and not to exploit his/her position and power in the Company for his/her own interests;

- (X) not to compete with the Company in any way unless without the informed consent of shareholders at general meeting;
- (XI) not to misappropriate the Company's funds, not to open any account in his/her own name or in any other name for the deposit of the Company's assets or funds, not to violate the provisions of these Articles of Association by lending the Company's funds to others or using such assets to provide guarantee for the debts of shareholders of the Company or other individuals without the consent of the shareholders' general meeting or the consent of the board of directors;
- (XII) unless otherwise permitted by informed shareholders at shareholders' general meeting, to keep in confidence the confidential information relating to the Company acquired by him in the course of and during his/her tenure and not to use such information other than in furtherance of the interests of the Company, save that disclosure of such information to the court or other government authorities is permitted if:
  - 1. the law so requires;
  - 2. public interest so warrants;
  - 3. the interests of the relevant director, supervisor and senior management personnel so requires.

The aforesaid officers' income derived from violation of the Articles of Association shall belong to the Company, and such officers shall be liable to compensate any loss incurred to the Company.

### ***Remuneration***

The Company shall, with the prior approval of the shareholders' general meeting, enter into a written contract with its directors, supervisors and senior management personnel with regard to the remunerations. The written contract shall include at least the following provisions:

- (I) an undertaking by the directors, supervisors and senior management personnel to the Company to observe and comply with the Company Law, the Special Regulations, the Articles of Association, the codes on takeover and the codes on share repurchases of the stock exchange in the place where the Company's shares are listed, and other rules specified by other stock exchange in the place where the Company's shares are listed, and an agreement that the Company shall have the remedies provided in the Articles of Association, and that neither the contract nor their office is capable of assignment;

- (II) an undertaking by the directors, supervisors and senior management personnel to the Company on behalf of each Shareholder to observe and perform their obligations to the Shareholders required by the Articles of Association;
  
- (III) an arbitration clause as provided in Article 195 hereof. The aforesaid remunerations include:
  - a. remunerations in respect to their service as directors, supervisors or senior management personnel of the Company;
  - b. remunerations in respect to their service as directors, supervisors or senior management personnel of any subsidiary of the Company;
  - c. remunerations in respect to the provision of other services in connection with the management of the affairs of the Company and any of its subsidiaries;
  - d. payment to the directors or supervisors as compensation for loss of office or as consideration in connection with his/her retirement.

No proceedings may be brought by a director or supervisor against the Company for any benefit due to him/her in respect of the matters mentioned above except pursuant to the contract mentioned above.

The contracts entered into between the Company and its directors or supervisors concerning remunerations shall prescribe that in the event that the Company is being acquired, the Company's directors and supervisors shall, subject to the prior approval of shareholders' general meeting, have the right to receive compensation or other payment in respect of his/her loss of office or retirement. For the purposes of the preceding paragraph, the acquisition of the Company includes any of the following:

- (I) an offer for acquisition made by any person to all shareholders; or
  
- (II) an offer for acquisition made by any person such that the offeror will become the Controlling Shareholder.

If the relevant directors or supervisor do not comply with the Articles of Association, any sum received by them shall belong to those persons who have sold their shares as a result of the acceptance of such offer, and the expenses incurred in distributing that sum on a pro rata basis among those persons shall be borne by the relevant directors or supervisors and shall not be deducted from the distributed sum.

**Financial Assistance for Acquisition of Shares of the Company**

The Company or any of its subsidiaries shall not, by any means and at any time, provide any financial assistance to purchasers or potential purchasers of the Company's shares. The aforesaid purchasers of the Company's shares include persons directly or indirectly undertaking obligations due to the purchasing of the Company's shares.

The Company or its subsidiaries shall not, by any means and at any time, provide any financial assistance to the aforesaid obligors for the purpose of reducing or discharging their obligations.

The Articles of Association shall not apply to the circumstances specified in Article 36.

The "financial assistance" referred to in this Chapter includes (but is not limited to) the following ways:

- (I) gift;
- (II) guarantee (including the undertaking of liability or provisions of property by the guarantor in order to guarantee the performance of the obligation by the obligor), indemnity (excluding, however, indemnity arising from the Company's own fault) and termination or waiver of rights;
- (III) provision of a loan or signing of a contract under which the obligations of the Company are to be fulfilled prior to the fulfilment of the obligations of the other party to the contract, and a change in the party to such loan or agreement as well as the assignment of rights under such loan or contract;
- (IV) financial assistance provided in any other form when the Company is insolvent or has no net assets or when such assistance would lead to a significant reduction in the Company's net assets.

**Increase or Decrease in Shares**

The Company may, based on its business and development needs and in accordance with the requirements of laws, regulations and the Articles of Association, increase its registered capital in the following manners:

- (I) by issuing new shares to public;
- (II) by issuing new shares to private;
- (III) by placing new shares to its existing Shareholders;
- (IV) by distributing bonus to its existing Shareholders;

(V) by capitalising its capital reserves;

(VI) by other ways permitted by the laws, administrative regulations and pertinent regulatory authorities.

The Company's increase of capital by issuing new shares shall, after being approved in accordance with the provisions of these Articles of Association, be conducted in accordance with the procedures stipulated in the relevant laws and administrative regulations of the PRC and the stock listing rules of the stock exchange in which Company's shares are listed.

The Company may reduce its registered capital and shall be conducted by accordance with the procedures stipulated in the PRC Company Law, other relevant regulations and these Articles of Association.

### **Repurchase of Shares**

The Company may, according to the requirements of the laws, administrative regulations, departmental rules, stock listing rules of the stock exchange in which Company's shares are listed and the Articles of Association, repurchase its shares under the following circumstances:

- (I) cancelling shares for reducing the Company's registered capital;
- (II) merging with other companies which hold shares in the Company;
- (III) awarding shares for employee stock ownership plan or share incentive plan;
- (IV) acquiring shares held by shareholders, who vote against any resolution proposed in any shareholders' general meeting on the merger or division of the Company, upon their request;
- (V) using shares to convert into corporate bonds which are convertible into shares that issued by Company;
- (VI) protecting the Company value and shareholders' equity when necessary;
- (VII) other circumstances as permitted by laws, administrative regulations.

### **Financial Accounting System**

The accounting year of the Company adopts the calendar year system of Gregorian calendar, i.e., from January 1 to December 31, as an accounting year.

The Company shall prepare a financial report at the end of each accounting year, and such financial report shall be audited in compliance with laws.

Any financial report shall be prepared in accordance with the PRC accounting standards and regulations, and also in accordance with either international accounting standards or those of the place outside the PRC where the Company's shares are listed. If there are significant discrepancies in the financial reports separately prepared based on above two standards, the notes shall be added in the financial report prepared in accordance with either international accounting standards or those of the place outside the PRC where the Company's shares are listed. In distributing its after-tax profits of the relevant accounting year, the lower of the after-tax profits as shown respectively in the above-mentioned two financial reports shall be adopted.

The interim financial results or financial information announced or disclosed by the Company shall be prepared in accordance with the PRC accounting standards or regulations, and at the same time in accordance with either international accounting standards or those of the place outside the PRC where the Company's shares are listed.

### **Accounting Firm**

#### ***Appointment***

The first accounting firm of the Company may be appointed at the inaugural meeting prior to the first annual general meeting. The accounting firm so appointed shall hold the position until the conclusion of the first annual general meeting.

The accounting firm appointed by the Company shall hold their position from the conclusion of the annual general meeting at which the appointment is made until the conclusion of the next annual general meeting.

#### ***Remuneration***

The remuneration of an accounting firm or the manner in which such remuneration is to be decided shall be determined by the shareholders' general meeting. The remuneration of the accounting firm appointed by the board of directors shall be determined by the board of directors.

#### ***Removal***

The Company's decision on appointment, removal and non-reappointment of an accounting firm shall be resolved by a shareholders' general meeting. Such resolution shall be filed with the securities regulatory authorities of the State Council.

When the company dismisses or no longer renews the accounting firm, it shall notify the accounting firm in advance, and the accounting firm has the right to present its opinions to the shareholders' general meeting.

When a resolution at a shareholders' general meeting is passed to appoint an accounting firm other than the incumbent accounting firm to fill a casual vacancy in the office of the accounting firm, to re-appoint an accounting firm that was appointed by the board of directors to fill a casual vacancy, or to remove an accounting firm before the expiration of its term of office, the following provisions shall apply:

- (I) Before notice of meeting is given to the shareholders, a copy of the appointment or removal proposal shall be sent to the accounting firm proposed to be appointed or proposed to leave its post or the accounting firm which has left its post in the relevant accounting year;

Leaving includes leaving by removal, resignation and retirement.

- (II) If the accounting firm leaving its post makes representations in writing and requests the Company to notify its shareholders of such representations, the Company shall (unless the written representations were received too late) take the following measures:

- 1. in any notice of meeting held for making the resolution, state the fact that the departing accounting firm has made such representations; and
- 2. attach a copy of the representations to the notice and send it to every shareholder entitled to notice of general meeting in the manner stipulated in the Articles of Association.

- (III) If the Company fails to send out the accounting firm's representations in the manner set out in item (2) of this Article, such accounting firm may require that the representations be read out at the shareholders' general meeting and may make further representations;

- (IV) An accounting firm that is leaving its post shall be entitled to attend:

- 1. The shareholders' general meeting at which its term of office would otherwise have expired;
- 2. The shareholders' general meeting at that it is proposed to fill the vacancy caused by its removal;
- 3. The shareholders' general meeting that is convened as a result of its resignation.

The accounting firm shall be entitled to receive all notices of, and other communications relating to, such meetings, and to speak at such meetings in relation to matters concerning its role as the former accounting firm of the Company.

If the Company proposes to remove the accounting firm or not to renew the appointment thereof, it shall notify the accounting firm in advance, and the latter has the right to state its opinions to the shareholders' general meeting. If the accounting firm resigns, it shall make clear to the shareholders' general meeting whether there is any impropriety on the part of the Company.

The accounting firm may resign from its office by depositing the written notice of resignation at the registered address of the Company. The notice shall become effective on the date of such deposit or on such later date as may be stated in the notice. The notice shall contain the following statements:

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

**Profit and Distribution**

When distributing each year's after-tax profits, the Company is required to set aside 10% of its profits into its statutory reserve fund. When the cumulated amount of the statutory reserve fund of the Company has reached more than 50% of its registered capital, no further allocations is required.

If its statutory reserve fund is not sufficient to make up losses of the previous year, profits of the current year shall be applied to make up losses before allocation is made to the statutory reserve fund pursuant to the above provisions.

After allocation of the statutory reserve fund from after-tax profits, it may, upon a resolution passed at the general meeting, allocate discretionary reserve fund from after-tax profits.

After losses have been covered and the statutory reserve fund has been allocated, any remaining after-tax profits shall be the profits available to shareholders, which shall be distributed to the shareholders in proportion to their shareholdings according to resolutions of the shareholders' general meeting.

If the general meeting has, in violation of the provisions of the preceding paragraphs, distributed profits to the shareholders before the Company has made up for its losses and made allocations to the statutory reserve fund, the shareholders must return the profits distributed in violation of the provision to the Company.

The Company may distribute dividends in the form of (or a combination of both):

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

**Settlement of Disputes**

The Company shall comply with the following rules in settling disputes:

- (I) whenever any disputes or claims concerning the affairs of the Company arise from any rights or obligations as provided in the contract, the Articles of Association, the Company Law and other relevant laws and administrative regulations involving (i) between the Company and its director or senior management personnel; and (ii) between a holder of overseas listed shares and a director or senior management personnel of the Company, the parties concerned shall resolve such disputes and claims through arbitration.

When a dispute or claim described above is submitted for arbitration, the entire dispute or claim shall be resolved through arbitration; all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, if they are shareholders, directors, supervisors, or senior management personnel of the Company or the Company, shall submit to arbitration.

Disputes over who is a shareholder and over the share register do not have to be resolved through arbitration.

- (II) the party seeking arbitration may elect to have the dispute or claim arbitrated either by the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or by the Hong Kong International Arbitration Center in accordance with its securities arbitration rules. Once the party seeking arbitration submits a dispute or claim to arbitration, the other party must submit to the arbitral institution selected by the party seeking the arbitration.

If the party seeking arbitration elects to arbitrate the dispute or claim at the Hong Kong International Arbitration Center, then either party may apply to have such arbitration conducted in Shenzhen according to the securities arbitration rules of the Hong Kong International Arbitration Center.

- (III) if any disputes or claims falling within circumstances referred to in item (I) are settled by way of arbitration, the laws of the People's Republic of China (excluding Hong Kong, Macau and Taiwan) shall apply, except as otherwise provided in the laws and administrative regulations.
- (IV) the award of the arbitral institution is final and shall be binding on the parties thereto. Such agreement on arbitration is reached by the director or senior management personnel and the Company, while the Company acts on behalf of itself and each of the shareholders. Any submission of the arbitration shall be deemed as authorization of arbitral tribunal to perform public hearing and announcement its judgement.