

常茂生物化學工程股份有限公司
**CHANGMAO BIOCHEMICAL ENGINEERING
COMPANY LIMITED***

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

Articles of Association

(In case of discrepancy, the Chinese version of the Articles of Association shall prevail the English one.)

*For identification purpose

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ARTICLES OF ASSOCIATION OF Changmao Biochemical Engineering Company Limited*

CHAPTER 1: GENERAL PROVISIONS

Article 1. Changmao Biochemical Engineering Company Limited (the “Company”) (Mandatory provision 1)
is a joint stock limited company established in accordance with the Company Law of the People’s Republic of China (中華人民共和國公司法 or the “Company Law”), the State Council’s Special Regulations Regarding the Issue of Shares Overseas and the Listing of Shares Overseas by Companies Limited by Shares (國務院關於股份有限公司境外募集股份及上市的特別規定 or the “Special Regulations”), the Interim Regulations on Several Issues Regarding the Establishment of Foreign Invested Joint Stock Limited Companies (關於設立外商投資股份有限公司若干問題的暫行規定), The Articles of Association of Companies Seeking a Listing Outside the PRC Prerequisite Clauses (到境外上市公司章程必備條款 or the “Mandatory Provisions”), the Reply of the State Council on the Adjustment to the Notice Period for General Meetings and Other Matters Applicable to Overseas Listed Companies (國務院關於調整適用在境外上市公司召開股東大會通知期限等事項規定的批覆 or the “Reply on the Adjustment to the Notice Period”), Guidelines for the Articles of Association of Listed Companies (Amended in 2019) (上市公司章程指引 (2019 年修訂) or the “Guidelines for the Articles of Association”), and other relevant laws and regulations of the People’s Republic of China (the “PRC”).

The Company was approved by the document 外經貿資二函(2001)458 號 (Wai Jing Mao Zi Er Han [2001] No. 458) “About the approval of the conversion of Changmao Biochemical Engineering Company Limited to a foreign investment stock company” (關於常州常茂生物化學工程有限公司轉制為外商投資股份公司的批復) issued by the Ministry of Foreign Trade and Economic Cooperation of the People’s Republic of China and has been issued the Certificate of Approval for Establishment of Enterprises with Foreign Investment in the PRC (中華人民共和國外商投資企業批准證書). The Company was set up by the promotion method and was set up and registered in the Jiangsu Administration for Industry and Commerce under the authorization of the State Administration for Industry and Commerce on 18 June 2001. The registration number of the business license of the Company is: 320000400000567.

The promoters of the Company are:

1. Changzhou Shuguang Chemical Factory
Corporate representative: Zeng Xianbiao

Address: No. 503, Sanbao Road, Changzhou, Jiangsu

2. Hong Kong Xinsheng Pioneer Investment Company Limited
Corporate representative: Rui Xinsheng
Address: Unit 4109, 41/F, Jardine House, 1 Connaught Place, Hong Kong
3. Hong Kong Bio-chemical Advanced Technology Investment Company Limited
Corporate representative: Jiang Junjie
Address: Unit 4109, 41/F, Jardine House, 1 Connaught Place, Hong Kong
4. JOMO Limited
Corporate representative: Yu Xiaoping
Address: 1005, Wing On Plaza, No. 62, Mody Road, Tsim Sha Tsui East
5. Shanghai Technology and Investment Company Limited
Corporate representative: Liu Zhenyuan
Address: No. 451, Shangchuan Road, Pudong, Shanghai
6. Shanghai Bolian Technology and Investment Company Limited
Corporate representative: Xiong Keli
Address: No. 868, Changping Road, Jiangan, Shanghai
7. Prosper Ideal Limited
Corporate representative: Huang Shaokai
Address: 25/F, New World Plaza, 16-18 Queen Road, Central, Hong Kong
8. Changzhou Xinsheng Biochemical Technology Development Co., Ltd.
Corporate representative: Rui Xinsheng
Address: Jiangbian Chemical Zone, New district, Changzhou, Jiangsu

- Article 2. The Company's registered Chinese name: 常茂生物化學工程股份有限公司 (Mandatory provision 2)
The Company's registered English name: Changmao Biochemical Engineering Company Limited
- Article 3. Company address: No.1228 Chang Jiang Bai Road, New North Zone, Changzhou City, Jiangsu Province (Mandatory provision 3)
Zip Code: 213034
Telephone: 0519 – 85776801
Facsimile: 0519 – 85776803
- Article 4. The Company's legal representative is the Chairman of the board of directors of the Company. (Mandatory provision 4)

Article 5. The Company is a joint stock limited company which has perpetual existence. (Mandatory provision 5)

Article 6. The Articles of Association shall be effective after the passing of a special resolution in a general meeting, upon the approval of the industry and commerce administrative departments in the People's Republic of China and after the registration at relevant administrative authority. The Articles of Association shall be a legally binding document governing the constitution and actions of the Company, the rights and obligations between the Company and its shareholders and among the shareholders, from its effective date. (Mandatory provision 6)

Article 7. The Company's Articles of Association are binding on the Company and its shareholders, directors, supervisors, general manager, deputy general manager and other senior management personnel; all of whom may, according to the Company's Articles of Association, assert rights in respect of the affairs of the Company. (Mandatory provision 7)

A shareholder may take action against the Company pursuant to the Company's Articles of Association, and vice versa. A shareholder may also take action against another shareholder, and may take action against the directors, supervisors, general manager, deputy general manager and other senior officers of the Company pursuant to the Company's Articles of Association.

The actions referred to in the preceding paragraph include court proceedings and arbitration proceedings.

Article 8. The Company may invest in other limited liability companies or joint stock limited companies. The liabilities of the Company thereto is limited to the amount invested in those companies. Unless otherwise provided by the laws and administrative regulations, the Company may not assume joint and several liabilities for the debt of the invested enterprises as an investor. (Mandatory provision 8)

Article 9. The Company is an independent enterprise legal person; all actions of the Company shall be compliant with the laws and regulations of the foreign shares listing place in China or abroad, and shall protect the lawful rights and interests of shareholders as well. All capitals of the Company divided into shares of equal face value, shareholders shall bear the responsibility to the Company by their shares, and the Company shall be responsible for its debts by all assets.

Article 10. Subject to compliance with PRC laws and regulations, the Company shall have the right to financing and raise funds, including (but not limited to) issuing company bonds, and have the right to charge or pledge part or all of the ownership or use rights of its assets or other rights under laws and administrative rules of the PRC. However, the Company shall not infringe or abolish the rights of any class of shareholders upon exercising the above rights.

CHAPTER 2: THE COMPANY'S OBJECTIVES AND SCOPE OF BUSINESS

- Article 11. The Company's objectives are: set up and perfect management system and operating mechanism that meet the needs of market economy, depending on scientific and technological progress and management innovation, safeguard the interests of all shareholders, maximize the company's economic and social benefits. (Mandatory provision 9)
- Article 12. The principal business scope of the Company is: (Mandatory provision 10)
- Licensed activities: Production of food; production of food additives; production of health food; production of pharmaceuticals; production of feed additives; production of feeds; production of new chemical substances; sales of food; hazardous chemicals business; import and export of pharmaceuticals; import of new chemical substances. (Activities are subject to approval in accordance with the law, only business activities after being approved by the relevant departments can be carried out. The specific business activities are subject to the approval documents or licenses from the relevant departments)
- General activities: Manufacturing of basic chemical raw materials (excluding the manufacturing of hazardous chemicals and other licensed chemicals); manufacturing of synthetic materials (excluding hazardous chemicals); manufacturing of new building materials (excluding hazardous chemicals); manufacturing of special chemical products (excluding hazardous chemicals); production of chemical products (excluding licensed chemical products); sales of food additives; sales of health food (pre-packaged); sales of feed additives; sales of feed raw materials; sales of chemical products (excluding licensed chemical products); sales of special chemical products (excluding hazardous chemicals); industrial enzyme preparation research and development; biological feed research and development; biochemical product technology research and development; new material technology research and development; natural scientific research and experimental development; new material technology promotion services; technology promotion services; import and export of goods; import and export of food; import and export of technologies; import and export agency. (Except for the activities that subject to approval in accordance with the law, the business activities shall be carried out autonomously according to the law with the business license)
- Article 13. The Company may, based on the change in market conditions and business needs in domestic and overseas and its development ability and upon obtaining approval by resolution(s) in general meeting and approval of the relevant governmental authorities, the Company may adjust its scope of business or investment orientation or method.

CHAPTER 3: SHARES AND REGISTERED CAPITAL

Article 14. There must, at all times, be ordinary shares in the Company. Subject to the approval of the companies approving department authorized by the State Council, the Company may, according to its requirements, create different classes of shares. (Mandatory provision 11)

Article 15. The shares issued by the Company must have a par value. The par value of each share is Renminbi 0.10. (Mandatory provision 12)

“Renminbi” referred to in the previous paragraph means the lawful currency of the PRC.

Article 16. Subject to the approval of the securities authority of the State Council, the Company may issue shares to Domestic Investors and Foreign Investors. (Mandatory provision 12)

“Foreign Investors” referred to in the previous paragraph mean those investors who subscribe for the shares issued by the Company and who are located in foreign countries and in the regions of Hong Kong, Macau and Taiwan. “Domestic Investors” mean those investors who subscribe for the shares issued by the Company and who are located within the territory of the PRC.

Article 17. Shares which the Company issues to Domestic Investors for subscription in Renminbi is referred to as “**Domestic Shares**”. Shares which the Company issues to Foreign Investors for subscription in foreign currencies are referred to as “**Foreign Shares**”. Foreign Shares, which are listed overseas, are called “**Overseas Listed Foreign Shares**”. Unless otherwise required in this Articles of Association, the applicable laws and regulations or the relevant regulations of the securities regulatory authorities of the locality where shares of the Company are listed, shareholders of Domestic Shares, Foreign Shares and Overseas Listed Foreign Shares are holders of ordinary shares sharing the same obligations and rights. (Mandatory provision 14) (Listing Rules App 3(9))

“Foreign currencies” means the lawful currencies of countries or districts outside the PRC other than Renminbi which are recognised by the foreign exchange authority of the State and which can be used to pay the share price to the Company.

Shares which the Company has issued but are not listed on any domestic or overseas stock exchange are referred to as “Non-Listed Shares”. Domestic Shares and Foreign Shares that are not listed on any domestic or overseas stock exchange belong to Non-Listed Shares.

Subject to the approval from the securities authority of the State Council, Non-Listed Shares may be listed and traded in an overseas stock exchange. The listing and trading of Non-Listed Shares on an overseas stock exchange

should also comply with the regulatory procedures, rules and requirements of the relevant overseas stock exchange.

The listing and trading of Non-Listed Shares on an overseas stock exchange shall not require any approval from shareholders at the general meeting or the relevant class meeting. Non-Listed Shares, when listed on an overseas stock exchange, shall be as the same class of shares as the original Overseas Listed Foreign Shares with the same obligations and rights.

- Article 18. Upon approval of the State Council authorized approving authorities, the total number of ordinary shares permitted to be issued by the Company shall be 683,700,000 shares (upon the full exercise of the over-allotment option, same as below). The Company shall upon its establishment issue 500,000,000 shares to the Promoters, which were fully subscribed by the Promoters. Ordinary shares subscribed by the Promoters consist of 219,000,000 Domestic Shares, representing 32.03 per cent. of the total number of ordinary shares permitted to be issued by the Company; and 281,000,000 foreign shares, representing 41.10 per cent of the total number of ordinary shares permitted to be issued by the Company. (Mandatory provision 15)
- Article 19. The first issued ordinary shares after the establishment of the Company were Foreign Shares listing abroad which amount to 183,700,000 shares; after the issuance, ordinary shares are 683,700,000 shares, among them, the promoters hold 500,000,000 shares, 73.13% of the total amount of ordinary shares that the company can issue; the shareholders of overseas- listed Foreign Shares hold 183,700,000 shares, 26.87% of the total amount of ordinary shares that the company can issue. (Mandatory provision 16)
- Article 20. The Company's board of directors may exercise arrangement for the issuance of Overseas Listed Foreign Shares and Domestic Shares respectively after obtaining approval from the securities authority of the State Council. (Mandatory provision 17)
- The Company may implement its proposal to issue Overseas Listed Foreign Shares and Domestic Shares pursuant to the preceding paragraph within 15 months from the date of approval by the securities authority of the State Council.
- Article 21. Fund raising from the issuance of shares includes Overseas Listed Foreign Shares and Domestic Shares shall be done at once time respectively within the total number of shares stated in the share issuance proposal, If the fund cannot be raised in one time due to special circumstances, the shares may, subject to the approval of the securities authority of the State Council, be issued in several batches. (Mandatory provision 18)
- Article 22. Shanghai Bolian Technology and Investment Company Limited (being one of the promoters) transferred 12,500,000 shares in the Company held by it to Shanghai Technology Investment Company Limited (being one of the promoters) after completion of the allotment of the Overseas Listed Foreign Shares as described in Article 18 above. (Mandatory provision 19)

The Company repurchased the 154,000,000 shares held by Changzhou Shuguang Chemical Factory (being one of the promoters) after completion of the aforesaid share transfer. The number of issued shares of the Company shall be 529,700,000 shares and the registered capital of the Company shall be RMB 52,970,000 after completion of the aforesaid share repurchase.

After completion of the aforesaid share repurchase, Shanghai Technology Investment Company Limited, being one of the promoters, entered into an agreement to sell the 62,500,000 shares held by it to Kehai Venture Capital (Hong Kong) Limited, a company incorporated in Hong Kong. After completion of such share sale, the total number of ordinary shares of the Company shall comprise 2,500,000 Domestic Shares, 343,500,000 foreign shares and 183,700,000 Overseas Listed Foreign Shares, representing approximately 0.47%, 64.85% and 34.68% respectively of the issued ordinary shares of the Company. The Company's capital structure is set out below:

Shareholder's name	No. of shares held ('000)	Shareholding percentage (%)	Class of Shares
Changzhou Xinsheng Biochemical Technology Development Co., Ltd.	2,500	0.47	Non-Listed Shares
Hong Kong Xinsheng Pioneer Investment Company Limited	135,000	25.49	Non-Listed Shares
Hong Kong Bio-chemical Advanced Technology Investment Company Limited	67,500	12.74	Non-Listed Shares
JOMO Limited	66,000	12.46	Non-Listed Shares
Kehai Venture Capital (Hong Kong) Limited	62,500	11.80	Non-Listed Shares
Prosper Ideal Limited	12,500	2.36	Non-Listed Shares
Holder of Overseas Listed Foreign Shares listed and traded in Hong Kong	<u>183,700</u>	<u>34.68</u>	Overseas Listed Foreign Shares
	<u>529,700</u>	<u>100</u>	

Total

Article 23. The Company may, based on its operating and development needs, approve (Mandatory provision 20) the increase its capital pursuant to the Company's Articles of Association.

The Company may increase its capital in the following ways:

- (1) by offering new shares for subscription by unspecified investors;
- (2) by issuing new shares to its existing shareholders;
- (3) by allotting bonus shares to its existing shareholders;
- (4) by any other means which is permitted by law and administrative regulation.

After the Company's increase of share capital by means of the issuance of new shares has been approved in accordance with the provisions of the Company's Articles of Association, the issuance thereof shall be made in accordance with the procedures set out in the relevant PRC laws and administrative regulations.

Article 24. Except as provided for by other provisions of laws, administrative (Mandatory provision 21) regulations and the relevant regulations of the securities regulatory authorities of the locality where Overseas Listed Foreign Shares of the Company are listed, shares of the Company may be freely transferred without (Listing Rules App 3(1)(2)) any right of lien.

Article 25. Subject to the compliance of the Article 28, 46 and 47 of the Articles of Association, and other applicable regulations, once the shares of the Company being transferred, the name of the transferee shall be regarded as the holder of the shares and be registered in the register of shareholders.

Article 26. All the issuance or transfer of Overseas Listed Foreign Shares shall be registered in the register of Overseas Listed Foreign Shareholders that kept in the listed place according to the Article 44(2).

Article 27. Any holder of listed Foreign Shares may transfer all or part of shares by any typical form in listing place or any other written transfer document permitted by the Board of directors, or the standard transfer form specified by the stock exchange in which the shares of the Company are listed. Transfer documents shall be signed by hand or in printing by the transferor and transferee.

All transfer documents shall be placed at the legal address of the Company or the address appointed by the Board of Directors from time to time.

Article 28. During any time in the period that the Overseas Listed Foreign shares of the Company are listed in Stock Exchange of Hong Kong Limited (the "**Stock Exchange of HK**") (Listing Rules 19A.52), the Company must ensure that all the ownership documents (including the Overseas Listed Share certificates) of the stocks that listed in the Stock Exchange of HK include the following statements:

- (1) The purchaser(s) of shares agrees with the Company and each shareholder, the Company agrees with each shareholder, that they shall comply with the Company Law, Special Regulations and the provision of the Articles of Association.
- (2) The purchaser(s) of shares agree with each shareholder of the Company, Directors, supervisors, general manager, deputy general manager and senior management, while the company which on behalf of the Company itself, each Director, supervisor, general manager, deputy general manager and the senior management also agree with each shareholder, that the dispute or claim of rights relating to the company business, according to the Articles of Association or the provision of the laws and administrative regulations, shall solve by arbitration according to the Articles of Association, and any submitted arbitration shall be regarded as giving authorisation to the arbitration tribunal to conduct public hearing and publish its decisions. The arbitration is final decision.
- (3) The purchaser(s) of shares agrees with the Company and each shareholder, the holder may transfer the shares of the Company freely.
- (4) The purchaser(s) of shares authorise the Company, on behalf of himself/ herself /themselves, to sign contracts with each Directors and senior management, the Directors and the senior management promise to comply and fulfil their responsibility to the shareholders according to the Articles of Association.

The Company shall instruct the share registrar to refuse registration of any individual holder's name in relation to the subscription, purchase or transfer of shares, unless and until the individual holder submits the signed form in relation to the shares which include the above statement to the share registrar.

Article 29. The Overseas Listed Foreign Shares of the Company may be listed and traded in the Stock Exchange of HK. Subject to the approval from the securities authority of the State Council, Non-Listed Shares may be listed and traded on an overseas stock exchange.

CHAPTER 4: REDUCTION OF CAPITAL AND REPURCHASE OF SHARES

Article 30. According to the provisions of the Company's Articles of Association, the Company may reduce its registered capital (Mandatory provision 22)

Article 31. The Company must prepare a balance sheet and an inventory of assets when it reduces its registered capital. (Mandatory provision 23)

The Company shall notify its creditors within 10 days from the date of the Company's resolution for reduction of capital and shall publish an announcement in a newspaper at least 3 times within 30 days of the date of such resolution. A creditor has the right to request the Company to pay its debt or provide a corresponding guarantee to repay the debt within 30 days of receipt of the notice from the Company or, in the case of a creditor who does not receive such notice, within 90 days from the date of the first published announcement.

The Company's registered capital may not, after the reduction in capital, be less than the minimum amount prescribed by law.

Article 32. The Company may, in accordance with the procedures set out in the (Mandatory Company's Articles of Association and with the approval of the relevant provision 24) governing authority of the State, repurchase its issued shares under the following circumstances:

- (1) cancellation of shares for the purposes of reducing its capital;
- (2) merging with another company that holds shares in the Company;
- (3) other circumstances permitted by the laws and administrative regulations.

Article 33. The Company may repurchase shares in one of the following ways, with the (Mandatory approval of the relevant governing authority of the State: provision 25)

- (1) by making a general offer for the repurchase of shares to all its shareholders on a pro rata basis;
- (2) by repurchasing shares through public dealing on a stock exchange;
- (3) by repurchasing shares outside of the stock exchange by means of an agreement.

Article 34. The Company must obtain the prior approval of the shareholders in a general (Mandatory meeting (in the manner stipulated in the Company's Articles of Association) provision 26) before it repurchases shares outside of the stock exchange by means of an agreement. The Company may release, vary waive its rights under an agreement so entered into by the Company in the aforesaid manner if the prior approval of a general meeting is given in the same manner.

An agreement to repurchase shares referred to in the preceding paragraph includes (but is not limited to) an agreement to assume an obligation to repurchase shares or to acquire rights to repurchase shares.

The Company shall not assign an agreement repurchase of its shares or any of its right under such an agreement.

Article 35. Shares which have been legally repurchased by the Company shall be (Mandatory cancelled within the time limit prescribed by the law and administrative provision 27) regulations, and the Company shall apply to the original company registration authority for registration of the change in its registered capital.

The aggregate par value of the cancelled shares shall be deducted from the Company's registered share capital.

- Article 36.
- (1) where the Company repurchases its shares at par value, payment shall be made out of the book balance of the distributable profits of the Company or out of proceeds of an issue of new shares made for that purpose; (Mandatory provision 28)
 - (2) where the Company redeems or repurchases its shares at a premium, payment up to the par value of those shares may be made out of the book balance of distributable profits of the Company or out of the proceeds of an issue of new shares made for that purpose. Payment of the portion in excess of the par value shall be treated as follows:
 - (i) if the shares being repurchased were issued at par value, payment shall be made out of the book balance of the distributable profits of the Company;
 - (ii) if the shares being repurchased were issued at a premium, payment shall be made out of the book balance distributable profits of the Company or out of the proceeds of an issue of new shares made for that purpose, provided that the amount paid out of the said proceeds do not exceed the aggregate amount of premium received by the Company on the issue of the shares repurchased nor shall it exceed the amount of the Company's share premium account or (where applicable) capital reserve fund account (including the premium on the new shares issued) at the time of the repurchase;
 - (3) Payment by the Company for the following purposes shall be made out of the Company's distributable profits:
 - (i) the acquisition of the right to repurchase its own shares;
 - (ii) the variation of any agreement to repurchase its own shares;
 - (iii) the release of any of the Company's obligation(s) under any agreement for the repurchase of its shares;
 - (4) after the Company's registered capital has been reduced by the aggregate par value of the cancelled shares in accordance with the relevant provisions, the amount deducted from the distributable profits of the Company for payment of the par value of the repurchased shares be transferred to the Company's premium account or (where applicable) capital reserve fund account.

CHAPTER 5: FINANCIAL ASSISTANCE FOR THE ACQUISITION OF SHARES

Article 37. The Company and its subsidiaries shall not, at any time and in any manner, (Mandatory provide financial assistance to a person who is acquires or propose to acquire provision 29) shares in the Company. This includes any person who directly or indirectly assumes obligations by virtue of such purchase of shares.

The Company and its subsidiaries shall not, at any time and in any manner, provide financial assistance to the aforesaid obligor for the purposes of reducing or discharging the obligations assumed by such obligor.

This Article shall not apply to the circumstances stipulate in Article 39 of this Chapter.

Article 38. For the purposes of this Chapter, “financial assistance” includes (but not (Mandatory limited to) the following: provision 30)

- (1) by way of gift;
- (2) by way of guarantee (including the provision of an undertaking or property to secure the performance of obligations by the obligor), indemnity (other than an indemnity given in respect of the Company’s own negligence or default), release or waiver;
- (3) by way of a loan or entering into a contract under which the obligations of the Company have to be fulfilled before the obligations of the other party to the contract, or by way of the change of the party to that loan or contract, or the assignment of any arising thereunder;
- (4) in any other form of financial assistance given by the Company when the Company is unable to pay its debt or has no net assets or when its net assets would thereby be reduced to a material extent.

The meaning of “assumed obligation” under this Chapter includes obligations assumed by the obligor as a result of entering into a contract or making any arrangement (whether or not such contract or arrangement is enforceable, and whether or not assumed by him personally or together with any other party) or by any other means whereby his financial position is changed.

Article 39. The following actions shall not be deemed to be activities prohibited by (Mandatory Article 37 of this Chapter: provision 31)

- (1) the provision of financial assistance by the Company where the financial assistance is given in good faith in the interests of the Company, and the principal purpose of the assistance is not for the acquisition of shares in the Company, or that the financial assistance is an incidental part of some larger overall plan of the Company;

- (2) the lawful distribution of the Company's assets by way of dividend;
- (3) the distribution of dividend by way of allotment of bonus shares;
- (4) a reduction of the registered capital, repurchase of shares or reorganisation of the share capital in accordance with the Company's Articles of Association;
- (5) the lending of money by the Company within its scope of operations and in the ordinary course of its business, provided that the net assets of the Company are not thereby reduced or, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits of the Company;
- (6) the provision of money by the Company for contribution to employee's share schemes, provided that the net assets of the Company are not thereby reduced or, to the extent that the assets are thereby reduced, the financial assistance is provided out of distributable profits of the Company.

CHAPTER 6: SHARE CERTIFICATES AND REGISTER OF SHAREHOLDERS

Article 40. Share certificates of the Company shall be in registered form. (Mandatory provision 32)

The share certificate of the Company shall contain following major particulars: (Listing Rules App 3(2)(2))

- (1) the name of the Company;
- (2) the incorporation date of the Company;
- (3) the class of shares, par value and number of shares it represents;
- (4) the share certificate number;
- (5) other matters required to be stated therein by the stock exchange(s) on which the Company's shares are listed.

Article 41. Share certificates shall be signed by the Chairman. Where the stock exchange(s) on which the Company's shares are listed require other senior officer(s) of the Company to sign on the share certificates, the share certificates shall also be signed by such senior officer(s). The share certificates shall take effect after being imprinted with the seal of the Company. The share certificate shall be imprinted with the seal of the (Mandatory provision 33)
(Supplementary amendment 1)

Company under the authorization of the board of directors. The signatures (Listing Rules of the Chairman or other senior officer(s) of the Company may be printed in App 3(2)(1)) mechanical form.

Article 42. The Company shall keep a register of shareholders and enter therein the following matters: (Mandatory provision 34)

- (1) the name (title) and address (residence), the occupation or nature of each shareholder;
- (2) the class and quantity of shares held by each shareholder;
- (3) the amount paid or payable on the shares held by each shareholder;
- (4) the serial number of the shares in respect of each shareholder;
- (5) the date on which each person is entered in the register as a shareholder;
- (6) the date on which the shareholder ceased to be a shareholder.

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

Article 43. The Company may, in accordance with the mutual understanding and agreements made between the securities authority of the State Council and overseas securities regulatory organisations, maintain the register of shareholders of Overseas Listed Foreign Shares overseas and appoint overseas agent(s) to manage such register of shareholders. A duplicate register of shareholders for the holders of Overseas Listed Foreign Shares shall be maintained at the Company's legal address. The appointed overseas agent(s) shall ensure consistency between the original and the duplicate register of shareholders at all times. (Mandatory provision 35) (Supplementary amendment 2) (Listing Rules App 13D(1)(b))

If there is any inconsistency between the original and the duplicate register of shareholders for the holders of Overseas Listed Foreign Shares, the original register of shareholders shall prevail.

The original register for holders of Overseas Listed Foreign Shares listed in Hong Kong shall be maintained in Hong Kong.

Article 44. The Company shall have a complete register of shareholders which shall comprise of the following parts: (Mandatory provision 36)

- (1) a part maintained at the Company's legal address which shall be the register of all shareholders other than those registered in accordance with sub-paragraphs (2) and (3) in this article;

- (2) a register of holders of Overseas Listed Foreign Shares maintained at the place of listing;
- (3) such part in such other places as the Directors may deem necessary for the purpose of listing the Company's shares.

Article 45. Different parts of the register of shareholders shall not overlap. No transfer of any shares registered in one part of the register shall, during the continuance of that registration of those shares, be registered in any other part of the register of shareholders. (Mandatory provision 37)

The alternation and ratification of each part of the register of shareholders shall be made in accordance with the law of its sites.

If the Company refuses to register the transfer of shares, the Company shall give the transferor and the transferee a notice refusing to register the shares transfer within two months from the date of submitting the application of transfer.

Article 46. All Overseas Listed Foreign Shares listed in Hong Kong which have been fully paid-up may be freely transferred, free from any restriction on the right of transfer and free from all lien, in accordance with the Company's Articles of Association. However, unless such transfer complies with the following requirements, the board of directors may refuse to recognise any instrument of transfer and would not need to provide any reason therefore: (Supplementary amendment 12)

- (1) a fee of HK\$2.50 per instrument of transfer or other amount requested by the board of directors but limited to a higher fee agreed from time to time by the Stock Exchange for registration of the instrument of transfer and other documents relating to or which will affect the right of ownership of the shares; (Listing Rules App 3(1)(1))
- (2) the instrument of transfer only relates to Overseas Listed Foreign Shares that listed in the Stock Exchange of HK; (Listing Rules App 3(1)(2))
- (3) the stamp duty which is chargeable on the instrument of transfer has already been paid; (Listing Rules App 3(1)(3))
- (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 held by joint owners, the maximum number of joint owners shall not be more than 4;
- (6) the relevant shares does not have any lien thereon by any companies.

Any share shall not be transferred to minors or person who is mentally disorder or disabled in laws.

- Article 47. If the laws, regulations, and securities regulatory agencies where the Company's shares are listed requires that no registration of transfer of shares before general meeting is held or before the record date for the Company's distribution of dividends, the Company should follow such requirements. (Mandatory provision 38) (Company Law 139)
- Article 48. When the Company needs to determine the rights attaching to the shares in the Company for the purposes of convening a general meeting, dividend distribution, liquidation or any other purpose which requires determining the rights of the shares, the board of directors shall decide on a date for the determination of rights attaching to shares in the Company. The shareholders of the Company shall be such persons who appear in the register of shareholders at the close of such determination date. (Mandatory provision 39)
- Article 49. Any person aggrieved and claiming to be entitled to have his name (title) entered in or removed from the register of shareholders may apply to a court of competent jurisdiction for rectification of the register. (Mandatory provision 40)
- Article 50. Any person who is a registered shareholder or who request to have his name (title) entered in the register of shareholders in respect of shares in the Company may, if his share certificate (the "original certificate") relating to the shares is lost, apply to the Company for a replacement of a new share certificate in respect of such shares (the "Relevant Shares"). (Mandatory provision 41) (Listing Rules App 3(2)(2))

A holder of Domestic Shares who has lost his share certificate and apply for a replacement share certificate shall be dealt with in accordance with the Company Law.

A holder of Overseas Listed Foreign Shares who has lost his share certificate and apply for a replacement share certificate may be dealt with in accordance with the law, rules of the stock exchange or other relevant regulations of the place where the original register of holders of Overseas Listed Foreign Shares is maintained.

A holder of Overseas Listed Foreign Shares which is listed in the Stock Exchange of HK, who has lost his share certificate and apply for a replacement share certificate, shall comply with the following requirements:

- (1) The applicant shall submit an application to the Company in a prescribed form accompanied by a notarial certificate or a statutory declaration, stating the grounds upon which the application is made, the circumstances and evidence of the loss; and declaring that no other person is entitled to have his name entered in the register of shareholders in respect of the Relevant Shares.
- (2) The Company has not received any declaration made by any person other than the applicant declaring that his name shall be entered into the register of shareholders in respect of such shares before it decides to issue a replacement share certificate to the applicant.

- (3) The Company shall publish a notice of its intention to issue a replacement share certificate at least once every 30 days within a period of 90 consecutive days in such newspapers as may be prescribed by the board of directors before issuing the new share certificate.
- (4) The Company shall, prior to publication of issuing a replacement share certificate, deliver to the Stock Exchange of HK, a copy of the announcement to be published and shall publish the announcement upon receipt of confirmation from the Stock Exchange of HK that the announcement has been published in such stock exchange. The announcement shall be exhibited in the premises of the stock exchange for a period of 90 days.

In the case of an application which is made without the consent of the registered holder of the Relevant Shares, the Company shall deliver by mail to such registered shareholder a copy of the notice to be published.

- (5) Upon the expiration of the 90-day period referred to in paragraphs (3) and (4) of this Article, the Company has not have received any disagreement from any person in respect of the issuance of the replacement share certificate, it may issue a replacement share certificate to the applicant pursuant to his application.
- (6) Where the Company issues a replacement share certificate pursuant to this Article, it shall immediately cancel the original share certificate and document the cancellation of the original share certificate and issuance of a replacement share certificate in the register of shareholders accordingly.
- (7) All the costs arising from the cancellation of the original share certificate and issuing of the replacement share certificate by the Company should be borne by the applicant. The Company has the right to refuse to take any action before the applicant can provide a reasonable guarantee on such costs.
- (8) The relevant publication concerning new shares issuance in paragraph (3), shall include at least one Chinese and English publication each in Hong Kong.

Article 51. Where the Company issues a replacement share certificate pursuant to the Company's Articles of Association and a bona fide purchaser acquires or becomes the registered owner of such shares, his name (title) shall not be removed from the register of shareholders. (Mandatory provision 42)

Article 52. The Company shall not be liable for any damages to any person due to the cancellation of the original share certificate or the issuance of the (Mandatory provision 43)

replacement share certificate unless such person is able to prove that the Company has acted in a deceitful manner.

CHAPTER 7: SHAREHOLDERS' RIGHTS AND OBLIGATIONS

Article 53. A shareholder of the Company is a person who lawfully holds shares in the Company and whose name (title) is entered in the register of shareholders. (Mandatory provision 44)

A shareholder shall enjoy rights and shall bear obligations attached to the class(es) and the proportion of shares held by him; shareholders holding the same class of shares shall be entitled to the same rights and shall bear the same obligations.

When two or more than two persons are registered as the holders of any shares shall be deemed to hold the same as joint holders, subject to the following provisions:

- (1) the Company shall not be bound to register more than four persons as the joint holders of any share;
- (2) the joint holders of any shares shall severally and jointly be responsible for all payments which ought to be made in respect of such shares
- (3) on the death of any one of such joint holders, the survivor(s) shall be the only person or persons recognised by the Company as having any title to any such shares but the directors may require such evidence of death as they may deem fit; and
- (4) Only the person whose name stands first in the register of shareholders as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share, or to receive notices from the Company, or to attend or vote at general meetings of the Company, and any notice given to such person shall constitute notice to all joint holders.

Article 54. The ordinary shareholders of the Company shall enjoy the following rights: (Mandatory provision 45)

- (1) to receive dividends and other distributions in proportion to the number of shares held by him; (Listing Rules 19A.50)
- (2) to attend and vote or appoint a proxy to attend and vote on his behalf at general meetings;
- (3) to supervise and to put forward proposals and make enquiries relating to the business operating activities of the Company;

- (4) to transfer his shares in accordance with applicable laws, administrative regulations and provisions in the Company's Articles of Association;
- (5) to receive materials regarding the Company in accordance with the applicable laws, administrative regulations, the listing rules of the stock exchange on which the Company's shares are listed and the provisions in the Company's Articles of Association, including:
 - (I) to receive a copy of the Company's Articles of Association, upon the payment of costs thereof;
 - (II) to inspect and receive a copy of, upon payment of reasonable charges:
 - (i) all parts of the register of shareholders;
 - (ii) personal particulars of each of the Company's directors, supervisors, general manager, deputy general manager and other senior management, including:
 - (a) his present and former name and alias;
 - (b) his principal (residential) address;
 - (c) his nationality;
 - (d) his main occupations and duties and all other part-time occupations and duties;
 - (e) his identification documents and its numbers;
 - (iii) the status of the Company's share capital;
 - (iv) reports showing the aggregate par value, the number, the highest and lowest price paid, in respect of each class of shares repurchased by the Company since the previous financial year and the aggregate amount paid by the Company for this purpose;
 - (v) minutes of general meetings;
- (6) in the event of the termination or liquidation of the Company, to participate in the distribution of surplus assets of the Company according to the proportion of shares held by him at that time;
- (7) other rights conferred by laws, administrative regulations and the Company's Articles of Association.

Article 55. A holder of ordinary shares in the Company shall have the following obligations: (Mandatory provision 46)

- (1) to abide by the Company's Articles of Association and the resolutions passed in the general meetings;
- (2) to pay subscription monies according to the number of shares subscribed and the method of subscription;
- (3) other obligations imposed by law, administrative regulations and the Company's Articles of Association.

Shareholders are not liable to make any further contribution to the share capital other than according to the terms which were agreed by the subscriber of the relevant shares at the time of subscription.

Article 56. In addition to the obligations imposed by laws and administrative regulations or required by the listing rules of the stock exchange on which the Company's shares are listed, a controlling shareholder shall not exercise his voting rights in respect of the following matters in a manner prejudicial to the interests of all or part of the shareholders of the Company: (Mandatory provision 47)

- (1) to act honestly in the best interests of the Company to remove a director or supervisor;
- (2) to approve the expropriation by a director or supervisor (for such director's or supervisor's own benefit or for the benefit of another person) of the Company's assets in any way, including (but not limited to) opportunities which are beneficial to the Company;
- (3) to approve the expropriation by a director or supervisor (for such director's or supervisor's own benefit or for the benefit of another person) of the individual rights of other shareholders, including (but not limited to) rights to distributions and voting rights (save pursuant to a restructuring which has been submitted for approval by the shareholders in a general meeting in accordance with the Company's Articles of Association).

Pursuant to the requirement of the Rules Governing the Listing of Securities on the Stock Exchange of HK, where any shareholder is required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

Article 57. For the purpose of the foregoing Article, a "controlling shareholder" means a person who satisfies any one of the following conditions: (Mandatory provision 48)

- (1) a person who, acting alone or in concert with others, has the power to elect more than half of the directors; (Listing Rules App 3(14))
- (2) a person who, acting alone or in concert with others, has the power to exercise or to control the exercise of 30 % or more of the voting rights in the Company;
- (3) a person who, acting alone or in concert with others, holds 30 % or more of the issued shares of the Company;
- (4) a person who, acting alone or in concert with others, has de facto control of the Company in any other way.

CHAPTER 8: GENERAL MEETINGS

Article 58. The general meeting is the organ of power of the Company and shall be exercised in accordance with law. (Mandatory provision 49)

Article 59. The general meeting shall have the following powers: (Mandatory provision 50)

- (1) to decide on the Company's operational policies and investment plans; (Listing Rules App 3(6)(1))
- (2) to elect and replace directors and to decide on matters relating to the remuneration of directors;
- (3) to elect and replace supervisors who represent the shareholders and to decide on matters relating to the remuneration of supervisors;
- (4) to consider and approve the report of directors;
- (5) to consider and approve the supervisory committee's reports;
- (6) to consider and approve the Company's annual budget plan and final financial statements;
- (7) to consider and approve the Company's profit distribution plans and loss recovery plans;
- (8) to decide on the increase or reduction of the Company's registered capital;
- (9) to decide on matters in relation to the merger, demerger, dissolution and liquidation of the Company;
- (10) to decide on the issue of debentures by the Company;

- (11) to decide on the appointment, removal or non-reappointment of the auditors of the Company;
- (12) to amend the Company's Articles of Association;
- (13) to consider motions put forward by shareholders who holds 3% or more of the shares of the Company that have voting rights; (Guidelines for the Articles of Association 53)
(Company Law 102)
- (14) to decide on other matters which should be approved by shareholders in general meetings according to law, administrative regulations or the Company's Articles of Association.

The general meeting shall decide the rights and obligations attached to the preference shares if the Company issue preference shares in accordance with relevant law, administrative regulations or the Company's Articles of Association.

Article 60. The Company shall not, without the prior approval of shareholders in general meeting, enter into any contract with any person other than a director, supervisor, general manager, deputy general manager and other senior officers whereby the responsibility for the management of the whole or any substantial part of the business of the Company is given to such person. (Mandatory provision 51)

Article 61. General meetings are divided into annual general meetings and extraordinary general meetings. Unless as otherwise provided for in these Articles of Association, general meetings shall be convened by the board of directors. Annual general meetings are held once every year and within 6 months from the previous financial year end. (Mandatory provision 52)
(Listing Rules 13.46(2)(b))

The board of directors shall convene an extraordinary general meeting within 2 months of the occurrence of any one of the following events:

- (1) when the number of directors is less than the number prescribed by the Company Law or less than two-thirds of the number prescribed by the Company's Articles of Association;
- (2) when the accumulated losses of the Company amount to one-third of the total amount of its share capital;
- (3) when shareholder(s) holding 10 % or more of the Company's issued capital that carry voting rights request(s) in writing for the convening of an extraordinary general meeting;
- (4) where the board of directors considers it necessary or when the supervisory committee proposes to convene a general meeting;
- (5) when two or more independent directors propose to convene a general meeting;

- (6) as required in other circumstances stipulated in this Articles of Association, the applicable laws and regulations or the relevant regulations of the securities regulatory authorities of the locality where Overseas Listed Foreign Shares of the Company are listed.

Article 62. When the Company convenes a general meeting, the convener shall notify each shareholder 20 clear business days before an annual general meeting is convened, and shall notify each shareholder 15 days (and not less than 10 clear business days) before an extraordinary general meeting is convened. (Guidelines for the Articles of Association 54)

For calculating the period of notice, the date of issuing the notice and the date of meeting shall not be included. (Reply on the Adjustment to the Notice Period)

In relation to the notice specified in this Article, the issuing date is the date which the Company of the share registrar appointed by the Company deliver the notice to the postal office, and it is not necessary for the shareholder to be deemed to have received the notice 48 hours after posting as stipulated in Article 191 of this Chapter. (Corporate governance guideline)

Article 63. When the Company convenes a shareholders' general meeting, the board of directors, the board of supervisors, and shareholders who individually or jointly hold more than 3% of the Company's shares are entitled to make proposals to the Company. (Guidelines for Articles of Association 53)

Shareholders who individually or collectively hold more than 3% of the company's shares may propose temporary proposals and submit them to the convener in writing 10 clear business days before the shareholders' meeting. The convener shall issue a supplementary notice of the general meeting of shareholders within 2 days after receiving the proposal, announcing the content of the temporary proposal. (Company Law 102)

Except for the circumstances stipulated in the preceding paragraph, the convener shall not modify the proposals listed in the notice of the shareholders' general meeting or add new proposals after issuing the notice of the shareholders' general meeting.

Proposals that are not listed in the notice of the shareholders' general meeting or that do not meet the relevant regulations shall not be voted and resolved at the shareholders' general meeting.

Article 64. The general meeting shall not decide on matters not specified in the notice. (Mandatory provision 55)

(Reply on the Adjustment to the Notice Period)

Article 65. A notice of a meeting of the shareholders of the Company shall satisfy the following criteria: (Mandatory provision 56)

- (1) be given in writing;
- (2) specify the place, date and time of the meeting;
- (3) state the matters to be considered at the meeting;
- (4) provide such information and explanation as are necessary for the shareholders to make an informed decision on the matters proposed to be considered. Without limiting the generality of the foregoing principle, where the Company proposes to merge with another, to repurchase its shares, to reorganise its share capital, or to restructure the Company in any other way, the details of the terms of, and the contract (if any) for the proposed transaction shall be provided and the effect of such proposal must be properly explained;
- (5) disclose the nature and extent of the material interests, if any, of any director, supervisor, general manager, deputy general manager and other senior officers in the matters to be considered in the meeting, and the effect of such matter, if any, on him or in his capacity as shareholder in so far as it is different from the effect on the shareholders of the same class;
- (6) contain the full text of any special resolution proposed to be passed at the meeting;
- (7) contain conspicuously a statement that a shareholder entitled to attend and vote at such meeting is entitled to appoint one or more proxies to attend and vote at such meeting instead of him and that a proxy need not be a shareholder;
- (8) specify the time and place for lodging proxy forms for the meeting.

Article 66. Notice of general meetings shall be served on all shareholder (whether or not they are entitled to vote thereat), by personal delivery or prepaid mail to the addresses as appeared on the register of shareholders. In respect of holders of Domestic Shares, notice may also be served by publishing an announcement. (Mandatory provision 57)
(Reply on the Adjustment to the Notice Period)

The aforesaid announcement shall be published 20 clear business days to 25 clear business days before the annual general meeting is convened, and 15 to 20 days before the extraordinary general meeting is convened (and not less than 10 clear business days) in one or more newspapers specified by the securities regulatory authorities authorised by the State Council. Once published, all holders of Domestic Shares shall be deemed to have received the relevant notice. (Corporate governance guideline)

Article 67. The accidental omission to give notice of a meeting to, and the non-receipt (Mandatory of notice of a meeting by, any person entitled to receive such notice shall not provision 58) invalidate the meeting and the resolutions passed thereat.

Article 68. Any shareholder entitled to attend and vote at a general meeting of the (Mandatory Company shall be entitled to appoint one or more persons (whether or not a provision 59) shareholder) as his proxy or proxies to attend and vote on his behalf, and a proxy so appointed shall be entitled to the followings pursuant to the authorisation given by that shareholder:

- (1) to have the same right as the shareholders to speak at the meeting;
- (2) to have the right to demand or join with others to demand a poll;
- (3) to have the right to vote on a show of hands or on a poll, unless otherwise required by the listing rules of the stock exchange or the relevant regulations of the securities regulatory authority of the locality where the shares of the Company are listed, but a proxy of a shareholder who has appointed more than one proxy may only vote on a poll.

If the shareholder is a recognised clearing house as defined in the Securities and Futures (Clearing Houses) Ordinance (Chapter 420 of the Laws of Hong Kong), such shareholder may appoint one or more persons as his proxies to attend on his behalf at a general meeting or at any class meeting, but, if more than one persons have is so authorised, the instrument of authorisation must state the number and class of the shares in respect of which each such person is so authorised. The aforesaid authorised person is entitled to exercise the rights on behalf of the recognised clearing house (or its proxy(ies)), as if such person is an individual shareholder of the Company.

Article 69. The instrument appointing a proxy shall be in writing under the hand of the (Mandatory appointer or his attorney duly authorized in writing. If the appointer is a provision 60) legal person, the instrument shall be signed under a legal person's seal or under the hand of its director or any attorney duly authorised in writing. The instrument of authorisation shall state the number of the shares to be represented by the proxy(ies). If several persons are authorised as the attorney of the shareholder, the instrument of authorisation shall state the number of shares to be represented by each proxy.

Article 70. The instrument appointing a proxy shall be deposited at the legal address of (Mandatory the Company, or such other place as prescribed in the notice convening the provision 61) meeting, 24 hours before the holding of the relevant meeting or 24 hours before the time at which the poll is to be conducted. If such instrument is signed by a person under a power of attorney or other documents or authority on behalf of the pointer, a notarially certified copy of that power of attorney or other document of authority shall also be deposited together with the said instrument at the Company's legal address or such other place prescribed in the notice convening the meeting.

An appointer who is a legal person, its authorised representative(s), board of directors or other decision authorisation can serve as a representative to attend the general meeting of the Company.

Article 71. Any form issued to shareholder by the board of directors for appointing a proxy shall be enable the shareholder to freely instruct the proxy to vote in favour of or against each resolution proposed in the meeting. Such a form shall contain a statement that in the absence of specific instructions from the appointer, the proxy may vote as he thinks fit. (Mandatory provision 62)

Article 72. A vote given in accordance with the terms of the instrument of proxy shall be valid notwithstanding the previous death or loss of capacity of the appointer or revocation of the proxy or the authority under which the proxy was executed, or the transfer of the shares in respect of which the proxy is given, provided that no notice in writing of those matters shall have been received by the Company before the commencement of the relevant meeting. (Mandatory provision 63)

Personal shareholders who attend the general meeting in person shall show his identification document and proof of his shareholding. A proxy appointed by a shareholder shall show his identification document and the instrument of proxy. If a legal person appoint a representative to attend the meeting, the appointee shall show his personal identification document and a certified copy of the resolution that appoint the representative by the board of directors of that legal person.

Article 73. Resolutions of general meetings are divided into ordinary resolutions and special resolutions. (Mandatory provision 64)

An ordinary resolution must be passed by more than one-half of the voting rights held by the shareholders (including proxies) who attend the meeting.

A special resolution must be passed by more than two-thirds of the voting rights held by the shareholders (including proxies) who attend the meeting.

Shareholders (including proxies) shall expressly specify whether they are in favour of or against any matter under voting. Any abstention from or waiver of voting shall not be regarded as valid votes when the Company counts the votes in respect of such matter.

Article 74. Shareholders (including a proxies), who vote at a general meeting, shall (Mandatory exercise their voting rights in relation to the number of shares carrying the provision 65) right to vote which they hold. Each share shall carry one vote.

A shareholder shall comply with any special rights or restraint that imposed on any voting rights for the time being and comply with applicable law, administrative rules and the provisions in the Articles of Association when the shareholder cast his votes.

Article 75. Voting may be decided on a show of hands at a general meeting unless (Mandatory otherwise required by the listing rules of the stock exchange or the relevant provision 66) regulations of the securities regulatory authority of the locality where the shares of the Company are listed, or when a poll is (before or after any vote by a show of hands) is demanded by the following persons:

- (1) the chairman of the meeting;
- (2) at least 2 shareholders having the right to vote in person or by proxy;
- (3) one or more shareholders present in person or by proxy who, alone or together hold 10 % or more of the shares carrying the right to vote at the meeting.

Unless a poll is demanded, a declaration by the chairman a resolution has been passed based on the result of a show of hands and the entry to that effect in the minutes of the meeting, shall be conclusive evidence of that fact without further proof of the number or proportion of the votes recorded or the percentage of votes recorded in favour or against such resolution.

The demand for a poll may be withdrawn by the person or persons who demand it.

Article 76. A poll demanded on the election of the chairman of the meeting, or on a (Mandatory question of adjournment of the meeting, shall be taken immediately. A poll provision 67) demanded on any other matters shall be taken at such time as the chairman of the meeting decides, and the meeting may continue to proceed to discuss other matters. The result of the poll shall be deemed to be the resolution of the meeting at which the poll was demanded.

The result of the poll shall be declared as soon as possible.

Article 77. On a poll taken at a meeting, a shareholder (including a proxy) entitled to (Mandatory two or more votes need not cast all his votes in the same way. provision 68)

Article 78. In the case of an equality of votes, whether on a show of hands or on a poll, (Mandatory the chairman of the meeting shall be entitled to an additional vote. provision 69)

Article 79. The following matters shall be approved by an ordinary resolution at a general meeting: (Mandatory provision 70)

- (1) work reports of the board of directors and the supervisory committee;
- (2) proposals formulated by the board of directors for the distribution of profits and for making up accrued losses;
- (3) appointment and removal of the members of the board of directors and the supervisory committee, their remuneration;
- (4) annual financial budgets and final accounts, balance sheet, financial statements and other financial reports of the Company;
- (5) all other matters required to be approved by a general meeting other than those required to be approved by way of special resolution under the law, administrative regulations or the Article of Association.

The remuneration specified in item (3) above includes but not limit to compensation payable upon the loss of office of a director or on completion of his terms of appointment.

Article 80. The following matters shall be approved by a special resolution at a general meeting: (Mandatory provision 71)

- (1) an increase or reduction of the Company's capital and the issue of any class of shares, warrants and other similar securities;
- (2) the issue of debentures of the Company;
- (3) the demerger, merger, dissolution and liquidation of the Company;
- (4) any amendment of the Company's Articles of Association;
- (5) any other matters which the general meeting has resolved (by way of ordinary resolution) as having a potentially material effect on the Company and shall be approved by special resolution.

Article 81. Shareholders who request for the convening of an extraordinary general meeting or a class meeting shall comply with the following procedures: (Mandatory provision 72)

- (1) Two or more shareholders holding alone or in aggregate 10 % or more of the shares carrying the right to vote at the meeting sought to be held shall sign one or more (in the same form) requisitions in writing to request the board of directors to convene a shareholders' extraordinary general meeting or a class meeting and stating the matters to be considered there in. The board of directors shall convene a extraordinary general meeting or a class meeting as soon as possible after receipt of such requisition(s). The amount of shareholdings (Guidelines for the Articles of Association 43)

referred to above shall be calculated as at the date of the deposit of the requisition(s).

- (2) If the board of directors fails to issue a notice of such a meeting within 30 days from the date of receipt of the requisition(s), Shareholders who make the request may themselves convene a meeting (in a manner as similar as possible to the manner in which shareholders' meetings are convened by the board of directors) within 4 months from the date of receipt of the requisition(s) by the board of directors.

Any reasonable expenses incurred by such shareholder(s) due to the failure of the board of directors to duly convene a meeting shall be borne by the Company and shall be deducted from the amount owed by the Company to the defaulting directors.

Article 82. General meeting shall be convened by the Chairman of the board of directors and he shall be the chairman of the meeting. If the Chairman of the board of directors is unable to attend the meeting for any reason, the Chairman of the board of directors shall appoint another director of the Company to convene and chair the meeting. If no chairman is appointed for the meeting, shareholders who attend the meeting shall appoint one person to act as the chairman of the meeting. If for any reason, the shareholders fail to elect a chairman, the shareholder (including proxy) holding the highest number of shares carrying the right to vote thereat shall be the chairman of the meeting. (Mandatory provision 73)

Article 83. The chairman of the meeting shall be responsible for determining whether a resolution has been passed. His decision shall be final and conclusive, and be announced at the meeting and recorded in the minutes of the meeting. (Mandatory provision 74)

Article 84. If the chairman of the meeting has any doubt as to the result of the voting of a resolution, he may count the votes. If the chairman of the meeting has not counted the votes, any shareholder who is present in person or by proxy who disagrees with the result announced by the chairman of the meeting is entitled to request the count the votes immediately and the chairman of the meeting shall have the votes counted immediately. (Mandatory provision 75)

Article 85. If votes are counted at a general meeting, the result of the count shall be recorded in the minutes of the meeting. (Mandatory provision 76)

Article 86. Matters determined in the general meeting shall be recorded in the minutes of the meeting and signed by the directors who attend the meeting. Minutes, together with the signing book of the shareholders and proxy forms shall be kept at the Company's legal address. (Mandatory provision 76)

The aforesaid minutes, the signing book of the shareholders and proxy forms shall not be destroyed for 15 years.

Article 87. Copies of the minutes of general meetings shall be available for inspection (Mandatory provision 77) during business hours of the Company free of charge. If a shareholder requests for a copy of such minutes from the Company, the Company shall send a copy of such minutes to him within 7 days after receipt of reasonable fees.

CHAPTER 9: SPECIAL PROCEDURES FOR VOTING BY A CLASS OF SHAREHOLDERS

Article 88. Shareholders who hold different classes of shares are class shareholders. (Mandatory provision 78)
Class shareholders shall bear rights and obligations in accordance with laws, administrative regulations and the Company's Articles of Association.

Article 89. Except for the listing and trading of Non-Listed Shares on an overseas stock exchange as contemplated by Article 17, if the Company proposed to change or remove the rights attached to any class of shareholders, approval by a special resolution in a general meeting and approved by a shareholders' meeting of the class shareholders that is being affected which is convened in accordance with Articles 91 to 95. (Mandatory provision 79) (Listing Rules 19A.38)

Article 90. The following circumstances shall be deemed to be a variation or removal of the rights attaching to a particular class of shares: (Mandatory provision 80)

- (1) to increase or decrease the number of shares of that class, or to increase or decrease the number of shares of a class having voting or equity rights or privileges equal or superior to those of shares of that class; (Listing Rules App 3(6)(1))
- (2) to transfer all or part of the shares of that class of shares of another class or vice versa or to grant such transfer;
- (3) to remove or reduce rights to accrued dividends or rights to cumulative dividends attached to shares of that class;
- (4) to reduce or remove preferential rights attached to shares of that class to receive dividends or to the distribution of assets in the event that the Company is liquidated;
- (5) to increase, remove or reduce conversion rights, options, voting rights, transfer rights or pre-emptive rights, or rights to acquire securities of the Company attached to shares of that class;
- (6) to remove or reduce rights to receive payment from the Company in particular currencies attached to shares of that class;

- (7) to create a new class of shares having voting or equity rights or other privileges equal or superior to those of the shares of that class;
- (8) to restrict the transfer or ownership of shares of that class or to increase the types of restrictions attaching thereto;
- (9) to allot and issue rights to subscribe for, or to convert the existing shares into, shares in the Company of that class or another class;
- (10) to increase the rights or privileges of shares of another class;
- (11) to restructure the Company in such a way that results in the disproportionate distribution of obligations between the various classes of shareholders;
- (12) to vary or remove the provisions of this Chapter.

Article 91. Shareholders of the affected class, whether or not otherwise having the right (Mandatory provision 81) to vote at general meetings, have the right to vote at class meetings in respect of matters concerning sub-paragraphs (2) to (8), (11) and (12) of Article 90, but interested shareholder(s) shall not be entitled to vote at such class meetings.

“A(n) interested shareholder(s)”, as such term is used in the preceding paragraph, means:

- (1) in the case of a repurchase of shares by way of a general offer to all shareholders of the Company or by way of public dealing on a stock exchange pursuant to Article 33, a “controlling shareholder” is defined within the meaning of Article 56;
- (2) in the case of a repurchase of shares by an off-market agreement pursuant to Article 33, the shareholder to which the proposed agreement relates;
- (3) in the case of a restructuring of the Company, a shareholder who assumes a less than proportionate responsibility than other shareholders of the same class or a shareholder who has an interest different from the interests of the other shareholders of that class.

Article 92. Resolutions of a class meeting shall be passed by votes representing more (Mandatory provision 82) than two-thirds of the voting rights represented by shareholders of that class who attend the meeting according to Article 91.

For the purpose of the aforesaid provision, shareholders or their proxies who attend the meeting shall expressly specify whether they are in favour of or against any matter under voting. Any abstention from or waiver of voting shall not be regarded as valid votes when the Company counts the votes in respect of such matter.

Any shareholders or their proxies abstain from voting or not exercising his vote to vote in relation to the voting rights he holds on resolution, such voting rights shall not be counted as votes that has attended (in respect of such resolution) the class meeting.

Article 93. Written notice of a class meeting shall be given to all shareholders who are registered as holders of that class in the register of shareholders 20 clear business days before the annual general meeting is convened, and 15 days before the extraordinary general meeting is convened (and not less than 10 clear business days). (Mandatory provision 83)
(Reply on the Adjustment to the Notice Period)
(Corporate governance guideline)

Article 94. Notice of class meetings shall only be given to shareholders who entitled to vote thereat. (Mandatory provision 84)

Class meetings shall be conducted in a manner which is as similar as possible to that of general meetings. The provisions of the Company's Articles of Association relating to the manner for the conduct of general meetings are also applicable to class meetings.

Article 95. Apart from the holders of other classes of shares, holders of Non-Listed Shares and holders of Overseas Listed Foreign Shares shall be deemed as holders of different classes of shares. (Mandatory provision 85)
(Supplementary amendment 3)
(Listing Rules App 13D(1)(f))

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

- (1) where the Company issues, upon the approval by special resolution of its shareholders in a general meeting, either separately or concurrently once every 12 months, not more than 20% of each of its existing issued Domestic Shares and Overseas Listed Foreign Shares;
- (2) where the Company's plan to issue Domestic Shares and Overseas Listed Foreign Shares at the time of its establishment is carried out within 15 months from the date of approval of the securities authority of the State Council;
- (3) where Non-Listed Shares are listed and traded on an overseas stock exchange after obtaining the approval from the securities authority of the State Council.

CHAPTER 10: BOARD OF DIRECTORS

- Article 96. There shall be a board of directors comprising 9 members, one of the directors will be elected as the chairman of the board. The board of directors shall comprise executive directors, non-executive directors and at least 3 independent non-executive directors. (Mandatory provision 86)
(Listing Rules 3.10)
- The number of independent non-executive directors shall represent at least one-third of the board of directors and its composition shall comply with the requirements under the Rules Governing the Listing of Securities on the Stock Exchange of HK. (Listing Rules 3.10A)
(Listing Rules App 14(A.4.1))
- Article 97. Unless otherwise provided in the Articles of Association, directors shall be elected at the general meeting each for a term of 3 years. At the expiry of a director's term, they may be re-elected and serve consecutive terms. The first board of directors shall be nominated by the promoters of the Company and elected at the Company's inaugural meeting. The term of office shall be counted from the date of the director being elected. (Mandatory provision 87)
(Supplementary amendment 4)
(Listing Rules App 3(4)(2))
- Under the authorization of the general meeting, the board of directors shall have power to appoint a person qualified under the PRC laws and regulations and the listing rules of the stock exchange or the relevant regulations of the securities regulatory authority of the locality where the shares of the Company are listed to be a director to fill a casual vacancy on or as an addition to the board of directors. Any director so appointed shall hold office until the next following annual general meeting and shall be eligible for re-election. (Listing Rules App 3(4)(3))
(Listing Rules App 3(4)(4))
(Listing Rules App 3(4)(5))
- A notice of the intention to propose a person for election as director and the written notice by such candidate of his willingness to accept the nomination shall be given to the Company no less than seven days. The minimum seven-day period of lodgement by the shareholders of notice to nominate a director shall commence no earlier than the date after the despatch of the notice of the meeting appointed for such election and end no later than seven days before the date of such meeting. (Listing Rules App 14(A.4.2))
- The Chairman and the executive director shall be elected and removed by more than one-half of all of the members of the board of directors. The term of office of each of the Chairman and the executive director is 3 years. They may be re-elected and serve consecutive terms.
- Subject to compliance with all relevant law and administrative regulations, the general meeting may remove any director (including director who is also a general manager, deputy general or other officer of the Company) before the expiration of his term of office by an ordinary resolution. However, the director's right to claim for damages according to his contract shall not be affected.

The Chairman and the executive director may be act as general manager, deputy general manager or other senior officer (except for supervisor). The Directors is not required to hold shares in the Company.

Article 98. The board of directors is accountable to shareholders in the general meeting (Mandatory provision 88) and shall have the following functions and powers:

- (1) to be responsible for the convening general meetings and to report on their work at general meetings;
- (2) to implement resolutions passed at general meetings;
- (3) to decide the Company's business plans and investment proposals;
- (4) to prepare the Company's annual financial budget and final accounts;
- (5) to formulate proposals for profit distribution and for making up accrued losses of the Company;
- (6) to formulate proposals for an increase or reduction of the Company's registered capital and for the issue of the Company's debt securities;
- (7) to formulate proposals for the demerger, merger or dissolution of the Company;
- (8) to formulate the Company's internal management structure;
- (9) to appoint or dismiss the Company's general manager and at the recommendation of the general manager, to appoint and dismiss deputy general manager(s) and financial controller of the Company and to determine their remuneration and method of payment to appoint or remove directors and members of the supervisory committed of wholly-owned subsidiaries of the Company and to appoint, change or recommend representative for the shareholders, directors and supervisors of subsidiaries or associated companies of the Company;
- (10) to formulate the basic management system of the Company;
- (11) to prepare proposals for amendments the Company's Articles of Association;
- (12) subject to compliance with the requirements of the relevant laws, regulations, the Company's Articles of Association and any relevant rules, to exercise the Company's power to raise capital, borrow money, and make decision on the charging, letting, sub-letting or transfer of the Company's major assets;

- (13) to formulate proposals for major acquisitions or disposals of the Company;
- (14) other powers conferred by general meetings and the Company's Articles of Association.

A majority of at least two-thirds or more of the Directors shall be required for passing of any resolution in respect of (6), (7) and (11) above. A majority of one half of the Directors shall be required for the passing of any resolutions in respect of the other matters specified above.

Article 99. The board of directors shall not, without the prior approval of shareholders (Mandatory provision 89) in a general meeting, dispose or agree to dispose of any fixed assets of the Company where the aggregate of the amount or value of the consideration for the proposed disposition, and the amount or value of the consideration for any such disposal of any fixed assets of the Company that has been completed in the period of 4 months immediately preceding the proposed disposition, exceeds 33 % of the value of the Company's fixed assets as shown in the latest balance sheet which was tabled at a general meeting.

For the purposes of this Article, "disposal" includes an act involving the transfer of an interest in assets but does not include the usage of fixed assets for the provision of security.

The validity of a disposal by the Company shall not be affected by any breach of the first paragraph of this Article.

Article 100. The board of directors shall implement its obligations in compliant with the PRC laws, administrative regulations, Articles of Association of the Company and resolutions of general meeting. However, provisions made by general meeting will not make the actions of the board of directors invalid which was valid before.

Article 101. The Chairman of the board of directors shall exercise the following powers: (Mandatory provision 90)

- (1) to preside over general meetings and to convene and preside over meetings of the board of directors;
- (2) to check on the implementation of resolutions passed by the board of directors;
- (3) to sign the securities certificates issued by the Company;
- (4) to sign other material documents of the Company or appoint one or several directors to sign other material documents of the Company by power of attorney; and
- (5) to exercise other powers conferred by the board of directors.

When the Chairman is unable to exercise his powers, such powers shall be exercised by the executive director who has been designated by the Chairman to exercise such powers on his behalf.

Article 102. Meetings of the board of directors shall be held at least twice every year and shall be convened by the Chairman of the board of directors. All of the directors shall be notified about the meeting 15 days in advance. Such four meetings of the board of directors shall not include any meetings deemed to be held pursuant to Article 103(7) by resolution in writing signed by the directors. (Mandatory provision 91)
(Listing Rules App 14(A.1.1))

Where there is an urgent matter, an extraordinary meeting of the board of directors may be held if it is so requested by one-third or more of the directors, or the Company's general manager.

The Company shall pay the reasonable expenses of the directors that incurred for attending the directors' meeting. Those expenses shall include traffic expense from director's place to the meeting venue (if the director is located at a different place from the meeting venue), accommodation expense, rent of meeting room and local traffic expense.

Article 103. Notice of meetings of the board of directors and extraordinary director's meeting shall be delivered by the following ways: (Mandatory provision 92)

- (1) For regular meetings of the board of directors of which the time and venue have been stipulated by the board of directors in advance, no notice for convening of such meetings is needed. (Listing Rules App 14(A.1.3))
(Listing Rules App 14(A.1.7))
- (2) For meetings of the board of directors of which the time and venue have not been decided by the board of directors beforehand, the Chairman of the board of directors shall instruct the secretary of the board of directors to notify all the directors and supervisors of the time and venue of such meeting 10 to 14 days in advance by telegram, by email, by facsimile, by express delivery service or by registered mail or in person.
- (3) Where there is an urgent matter, an extraordinary meeting of the board of directors held, the Chairman of the board of directors shall instruct the secretary of the board of directors to notify the directors and supervisors of the time and venue of such meeting 2 to 10 days in advance by telegram, by email, by facsimile, by express delivery service or by registered mail or in person.
- (4) Notice of meetings may be served in Chinese and include English if necessary, and accompanied by a meeting agenda. A director may waive his right to receive notice of a board meeting.
- (5) When a director attends the meeting, notice of the meeting is deemed to have been given to that director unless the director states that he has

not receive the notice of directors' meeting before or at the commencement of the meeting.

- (6) Any regular or extraordinary meeting of the board of directors may be held by way of telephone conferencing or similar communication equipment so long as all directors participating in the meeting can clearly hear and communicate with each other. All such directors shall be deemed to be present in person at the meeting.
- (7) The board of directors may accept resolution in written form instead of holding a directors meeting, however the draft of resolution shall be sent to each director by hand, by email, by telegram, by facsimile. In case the board of directors has sent the resolution to all directors, and the number of directors who signed to agree the resolution has reach the legal number which is required to pass such resolution, and the signed resolutions are returned to the secretary of the board of directors by ways described above, then the proposal shall become resolution of the board of directors, and no directors' meeting is needed to be held; however in case there are other regulations in stock exchange in which the Company lists, the Company shall be comply with such regulations.
- (8) The written resolution signed to agree by each director respectively shall be deem to has the same virtue with the resolution passed on a legal meeting of the board of directors. The written resolution may consists in several documents in one form, each of them shall be signed by one or more directors. A resolution of the Company signed by directors or with the director's names on it and sent by telegram, by telex, by email, by facsimile or by hand, shall be regarded as a document signed by them pursuant to this paragraph.

Article 104. A board of directors meeting shall only be convened if more than half of the directors are present. (Mandatory provision 93)

Each director has one vote. Without violation of rule 2 of Article 98, any resolution requires more than half of the votes by all the board of directors in favour of it in order to be passed. In the case of an equality of votes, the chairman shall have an additional vote. (Listing Rules 13.44)

If more than one-fourth of the directors or more than two non-executive directors consider that the materials provided are not sufficient or supporting arguments are not clear in relation to the resolution, they may jointly propose to postpone the meeting or postpone the discussion of certain matters and the board of directors shall accept such proposal.

If a director has interest in the matters to be discussed in the meeting of the board of directors, that director shall abstain and has no right to vote. That

director shall not be counted on counting the quorum of the directors' meeting.

Article 105. Directors shall attend the meetings of the board of directors in person. (Mandatory provision 94)
Where a director is unable to attend a meeting for any reason, he may appoint another director in writing to attend the meeting on his behalf. The authorisation document shall set out the scope of the authorisation.

A Director appointed as the proxy of another director to attend the meeting shall exercise the rights of a director within the scope of authority conferred by the appointing director. Where a director is unable to attend a meeting of the board of directors and has not appointed a proxy to attend the meeting on his behalf, he shall be deemed to have waived his right to vote at the meeting.

A proxy of a director must be a director. On counting the quorum of the meeting of the board of directors, the director himself and his capacity as a proxy shall be both counted. He is not required to cast all of his vote in favour or against a resolution at the same time. The director is required to inform the Company when the appointment of him to be a proxy is ceased.

Article 106. The board of directors shall keep minutes of resolutions passed at meetings of the board of directors. The minutes shall be signed by the directors, secretary and recorder that present at the meeting. Opinions of the independent (non-executive) directors shall be clearly stated in the resolutions of the board of directors. The directors shall be responsible for the resolutions of the board of directors. If a resolution of the board of directors violates the laws, administrative regulations or the Company's Articles of Association and the Company suffers serious losses as a result thereof, the directors who participated in the passing of such resolution are liable to compensate the Company therefor. However, if it can be proved that a director expressly objected to the resolution when the resolution was voted on, and that such objection was recorded in the minutes of the meeting, such director may be released from such liability. (Mandatory provision 95)

The board of directors shall establish an audit committee, and establish relevant special committees such as a remuneration and appraisal committee, a nomination committee, a strategy committee, etc. as needed. The special committees are responsible to the board of directors and perform their duties in accordance with the Articles of Association and the authorisation from the board of directors. Their proposals shall be submitted to the board of directors for consideration and decision. The members of the special committees shall all be directors. Among them, the audit committee must be composed of non-executive directors; there must be at least three members and one of the independent non-executive directors should be an accounting professional, and the chairman of the audit committee should be an accounting professional. The independent non-executive directors should be the majority of the members of the audit committee, the remuneration and appraisal committee and the nomination committee and act as the chairmans (Guidelines for the Articles of Association 107)

of the committees. The board of directors is responsible for formulating the working rules of special committees and regulating the operation of special committees.

The quorum of the special committee or working group is the two directors that comprising it or more than half of the members of it, whichever is higher. Articles 102 to Article 106 relating to the agenda and recording of the directors' meeting are also applicable to the committee or working group, unless these rules are replaced by the rules set by the director according to the aforesaid paragraph.

Unless there are rules set by the board of directors, general manager that is not a director can attend the directors' meeting and has the right to receive the notice and relevant documents of the meeting. Unless the general manager is also a director, he has not right to vote at the meeting of the board of directors.

CHAPTER 11: SECRETARY OF THE BOARD OF DIRECTORS

Article 107. The Company shall have a secretary of the board of directors. The secretary (Mandatory provision 96) is an senior officer of the Company.

Article 108. The secretary of the Company's board of directors shall be a natural person (Mandatory provision 97) who has the requisite professional knowledge and experience, and shall be appointed by the board of directors. The main responsibility of the secretary of the board of directors include:

- (1) to ensure the documentation and records of the Company are complete;
- (2) to ensure that the Company prepares and submits all reports and documents to the relevant authorities as required under the law;
- (3) to ensure that the Company's register of shareholders is properly established and that persons entitled to the relevant records and documents of the Company are promptly furnished with the same;
- (4) to implement other obligations according laws, administrative regulations and the Articles of Association.

Article 109. A director or other senior officer of the Company may also act as the (Mandatory secretary of the board of directors. The certified public accountancy firm provision 98) which has been appointed by the Company to act as its auditors shall not act as the secretary of the board of directors.

Where a director is also the secretary of the board of director, and an act is required to be performed by a director and a secretary separately, that person shall not perform the act in a dual capacity.

One or two natural persons may act as the secretary of the board of directors. If two persons are acted as the secretary, the function of the secretary of the board of directors shall be jointly shared by them. Any one of them have the power to exercise the power of a secretary of the board of directors alone.

CHAPTER 12: GENERAL MANAGER AND DEPUTY GENERAL MANAGER

Article 110. The Company shall have a general manager and a certain number of deputy (Mandatory general managers, who shall be appointed or dismissed by the board of provision 99) directors. The term of office is 3 years. They may be re-elected and serve consecutive terms. The deputy general manager shall assist the general manager, and shall accountable to the general manager.

Article 111. The general manager shall be accountable to the board of directors and shall (Mandatory have the following functions and powers: provision 100)

- (1) to be in charge of the Company's production, operation and management and to organise the implementation of the resolutions of the board of directors;
- (2) to organise the implementation of the Company's annual operational plan and investment proposal;
- (3) to formulate plans for the Company's internal management structure;
- (4) to formulate the Company's basic management system;
- (5) to establish basic internal administrative rules and regulations for the Company;
- (6) to recommend the appointment or dismissal of the deputy general manager(s) and financial controller(s) of the Company;
- (7) to appoint or dismiss management officers other than those required to be appointed or dismissed by the board of directors;

- (8) to determine grant or imposition of any awards or penalties, promotion or demotion, increase or reduction in salaries/wages, appointment, employment, dismissal or resignation of staff and workers of the Company;
- (9) to deal with material on behalf of the Company according to the authorisation of board of directors;
- (10) to mortgage, lease, sub-contract or transfer assets of the Company within the scope authorised by the board of directors;
- (11) other powers conferred by the Company's Articles of Association or the board of directors.

Article 112. The general manager and deputy general managers are entitled to attend the meetings of the board of directors. The general manager and deputy general managers who are not directors do not have any voting rights at board meetings. (Mandatory provision 101)

Article 113. In performing their duties and powers, the general manager and deputy general manager(s) shall not depart from the resolutions of the shareholders' meetings and the board of directors or exceed their authority.

Article 114. In performing their duties and powers, the general manager and deputy general manager(s) shall act honestly and diligently and in accordance with laws, administrative regulations and the Company's Articles of Association. (Mandatory provision 102)

CHAPTER 13: SUPERVISORY COMMITTEE

Article 115. The Company shall have a supervisory committee which is responsible for the supervision of the board of directors and its members, officers including general manager, deputy general manager(s) to prevent them from abusing their positions and powers and infringing the interest of the shareholders, the Company and the employees. (Mandatory provision 103)

Article 116. The supervisory committee shall consist of 3 supervisors. The term of office is 3 years. They may be re-elected and serve consecutive terms. (Mandatory provision 104)

The supervisory committee shall have one chairman. The election or removal of the chairman of the supervisory committee shall be determined by the affirmative votes of two-thirds or more of the members of the supervisory committee. He may be re-elected and serve consecutive terms. (Supplementary amendment 5)
(Listing Rules App 13D(1)(d)(i))

Article 117. The supervisory committee shall consists of supervisors that are representatives of the shareholders, and supervisor that is a/are (Mandatory provision 105)

representative(s) of the employees. The ratio of supervisor(s) that is a/are representative(s) of employees shall not be less than one third of the supervisory committee. The representative of the shareholders shall be elected and removed by the shareholders in general meeting and the representative of employees shall be elected and removed by the employees of the Company democratically.

Article 118. The directors, general manager, deputy general manager(s) and financial controller(s) of the Company shall not act as supervisors. (Mandatory provision 106)

Article 119. Meetings of the supervisory committee shall be held at least twice every year, and shall be convened by the chairman of the supervisory committee. (Mandatory provision 107)

Article 120. The supervisory committee shall be accountable to the general meeting and shall exercise the following functions and powers in accordance with the law: (Mandatory provision 108)

- (1) to examine the Company's financial affairs;
- (2) to monitor whether the directors, general manager, deputy general manager(s) and other senior offices have, in performance of their duties, acted in contravention of any laws, administrative regulations, the Article of Association of the Company or resolutions passed at general meetings;
- (3) if the conduct of a directors, general manager, deputy general manager(s) and other senior offices is detrimental to the interest of the Company, to require him to rectify such conduct;
- (4) to review the Company's financial information such as the financial reports, business reports and profit distribution plans which the directors propose to submit to the general meeting, and in case of doubt, to appoint on behalf of the Company registered accountants or practising auditors to assist in the review;
- (5) to propose the convening of an extraordinary general meeting;
- (6) to represent the Company in negotiations with directors or to institute proceedings against directors;
- (7) other functions and powers stipulated in the Company's Articles of Association.

Supervisors shall attend meetings of the board of directors.

Article 121. Notice in writing shall be given to the supervisors 10 to 30 days before convening the supervisors' meeting. The meeting shall be held with two-third or more supervisors attending. (Mandatory provision 109)

(Supplementary amendment 6)

Resolutions of the supervisory committee shall be passed by two-thirds or more votes from of all of its members who vote in favour of it. (Listing Rules App 13D(1)(d)(ii))

Article 122. All reasonable fees incurred in respect of the employment of professionals (such as, lawyers, certified public accountants or practising auditors) which are required by the supervisory committee in the exercise of its functions and powers shall be borne by the Company. (Mandatory provision 110)

The Company shall pay the reasonable expenses of the supervisors that incurred for attending the supervisors' meeting. Those expenses shall include traffic expense from supervisor's location to the meeting venue, accommodation expense, rent of meeting room and local traffic expense.

Article 123. A supervisor shall carry out his duties honestly in accordance with laws, administrative regulations and the Company's Articles of Association (Mandatory provision 111)

**CHAPTER 14: THE QUALIFICATIONS AND DUTIES OF THE DIRECTORS,
SUPERVISORS, GENERAL MANAGER AND DEPUTY GENERAL MANAGER(S)
OF THE COMPANY**

Article 124. A person shall be disqualified as a director, supervisor, general manager, (Mandatory deputy general manager or any other senior officer of the Company in any of provision 112) the following circumstances:

- (1) any person who suffers from any incapability or restricted capacity from undertaking civil obligation;
- (2) any person who has been convicted or offences relating to bribery, corruption, trespass to assets, misappropriation of assets, or causing social economic disorder or any person who has been deprived of his political rights as a result of him having committed an offence, and a period of five years has not elapsed since the completion of the term of sentence or deprivation;
- (3) any person who was a former director, factory manager or manager of a company or enterprise which had become bankrupt or had been liquidated because of unsound management and who incurred personal liability for the insolvency or liquidity of such company or enterprise, and a period of three years has not yet elapsed since the completion of the insolvency or liquidation of the company or enterprise;
- (4) any person who was a legal representative of a company or enterprise the business licence of which was revoked on the group of contravention of law, and who incurred personal liability therefore, where a period of three years has not yet elapsed since the revocation of the business licence;
- (5) a person who has failed to repay his relatively large amount of indebtedness when due;
- (6) a person who, because of suspected contravention of criminal law, is under investigation by judicial authorities and the case has not yet been settled;
- (7) a person who is not eligible for enterprise leadership according to the PRC law and administrative regulations;
- (8) a person who is not a natural person;
- (9) any person who has been convicted by the relevant supervisory authority or have contravened the provisions of the relevant securities laws and which involves fraudulent or dishonest acts on is part and a period of five years from the date of conviction has not yet elapsed.

Article 125. The validity of an act carried out by a director, the general manager, deputy (Mandatory general manager(s) or other senior officers of the Company on behalf of the provision 113)

Company to a bona fide third party, shall not be affected by any irregularity in his office, election or any defect in his qualification.

Article 126. In addition to the obligations imposed by laws, administrative regulations or (Mandatory provision 114) the rules of the stock exchange on which shares of the Company are listed, each of the Company's directors, supervisors, general manager, deputy general manager(s) and other senior officers, when exercising the functions and powers conferred upon him by the Company, owes to each shareholder the following obligations:

- (1) not to cause the Company to exceed the scope of business stipulated in its business licence;
- (2) to act honestly in the best interests of the Company;
- (3) not to expropriate in any manner the Company's assets, including (but not limited to) opportunities beneficial to the Company;
- (4) not to expropriate personal rights of shareholders, including (but not limited to) rights to distribution and voting rights, but not including a proposed restructuring of the Company submitted to and approved by the general meeting in accordance with the Articles of Association of the Company.

Article 127. Each of the Company's directors, supervisors, general manager, deputy general manager(s) and other senior officers is under a duty, in the exercise (Mandatory provision 115) of his powers and discharge of his obligations, to exercise such care, diligence and skill that a reasonable and prudent person would exercise in similar circumstances.

Article 128. Each of the Company's directors, supervisors, general manager, deputy general manager(s) and other senior officers, in performance of his duties, (Mandatory provision 116) the duty to observe the principles of good faith and the duty not to place himself in a position where his duties and his interests may conflict. This includes (but not limited to) the duty:

- (1) to act honestly in the best interests of the Company;
- (2) to exercise his powers within the scope of his authority and not act in excess of his power;
- (3) to exercise the discretion vested in him personally and not to allow himself to act under the director of another person and, except where permitted by law and administrative regulations, or with the informed consent of shareholders in general meeting, not to delegate the exercise of such discretion to another person;
- (4) to treat shareholders of the same class equally and to treat shareholders of different classes fairly;

- (5) not to enter into any contract, transaction or arrangement with the Company, except in accordance with the Articles of Association of the Company or with the informed consent of shareholders in general meeting;
- (6) not to use the Company's assets for his own benefit in any manner without the informed consent of the shareholders general meeting;
- (7) not to abuse his position by accepting bribes or other unlawful income, and not to expropriates in any manner the Company's assets including (without limitation) opportunities beneficial to the Company;
- (8) not to accept any commissions in connection with any transactions in which the Company is involved without the informed consent of shareholders in general meeting;
- (9) to comply with the Company's Articles of Association, to perform his official duties faithfully, to protect the Company's interests and not to exploit his position and power in the Company for his own interests;
- (10) not to compete with the Company in any manner without the informed consent of the shareholders in general meeting;
- (11) not to misappropriate the Company's funds or to lend such funds to any other person, not to use the Company's assets to set up deposit accounts in his own name or in any other name or to use the Company's assets to guarantee the debts of a shareholder of the Company or any other personal liabilities;
- (12) not to release any confidential information which he has obtained during his term of office, without the informed consent of the shareholders in general meeting; nor shall he use such information otherwise than for the Company's benefit, save that disclosure of such information to the court or other governmental authorities is permitted if:
 - (i) required by the law;
 - (ii) public interests so warrants;
 - (iii) the interests of the relevant director, supervisor, general manager, deputy general manager or other senior officer so requires.

Article 129. A director, supervisor, general manager, deputy general manager and other (Mandatory senior officer of the Company shall not direct the following persons or provision 117) institutions (“associates”) to do what the director, supervisor, general manager, deputy manager and other senior officer himself is prohibited from doing:

- (1) the spouse or minor child of that director, supervisor, general manager, deputy general manager or other senior officer;
- (2) a person acting in the capacity of trustee of that director, supervisor, general manager, deputy general manager or other senior officer or of any person referred to in sub-paragraph (1) of this Article;
- (3) a person who is a partner of that director, supervisor, general manager, deputy general manager or other senior officer or any person referred to in sub-paragraphs (1) and (2) of this Article;
- (4) a company over which that director, supervisor, general manager, deputy general manager or other senior officer, alone or together with any persons referred to in sub-paragraphs (1), (2) and (3) of this Article, or together with other directors, supervisors, general manager, deputy general manager and other senior officers, has de facto control;
- (5) a directors, supervisors, general manager, deputy general manager and other senior officers of a company referred to in sub-paragraph (4) of this Article.

Article 130. The fiduciary duties of the directors, supervisors, general manager, deputy (Mandatory general manager and other senior officers of the Company do not necessarily provision 118) cease with the termination of their tenure. The duty of confidentiality in respect of trade secrets of the Company continues after the termination of their tenure. Other duties may continue for such period as the principle of fairness may require depending on the amount of time which has lapsed between their termination and the act concerned and the circumstances and how they end their relationship with the Company.

Article 131. Subject to Article 56 hereof, if a director, supervisor, general manager, (Mandatory deputy general manager or other senior officer of the Company breaches a provision 119) specific duty, he may be removed with the informed consent of the shareholders in general meeting.

Article 132. Where a director, supervisor, general manager, deputy general manager or (Mandatory other senior officer of the Company has, directly or indirectly, materially a provision 120) material interest in a contract, transaction or arrangement entered into or proposed to be entered into by the Company, (other than his contract of service with the Company), he shall declare the nature and extent of his (Listing Rules App 3(4)(1)) interests to the board of directors at soon as possible, whether or not the matters in question are otherwise subject to the approval of the board of directors.

A director and/or any of his associates shall not vote on any board resolution approving any contract, transaction, arrangement or any other proposal in which he has a material interest. He shall not be counted in the quorum present at the meeting.

Unless the interested director, supervisor, general manager, deputy general manager or other senior officer disclosed his interests in accordance with the preceding sub-paragraph of this Article and that matter has been approved by the board of directors at a meeting at which the interested director has not been counted in the quorum and has refrained from voting, the Company may cancel that contract, transaction or arrangement except as against a bona fide party thereto acting in good faith and without notice of the breach of duty by the director, supervisor, general manager, deputy general manager or other senior officer.

A director, supervisor, general manager, deputy general manager or other senior officer of the Company is deemed to have an interest in a contract, transaction or arrangement in which a person connected to him is interested.

The “associates” as referred to in articles 132 and 129 of these Articles of Association shall include the meaning of “associates” as defined in the Rules Governing the Listing of Securities on the Stock Exchange of HK; and an interested director shall not be counted in the quorum and shall abstain from voting in the board meeting in which the relevant matters or proposals are to be considered and approved.

- Article 133. If a director, supervisor, general manager, deputy general manager or other senior officer of the Company before the question entering into the relevant contract, transaction or arrangement is first considered, gives to the Director a notice in writing, stating that by reason of the matters specified in the notice, he is interest in a contract, transaction or arrangement proposed to be entered into by the Company, then the relevant director, supervisor, general manager, deputy general manager or other senior officer of the Company shall be deemed to have made a disclosure for above the provision in this Article within the scope of that specified notice. (Mandatory provision 121)
- Article 134. The Company shall not pay taxes for or on behalf of a director, supervisor, general manager, deputy general manager or other senior officer in any manner. (Mandatory provision 122)
- Article 135. The Company is prohibited from directly or indirectly make a loan to or provide any guarantee in connection with the making of a loan to a director, supervisor, general manager, deputy general manager or other senior officer of the Company or of the Company’s holding company or any of their respective associates. (Mandatory provision 123)

The foregoing prohibition shall not apply to the following circumstances:

- (1) the provision of a loan or a guarantee by the Company to a subsidiary of the Company;
- (2) the provision by the Company a directors, supervisors, general manager, deputy general manager and other senior officers of the Company pursuant to an employment contract approved by the general meeting of a loan or a guarantee for a loan or other funds to meet expenditure incurred by him in the interest of the Company of for the purpose of enabling him to perform his duties for the Company;
- (3) where the ordinary course of business of the Company includes the lending of money or the giving of guarantees, the Company may make a loan to or provide a guarantee for a loan to a directors, supervisors, general manager, deputy general manager and other senior officers of the Company or persons connected to them, provided that the terms of the loan or guarantee for a loan are on normal commercial terms.

Article 136. A loan made by the Company in breach of the prohibition described above (Mandatory shall be repaid immediately by the recipient of the loan, regardless of the provision 124) terms of the loan.

Article 137. A guarantee provided by the Company in breach of the prohibition described (Mandatory in Article 135(1) shall not be enforceable against the Company, except in the provision 125) following circumstances:

- (1) the lender was not aware of the relevant circumstances at the time the loan was advanced to the connected person of a directors, supervisors, general manager, deputy general manager and other senior officers of the Company or its holding company;
- (2) the security provided by the Company has been lawfully sold by the lender to a bona fide purchaser.

Article 138. For the purposes of the foregoing provisions of this Chapter, a guarantee (Mandatory includes an undertaking of obligations or provision of security to secure the provision 126) performance of obligation of the obligor.

Article 139. In addition to any rights and remedies provided by the laws and (Mandatory administrative regulations, where a director, supervisor, general manager, provision 127) deputy general manager or other senior officer of the Company breaches the duties which he owes to the Company, the Company has a right:

- (1) to demand such director, supervisor, general manager, general manager or other senior officer to compensate it for the losses of the Company as a result of such breach;
- (2) to cancel any contract or transaction which has been entered into between the Company and such director, supervisor, general manager or other senior officer or between the Company and a third party (where such third party knows or shall have known that such director, supervisor, general manager, general manager other senior officer representing the Company has breached his duties owed to the Company);
- (3) to demand profit made by such director, supervisor, general manager, general manager or other senior officer to account as result of the breach of his duties;
- (4) to recover any monies including (without limitation) commissions, which shall have been received by the Company and which were received by such director, supervisor, general manager, general manager or other senior officer instead;
- (5) to demand repayment of interest earned or which may have been earned by such director, supervisor, general manager or other senior officer on monies that shall have been paid to the Company.
- (6) the assets obtained by relevant directors, supervisors, general manager, deputy general manager and other senior office as a result of breach of his duty, which is decided and ruled pursuant to legal procedures, that shall be owned by the Company.

Article 140. The Company shall enter into a contract in writing with a director or (Mandatory supervisor in relation to his emoluments. The contact shall have prior provision 128) approval by the general meeting. The aforesaid emoluments may include:

- (1) emoluments in respect of his service as director, supervisor or senior officer of the Company;
- (2) emoluments in respect of his service as director, supervisor or senior officer of any subsidiary of the Company;
- (3) emoluments in respect of the provision of other services in connection with the management of the affairs of the Company and any of its subsidiaries;

- (4) payment for compensation for loss of office or his retirement.

A director or supervisor shall not institute proceedings against the Company for any benefit due to him in respect of any such arrangement except under a contract entered into according with the foregoing.

Article 141. In connection with a takeover of the Company, a director or supervisor is (Mandatory provision 129) entitled to compensation or other payment for loss of office or retirement subject to obtaining the informed approval of shareholders in general meeting. A “takeover of the Company” refers to any one of the following circumstances:

- (1) an offer made by any person to all shareholders of the Company;
- (2) an offer made by any person with a view to the offer or becoming a “controlling shareholder” within the meaning of Article 56 hereof.

If the relevant director or supervisor does not comply with this Article, any money received by him shall belong to those persons who have sold their shares by reason of their acceptance of the offer made, and the expenses incurred in distributing the monies pro rata amongst those persons shall be borne by that director or supervisor and shall not be deducted out of the monies to be distributed.

CHAPTER 15: FINANCIAL AND ACCOUNTING SYSTEMS AND PROFIT DISTRIBUTION

Article 142. The Company shall establish its financial accounting systems and internal (Mandatory audit system in accordance with laws, administrative regulations and PRC provision 130) accounting standards formulated by the finance supervisory authority of the State Council.

Article 143. At the end of each fiscal year, the Company shall prepare a financial report (Mandatory provision 131) which shall be examined and verified in a manner prescribed by law.

The financial statements shall include:

- (1) balance sheet
- (2) income statement
- (3) cash flows statement
- (4) explanation of financial situation
- (5) distribution of profits

The financial year of the Company shall adopt the Gregorian calendar year, which is from 1 January to 31 December of each year.

- Article 144. The board of directors of the Company shall place before the shareholders at every annual general meeting financial reports required by relevant laws, administrative regulations and or prescribed documents required by regional government and supervisory authorities to be prepared by the Company. (Mandatory provision 132)
(Listing Rules App 3(5))
- Article 145. The Company's financial reports shall be placed at the Company 20 days prior to the holding of the annual general meeting of the Company for inspection by the shareholder. Each shareholder of the Company is entitled to obtain the financial report prescribed in this Chapter. (Mandatory provision 133)
(Supplementary amendment 7)
- A printed copy of the financial reports together with an income statement and a balance sheet shall, at least 21 days before the date of annual general meeting, be delivered or sent by prepaid post by the Company to every holder of the Overseas Listed Shares at his address as shown on the register of members. (Listing Rules 19A.48)
(Listing Rules App 3(5))
- Article 146. The financial statements of the Company shall, in addition to complying with the PRC accounting standards and regulations, be prepared in accordance with either international accounting standards or the accounting standards of the place at which Overseas Foreign Shares of the Company are listed. If there are material differences between the financial statement prepared in accordance with the aforesaid accounting standards, then those financial statement shall specify such differences. For the purpose of distributing the Company's profits after tax in a given financial year, the Company's profit after tax shall be deemed to be the lesser of the amounts stated in the two sets of financial statements. (Mandatory provision 134)
- Article 147. Any interim results or financial information announced or disclosed by the Company shall be prepared in accordance with PRC accounting standards and regulations as well as in accordance with either international accounting standards or the accounting standards of the place at which Overseas Foreign Shares of the Company are listed. (Mandatory provision 135)
- Article 148. The Company shall publish its financial reports twice in each financial year. The interim financial report shall be announced within 60 days after the end of the first 6 months of the financial year and the annual financial report shall be published within 120 days after the end of the financial year. (Mandatory provision 136)
- Article 149. The Company shall not keep accounts other than those required by law. (Mandatory provision 137)
- Article 150. The Company implement internal audit system. The account books shall be available for inspection by supervisors.

Article 151. The profit after taxation of the Company shall be applied in the following order: (Listing Rules App 3(3)(1))

- (1) making of accrued the loss;
- (2) allocation to statutory common reserve;
- (3) payment of dividend on preference shares (if any);
- (4) allocation to discretionary common reserve;
- (5) payment of dividend on ordinary shares.

The detailed proportion of items (3) and (5) above for any year shall be formulated by the board of directors in accordance with the operating conditions and development requirements of the Company and shall be submitted to the general meeting for approval.

Holders of shares paid up in advance of calls shall not be entitled to participate to in a dividend subsequently declared in respect of the prepaid amount.

Article 152. The common reserves of the Company are surplus common reserve and capital common reserve. Surplus common reserve is composed of statutory common reserve and surplus common reserve.

Article 153. The Company shall allocate 10% of its profits after tax to the statutory common reserve provided that no allocation is required if the accumulated statutory common reserve exceed 50% of the registered capital.

When the statutory common reserve is insufficient to make up the loss of the Company in prior year, the profit for the year shall be used to make up the loss for that year before making contributions to statutory common reserve in accordance with the above provision.

The Company may make allocation to discretionary common reserve after making allocation to statutory common reserve and passed by a resolution in a general meeting.

Profit after making up the accrued loss and making allocation to surplus common reserve(s) will be distributed to shareholders in proportion to their shareholdings.

Any profit distributed to shareholders by general meetings or the board of directors before making up the accrued loss and making allocation to the statutory common reserve, which violate the above provision, shall be returned to the Company.

Article 154. The capital common reserve includes the following items: (Mandatory provision 138)

- (1) premium on shares issued at premium;
- (2) any other income designated for the capital common reserve by the regulations of the finance supervisory authority of the State Council.

Article 155. The common reserve of the Company shall only be used for the following purposes:

- (1) to make up accrued losses;
- (2) to expand the business operation of the Company or to convert into the Company's capital

The Company may, upon the approval of a resolution passed at a general meeting, convert its common reserve into capital and issue bonus shares to existing shareholders in proportion to their existing shareholding. When converting the statutory common reserve into capital, the balance of such fund after such conversion must not be less than 25% of the registered capital of the Company.

Article 156. Article 156 has been deleted

Article 157. Annual dividend shall be paid with six months after the end of each financial year in proportion to the shareholding of each shareholder. Annual dividend shall be sanctioned by the general meeting but the amount of dividends payable shall not exceed the amount recommended by the board of directors

Unless there is resolution otherwise, the general meeting may authorise the board of directors to distribute interim dividend. The amount of interim dividend shall not exceed 50% of the distributive profits in the interim financial statements unless there is otherwise provision in law or regulation.

Article 158. The Company may distribute dividends in by way of: (Mandatory provision 139)

- (1) cash; and/or
- (2) shares.

Article 159. Dividend or other distribution payable on Domestic Shares shall be declared and denominated in Renminbi and payable in Renminbi within three months from the date declaring the dividend. Dividend or other distribution payable on Overseas Listed Foreign Shares shall be declared and denominated in Renminbi and payable in foreign currency within three months from the date declaring the dividend at an exchange rate which is equal to the average of the People's Bank of China closing Renminbi-Hong

Kong dollar conversion rates on each of the five business days immediately preceding the date of declaration of the dividend or distribution.

Payment to Foreign Shareholder in foreign currency shall be in accordance with relevant PRC regulations on foreign exchanges.

The board of directors may, subject to the approval of the shareholders in general meeting, resolve to distribute interim dividends or bonuses.

Article 160. When distributing dividends to individual shareholders, the Company shall make such withholdings for tax on the dividends payable to shareholders in accordance with the provisions of the PRC tax law.

Article 161. The Company shall appoint a receiving agent to receive on behalf of holders of Overseas Listed Foreign Shares dividends and all other monies payable in respect of the Overseas Listed Foreign Shares. (Mandatory provision 140)

Such receiving agents appointed by the Company shall meet the relevant requirements of the laws of the place at which the stock exchange on which the Company's shares are listed or the relevant regulations of such stock exchange. (Supplementary amendment 8) (Listing Rules 19A.47)

The receiving agents appointed for holders of Overseas Listed Foreign Shares listed in Hong Kong shall be a trust corporation registered under the Trustee Ordinance of Hong Kong. (Listing Rules 19A.51) (Listing Rules App 3(3)(2))

The Company may forfeit unclaimed dividend subject to compliant with the PRC law and administrative regulations, however, such power shall not be exercised after the expiration of the applicable limitations period. (Listing Rules App 3(13)(1))

The Company has the right to terminate to deliver dividend certificate to holders of Overseas Listed Foreign Shares by post. However, the Company shall exercise such power after the dividend certificates sent to the shareholder are unclaimed for two consecutive times. Nevertheless, the Company may exercise power if the dividend certificate cannot be delivered to the recipient and being returned in the first time. (Listing Rules App 3(13)(2)) (Listing Rules App 13D(1)(c))

The Company has the right to sell the Overseas Listed Foreign shares for which the shareholders are unable to contact in a manner that is considered to be appropriate by the board of directors, but shall follow the following conditions:

- (1) Dividends were payable to the relevant shares at least three times within twelve years and the dividends were unclaimed during that period; and
- (2) Upon the expiry of the twelve year period, an announcement stating the Company's intention to sell the relevant shares on one or more

newspaper in the place where the Company is listed and the stock exchange where those shares are listed is informed.

CHAPTER 16: APPOINTMENT OF ACCOUNTANCY FIRM

Article 162. The Company shall appoint independent firm(s) of accountants which satisfy (Mandatory the relevant PRC requirements to audit annual financial report and other provision 141) financial reports of the Company.

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

In case the inaugural meeting fail to exercise the aforesaid power, board of the directors may exercise such power.

Article 163. The term of appointment of accountancy firm (auditor) appointed by the (Mandatory Company shall commence from the conclusion of the current annual meeting provision 142) until the conclusion of the next annual general meeting.

(Listing Rules
13.88)

Article 164. The accountancy firm (auditor) appointed by the Company shall have the (Mandatory following rights: provision 143)

- (1) to inspect books, records and vouchers of the Company at any time, and to require the directors, general manager and other senior officers of the Company to provide relevant information and explanations;
- (2) to require the Company to take all reasonable steps to obtain from its subsidiaries such information and explanation as are necessary for the purpose of performing its duties;
- (3) to attend any general meetings and to receive all notices of, and other information relating to, any general meeting which a shareholder is entitled to receive, and to speak at any general meeting on any matter concerning its role as the Company's accountancy firm (auditor).

Article 165. If a casual vacancy arises in the office of an accounting firm (auditor), the (Mandatory board of directors may prior to the holding of a general meeting appoint an provision 144) accounting form to fill the casual vacancy, but if any such vacancy continues, the surviving or continuing accounting form (auditor), if any, may continue to act.

Article 166. The general meeting may by ordinary resolution remove an auditor before the expiration of its term of office, notwithstanding any terms of contract between the Company and the accounting firm (auditor), but without prejudice to the accounting firm's claim, if any, against the Company arising from the termination of its office. (Mandatory provision 145)

Article 167. The remuneration and the method of remuneration of an accountancy firm (auditor) shall be determined by the general meeting. The remuneration of an accountancy firm (auditor) appointed by the board of directors shall be determined by the board of directors. (Mandatory provision 146)

Article 168. The Company's appointment, removal or non-reappointment of an accountancy firm (auditor) shall be determined by general meeting and shall report to the securities authority of the State Council. (Mandatory provision 147)

Where a resolution is passed at a general meeting to appoint an accounting firm not currently in office to fill a casual vacancy in the office of accounting firm (auditor), to re-appoint as accounting firm (auditor) a retiring accounting firm (auditor) who was appointed by the board of directors to fill a casual vacancy, or to remove an accounting firm (auditor) before the expiration of its term of office, the following provisions shall apply: (Supplementary amendment 9)

- (1) the proposed resolution shall be sent, before notice of a general meeting is given, to the accounting firm proposed to be appointed or the accounting firm (auditor) who propose to leave office or the accounting firm (auditor) who has left its office in the relevant financial year (leaving office includes leaving by removal, resignation and retirement);
- (2) if the accountancy firm (auditor) leaving its office makes representations in writing and requests the Company to notify the shareholders of its representations, the Company shall implement the following measures (unless the representations are received too late):
 - (a) state in the notice in connection with the resolution the fact that the representations have been made by the accounting firm (auditor) leaving office;
 - (b) send a copy of the representations as an attachment to the notice of general meeting in the manner stipulated in the Company's Articles of Association;
- (3) if the Company fails to despatch the accountancy firm's representations in the manner set out in sub-paragraph (2) of this Article, the accounting firm (auditor) may request such representations be read at the meeting and may make further representation in the meeting;

- (4) an accountancy firm (auditor) leaving its office shall be entitled to attend:
 - (a) the general meeting at which its term of office would otherwise have expire;
 - (b) any general meeting at which it is proposed to fill the vacancy caused by its removal; and
 - (c) any general meeting which convened as a result of its resignation,

An accountancy firm (auditor) leaving its office shall be entitled to receive all notices of, and other materials relating to, the meetings referred to above, and to speak at any such meeting which on any matter which concerns it as former accounting firm (auditor) of the Company.

Article 169. Prior notice shall be given to the accountancy firm (auditor) if the Company decides to remove or not to renew the appointment of the accountancy firm (auditor). The accountancy firm (auditor) is entitled to make representations at the general meeting. An accountancy firm (auditor) resign from its position shall explain in a general meeting whether there is any misfeasance by the Company.

(Mandatory provision 148)
(Supplementary amendment 10)
(Listing Rules 13.88)

An accountancy firm (auditor) may resign office by a notice in writing deposited at the Company's legal address. Any such notice shall be effective on the date on which it is deposited at the legal address of the Company or on such later date as may be specified therein. Such notice shall contain the following statements:

(Listing Rules App 13D(1)(e)(ii))

(1) a statement to the effect that there are no circumstances connected with its resignation which it considers should be brought to the attention of the shareholders or creditors of the Company;

(Listing Rules App 13D(1)(e)(iii))

(2) a statement of any such circumstances which should be accounted for.

(Listing Rules App 13D(1)(e)(iv))

After receipt of the written notice referred to in the preceding paragraphs, the Company shall within 14 days send a copy of the notice to the competent authority. If the notice contains a statement referred to in the 2 sub-paragraphs above, a copy of that notice shall be deposited at the Company for inspection by shareholders. The Company shall also send a copy of the notice to every shareholder entitled to receive financial reports of the Company by prepaid post to his address as recorded in the register of shareholders.

Where the accountancy firm (auditor)'s notice of resignation contains a statement referred to in sub-paragraphs above, it may require the board of directors to convene an extraordinary general meeting for the purpose of receiving an explanation of the circumstances connected with its resignation.

CHAPTER 17: INSURANCE

Article 170. Every type of insurance of the Company shall be insured by designated institution by designated method pursuant to the provisions of relevant supervisory authorities in the PRC, or to be insured by People's Insurance Company of China or other insurance company registered in China or companies that can provide insurance services to PRC companies under the PRC law. Types of insurance, amount insured and insurance period shall be decided through discussion by the board of directors according to the industry norms in other countries as well as the common practice and laws in the PRC.

CHAPTER 18: PERSONNEL SYSTEM

Article 171. The Company shall formulate personnel system that is appropriate to the Company pursuant to the provisions under the labour law of PRC 《中華人民共和國勞動法》. The Company applies labour contract system to all employees, allocates its employees at its discretion, and recruit and dismiss employees at its discretion according to the provisions of law, regulation and labour contract.

The Company formulate the salary, welfare and social insurance of the employees pursuant to the relevant PRC law and administrative regulations. The Company has the right to determine the salary and welfare system of senior management and employees at its discretion according to the Company's economic benefits and the relevant PRC law and administrative regulations.

The Company shall implement medical care, unemployed insurance and retirement insurance system for its employees pursuant to the PRC law, regulations, municipal administrative regulations and provisions under municipal rules.

CHAPTER 19: LABOUR UNION

Article 172. The Company organises labour union and carries out labour union activities pursuant to the labour union law of the PRC 《中華人民共和國工會法》. The Company shall provide necessary conditions for the activities of labour union.

Article 173. The Company shall allocate 2% of the total actual salary of employees every month as labour union fund, which shall be used by the labour union of the Company according to “*using method of the labour union fund*” promulgated by the National Labour Union (中華全國總工會《工會基金使用辦法》).

CHAPTER 20: MERGER AND DEMERGER OF THE COMPANY

Article 174. In the event of the merger or demerger of the Company, a plan shall be recommended by the Company’s board of directors and shall be approved in accordance with the procedures stipulated in the Company’s Articles of Association. The Company shall then go through the relevant approval process according to law. A shareholder who objects to the plan of merger or demerger of the Company shall have the right to demand the Company or the shareholders who consent to the plan of merger or demerger to acquire his shareholding at a fair price. (Mandatory provision 149)

The contents of the resolution of merger or demerger of the Company shall constitute special documents and shall be available for inspection by the shareholders. Such documents shall be sent by mail to holders of Overseas Listed Foreign Shares.

Article 175. The merger of the Company may take the form of either merger by absorption or merger by the establishment of a new company. (Mandatory provision 150)

In the event of a merger, the parties in the merger shall enter into a merger agreement and prepare a balance sheet and an inventory of assets. The Company shall notify its creditors within 10 days from the date of passing the resolution that approved the merger and shall publish an announcement in a newspaper within 30 days from the date of passing the resolution that approved the merger. The creditors may request the Company to repay its indebtedness or provide relevant guarantee within 30 days from the date of receiving the notice or within 45 days from the date of the announcement for creditors that did not receive notice.

After the merger, the claims and indebtedness of all parties in the merger shall be assumed by the surviving company after the merger or the newly established company.

Article 176. Where there is a demerger of the Company, its assets shall be divided up accordingly. (Mandatory provision 151)

In the event of demerger of the Company, a balance sheet and an inventory of assets shall be prepared. The Company shall notify its creditors within 10 days from the date of passing the resolution that approved the demerger and shall publish an announcement in a newspaper within 30 days from the date of passing the resolution that approved the demerger.

The indebtedness of the Company prior to the demerger shall be assumed jointly by the companies formed after the demerger, except where the Company has reached a written agreement on the settlement of the indebtedness with the relevant creditors before the demerger.

Article 177. The Company shall apply for change in its registration with the companies registration authority in accordance with law where a change in any item in its registration arises as a result of the merger or demerger. Where the Company is dissolved, the Company shall apply for cancellation of its registration in accordance with law. Where a new company is established, the Company shall apply for registration thereof in accordance with law. (Mandatory provision 152)

CHAPTER 21: DISSOLUTION AND LIQUIDATION

Article 178. The Company shall be dissolved and liquidated in any one of the following circumstances: (Mandatory provision 153)

- (1) a general meeting resolves by resolution to dissolve the Company;
- (2) dissolution is necessary be reason of its merger or demerger;
- (3) the Company is declared insolvent in accordance with law because it is unable repay its debts as they fall due;
- (4) the Company is ordered to be closed down reason of its contravention of laws and administrative regulations.

Article 179. In the event that the Company is dissolved according to sub-paragraph (1) of the preceding Article, a liquidation committee shall be set up within 15 days and the member of the liquidation committee shall be determined by an ordinary resolution of shareholders in a general meeting. If the Company fails to set up the liquidation committee within the time limit to carry out liquidation, the creditors may apply to the People's Court for appointment of relevant persons to form a liquidation committee and carry out liquidation. (Mandatory provision 154)

In the event that the Company is dissolved according to sub-paragraph (3) of the preceding Article, the People's Court shall organise the shareholders, relevant organisations and relevant professionals to set up a liquidation committee to carry out the liquidation in accordance with the provisions of relevant laws.

In the event that the Company is dissolved according to sub-paragraph (4) of the preceding Article, the relevant supervisory authorisation shall organise the shareholders, relevant organisations and relevant professionals to set up a liquidation committee to carry out the liquidation.

Article 180. Where the board of directors decide to liquidate the Company (for reasons (Mandatory other than a declaration of insolvency), the board of directors shall, in the notice convening a general meeting for this purpose, include a statement to the effect that, after having make a full enquiry into the affairs of the Company, the board of directors is of the opinion that the Company will be able to pay its debts in full within 12 months from the commencement of the liquidation. (provision 155)

Upon the passing of a resolution by the general meeting to commence liquidation of the Company, the functions and powers of the board of directors shall cease immediately.

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

Article 181. The liquidation committee shall notify creditors within 10 days of its establishment and shall make a public announcement in newspaper within 60 days of its establishment. Creditors shall file their claims to the liquidation committee within 30 days from the date of receiving the notice or within 45 days from the date of the announcement for creditors that did not receive notice. (Mandatory provision 156)

Creditors who file their claims shall explain the relevant materials in relation to their claims and provide proof of the claims. The liquidation committee shall carry out registration of creditors' rights. The liquidation committee shall not settle any debt with the creditors during the period of filing of claims.

Article 182. During the liquidation period, the liquidation committee shall exercise the following functions and powers: (Mandatory provision 157)

- (1) to administer the Company's assets and prepare a balance sheet and an inventory of assets respectively;
- (2) to notify the creditors or to publish public announcements;
- (3) to deal with and liquidate any unfinished businesses of the Company;
- (4) to pay all outstanding taxes;
- (5) to settle claims and debts;
- (6) to deal with the surplus assets remaining after the Company's debts have been repaid;
- (7) to represent the Company in any civil proceedings.

Article 183. After the liquidation committee has administered the Company's assets, (Mandatory provision 158) prepared a balance sheet and an inventory of assets, it shall formulate a liquidation plan and present it to a general meeting or to the relevant governing authority for confirmation.

Liquidation fees and expenses shall be paid from the Company's assets before payment of the debts of other creditors.

No person shall be distributed with the Company's assets without the permission of the liquidation committee before a general meeting resolves by resolution to dissolve the Company or the Company is declared insolvent in accordance with law or is ordered to be closed down.

If the Company is able to repay its debt, it shall pay its liquidation expense, wages and labour insurance premiums of employees, outstanding taxes due and debts of the Company.

Any surplus assets of the Company remaining after payment referred to in the preceding paragraph shall be distributed to its shareholders according to the class of shares and the proportion of shares held in the following order:

- (1) make distribution to the holders of preference shares according to the par value of the preference shares. If the amount is not sufficient to repay the amount of preferential shares in full, the distribution shall be made to holders of such shares in proportion to their respective shareholdings.
- (2) make distribution to the holders of ordinary shares in proportion to their respective shareholdings.

The Company shall not commence any new business activities during the liquidation period.

The liquidation committee shall be dedicated, and perform its obligation to liquidation according to the law and good faith. Any losses cause to the company or creditors due to intentional or material fault, shall be liable for damages.

Article 184. If the Company is being liquidated as a result of its dissolution and (Mandatory provision 159) subsequent to the administration of the Company's assets and preparation of the balance sheet and inventory of assets, the liquidation committee discovers that the Company's assets are insufficient to repay its debts in full, it shall immediately suspend liquidation and apply to the people's court for a declaration of insolvency.

Once the people's court has declared the Company to be insolvent, the liquidation committee shall hand all matters relating to the liquidation over to the people's court.

Article 185. Upon completion of the liquidation of the Company, the liquidation committee shall prepare a liquidation report and accounts of its income and expenditure and financial reports for the period of the liquidation. Once these accounts and reports are verified by a registered accountant of the PRC, they shall be submitted to the general meeting or the relevant supervisory authorities for approval. (Mandatory provision 160)

The liquidation committee shall, within 30 days of the date of approval by the general meeting or the relevant supervisory authorities, submit the accounts and reports mentioned above to the companies registration authority, apply for cancellation of the Company's registration and announce the cessation of the Company.

CHAPTER 22: PROCEDURES FOR AMENDMENT TO THE COMPANY'S ARTICLES OF ASSOCIATION

Article 186. The Company may alter the Articles of Association according to law, administrative regulations and the Articles of Association. (Mandatory provision 161)

Article 187. The following procedures shall be followed when amending the Company's Articles of Association:

- (1) a resolution to recommend the alternation of the Articles of Association by the general meeting shall be passed by the board of directors in accordance with these Articles of Association and the board of directors shall prepare a proposal for amendments to be made;
- (2) the above proposal shall be furnished to the shareholders and a shareholders' meeting shall be convened for voting on it;
- (3) the amendments presented to the shareholders' meeting shall be approved by a special resolution;
- (4) for amendments to the Articles of Association which requires the approval from the supervisory authorities, approval for the amendments shall be obtained from original supervisory authorities.

General meeting may by an ordinary resolution authorised the board of directors: (1) in case the Company increase registered capital, the board of directors has right to amend the content in relation to the increase of registered capital in the Articles of Association according to the actual situation; (2) if the alternation to the Articles of Association is approved by the general meeting and on applying the approval from the supervisory authorities, it is requested to change the sequence of the articles, the board of

directors may make the relevant change according to the request of the supervisory authorities.

- Article 188. For amendments to the Articles of Association which requires the approval from the supervisory authorities, approval for the amendments shall be obtained from the original supervisory authorities. For amendments to the Articles of Association involving changes of registered information of the Company, the Company shall apply to register the change with the registration authority in accordance with the law. (Mandatory provision 162)

CHAPTER 23: RESOLUTION OF DISPUTE

- Article 189. The Company, its shareholders, directors, supervisors, general manager, deputy general(s) and other senior officers shall comply with the following principles for resolution of dispute: (Mandatory provision 163)

Whenever any dispute or claims arise from any rights or obligations provided in the Articles of Association, the Company Law or any rights or obligations conferred or imposed by the Company Law and other relevant laws and administrative regulations concerning the affairs of the Company between holders of the Overseas Listed Foreign Shares and the Company, or between holders of the Overseas Listed Foreign Shares and directors, supervisors, general manager, deputy general manager(s) or other senior officers of the Company, or between holders of the Overseas Listed Foreign Shares and holders of Domestic Shares, such parties shall refer their disputes or claims for resolution by arbitration. (Supplementary amendment 11) (Listing Rules 19A.54)

- (1) In respect of a dispute or claim referred to above, the entire claim or dispute must be referred to arbitration and all persons (being the Company or the shareholder, directors, supervisors, general manager, deputy general manager(s) or other senior officers of the Company) 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 that dispute or claim shall submit to arbitration in accordance with the above provisions.

Disputes in connection with the determination of whether a person is or is not a shareholder or of the register of shareholders need not be resolved by arbitration.

- (2) A claimant shall referred their dispute or claim to arbitration before either the China International Economic and Trade Arbitration Commission in accordance with its rules or the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. Once a claimant refers a dispute or claim to

arbitration, the other party or parties must submit to the arbitral body elected by the claimant.

If the party applying for arbitration elects to arbitrate at the Hong Kong International Arbitration Centre, then any party to the dispute shall be entitled to request, in accordance with the requirements of the securities arbitration rules of the Hong Kong International Arbitration Centre, for that arbitration to be conducted in Shenzhen.

- (3) The laws of the PRC shall be applicable to disputes or claims specified in (1) above, save as otherwise provided in the laws and administrative regulations.
- (4) The award by an arbitral authority shall be final and conclusive and is binding on all parties.

CHAPTER 24: NOTICES

Article 190. Unless as otherwise provided for in these Articles of Association, all the notices, materials or written statements issued by the Company to holders of Overseas Listed Foreign Shares that listed on the Stock Exchange of HK shall be issued by one or a combination of the following means: (Listing Rules 13.55(2))

- (1) delivered by hand to the registered address of each holder of the Overseas Listed Foreign Shares;
- (2) sent by mail to the registered address of each holder of the Overseas Listed Foreign Shares. Notice to holders of Overseas Listed Foreign Shares that listed on the Stock Exchange of HK shall be mailed in Hong Kong as far as possible;
- (3) given by announcement on the website of the Company and those designated by the stock exchange on which the Company's shares are listed, subject to compliance with the laws, administrative regulations and the relevant regulations of the securities regulatory authorities of the locality where Overseas Listed Foreign Shares of the Company are listed;

Notwithstanding anything otherwise provided in the Articles with respect to the form of issuance or notification of any document, notice or other communication, subject to the compliance with the laws, administrative regulations and the relevant regulations of the securities regulatory authorities of the locality where Overseas Listed Foreign Shares of the Company are listed, the Company may elect to issue any corporate communication of the Company in the form of notification as provided in

item (3) under this Article, in lieu of the delivery of written document to each holder of the Overseas Listed Foreign Shares by hand or by mail.

In case the listing rules of the securities exchange in the locality where the Company's shares are listed require that the Company send, mail, dispatch, release or announce or provide the Company's relevant documents by other means in both English and Chinese versions, if the Company has made appropriate arrangement to determine whether its shareholders hope to receive the English or the Chinese version only, the Company may (according to the preference expressed by shareholders) send the English or Chinese version only to relevant shareholders within the scope allowed by the applicable laws and regulations and according to the applicable laws and regulations.

All the notices, materials or written statements issued by the Company to holders of Domestic Shares and Foreign Shares shall be issued by one or a combination of the following means:

- (1) delivered by hand to the registered address of each holder of the Domestic Shares and the Foreign Shares;
- (2) sent by mail to the registered address of each holder of the Domestic Shares and the Foreign Shares;
- (3) published as announcement in one or more newspapers specified by the State securities regulatory authorities.

Announcement referred to in the Articles of Association, unless otherwise defined herein, refers announcement published on newspaper in China and at the place at which the stock exchange on which the Company's shares are listed. Such newspaper shall be that specified or suggested by the local law, rules, provisions or the relevant securities supervisory authority.

Article 191. Where the notice is sent by mail, it shall be clearly addressed, pre-paid and put into an envelope. It shall be deemed to be received by the shareholders 48 hours after the letters containing the notice is posted. (Listing Rules 2.07B)

Where the notice is issued by publishing on website or in newspapers, the date of service shall be the date on which the first announcement is published.

Article 192. Any notice, document, materials or written statement sent to the Company from shareholder, director or supervisor shall be sent to the Company's legal address in person or by registered mail.

Article 193. If the shareholder, director or supervisor want to prove they have sent notice, document, materials or written statement to the Company, they have to provide proof that relevant notice, document, materials or written statement

has been sent by ordinary method within the appoint time limit, and has been sent to the correct address in the form of pre-paid postage.

CHAPTER 25: SUPPLEMENTARY

- Article 194. In these Articles of Association, reference to “accountancy firm” shall have the same meaning as “auditor”. (Mandatory provision 165)
- Article 195. All numbers in the Articles of Association shall include the number.